PINCHOT INSTITUTE
FOR CONSERVATION

Allocating Cooperative Forestry Funds to the States: Block Grants and Alternatives

A Report to the USDA Forest Service

Pinchot Institute for Conservation
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Leadership in Forest Conservation Thought, Policy and Action

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About the Pinchot Institute for Conservation

Background

Recognized as a leader in forest conservation thought, policy and action, the Pinchot Institute for Conservation was dedicated in 1963 by President John F. Kennedy at Grey Towers National Historic Landmark (Milford, PA), the former home of conservation leader Gifford Pinchot. The Institute is an independent nonprofit organization that works collaboratively with all Americans – from federal and state policymakers to citizens in rural communities – to strengthen forest conservation by advancing sustainable forest management, developing conservation leaders, and providing science-based solutions to emerging natural resource issues. Each year, the Pinchot Institute conducts policy research and analysis; convenes and facilitates meetings, workshops, and symposiums; produces educational publications; and provides technical assistance on issues that affect national-level conservation policies and the management of our national forests and other natural resources.

Current Programs

The Institute's objectives – policy research and analysis, convening and facilitation, and leadership development – are realized annually through the following programs:

Community-Based Forest Stewardship

Restoring and maintaining forest ecosystems for multiple objectives requires a variety of continuing land treatments that can serve as a basis for stable employment and generate income in rural communities. Through technical assistance programs and training sessions, policymakers, federal and state land management agencies, and local practitioners work collaboratively to identify, address, and develop strategies on specific initiatives that sustain and improve the stewardship of such ecosystems.

Conservation Policy and Organizational Change

Much of the effort to date in sustainable forestry has focused on policy development, with far less attention devoted to the mechanisms by which these policies will be implemented. Through independent analysis and facilitation, the Institute develops approaches to natural resource management that integrate political organizational structures and long-established administrative processes with emerging conservation-oriented ideas and policies.

Conservation Leadership Development

Effective natural resource conservation begins with effective leaders. Through leadership workshops and professional development seminars that are based on participatory decision models offered at Grey Towers National Historic Landmark, the Institute helps beginning and mid-career professionals in public agencies, private organizations and conservation NGOs redefine the relationship between land management agencies and the communities they serve.

EXECUTIVE SUMMARY

This is a report to the USDA Forest Service in response to a congressional direction to assess "the feasibility and potential for enhanced program efficiency by block granting all or portions of the Cooperative Forestry program." The study was carried out by an independent panel of eight individuals with expertise in federal and state programs relating to the management of private forests and/or in the use of block granting as a mechanism for implementing federal programs. In addition, the report was peer reviewed by four other individuals with similar relevant experience. The report addresses the merits and drawbacks of using block grants or related alternatives in place of the current methods of allocating Cooperative Forestry funds to the states as categorical grants.

The congressional request responded to concerns from a few western and southern states that they receive too small a share of the total funds appropriated for Cooperative Forestry programs. They also argued that they should be allowed greater flexibility in choosing how to spend the funds they receive. These concerns were examined for five national Cooperative Forestry programs: Urban and Community Forestry, the Economic Action Program, the Stewardship Incentive program, the Forest Stewardship Program, and Forest Legacy.

The Cooperative Forestry programs fill an important role in promoting the sustainable management, use, and protection of nonfederal forests, mainly private forests, which make up nearly 70 percent of all forests in the country. The programs, which have evolved over many decades, does this through cooperation between the Forest Service's State and Private Forestry Deputy Area and the states, represented by the individual State Foresters. The Forest Service provides technical advice and allocates the bulk of funds appropriated for these programs to the states, which are responsible for the on-the-ground delivery of services to forest owners and others. This report addresses only those statutory programs for which funds are provided to the states to administer the programs.

Regional and state-by-state variations in forest resources, ownerships, and state programs, as well as the ever-changing demands being placed on forests, require flexibility in the Cooperative Forestry programs. This has been recognized to a degree, but innovation in programs and the institutions that direct them are needed to accommodate these variations and changes. The request for this study came at a time when pressure for devolution of federal program responsibilities to the states has been growing. The call for using block grants to allocate Cooperative Forestry funds, one means of devolution to the states, reflects this pressure.

Shifting responsibilities to the states for programs such as Cooperative Forestry raises important questions about program missions and appropriate roles for the federal government in serving these missions. Simply turning to block grants as a way of allocating funds to the states does not avoid the need for clarity on these matters. The early role of the federal government in Cooperative Forestry was to prompt the states to develop their own programs to address prevention and control of wildfires on private forestlands. As state programs to provide assistance to landowners have grown and matured, the federal role must now turn to multi-state issues and other matters that are beyond the capabilities of a single state.

If the goal for Cooperative Forestry is to allocate most responsibilities for its direction to the states through the State Foresters, then the use of block grants is a plausible path. This could substantially reduce federal administrative costs and give the State Foresters flexibility in setting

priorities within each of the program elements. State costs for administration of the program would probably increase. This has been the experience with block grants for social welfare programs for which delivery of services has been the responsibility of local agencies operating with state oversight.

On the other hand, if the overall goal is to help the states use the Cooperative Forestry programs to address the kinds of issues for which a federal role is appropriate, then variants of the existing administration of Cooperative Forestry would be appropriate. The "focused funding" approach used for Cooperative Forestry programs in the Northeastern Area of the Forest Service's State and Private Forestry programs is one variant that has been quite successful. It relies on consensus agreement of the State Foresters in the region to allocate funds to projects that fulfill a federal role while also meeting state needs.

Based on the panel's expertise and findings, the following recommendations are offered for Forest Service consideration:

1. **Fully exercise the flexibility that already exists to allocate Cooperative Forestry funds.**

2. **Develop new program and funding initiatives in the Cooperative Forestry area to address emerging and innovative action needs.**

3. **Direct a significant allocation (20-40%) of the Cooperative Forestry funds in each of the three major regions to (a) truly regional and multi-state projects, and (b) truly innovative programs.**

4. **Organize administration of State and Private Forestry at the regional level into three major regions (East, West, and South), each with a regional administrator that is located separately from National Forest System offices.**

5. **Establish a "clearing house" function within State and Private Forestry at the national level for other federal and state programs related to private forests to facilitate funding innovative and multi-state programs.**

6. **Provide information to improve assessments of the effects of current and alternative ways of allocating Cooperative Forestry funds and of addressing important issues involving private forests.**

These six recommendations go beyond a simple evaluation of the merits and drawbacks of administering Cooperative Forestry programs through block grants to the states. The issues in funding Cooperative Forestry programs are complex and the opportunities for better serving the public are great. The panel intends for this report to challenge the Forest Service and the State Foresters to be open to these opportunities and innovative in their responses.

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ACKNOWLEDGEMENTS

The panel gratefully acknowledges the many people who provided information and insight towards this study.

In particular, the panel tremendously appreciates the following individuals who served as peer reviewers for the report: **Cornelia Flora**, North Regional Center for Rural Development, Iowa State University; **Jim Coufal**, Professor Emeritus, State University of New York, College of Environmental Science and Forestry; **Jerry Rose**, former Minnesota State Forester; **Leonard Kilian, Jr.**, former South Carolina State Forester.

In addition, a number of individuals at the Forest Service provided valuable assistance to the panel, including **Larry Yarger**, Budget Coordinator, S&PF; **Michael Rains**, Deputy Chief, S&PF; **Robin Thompson**, Associate Deputy Chief, S&PF; **Fred Deneke**, Assistant Director of Urban and Community Forestry; **Cheryl Emch**, Program Analyst, Cooperative Forestry; and **John Nordin**, Deputy Director, Northeastern Area. **Mark Ward**, with the General Accounting Office, contributed extensively to the panel's understanding of block grants.

Finally, the panel expresses thanks to the many stakeholders who met or spoke with the panel and offered comments on the study. They include: **Burney Fischer**, Indiana State Forester; **Jim Brown**, Oregon State Forester; **Jim Garner**, Virginia State Forester; **Jim Sledge**, Mississippi State Forester; **Jim Hull**, Texas State Forester; **Larry Kotchman**, North Dakota State Forester; **Randy Acker**, Washington State Forester; **Bill Imbergamo**, National Association of State Foresters; **Michael Goergen**, Society of American Foresters; **Juliet King**, First Nations Development Institute; **Roland Geddes**, National Association of State Conservation Agencies; **Stephanie Brown**, American Forest Foundation; **Robert Moeller**, National Resource Conservation Service; **Larry Biles**, CSREES; **John Rosenow**, National Arbor Day Foundation; **Bruce Webster**, Tennessee Urban Forester; **Jeremy Bertrand**, American Forest and Paper Association; and **Jim McElfish**, Environmental Law Institute.

PREFACE

For many Americans, the mention of forests and forest conservation brings to mind those large, green-shaded areas on their roadmaps—federal and state forestlands reserved for a variety of public uses, and overseen by public natural resource agencies. In fact, more than two-thirds of forestland in the United States today is privately owned. And of these private forests, almost three acres out of four are owned by individuals and their families. These lands are managed for private objectives that are as varied as the owners themselves. Yet because they are forests, these lands provide a host of valuable and important public benefits and ecological services—from wildlife habitat to watershed protection to opportunities for outdoor recreation.

Likewise, when most Americans think of the USDA Forest Service, they think naturally of the role this agency plays in the management of the National Forests. At roughly 192 million acres, the National Forest System has been a major focus of the Forest Service's responsibility since the agency was created in 1905. But just as the National Forests still represent less than half of the *nation's* forests, the mission of the Forest Service is about more than just the National Forests. The Forest Service has a responsibility to promote conservation and improved stewardship on forests throughout the United States, on private lands as well as public, through its research, education, and technical assistance programs.

Since at least 1924, with the passage of the Clark-McNary Act, the Forest Service has been directed by Congress to work in partnership with state natural resource agencies, universities, conservation organizations, and forest landowners to promote improved forest management. This direction has been reinforced by Congress over the years through laws such as the Cooperative Forestry Assistance Act (1978) and the Forest Stewardship Act (1990). Through these and other laws, the Forest Service provides both funding incentives and technical assistance that spur partnerships, and finds new ways to promote the public interest by enhancing both private returns and public benefits from well-managed forests.

Last year, Congress directed the Forest Service to explore new and creative ways for improving the effectiveness of its Cooperative Forestry programs, particularly in the way the partnerships with states and other organizations are funded. An independent study was conducted by a panel convened by the Pinchot Institute, and this is the report of that panel. The panel's findings and recommendations are important and worth careful consideration by policymakers, not only as they relate to the specific question on the funding of Cooperative Forestry programs, but as they reflect the Forest Service's effort to address the growing needs of nonfederal forest landowners for scientifically sound information, and technical assistance.

There is rising demand on forests for wood and other renewable resources, as well as for increasing critical ecological services like watershed protection. Private forestlands, more than any other, are being called upon to play an expanded role. It is in the interest of every forest landowner, and of the public at large, that these needs be addressed through sound forest management that can be sustained over the long run. This report provides just a few ideas for how the Forest Service can be more effective in this important part of its mission, in partnership with an array of other organizations that are increasingly central to the accomplishment of that mission.

V. Alaric Sample
President
Pinchot Institute for Conservation

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I. INTRODUCTION

The USDA Forest Service Cooperative Forestry program is charged with administering numerous programs aimed at enhancing the management, protection, and stewardship of forest resources on nonfederal lands throughout the United States (see Section II for a description of the nonfederal forestland ownerships covered in this report). The Cooperative Forestry programs provide technical and financial assistance to help rural and urban citizens, including private landowners, care for forests and sustain their communities. Congress currently authorizes five national Cooperative Forestry programs: *Urban and Community Forestry*, *Economic Action Program*, *Stewardship Incentive program (SIP)*, *Forest Stewardship Program*, and *Forest Legacy*. A sixth program, Pacific Northwest Assistance, also falls within Cooperative Forestry, but is not a national program. Funding for a seventh program, Forest Resource Information and Analysis, was added by Congress in Fiscal Year (FY) 2001 to support the agency's Forest Inventory and Analysis work.

The Cooperative Forestry programs are funded through the federal budget process and managed in accordance with national priorities by the State and Private Forestry (S&PF) Deputy Area of the Forest Service. Through partnerships with state forestry organizations and many others, federal funding is leveraged to help produce a variety of forest-based goods and services. Concerns, particularly from a few western and southern states, have recently been expressed that states should receive a greater share of the total funds appropriated for Cooperative Forestry programs, and should be allowed greater flexibility in managing those funds.

As a result of these and other concerns, Congress included language in the FY 2000 appropriations[1], requiring the Forest Service to undertake an independent study **"to assess the feasibility and potential for enhanced program efficiency by block granting all or portions of the Cooperative Forestry program"** in place of the present arrangement. In response, the Forest Service contracted with the Pinchot Institute for Conservation to conduct the study. The Pinchot Institute, in turn, created a panel of eight individuals with expertise in federal and state programs relating to the management of private forests and/or in the use of block granting as a mechanism for implementing federal programs, to report on the merits and drawbacks to such an approach. While the charge from Congress may seem narrow, the panel determined that an adequate response required that the charge be interpreted broadly and the report address alternatives to a simple change from the existing system of allocating Cooperative Forestry funds. The report addresses only those statutory programs for which funds are provided to the states to administer the programs.

The panel held two meetings in Washington, DC, where it heard from Forest Service, General Accounting Office, and other federal officials, the National Association of State Foresters, and other relevant organizations. The panel conducted telephone

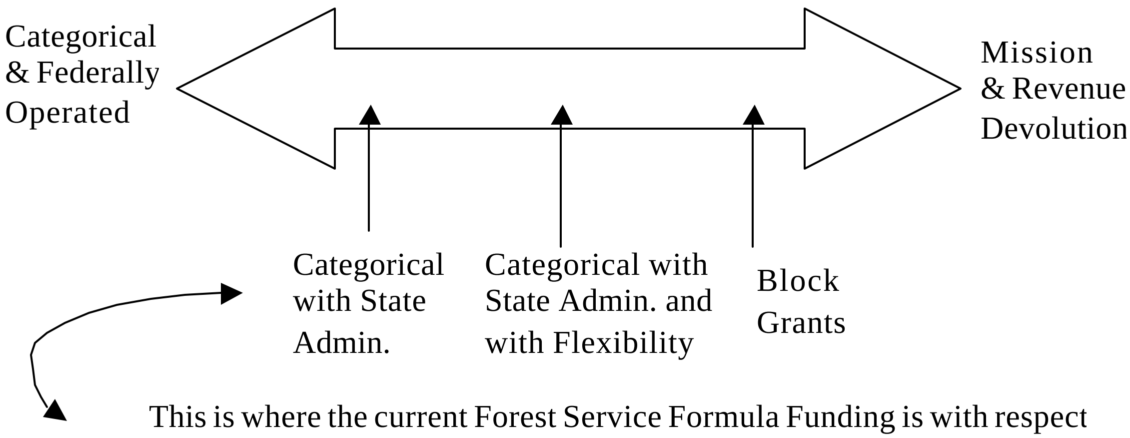
[1] H.R. 3194, the Consolidated Appropriations Act for FY 2000

discussions with a representative sample of State Foresters and with several Forest Service officials. Numerous Forest Service reports and memoranda, as well as other articles and books, were reviewed by the panel and utilized in the drafting of this report. A draft panel report was reviewed by four independent peer reviewers with experience relating to Cooperative Forestry programs and to block grants.

II. BLOCK GRANTS

Block grants are a form of federal aid to state and local programs whereby funds are provided in a block that allows the receiving body considerable discretion in how the funds are used and distributed. Block grant recipients are given flexibility to use funds based on their own priorities and to design programs and allocate resources as they determine to be appropriate in serving the broad mission. At the other end of the federal aid continuum, federal categorical grants specify in some detail how the funds are to be allocated to final recipients and used to meet goals in ways defined in federal legislation and administrative directives. Variations along the federal aid continuum are common, involving combinations of block and categorical grants and the degree to which discretion is afforded to states or local agencies.

Program Continuum



This is where the current Forest Service Formula Funding is with respect to Cooperative Forestry Programs.

Block grants took hold during the 1980s when Congress created a number of block grants from existing categorical grants. The 1981 Omnibus Budget Reconciliation Act consolidated 50 of the existing 534 categorical grant programs into nine block grants in an effort to simplify administration, broaden program flexibility among the states, and reduce total federal costs (GAO 1995b). These block grants involved health services, low-income energy assistance, substance abuse and mental health, social services, community development, and community services. The recipients are typically general-purpose governments at the state or local level, as opposed to service providers (such as community action organizations), many of which had been receiving categorical aid grants. Generally, the new block grants went to the states, which then transferred funds to local government units and local service providers. By FY 1993, a total of 15 block grant programs with funding of $32 billion were in effect, constituting a small portion of the total federal aid package to states of $206 billion (GAO 1995b). Additional block grants were created in 1996, with enactment of welfare reform legislation. Block grants have been distributed to the states based on a statutory formula, which results in

narrowing the discretion of federal administrators and providing a sense of fiscal certainty to recipients (GAO 1995b).

Block grant proponents argue that authorizing funds in a broadly defined area, as block grants do, rather than in narrowly defined categories, result in significant administrative cost savings. Block grants provide a single set of requirements instead of many inconsistent planning, personnel, paperwork and other requirements of categorical programs. Decision-making is decentralized so that state and local recipients can rank their problems according to local needs, develop plans and programs to deal with them, and then account for results (GAO 1995b).

Critics of block grants point to the difficulty of maintaining accountability that funds are spent in accordance with the intent of Congress. Block grants require a shift from federal to state control over program finances, activities, and administration (GAO 1995a). Fewer federal financial and programmatic accountability provisions can limit achievement of federal goals and lead to reduced funding and/or recategorization by Congress. The recently enacted Government Performance and Results Act of 1995 (GPRA) requires that federal agencies set goals and demonstrate accomplishments to Congress. Block grants may run counter to GPRA's requirement of greater accountability from the federal agencies.

Block grants by themselves or in combination with other grant mechanisms, including categorical grants, can be designed to address these issues. For example, Cooperative Forestry block grants could include requirements that the states carefully account for spending, as they are required to do for categorical grants. The argument for using block grants for Cooperative Forestry programs is that this will reduce the direct and indirect costs of program management by the Forest Service, without unacceptable diminishment of program accountability and fiscal integrity requirements. But switching to block grants alone will not accomplish this; this will occur only if the overall Forest Service system for allocating funds is changed to reduce these costs. This will also require that serious attention be devoted to devising methods to assure accountability.

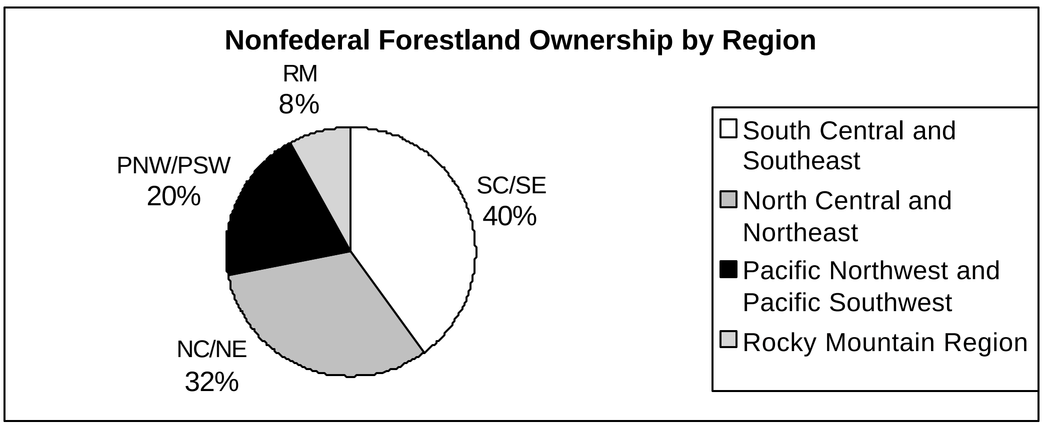
In its request to the Forest Service for this study, Congress apparently did not intend that a shift to block grants for Cooperative Forestry programs upset the long-standing arrangements between the Forest Service and the State Foresters. That is, it appears that Congress had no particular intention that block grants for these programs pass through the offices of the state governors rather than going directly to the State Foresters. This, in fact, would be contrary to some of the existing statutes authorizing Cooperative Forestry programs. This report assumes that any block grant program for Cooperative Forestry programs would continue to make funds directly available to the State Foresters.

III. COOPERATIVE FORESTRY: PURPOSE, HISTORY, PROGRAMS, AND FUNDING

IMPORTANCE OF NONFEDERAL FORESTLANDS

Approximately 70% of the nation's forests are located outside of federal ownership, representing 80% of the country's wood fiber potential (Forest Service 2000a). These lands are also critical for watershed protection, fish and wildlife habitat, and for the aesthetic qualities of the landscape. It is estimated that the habitat for more than half of the federally listed threatened or endangered species occurs exclusively on these lands.

The overwhelming majority of the nation's nonfederal forests are located east of the Great Plains, with 40% in the South Central and Southeast regions, and approximately 32% in the North Central and Northeast (NRC 1998). The remainder spreads across the West, where, in contrast to the East, the federal government is the dominant forest landowner.



Of the nonfederal forestland, 13% is in other public ownership, mainly state ownership; 4% is in Native American tribal ownership; and 17% is owned by private industry (forest products companies with wood processing facilities). The remaining 66% is owned by nonindustrial private forestland owners (NIPFs), including farmers and other private citizens (NRC 1998). This latter category is the one at which most of the Cooperative Forestry programs are aimed.

Nonindustrial private forestland ownership is varied. The majority of owners (59%) own parcels of less than 10 acres. Almost 39% of nonindustrial private forestland, however, is concentrated in just over one-fourth of one percent of the owners (Sampson and DeCoster 1997). This category includes entities (such as utilities) that have no wood processing facilities, but that typically produce timber for such facilities. Many of the smaller landowners do not rate timber production as the main reason for owning their forestland, but for the owners of most of the forestland, timber production remains a key value (Sampson and DeCoster 1997).

With a decreasing timber supply from federal lands, nonfederal forests are contributing an increased share of wood fiber for the nation. Because of this shift, the needs for more landowner education, technical assistance, and other programs for nonindustrial forest landowners are more evident than ever before. Furthermore, the current trend in the fragmentation of forestland from larger to smaller tracts, and the loss of significant forest acreage to development for residential and commercial use, heightens the need to address these matters on nonfederal forests.

Many private forest landowners have taken an interest in forest conservation but it has often been difficult for them to find the technical assistance to support these values while continuing to manage their lands for other economic benefits. The lack of management on a significant portion of NIPF lands is a serious risk to forest health, productivity and sustainability. Most landowners appreciate and value their land, but many are not aware of all of the values associated with their forests. Many do not know the responsibilities of stewardship, nor of the opportunities available to them for managing their land. The Cooperative Forestry programs are designed to provide technical and economic assistance to these landowners. In addition, these programs provide economic assistance to communities harmed by declines in the harvest of timber from National Forests, and to towns and cities that want to preserve green spaces in urban areas. Sustaining forest-based communities is also addressed by other USDA programs, including Rural Community Assistance (RCA).

ADMINISTRATION OF NONFEDERAL LANDS

State and Private Forestry is one of six deputy areas within the Forest Service; the other five are National Forest System, Research and Development, Programs and Legislation, Business Operations, and Financial Operations. State and Private Forestry has operated mainly in partnership with other organizations, such as the state forestry agencies, in order to encourage scientific and environmentally sound management on America's private forests in non-regulatory ways.

Within the Forest Service, the S&PF deputy area is overseen by a deputy chief. At the regional level, the S&PF programs are overseen by a deputy regional forester in eight of the nine Forest Service regions. The exception is the northeast, where S&PF programs are administered by an Area Director who is responsible for S&PF programs in the twenty northeastern states. There are differences in the way in which S&PF programs are administered in the Northeastern Area relative to the other parts of the country.

Through partnerships between state and federal governments, landowners and communities are provided with technical advice, focused financial assistance, and conservation education to achieve the mutually desired goals of the programs. These goals include clean water, wood and other forest products, wildlife habitat, biological diversity, recreation, and sustainable communities. It is estimated that for every federal dollar that is spent, ten nonfederal dollars are generated to support these goods and environmental services (Forest Service 1998).

Besides Cooperative Forestry, S&PF administers two other cooperative programs that are not addressed in this report: Forest Health Management and Cooperative Fire Protection. The Forest Health Management program is charged with maintaining the health of the nation's urban and rural forests, especially by reducing the impacts of insects and diseases. Assistance is provided to states, the National Forests, tribal governments, and other federal agencies to detect, evaluate, and take action against native and non-native pests and to promote practices that restore and improve forest health. The Cooperative Fire Protection program supports a federal role in helping state and local governments promote safe and effective fire protection and suppression programs. Following a summer of drastic fires nationwide, the Secretaries of Interior and Agriculture prepared a National Fire Plan in August 2000 that recommends how best to respond to severe fires, reduce the impacts of wildland fires on rural communities, and insure sufficient fire fighting resources in the future. Congress appropriated an extraordinary amount of additional money in FY 2001 – $2.021 billion – for the Secretaries of Agriculture and Interior to carry out the plan, a significant portion of which will go to S&PF ($118 million). The total FY 2001 budget for Cooperative Forestry accounts for over half of the total S&PF budget of $408 million.

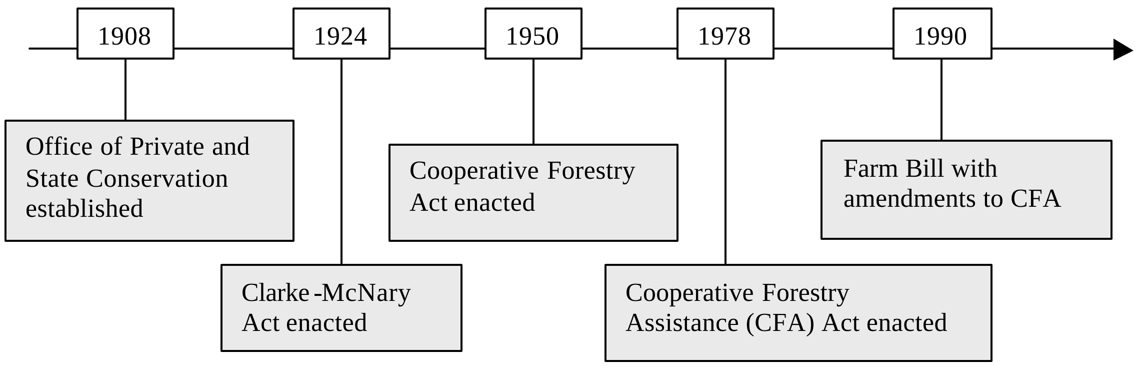
HISTORY OF COOPERATIVE FORESTRY

The Forest Service's involvement in nonfederal forestlands dates back to the establishment of the Office of State and Private Cooperation in 1908, which was created in order to reach out to private landowners, who were considered key to future forest conditions and timber supplies (Sampson and DeCoster 1997). The Clarke-McNary Act of 1924 greatly expanded on prior federal-state cooperative efforts, charging the Forest Service with assisting states and private individuals to carry out programs that would assure forest sustainability. Among other things, it authorized federal cost sharing in state tree seed and nursery programs, and provided federal funds to state programs for educational assistance and technical advice to farm woodland owners.

The Cooperative Forestry Act, passed in 1950, strengthened the existing farm forestry program, as well as the partnership between the Forest Service and the state forestry agencies. Passage of the Cooperative Forestry Assistance (CFA) Act in 1978 provided a number of new authorities as well as a redefinition and strengthening of many of the older programs (Sampson and DeCoster 1997). The Cooperative Forestry Program was defined as rural forestry assistance, forestry incentives, insect and disease control, urban forestry, rural fire prevention and control, and planning assistance. The Act authorized a more flexible funding method, using consolidated payments to replace many of the functional grants and formulas that had formerly been used, plus it renewed attention for the Forestry Incentives Program (FIP), and initiated a new Urban Forestry Program (Sampson and DeCoster 1997).

Another significant milestone for Cooperative Forestry was the 1990 Farm Bill, which included several amendments to the 1978 CFA, including creation of the Forest

Legacy, Forest Stewardship, and Stewardship Incentives (SIP) programs. The Farm Bill also included the National Forest Dependent Rural Communities Economic Diversification Act of 1990. This act authorized the Economic Recovery program that is part of the Economic Action Programs. The Rural Development program, also part of the Economic Action Programs, is carried out as originally described in legislative history of the FY 1998 Department of the Interior and Related Agencies Appropriation Act (PL 100-446).



One important intention of the CFA was to improve the relationships between the states and federal governments, and to create state capabilities. The CFA (and ensuing amendments) designates State Foresters, or equivalent state officials, as the primary point of delivery for Forest Stewardship, Urban and Community Forestry, and Stewardship Incentives. The other programs have some flexibility in delivery.

COOPERATIVE FORESTRY PROGRAMS

Cooperative Forestry administers the following programs (**Appendix A)**:

Forest Stewardship Program

The Forest Stewardship Program encourages the long-term stewardship of private forestlands by providing landowners with financial and technical assistance to more actively manage their forests and related resources. The program helps private landowners better manage, protect, and utilize their forests through development of multi-resource management plans.

Forest Legacy Program

The goal of the Forest Legacy Program (FLP) is to effectively protect and conserve environmentally important forest areas that are threatened by conversion to non-forest uses, through conservation easements or fee simple purchases. The FLP involves a partnership between the Forest Service, state and local governments, and interested landowners to conserve these environmentally important forests.

Urban and Community Forestry Program

The Urban and Community Forestry (U&CF) Program seeks to improve the livability of urban areas by encouraging and promoting the creation of healthier, more livable environments in cities and communities across the nation. The program provides funding to State Foresters or equivalent state officials to provide financial and technical assistance to units of local government, non-governmental organizations, and others to encourage cooperative efforts to plan urban forestry programs and to plant, protect, and maintain trees, forests, and related green space (open spaces, greenbelts, roadside screens, parks, woodlands, and residential developments) in urban areas.

Economic Action Program

The Economic Action Program (EAP) is designed to strengthen the economic health of communities over the long term. The program brings communities, groups, and local businesses together to create diversified economic activity built on forest resources. EAP consists of four program components and a variety of special projects funded by Congress every year. **Rural Development**, a grants program, is the only EAP program that currently involves transferring funds to the states. The other three are: **Economic Recovery (ER)**, which provides salary and administrative costs to National Forests to enable them to work with communities and help them organize, plan and act to diversify their economic base; **Forest Products Conservation and Recycling (FPC&R)**, which provides technical assistance, training, coordination, technology transfer and demonstration in marketing and utilization; and **Wood in Transportation**, which provides cost-share funds to qualifying projects that utilize local wood species in bridges, sound barriers, rail lines, etc.

Stewardship Incentives Program

The Stewardship Incentives Program (SIP) provides cost sharing assistance to nonindustrial private landowners to implement multi-resource management practices. The financial incentives provided through SIP help landowners produce forest-based goods and services of public value, such as timber, improved water quality, wildlife habitat, and recreation opportunities. Congress has not provided funds for the program since FY 1998.

Pacific Northwest Assistance Program

The Pacific Northwest Assistance Program provides assistance to help communities in the Pacific Northwest adversely affected by reduced federal timber harvests to diversify and strengthen their economies through the development of value-added wood products manufacturing enterprises as well as short-range and long-range economic diversification strategies.

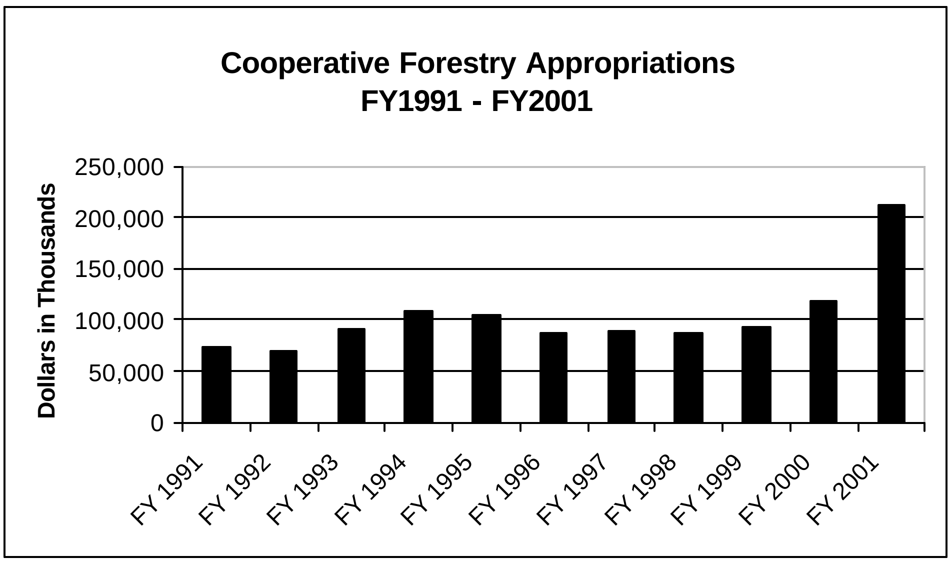
Related Programs

There are several other programs administered within the Department of Agriculture that address ownership of nonfederal forestland (**Appendix A**).

FUNDING FOR COOPERATIVE FORESTRY PROGRAMS

A recent paper titled *Federal Investment in Natural Resources and the Environment* (Sampson 1998) highlighted federal spending on natural resource conservation over the last several decades. Using Office of Management and Budget data, the author suggested "…federal spending for programs to enhance natural resources and the environment has fared poorly in the last quarter of the twentieth century. As a proportion of total federal spending, natural resources and environment programs now garner about 1.2 cents out of every federal dollar spent, down from 2.5 in 1980." Efforts to control budget deficits resulted in natural resources and environment programs bearing a disproportionate share of the reductions in federal spending.

Cooperative Forestry program funding was no exception, as illustrated by the fact that appropriations for this program through the 1990s remained fairly static (**Appendix B**).



(The values in this graph are actual appropriations, and were not adjusted for inflation.)

The FY 2001 budget for Cooperative Forestry ($214 million) is a significant increase over recent years. Much of the increase was in Economic Action and Forest Legacy. However, part of the total Cooperative Forestry budget for FY 2001was considered "emergency" funds that were designated through other sections of the appropriations, and are not necessarily indicative of a trend. For example, FY 2001 appropriations included $32 million for the Economic Action Programs and Forest Stewardship Program in support of the National Fire Plan, while the Land Conservation, Preservation, and Infrastructure Improvement Act (LCPII) of 2000 provided an additional $4 million for the Urban and Community Forestry program and $30 million for the Forest Legacy Program in 2001. Furthermore, much of the increase i n Economic Action can be attributed to Congressional earmarks, reducing the funds distributed to the states for use at their discretion.

Cooperative Forestry Appropriations, FY 2001	
Cooperative Forestry Program	**Dollars (in thousands)**
Forest Stewardship	39,766
Stewardship Incentives Program	0
Forest Legacy	59,868
Urban and Community Forestry	35,642
Economic Action Programs	64,471
PNW Assistance	9,579
Total Cooperative Forestry[a]	**214,315**
[a] Total includes $4.9 million for Forest Resource Information & Analysis.	

IV. FEDERAL ROLE RELATIVE TO FORESTS

In his book, *The U.S. Forest Service: A History*, Harold K. Steen wrote: "The essence of the Clark-McNary Act – cooperation to inspire voluntary action – has been the essence of the Forest Service…. To be sure, at times some would run out of patience and advocate controls. Overall, however, cooperation dominates the relationship between public and private forestry" (Steen 1976).

Within the Forest Service's Cooperative Forestry Programs, this cooperation has focused on federal action to "ensure healthy forests and the production of reasonably priced goods and services for a growing America" (Rains 1999). The attributes of this federal goal and the means by which it is to be implemented have been identified by the agency (Forest Service 2000a) as:

- Providing leading-edge technical expertise;
- Helping build strong state forestry programs;
- Strengthening the economic health of communities;
- Providing targeted financial assistance;
- Reducing federal expenditures through preventive measures;
- Monitoring trends in sustainability on all forestlands;
- Serving as an information clearinghouse.

The National Research Council (1998) suggests that the federal role in private forests includes:

- Building institutional and managerial capacity within state and local forest-resource organizations;
- Promoting the integration of environmental and economic policies at all levels of decision making;
- Developing a coherent set of national principles of sustainability, while encouraging, facilitating, monitoring, and ensuring effectiveness of clearly defined, responsible roles for implementation of these principles by public and private interests at state and local levels;
- Fostering strategies that focus on regional integration across a broad spectrum of environmental, economic, and social interests and jurisdictions, rather than on narrow special-interest, agency, or political jurisdictions;
- Promoting a blend of economic and information incentives that includes promoting regional and local planning for sustainability;
- Encouraging decision-making processes at national, regional, and local levels that involve multiple stakeholder approaches operating within the context of sustainability.

Congress appropriates funds for cooperative programs that serve the national interest and that are consistent with agreed upon federal roles. When federal funds are allocated to states or other public entities, as is the case with Cooperative Forestry

programs, spending must still serve a national interest as well as local interests. These national interests in federally funded domestic programs include:

- Interstate program impacts that require cross-boundary solutions (e.g., watersheds with downstream effects that cross state lines);
- Interstate equity considerations that programs are aimed at ameliorating (e.g., regional economic development programs to raise living standards in low-income states);
- Need for consistent national information used for policy development (e.g., collection of Census data);
- High-risk and high-cost initiatives beyond the capabilities of a single state (e.g., responding to natural disasters or investing in innovative programs).

The approach to implementing the federal role through Cooperative Forestry programs has changed considerably over the past 60 years. In earlier times, the Forest Service was the leader and the trainer of state forestry personnel. That relationship has since become a partnership, with each side providing money and assistance based on the forest needs of each state. Responsibility for program development and management has been shifting toward the states, while federal agencies increasingly act as facilitators and catalysts (NRC 1998). In addition, there has been a change in the focus of programs designed to accomplish the national interest in private forests. In the early days, attention focused on protection of timber supplies from fire, insects and disease. Federal attention has subsequently turned to water quality, wetlands, air quality, biological diversity, and endangered species.

Increasing fragmentation of responsibility for state and federal forest ecosystem programs has blurred the Forest Service role. For example, federal programs relating to nonfederal forests originate in agencies as varied as the Economic Development Administration, National Oceanic and Atmospheric Administration, U.S. Army Corps of Engineers, Fish and Wildlife Service, Bureau of Indian Affairs, and Bureau of Land Management. Similarly, state governments have a complex assortment of government agencies responsible for programs involving forests (Ellefson and Moulton 2000). As of the year 2000, states had created nearly 320 cabinet level entities responsible for the use and condition of forests, while at the first tier sub-cabinet level, they had created nearly 590 entities implementing programs directed at forests and their owners.

This balkanization has resulted in more confusion over federal and state roles in forestry matters and greater uncertainty over how best to cooperatively further these roles and responsibilities, especially regarding federal approaches to funding state programs that advance the federal interest in forests. The Forest Service's own program directives and materials about the federal role in Cooperative Forestry are themselves unclear.

Demonstrating a national interest in private forests is key to justifying the federal role for Cooperative Forestry programs. Methods of funding – block grants, categorical grants, or formula funding – do not change this basic need to recognize the distinction

between national and state or local interests. Although states may prefer the relative flexibility they may have with block grants, Congress and the Executive Branch are still faced with the need to use federal funds on programs that clearly serve the broader national interest.

V. SETTING PRIORITIES AND ALLOCATING FUNDS

Forest Service priorities regarding Cooperative Forestry programs, as well as the challenges in allocating funds, are highlighted by a number of recent actions and developments.

STRATEGIC ACTION STRATEGY:

In 1998, the State and Private Forestry unit of the Forest Service devised an Action Strategy for State and Private Forestry Services (Forest Service 1998). The strategy highlighted five priority issues:

- Sustainable natural resources and communities;
- Watershed issues and conditions;
- Urban forest resources;
- Forest information for landowners and managers;
- Tribal government relations.

The Forest Service acknowledged in this Action Strategy that: its programs in sustainable forests were fragmented and uncoordinated; watershed protection was primarily focused on federal lands; work needed to be done to improve technical assistance and local capacity building in urban forestry; there were many separate and expensive data systems dealing with forest conditions; and there was a lack of coordination between the federal government and tribal governments regarding land rights. The Forest Service indicated that it was going to coordinate policy development and program activities with regard to the five priority issues, although little headway has been made.

FUND ALLOCATIONS CRITERIA:

National program budget allocation criteria have been developed to allocate funds from the National Headquarters to the Regions, the Northeastern Area, and the Institute of Tropical Forestry (IITF) in support of State and Private Forestry programs. The Regions, the Northeastern Area, and IITF have flexibility to adjust funding levels to individual states to better reflect particular local issues, priorities and needs.

The Forest Service and the State Foresters have worked together for more than two years reviewing the current program budget allocation criteria used to allocate S&PF program funds to Forest Service field units. Following a comment period, revised criteria were proposed in December 1999.

The criteria have been implemented in the FY 2001 Budget Justification Notes and in the FY 2002 Budget Instructions to the field. In FY 2001 the Deputy Chief for S&PF may make adjustments in the final allocations to assure that no field unit experiences serious adverse impacts to funding levels in one year.

Changes were made to the allocation criteria for each of the five Cooperative Forestry programs. Complex distribution formulas for each of the programs have been devised based on a considerable amount of discussion and debate. It is too early in the operational phase of this transition to determine the efficacy of these allocation criteria.

FOCUSING OF FEDERAL ASSISTANCE:

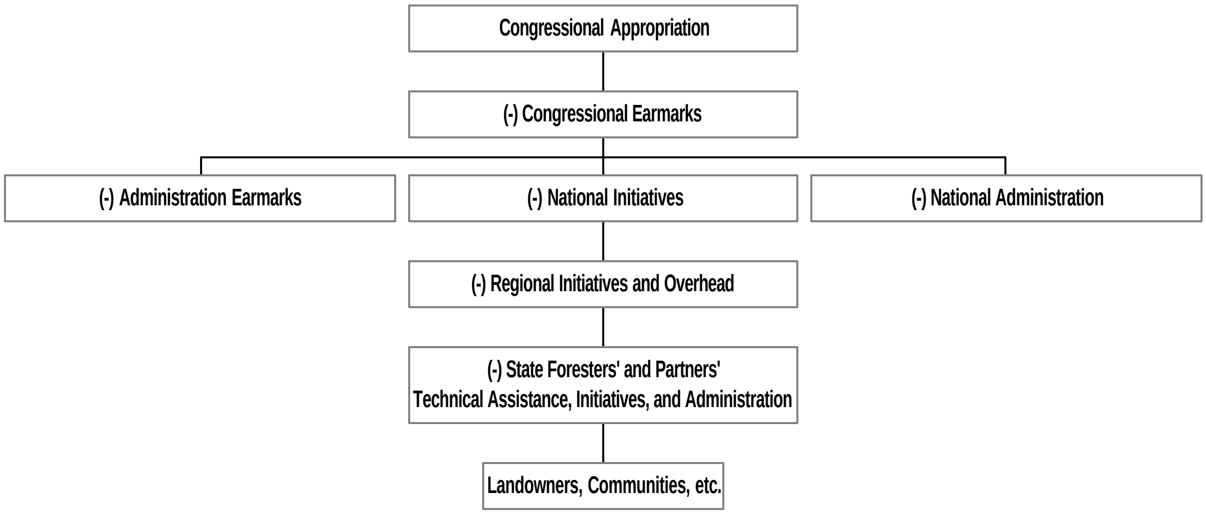
An initiative called Focusing of Federal Assistance was implemented in Fiscal Year 1999 for the Northeastern Area office of State and Private Forestry (the concept had been employed on a limited basis earlier than FY 1999). Five percent of the region's share of base program funds for Cooperative Lands Forest Health Management, State Fire Assistance, Forest Stewardship, Urban and Community Forestry, and Rural Development is used to create a funding pool for special regional or state projects.

Funds are allocated to the states based on a competitive grants approach. Each state may submit up to two project proposals, and it may also participate in one multi-state project. There is a $70,000 cap on each project, and a minimum of $10,000. Multi-state projects may not exceed $150,000. The pool for FY 2001 was capped at $700,000. Each proposal must emphasize one or more of the strategic priorities outlined in the Northeastern Area Strategic Plan. All projects require a 50-50 funds match, and funds do not necessarily have to be directed to a state forestry agency. A team of state and federal officials evaluate the proposals for their merit.

This "focused funding" approach appears to be a useful strategy to direct federal assistance toward regional priorities. The system also provides for flexible use of a limited amount of money. Furthermore, it provides a promising model for the Forest Service to consider at the national level. For its effectiveness to be maximized, however, regions and states need to commit to preparing strategic plans, with priority areas identified.

PROGRAM ALLOCATIONS

For each Cooperative Forestry program, Forest Service national and regional offices utilize a portion of the money to provide technical and financial assistance and administrative support for S&PF personnel. Technical assistance includes personnel salaries, travel, and training of S&PF personnel. The administrative costs (or transaction costs) are part of "the cost of doing business" and would have to be absorbed whether they are assumed by the Forest Service or by the states. No estimate was made for this report of the states' administrative costs that could be assigned to Cooperative Forestry. A portion of the Cooperative Forestry funding appropriated in a given year may also include Congressional and Administrative earmarks. The balance of the money is given to the states and partners.



The following table illustrates the breakdown of appropriated dollars as a percent of the total for FY 2000:

	Congressional Earmarks [1/]	**National** [2/]	**Regional** [3/]	**States Foresters & Others** [4/]
FY 2000	…Percent…			
Forest Stewardship Program	4.0	5.0	23.0	68.0
Forest Legacy	33.0	0.2	<5.0	>95.0
Urban & Community Forestry	5.0	7.0	7.0	81.0
Economic Action Programs	48.0	7.0	NA [5/]	NA [5/]

1/ Percent of total program funds earmarked for specific uses by Congress.
2/ Percent of total program funds held by the National Office for technical assistance and program support.
3/ Percent of total program funds held by the Field Units for technical assistance and program support.
4/ Percent of total program funds distributed to states and other partners.
5/ Information not readily available.

Because the Congressional earmarks are spent on state projects, the percentage kept as earmarks is factored into the percent distributed to the states and other partners, particularly in the case of Forest Legacy (Yarger, 2000). Typically, however, these dollars are not available to the state forestry agencies to be used at the states' discretion.

Congress routinely adds dozens of earmarks to the S&PF programs (**Appendix C)**. There is insufficient information to gauge trends in earmarking; however, the amount earmarked by Congress in FY 2001 was a significant increase over earmarks for the past six years. Economic Action witnessed a particularly large jump over past years; of the $30 million allocated through regular appropriations to the Economic Action Program for FY 2001, two-thirds of that amount was earmarked by Congress as "special projects," leaving a base of only $10 million to the administration. The administration and the National Headquarters of the Forest Service also add earmarks to the program

allocations; however, the Forest Service indicates that its goal is to increase the percentage of funds provided to state forestry agencies and other partners (Yarger 2000).

Many view these earmarked funds as reducing the total appropriations that would otherwise have been available for granting to the states. Whether this is accurate is unclear; however, the practice of earmarking by Congress and by the Executive Branch clearly bears some relation to overall funding for Cooperative Forestry, whether it is in block grants or categorical grants.

IMPACT OF FEDERAL ASSISTANCE ON STATE FORESTRY AGENCIES

The data compiled annually by the National Association of State Foresters (NASF) illustrates the impact of federal assistance on state forestry agencies and the dependence of state agencies on federal forestry programs. This information applies to all forms of federal forestry assistance, not just the five Cooperative Forestry programs discussed in this report. But it provides a context for the federal role. In this discussion, the term "states" is used to refer to any of the states or territories receiving assistance.

The data reveals that approximately $74 million in federal funds is made available to the states, compared to a total of some $1.8 billion in state and local funds and resource revenues collected by the state forestry agencies. The NASF tabulation shows the total of these items as "support;" however, because resource revenues in many states go into the states' general revenue accounts and are not retained by the forestry agencies that generated them, "support" as used here does not equal dollars available for forestry programs.

There is considerable variation among states in terms of the distribution of federal dollars (**Appendix D**). The following table shows how the federal funds are divided by state for FY1998, the most recent year for which data is available. According to the NASF tabulation, sixteen states received less than 1% each of the total federal allocation to states, and five received 4% or more (California received more than 12%). Alaska, Palau, and the Virgin Islands did not provide information on federal funds received.

Allocation of Federal Funds in FY1998, by Percentage Class

Percentage Class, % of Federal Total	Number of States
N/A	3
0 to .99%	16
1.00% to 1.99%	25
2.00% to 2.99%	7
3.00% to 3.99%	3
4.00% +	5
Total	59

The 1998 funds were distributed regionally as follows:

North	25%
South	33%
West	34%
Offshore	8%
	100%

It is important to understand how different states vary in their dependence on federal funding. According to NASF's data, the average state forestry agency dollar in 1998 came from the following sources:

State and other	56%	
Revenues		40
Federal		4
		100%

Regionally, the federal funds were most important in the offshore islands (15% of support), followed by the South (8%), the North (7%) and finally the West (2%). The results for the West are strongly affected by very large resource revenues for Oregon, Washington, and Colorado.

There were 15 states that depended on federal funds for more than 20% of their support (**Appendix E**). There were 15 states depending on federal funds for 10% or less of their support. The states most heavily dependent on federal assistance tend to be those states that are small in total area, or which are primarily non-forested. (In comparing federal funds to total resources available to a state, it is important to note that the NASF tables show total resource and other revenues received, but do not indicate how those are divided between agency uses and General Fund accounts. Hence, for states with high resource revenues that flow to the General Fund, these figures probably understate the importance of federal assistance to that state's program.)

VI. CHALLENGES AND PROBLEMS

LEADERSHIP

Through the development of the Action Strategy for State and Private Forestry (Forest Service 1998), the Forest Service seems to have articulated the purposes for Cooperative Forestry programs based on statutory mandates. However, there is no way of knowing whether they are accurately reflected in agency actions, or whether they address real problems with plausible solutions. Since the development of the Action Strategy, leadership of S&PF has changed often and there appears to have been little movement toward integration of State and Private Forestry concerns with the National Forest System and with Research, as called for in the agency's own strategic plan.

The Northeastern Area Office of S&PF and the Northeastern State Foresters have demonstrated leadership in providing flexibility in program funding to meet changing conditions. In particular, their Focusing of Federal Assistance agreement allows for innovation in programs. On the other hand, Congressional earmarking of funds detracts from flexibility and innovation. This imbalance leaves program recipients subject to changing circumstances, such as annual funding uncertainties and variations by state.

CONSTITUENCIES

In the past, a relatively small number of people nationwide cared very much about the sustainability and productivity of American forests. But with urban populations increasing and environmental issues garnering attention, new constituencies are growing to promote urban forestry, water quality, forest recreation, and efforts to slow urban sprawl. Meanwhile, the constituencies for the older landowner assistance programs are apparently in political decline. The new constituencies are less interested in traditional programs and they are often bypassing traditional forestry agencies and non-governmental organizations to achieve their goals.

The Cooperative Forestry programs were designed to give federal and state agencies maximum flexibility in program execution so that government agencies would have an impact as close to the ground as possible. How might this flexibility be used to assist new and more politically relevant constituencies? Are there alternatives to the present distribution system that would help State Foresters find and nurture new constituents? The people and the institutions affecting forest policy have changed a great deal over the past fifty years. The present cooperative programs could be swept away by circumstances not under the control of the Forest Service and the State Foresters. Cooperative Forestry must address a broader constituency.

CONSTITUENT CONCERNS WITH FUND ALLOCATIONS

Individual State Foresters have expressed concern that, although funds appropriated by Congress for Cooperative Forestry programs have been increasing over the last several years, the dollars allocated to the states and territories have been declining. Several State Foresters argue that the increase in appropriations was simply an increase in Congressional and administration/agency earmarking. In addition, some express concern about the amount of funds used for Forest Service administrative costs at

the national and regional levels. On the whole, however, State Foresters do not appear to support block granting as a way of reconciling these issues.

Several State Foresters advocate greater flexibility at the state level to better target Cooperative Forestry program dollars to state goals and priorities (i.e., instead of using a marginally small amount of dollars for a rural development program that other agencies within the state with greater resources are dealing with, a state might more effectively apply the same dollars to their urban forestry or reforestation efforts). Most of the State Foresters that were contacted believe that block granting could result in a loss of program identity and an increased risk of losing political and constituent support. This may not, however, recognize the value in building program support of attracting new constituencies for Cooperative Forestry.

The National Association of State Foresters (NASF) expressed concern that block grants are not the appropriate solution for the issues facing Cooperative Forestry. NASF cited efficiency and flexibility as issues that need to be addressed, but does not believe that block grants would resolve those issues. Furthermore, any changes would need to fit within the scope of the Cooperative Forestry Assistance (CFA) Act, which authorizes the Cooperative Forestry programs. The CFA authorizes certain flexibility, particularly the consolidated payments provision, but stresses that this flexibility cannot come at the expense of any of the programs authorized under the Act.

Similar concerns over funding allocation have been expressed by the Society of American Foresters, American Forest Foundation, the National Association of State Conservation Agencies, and the National Arbor Day Foundation. Representatives from these organizations praise the current delivery structure and are averse to the idea of block grants for Cooperative Forestry. Their concern is that block grants would decrease funding for initiatives at the national level, seriously weaken public support for Cooperative Forestry programs, and reduce on-the-ground effectiveness of the Cooperative Forestry programs. These groups also noted that the federal government plays a crucial role at the state level in programs with national significance.

VII. ANALYSIS: IMPLICATIONS OF BLOCK GRANTS AND OTHER APPROACHES

The interest in block grants for Cooperative Forestry programs can be viewed as part of the broader interest in devolution of federal programs to the states (**Appendix F**). The rationale for devolution ranges from "getting programs closer to the people" to "countering a perceived over-expansion of centralized government." If block grants were to substitute for the current categorical grants in Cooperative Forestry, their place in the overall block granting of federal programs would be tiny. But the arguments in favor of this approach fit well in the general debate over devolution.

Richard A. Musgrave noted that, "Ultimately, the case for or against devolution cannot be made in general terms. Distinctions have to be drawn between the various taxing and spending functions which government performs" (Musgrave 1997). This report on Cooperative Forestry programs deals mainly with spending functions for a particular set of programs that will have little overall impact on state finances, even though their effect on state forestry programs has been substantial.

The Forest Service has little experience with true block grant programs, although some elements of its Cooperative Forestry programs give broad latitude to the states in their use of grant funds. For example, the Cooperative Forestry Act authorizes consolidated annual assistance payments to the states to replace some earlier functional or categorical grants. Consolidated payment grants were used in the early 1980s to give the states more flexibility in federal funding for development of state forestry planning assessments authorized by the National Forest Management Act of 1976 (Robbins 1985). Nevertheless, striking out in a new direction with block grants would pose a challenge for the Forest Service, as well as for its cooperators in the state forestry offices.

As noted earlier in the report, the decision facing Congress and the Forest Service is not just one of choosing between block grants or the current categorical grants for the Cooperative Forestry programs. Rather, the choice is among a range of ways to devolve some or all parts of these programs to the states including block grants and other variations on the existing system. Four such options are discussed below. All are examined in terms of their ability to contribute to the main mission of Cooperative Forestry, to do so while serving definable federal interests, and to do so consistent with appropriate federal roles for Cooperative Forestry programs. All of the options would continue the present role of the State Foresters as the main conduit for Cooperative Forestry funds.

A number of options exist for the movement of federal funds to states for Cooperative Forestry purposes (**Appendix G**). Some that might be considered include:

Option 1: Continue current Cooperative Forestry program funding arrangements with no change in their administration or focus.

The historic federal role in Cooperative Forestry programs, which was to use federal funds and assistance to prompt the states to address important issues mostly on private lands, has served the country well. There have been notable successes, such as the substantial reduction in the annual area of forests burned in wildfires (MacCleery 1995). The programs also already include some features of a block grant in that decision-making concerning qualifications of cost-sharing recipients is done by the states and not in Washington.

Although this report is not based on a detailed review of the effectiveness of the current programs, the concerns that led to it have some merit. The alleged lack of flexibility for the states to address their priority problems exists to some degree and in a number of states. Some of this is a result of the narrowness of some of the categorical grants and some is due to the limited funds allocated to the states for these programs.

The state-by-state allocation of Cooperative Forestry funds also limits the weight given by these programs to some matters that deserve federal or national attention. Issues that are multi-state in nature or that are truly innovative with broad implications are often bypassed. Too little attention has been given in the administration of Cooperative Forestry programs to the basic rationales for federally funded domestic programs, as described in Section III.

Staying with the present system of allocating Cooperative Forestry funds as categorical grants to the states would not address the current concerns of the states that Forest Service administration costs are too high. Nor would it fully utilize the flexibility the Forest Service now has to allow funds to be shifted among programs within each state to address the state’s priority issues. The new allocation formulas may help in dealing with the latter concern, but apparently would do little to reduce administrative costs.

Option 2: Increase states’ flexibility to reallocate funds within Cooperative Forestry programs and streamline the administration of the programs, while at the same time making minimal changes in the funding allocation to each program at the national level.

Giving greater latitude to the State Foresters in each state to shift funds among the various Cooperative Forestry programs has intuitive appeal. To some extent it could be done administratively, beyond which legislative changes would be required. The Cooperative Forestry Assistance Act already permits the Secretary of Agriculture, upon the request of each state, to consolidate some annual assistance payments. This language could be used as a model for encouraging some devolution of responsibilities from the federal to the state level, especially if it included reference to consistency with region-wide or state-wide strategic plans.

Broader authority for shifting funds among major categories within a state, such as from Forest Stewardship to Urban Forestry, has been suggested by some State Foresters. It would certainly meet with resistance from some of the interested parties who worked hard to get the categories established in the first place. But the fact that the idea is raised frequently suggests some basic imbalance in the funding for Cooperative Forestry programs or in the formulas used to allocate funds to the states. It also raises questions about the degree to which long-standing programs continue to be based on the basic rationales for federal funding of these programs. The Forest Service is responsible for making sure that the Cooperative Forestry programs meet the basic rationales for use of federal funds and do so through the proper federal roles identified for these programs in Section III of this report.

Streamlining operations would be aimed at reducing Forest Service administrative costs to make more of the Cooperative Forestry funds available to the states. This report presents no clear model for reducing such costs. Placing a limit on the proportion of appropriated funds that can be used for administrative costs is a possibility. The 1936 Smith-Lever Act limits overhead costs to four percent of the appropriations for the Cooperative Research Education and Extension Service. Differences between the way in which this program and Cooperative Forestry operate suggest that a four-percent limit would be too draconian as a limit for Cooperative Forestry. Forest Service administrative costs may increase, rather than decrease, as program complexity increases in response to changing needs. Administrative costs (transaction costs) are likely to be high to provide for negotiating between national and state goals or setting performance standards that reflect the inherent differences in on-the-ground conditions. Nevertheless, some less stringent cap on administrative costs would be worth considering.

Option 3: Provide Cooperative Forestry program block grants to each major region of the U.S., with allocations to states determined by annual agreements between the Forest Service and the State Foresters (i.e., a variation on the "focused funding" approach).

Under this approach, the pooling of Cooperative Forestry grant funds into block grants would take place at the regional level. The allocation to specific programs and projects would be based on consensus agreements between the Forest Service and the states in each region. This could be done either for all of the Cooperative Forestry funds allocated to each region, or for a portion of them. In the latter case, a portion of the block grants to each region could be made available to the states based on formulas that would assure that each state receive a base allocation to support and encourage continuation of the state's role in these programs.

This option would provide considerable flexibility for addressing regional or multi-state issues, at least to the extent that agreement could be reached with the State Foresters on allocating funds in each major region. The extent to which it would meet the criteria for federal programs outlined in Section III of this report and at the same time address the concerns of State Foresters that led to the report would be determined by the details of its administration. The allocation of funds among the regions, and the

flexibility given to the states in further determining the uses to which it will be put, are matters that would have to be decided.

The basis for allocating Cooperative Forestry funds as block grants among the regions must be considered, along with the arbitrariness of regional boundaries in relation to forest issues. One plausible approach would be to base allocations on the area of private or nonfederal forest ownership. This would indicate allocations of 32 percent to the North, 40 percent to the South, and 28 percent to the West. Based on the current Forest Service organization of State and Private Forestry functions, which in the West are tied to the National Forest System regional offices, the allocation to the West would be further divided among the six regional offices. This would limit the flexibility of using regional Cooperative Forestry block grants to address multi-state issues. Consolidating Cooperative Forestry funds for the six western regions in a single block grant to a new region for the entire West would add flexibility and reduce Forest Service administrative costs.

<u>Option 4: Provide Cooperative Forestry program block grants to each State Forester, the amount granted to be determined by formula. Each State Forester would be given considerable latitude to set priorities and shift funds among various Cooperative Forestry program areas.</u>

Shifting administration of Cooperative Forestry programs to a block grant system would be a major change from the present arrangements. It would require new ways of assuring some minimum level of accountability for meeting program goals in various laws. Shifting away from categorical program grants implies greater accountability for end results and giving less attention to detailed accounting for inputs. Decisions would also have to be made on what parts of the overall set of Cooperative Forestry programs would be included in block grants. For example, would the Forest Legacy program be included and, if so, what criteria would be used for allocating funds to the various states? In addition, would congressional, and perhaps administrative, earmarks be taken off the top before block grants are allocated?

Under a block grant system for Cooperative Forestry, pressure on the states for using these federal funds to address multi-state or other nationally significant issues would be minimal. Such current programs as the Chesapeake Bay Program and the National Agroforestry Center might suffer. Attention to innovative programs could suffer to the extent that direct federal involvement is a spur to trying new approaches, such as the "focused funding" approach developed in the Northeastern area. The downside of bringing government "closer to the people" through block grants may be a loss of the attention given to issues that are simply bigger than the interests of a single state. This loss, of course, could be addressed by including provisions in a block grant system to give specific attention to such matters.

VIII. FINDINGS

In providing funds for Cooperative Forestry, Congress responds to budget requests forwarded from the Forest Service through the Department of Agriculture and the Office of Management and Budget. It also responds to requests from the various interests in these programs, including the states and nongovernmental interests. In recent decades, funding has increased slowly for those parts of the Cooperative Forestry program aimed at improving practices on nonindustrial private forests and for rural development. The introduction of new programs over the last few decades, such as Urban and Community Forestry and Forest Legacy, reflects the influence of growing constituencies for these programs. While there is often no clear indication of the effectiveness of the traditional programs, there appears to be an increasing awareness of the relationship between emerging constituencies for new programs and the potential for growth in funding for the overall Cooperative Forestry program. Taking advantage of this relationship to build new and responsive programs will require flexibility and innovation on the part of both federal and state forestry agencies, as well as political leadership.

Commonly assumed is that categorical program and criteria-based formula funding allocations to states are ineffective and that block grants would reduce federal overhead, decrease administrative direction and costs, and provide states with more money and greater latitude in allocating Cooperative Forestry funds. These assumptions, in large measure, prompted this review. These concerns, along with a consideration of the history of Cooperative Forestry programs and an analysis of background issues, have led to the following findings.

1. The federal mission in Cooperative Forestry is to promote sustainable use, management, and protection of forest and related resources on private lands.

This mission is pursued through cooperation with the states by: providing leading-edge technical expertise; helping build strong state forestry programs; strengthening the economic health of communities; providing targeted financial assistance; reducing federal expenditures through preventive measures; monitoring trends in sustainability on all forestlands; and serving as an information clearinghouse. These statements of mission and federal roles for the overall Cooperative Forestry program should be the foundation for funding all elements of the program and for initiating effective funding linkages between federal and state governments.

2. Regional variability in forest resources, ownership, and programs is formidable and presents a very real challenge to accomplishing the federal role in these forests. Innovative institutions and organizations are required to accommodate this variability.

Federal and state administrators of the existing Cooperative Forestry programs now have considerable flexibility in directing program resources at priority issues. Changing the method of allocation of funds to the states by replacing the existing method with block grants to the State Foresters would provide little additional flexibility in addressing priority issues beyond that which already exists, if federal and state administrators choose to use the latitude afforded to them. The Northeastern Area Office has taken advantage of this flexibility to a greater degree than in the rest of the country. Funds have been shifted among the states and programs to recognize differing priorities, although always with the agreement of the State Foresters. Using this flexibility is a viable alternative to using block grants or other means of distributing funds.

Innovation in funding arrangements requires support, encouragement, and strong leadership from the National Headquarters of S&PF, as well as from the Chief of the Forest Service and the Undersecretary of Agriculture. One might conclude that this has not always been the case and that such was a factor leading to the congressional request for this review and consideration of block grants. Leadership encouragement of innovative approaches for allocating funds is needed to help maintain and strengthen the strong relationship between the Forest Service and the State Foresters.

3. Federal and state government organizational and administrative relationships regarding Cooperative Forestry has proven to be productive over many years.

The relationship between State and Private Forestry and the states, which have been represented mainly by the State Foresters, has developed over many years and has had notable successes. The Cooperative Fire Protection program has been enormously effective (MacCleery 1995). The relationship has helped to create and strengthen the state forestry programs, including those that provide assistance to private landowners. These programs together constitute a classic case of federalism with the federal government and the states working cooperatively for the common good. Partly as a result of involvement and prompting by the Forest Service, most states now have their own strong forestry programs.

While overall state and federal programs and administering agencies affecting the management of private forests have grown both in number and impact, the specific cooperative arrangements between the Forest Service and State Foresters continue to provide a useful avenue for addressing the common needs of the two government levels. This relationship should be continued even as an ever-growing range of concerns and approaches to management of private forests is addressed. Both the federal and state forestry agencies should take advantage of the relationships that have been built over the years.

4. New and innovative approaches to federal-state relationships for Cooperative Forestry programs are needed to meet changing resource and human needs.

The basic structure of the federal-state relationship for Cooperative Forestry programs needs to be modified and strengthened to reflect new and changing program needs. As the variety and scope of management and regulatory programs affecting private forests have grown, the scope of and funding for Cooperative Forestry programs has remained essentially static. Flexibility in Cooperative Forestry programs at the state level is needed to respond to these changes. But without adequate funding and the ability to recognize and respond to the specific needs in each state, the State Foresters are often limited in their capabilities

At least two major tensions call for change in federal-state funding relationships, brought about by the changing climate for these programs. One is the expressed dissatisfaction with the limited funding of the overall Cooperative Forestry programs. The other is the apparent lack of flexibility in directing the available funds at what are seen by either the Forest Service administrators or the State Foresters as the most important problems. These are valid concerns that limit the effectiveness of the Cooperative Forestry program. Simply changing the method of allocating funds to the states will not satisfactorily meet the need to develop program approaches to deal with new and shifting issues involving private forests.

Administrative and organizational approaches to federal-state relationships for Cooperative Forestry programs should at a minimum foster: administrative flexibility, program adaptability, efficiency and effectiveness, accountability, multi-state cooperation, program growth, constituency support, and leveraging of state- and local-level capacity. Cooperative Forestry programs, in concert with all federal programs, should be judged by their ability to satisfy these administrative criteria in addition to fulfilling one or more responsible federal roles. These are necessary, but not sufficient, criteria for evaluating Cooperative Forestry programs. Block grants for Cooperative Forestry programs can perhaps satisfy one or more of these criteria, but do not address the matter of federal roles. Accountability for using federal funds in support of these federal roles can be designed into the programs whether they are administered as block grants or categorical grants.

5. Block grants as a means of linking federal and state governments would be of limited help in saving administrative costs associated with Cooperative Forestry programs.

Federal administrative costs for Cooperative Forestry programs likely would be reduced if funds were distributed to the states in consolidated block grants, but it appears that state administrative costs would rise. Implementing the Cooperative Forestry program requires technical expertise and this makes up much of the administrative costs whether the program is administered mainly at the federal or state level. In its review of the results of various block grants to the states during the 1980s, the General Accounting Office found that federal administrative costs fell, although state administrative costs rose. Accountability for program expenditures is necessary whether it is the

responsibility of federal or state officials. By itself, changing to a system of block grants in place of categorical grants for Cooperative Forestry programs will not necessarily lead the states toward greater program flexibility and innovative approaches.

Innovation itself is as likely to come from the states as from the Forest Service. Providing the flexibility to use funds to explore new approaches is one of the keys to innovation. Block grants, the "focused funding" approach used by the Northeastern Area of S&PF, and approaches used by EPA and other agencies are models for consideration. In the end, none are likely to be effective without strong leadership and a solid commitment to innovation by program administrators that can build on the historic relationship between the Forest Service and the State Foresters.

6. Earmarking some Cooperative Forestry funds (Congressional and administrative) has implications for the allocation of the remainder of the Cooperative Forestry funds.

The practice of earmarking a portion of the total Cooperative Forestry funds for specific projects is increasing and has implications for program administration and efficiency. Earmarking is being used both by Congress and by the agency in response to pressure from organized interests, and is likely to continue to be used as long as public officials see it as being in their interest. While the earmarks themselves usually reflect some expression of public interest, some State Foresters perceive earmarks as reducing the pool of funds available for allocation through the normal processes, reducing the effectiveness of allocation criteria, and exacerbating the effect of taking overhead costs off the top of the remaining pool of funds. If earmarking by Congress or the agency takes place after the total level of funding has been set, it could reduce the funds left for allocation to regular programs. But if the earmarks come in after the level of regular funds has been set, they could lead to administrative costs for the additional funds without provision to cover them and, thus, to an effective reduction in program funds allocated to the states. It appears that the spate of earmarks in the FY 2001 appropriations came in after the level of regular Cooperative Forestry appropriations had been set.

7. Existing Cooperative Forestry programs should be maintained and, as appropriate, expanded to accomplish the national interest in private forests.

Although current Cooperative Forestry programs are not reaching their full potential, due largely to inadequate funding, to abolish them could disrupt relationships between the Forest Service and the states and would seriously jeopardize the results of investments previously made (for example, tree planting and fire protection measures). Cooperative Forestry programs originally grew out of the desire to prompt the states to recognize the significance of private forests and to take action to correct problems with wildfires and poor management. The success of this approach is shown by the greatly

improved condition of these forests. What is needed now is a recognition that both the times and the nature of the problems have changed. The federal role should again be one of prompting and helping the states with new and innovative approaches to deal with emerging issues.

The scope of existing authorities for these programs is broad enough to allow creative approaches to be adopted to address changing needs. The new allocation criteria for Cooperative Forestry funds, which were recently adopted by the Forest Service and the states, may help in this regard. But more attention to responding to new situations and needs is needed.

8. New constituencies for Cooperative Forestry programs will be necessary if federal and state government program and funding linkages are to thrive.

Federal programs exist because they have constituencies that support them. State Foresters not only are a major constituency for Cooperative Forestry programs, but they are also major agents of delivery of the programs. The Forest Service and the State Foresters must work constantly, in the face of pressures to drop these programs, to cement the cooperative spirit that has driven them since 1924. For its part, the Forest Service must not be so distracted by the lure of new constituencies that it lets these long-standing relationships lapse. For their part, the State Foresters should not threaten the alliance because of the temptation of a few more federal dollars. Working together, the Forest Service and the State Foresters must efficiently manage Cooperative Forestry programs, using existing program flexibility to meet the historic and newly evolving conservation needs on the ground. Together, they need to reach out to emerging constituencies and seek out other cooperators that want to share in the mission of Cooperative Forestry.

IX. RECOMMENDATIONS

In a time when there is strong pressure for devolution of responsibilities from the federal government to the states, the Forest Service needs to define a clear role for its Cooperative Forestry program that will justify its continuance. The panel believes this role must be based on the broad rationales for federal involvement in domestic programs. Three such roles are: 1) prompting states and other partners to address questions that require new approaches, 2) prompting cooperation among states, especially on issues that cut across state lines, and 3) providing information that cuts across state lines. None of these roles would be adequately served by devolution of program responsibilities to the state through block grants of Cooperative Forestry funds. The following recommendations are offered for Forest Service consideration:

1. Fully exercise the flexibility that already exists to allocate Cooperative Forestry funds.

Authorities for the Cooperative Forestry program already allow the Forest Service considerable flexibility in allocating funds among program activities, which is one of the goals of using a block grants approach. This flexibility has been used to advantage in the Northeastern Area State and Private Forestry programs and could be more fully utilized in other regions to strengthen the Cooperative Forestry programs.

Where existing authority to move funds between programs is unclear, it should be clarified. Various means of providing flexibility in Cooperative Forestry programs (in addition to the "focused funding" approach) need to be initiated. This will require authority (and subsequent exercise of leadership) to shift categorical grants among programs and states so as to do a better job of addressing specific state priorities (for example, urban forestry and technical assistance funds have been "traded" between two states to reflect the needs of each). These shifts should be consistent with Congressional directives and accomplished in an open process.

The Northeastern Area "focused funding" approach allocates five percent of the total Cooperative Forestry, fire, and forest health to states based on rules that have been set by agreement between the Forest Service and the twenty State Foresters in the region. Salient points of the approach include a limit on the funds that can go to any one project, setting priorities among project proposals, and gaining consensus agreement for each project by the Forest Service and the State Foresters.

2. Develop new program and funding initiatives in the Cooperative Forestry area to address emerging and innovative action needs.

Newer initiatives within the overall Cooperative Forestry program, such as Urban and Community Forestry and Forest Legacy, are a reflection of strong support by interest groups and seem to have originated outside the Forest Service. Neither the Urban and

Community Forestry program nor the Forest Legacy program appears to have diverted funding that might otherwise have gone to the other Cooperative Forestry programs.

If the Forest Service wants increased funding for the overall Cooperative Forestry program, new initiatives that respond to changing needs and can gain support from new constituencies are needed. Flexibility in allocating current funds, such as that provided by the "focused funding" approach used in the Northeastern Area, can be used to test and develop new initiatives supported by the State Foresters. Beyond that, however, attention needs to be given to opening the doors to new constituencies and issues in which they are interested.

Various proposals for new initiatives have been raised internally in the Forest Service, but there has also been a notable lack of follow through. It appears that there is no lack of ideas for improving and expanding Cooperative Forestry programs. But there is an apparent inability to coalesce constituencies that are willing to support these ideas in Congress. Such an "open door" policy for new ideas could strengthen the place of Cooperative Forestry within the Forest Service and be a magnet for building a strong staff.

3. Direct a significant allocation (20-40%) of the Cooperative Forestry funds in each of the three major regions to (a) truly regional and multi-state projects, and (b) truly innovative programs.

At least twenty to forty percent of the total Cooperative Forestry funds allocated to each region, after allowance has been made for Forest Service overhead, should be directed to multi-state projects and innovative, cutting-edge projects. Taken together, a significant part of the total Cooperative Forestry funds would be allocated to projects that satisfy important federal roles for domestic programs. The projects would only be undertaken with the full agreement of the State Foresters in each region, and if they are consistent with region-wide and state-wide strategic plans for Cooperative Forestry programs.

It is important that a portion of the total funds be designated to meet regional and multi-state project needs. This will provide positive direction to program administrators to give attention to projects that are directed at an important federal role without limiting the role of the states in directing funds at projects that also meet state needs. Gaining consensus agreement among the State Foresters for such projects will also help assure that the projects are directed at important concerns.

A portion of the total funds should also go to innovative projects that entail risks that are unlikely to be addressed with state funds. This recommendation would require that the Forest Service and the states agree on what constitutes innovation in Cooperative Forestry programs. Standards should be set high enough to encourage development of ideas that can be duplicated elsewhere and should address emerging issues such as how to encourage maintenance of biodiversity in private forests. Allocating this limited portion

of Cooperative Forestry funds to innovative projects will still allow states that have a need for federal funds to support administration of their state cooperative forestry programs to use the undesignated part of their allocation for this purpose.

4. Organize administration of State and Private Forestry at the regional level into three major regions (East, West, and South), each with a regional administrator that is located separately from National Forest System offices.

The current organization of S&PF programs within the Forest Service is anomalous and limits flexibility in the Cooperative Forestry program. The Northeastern Area, which has developed an effective overall regional Cooperative Forestry program, is the only regional office that is not organizationally responsible to a regional head of other Forest Service programs. The directors of S&PF programs in all other parts of the country report through and presumably receive direction from a regional forester whose major efforts are directed at management of the national forests. This organizational approach significantly weakens the federal role in Cooperative Forestry programs, especially with respect to addressing regional and multi-state issues.

In the West, the S&PF directors serve within seven different Forest Service regions. The role of Cooperative Forestry programs within the Forest Service and with the State Foresters in the West would be enhanced if there were a single S&PF region for this multi-state section of the country, just as there is now for the Northeast and the South. Such a reorganization of S&PF responsibilities would facilitate responding to the federal role in regional and multi-state issues. Separating Cooperative Forestry and the other S&PF programs from the dominance of national forest issues in the Forest Service by having a geographically separate headquarters would also enhance the public visibility of these programs. This would also add to the stature of S&PF and Cooperative Forestry within the Forest Service and help in attracting innovative staff.

New responsibilities assigned to State and Private Forestry for implementing the National Fire Plan will dominate the planning for the overall S&PF program in the near future. Nevertheless, the creation of three equal S&PF regions with the full range of S&PF responsibilities should not be delayed. The benefits will be great for the whole range of S&PF programs in both the short term and long term.

5. Establish a "clearing house" function within State and Private Forestry at the national level for other federal and state programs related to private forests to facilitate funding innovative and multi-state programs.

The effectiveness of Cooperative Forestry programs has been increasingly hampered by the growing number of federal and state government agencies and programs with some impact on management of private forests. This is probably most confusing to the owners of private forests, but it is also a problem for both federal and state program administrators. However, keeping track of program developments and providing regular

reports to aid administrators and the public is a function that seems to have been overlooked.

A "clearing house" function for programs that impact private forests should be assigned to State and Private Forestry. Among other effects, such a clearinghouse would enhance the effectiveness of Cooperative Forestry programs in defining and pursuing the federal roles in management of these forests. It would also aid S&PF in its cooperative work with the states.

6. Provide information to improve assessments of the effects of current and alternative ways of allocating Cooperative Forestry funds and of addressing important issues involving private forests.

The paucity of substantive assessments of the extent and character of emerging issues for private forests and the potential effects of Cooperative Forestry programs that could address these issues is alarming. Examples of such issues are the fragmentation of private forests and the assumed loss of biodiversity in private forests. In both cases the data needed to make adequate assessments of the issues are generally lacking. Responsibility for assuring that such data are developed, and for building the necessary constituency, lies with State and Private Forestry working in conjunction with the State Foresters as well as with Forest Service research.

In addition to basic data on resource conditions and trends, information is needed on the potential effects of actions that could be taken to address such issues. The issues facing Cooperative Forestry are among the most challenging facing the Forest Service. Such information should go well beyond that needed to meet the requirements of the Government Performance and Results Act, which are aimed at measuring results of programs in place.

These six recommendations go beyond a simple evaluation of the merits and drawbacks of administering Cooperative Forestry programs through block grants to the states. The issues in funding Cooperative Forestry programs are complex and the opportunities for better serving the public are great. The panel intends for this report to challenge the Forest Service and the State Foresters to be open to these opportunities and innovative in their responses.

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APPENDIX A
Cooperative Forestry Programs and Related Programs

Forest Stewardship Program

The Forest Stewardship Program line item funds a range of activities authorized within two sections of the Cooperative Forestry Assistance Act. Section 2103a, "Forest Stewardship Program," is intended to encourage the long-term stewardship of nonindustrial private forestlands by assisting landowners to more actively manage their forests and related resources. Much of the funding allocated for this program is used for preparing conceptual multi-resource management plans for nonindustrial private forestlands. Funds are also used to support workshops, publications, and other activities that inform landowners about forest stewardship.

Under section 2103, "Rural Forestry Assistance," the Forest Service provides assistance to State Foresters or equivalent officials to provide financial and technical assistance to a r ange of entities to accomplish a variety of objectives, including protecting and enhancing forestlands, wildlife species, and recreational opportunities as well as provide technical assistance to landowners on forest management practices.

Funds are provided to all fifty states based upon allocation criteria that include the number of nonindustrial private forest owners and acres in each state as well as program accomplishments. Most of the funding is used to support state forestry personnel and/or private forestry consultants who deliver technical assistance to landowners. The states implement their program by interacting directly with landowners and managers, or by referring their clients to professional forestry consultants (consultants accounted for 10% of the assistance provided to landowners). Some states also hire full or part-time wildlife managers to share their expertise with foresters and/or landowners. States must match each federal dollar received.

Results and outcomes are monitored annually and include: the number of forest stewardship plans and acres accomplished each year, the number (and acres) of practice plans accomplished, the number of technical assists to landowners, and the gender, race/ethnicity and disability status of program participants. As reported by the Forest Service in an Accomplishment Report for Fiscal Year 1999 (USFS 2000b), the states reported that through FY99, 42.4 million acres were under management strategies that were voluntarily designed by over 542,000 landowners. The average parcel size was 78 acres. The number of acres under management is 12% of the eligible base. The federal, state, and consultant experience provided to landowners in FY99 equaled 235,000 significant assists.

Forest Legacy Program

The Forest Legacy Program (FLP) addresses issues of forest fragmentation and loss of forest landscapes. The goal of the program is to conserve resource values of forestland, emphasizing lands of regional and national significance that are threatened with conversion to non-forest uses. The program utilizes conservation easements or fee

simple purchases to accomplish program objectives. The FLP line item funds the activities authorized under Section 7 of the Cooperative Forestry Assistance Act.

The FLP involves a partnership between State and Private Forestry, National Forests, State Foresters, local governments, land trusts and interested landowners to conserve these environmentally important forests. The FLP assures that both traditional uses of private lands and the public values of America's forests are protected on thousands of acres for future generations. It provides a mechanism to protect critical wildlife habitat, conserve watershed functions, and maintain recreation opportunities. Participating states, territories, or local governments in cooperation with states, can use FLP grant funds to acquire land, or interests in land, and hold title in their name.

Funds are provided to Forest Service regions, which make grants to the participating states wishing to exercise the state grant option. The vast majority of the funds are used for purchase of conservation easements or fee simple title. Project funds are split into two categories. The first is used to sustain a minimum viable program in each active state; the second category is for major projects as nominated by the states and recommended by the Forest Service regions. States, or other nonfederal sources, must match each federal dollar received, with the federal share no more than 75% of the total program costs.

Results and outcomes are monitored annually and include: the number of Forest Legacy cases and acres accomplished each year and the number of Assessment of Need (AON) plans completed by states and approved by the USDA Secretary. As of April 2000, twenty-two states and territories are active in the FLP, meaning that their AON plans are either completed or are pending approval. Several other states are either developing plans for approval or are considering beginning the planning process. The Forest Legacy acquisition projects that were completed from 1993 through April 2000 total 111,290 acres.

Urban and Community Forestry Program

The Urban and Community Forestry (U&CF) Program line item funds a range of activities authorized under Section 9 of the Cooperative Forestry Assistance Act. Under Section 9, the Forest Service provides funding to State Foresters or equivalent state officials to provide financial and technical assistance to units of local government, non-governmental organizations, and others (including non profits) to encourage cooperative efforts to plan urban forestry programs and to plant, protect, and maintain trees, forests, and related green space (open spaces, greenbelts, roadside screens, parks, woodlands, and residential developments in urban areas).

The program is designed to:

1) Assist urban areas and communities in conducting inventories and assessments of the extent, composition, and health of their urban forest resources;
2) Assist in organizing and conducting urban and community forestry programs and projects;

3) Improve education and technical support to communities and volunteer groups in a) selecting tree species for planting in urban and community environments and for promoting the conservation of energy, b) providing for proper tree planting, maintenance, and protection, c) protecting individual trees and preserving existing open spaces, and d) identifying opportunities for expanding tree cover in cities and communities;
4) Assist in the development of management plans to care for trees and associated resources in cities and communities; and
5) Increase public understanding of the energy conservation, economic, social, environmental, and psychological values of trees and open space in urban and community environments and expand knowledge of the ecological relationships and benefits of trees and related resources in these environments.

Funds are provided to all fifty states, the Islands, Trust Territories, and the District of Columbia based upon allocation criteria including, among others, population size, acres of urban and built up land, number of communities, and housing starts. Most of the funding goes to support state technical assistance positions. Many states also sub-grant a portion of the funds they receive to units of local government and non-governmental volunteer urban forestry organizations working at the community level. States are to match each federal dollar received. However, states may use a consolidated payments approach in meeting their matching requirements (most often overmatch that is used are state funds used for fire control).

Outcomes and accomplishments are monitored annually and include the number of communities assisted, state progress in moving communities towards sustainable urban forestry programs, the percent of funds that are granted to units of local government and others, volunteer hours generated in support of local programs, and technical assists to underserved communities.

States have identified 27,952 communities, out of a possible 40,000 communities, where they feel it is feasible to develop a community-based program (USFS 2000b). In 1970, the number of communities that had U&CF programs was approximately 1,200. Due in part to the 1990 Farm Bill, which offered a coordinated approach to state assistance, there are now 10,663 communities that are active in the program (USFS 2000b).

Economic Action Program

The Economic Action Program (EAP) consists of four program components and a variety of special projects funded by Congress every year. Only one of the components, **Rural Development**, currently involves transferring funds to the states. Only those states whose State Forester chooses to participate currently receive funds, and there is no allocation criterion that presently considers states. There are also many other communities, community groups and non-profit organizations, including USDA's Resource Conservation and Development Councils, which receive funds from Forest Service Regions in connection with delivering the Rural Development Program.

Forest Service Authorities for carrying out this program arise from recent Appropriations Acts along with general USDA authorities in Rural Development, and other federal authorities delegated to the Forest Service. Rural Development is a grants program carried out under Washington Office oversight and review, and within nationally established policy parameters.

The Washington Office provides information, technical assistance, training, national coordination, specific guidance and oversight based on Congressional intent; establishes and carries out Regional allocation criteria based on community needs and forest cover (not necessarily state-related objectives), and performance measures and reporting mechanisms; provides information to Congress about specific program delivery and results; and answers Congressional inquiries.

The remaining three program components do not distribute any funds to the states. **Economic Recovery (ER)** is not carried out by states, as it is specifically targeted to redeem the federal responsibility to eligible communities adversely impacted by federal land management decisions. ER provides salary and administrative costs to National Forests to enable them to work with communities and help them organize, plan and act to diversify their economic base. Only communities that meet certain eligibility requirements, specified in the law, such as being adversely impacted by federal land management policies, can participate. **Forest Products Conservation and Recycling (FPC&R)** provides technical assistance, training, coordination, technology transfer and demonstration through federal specialists located in or under contract with Regional Offices, and two federal centers of excellence in marketing and utilization: Wood Education and Resource Center, Princeton, WV and the Technical Marketing Unit at Madison, WI. **Wood in Transportation s**upports the National Wood in Transportation Information Center (NWITIC) in Morgantown, WV and funds a national wood-in-transportation cost-share program that is administered from the NWITIC. The program provides up to 50% cost-share to qualifying projects that utilize local wood species in bridges, sound barriers, rail lines, etc. No funds are currently transferred to states.

During FY99, EAP reached almost 400 new rural communities (USFS 2000b). This outreach was in conjunction with the on-going work with the 3,000 communities that the Forest Service has already established a working relationship on economic sustainability. The agency and its partners, State Foresters, were involved with 366 Community Action Teams that categorized community resources (USFS 2000b).

The Forest Based Economic Development Committee of the National Association of State Foresters actively searches for ways that State Foresters can play an influential role in meeting the needs of rural communities. State Foresters offer technical assistance, grant writing assistance, and technology transfer. The Communities Committee of the Seventh American Forest Congress of 1996 provides an ongoing national forum to connect local grassroots efforts to national policy and decision-making.

Stewardship Incentives Program

The Stewardship Incentives Program (SIP) provides cost sharing assistance to nonindustrial private landowners to implement multi-resource management practices. The financial incentives provided through SIP help landowners produce forest-based goods and services of public value, such as timber, improved water quality, wildlife habitat, and recreation opportunities. Congress has not provided funds for the program since FY98.

Pacific Northwest Assistance Program

The Pacific Northwest Assistance Program provides assistance to help communities in the Pacific Northwest adversely affected by reduced federal timber harvests to diversify and strengthen their economies through the development of value-added wood products manufacturing enterprises as well as short-range and long-range economic diversification strategies.

Related Programs

There are several other programs administered within the Department of Agriculture that address ownership of nonfederal forestland. The following are a few examples, but should not be considered an exhaustive list.

FIP: The **Forestry Incentives Program (FIP)** was created by Congress in the mid 1970s and assigned to the Agricultural Stabilization and Conservation Service, which also handled financing of the Agricultural Conservation Program which provided assistance to farmers and ranchers. Both programs provided cost-sharing assistance to landowners for installing conservation measures on their lands. In the case of FIP the government pays 65% of project costs and the landowner pays the remainder. FIP was transferred to the Natural Resources Conservation Service (NRCS) in 1995, and the program was reauthorized in 1996 until 2002.

Funds for FIP are allocated through state technical committees under the leadership of the State Foresters. Money for the FIP program is made available through the Appropriations Subcommittees on Agriculture, while Cooperative Forestry Programs get their funds through the Appropriations Subcommittees on Interior and Related Agencies.

The Cooperative Forestry programs closely parallel on privately owned forestlands the work that NRCS provides for farmland soil and water conservation. A major difference is that NRCS operates at ground level with its own personnel, while the Forest Service reaches landowners and communities largely through the State Foresters. Just as farmers do, woodland owners hope to make a margin of profit from the investments they make in their lands, and they can make important public contributions to the overall health of critical landscapes.

EQIP: In the 1996 Farm Bill, Congress authorized the **Environmental Quality Incentives Program (EQIP)** to replace many of the soil and water conservation

programs of the Department of Agriculture. Providing educational, technical and financial assistance, EQIP activities usually include the making of a farm or ranch plan. Decisions on where funding should be placed are largely determined by local committees formed by the Soil and Water Conservation Districts. Administered by NRCS, EQIP is organized much like the Cooperative Forestry programs, with the State Foresters and their professional representatives making the decisions together with local landowners in an unobtrusive and voluntary form of land use planning.

Funding for EQIP is allocated based on proposals submitted to each state conservationist, based on the advice of a state technical committee. The technical committee is comprised of a team of conservation representatives at the state level. At least 65% of the state's total fund allocations are to go to the targeted areas, while 15% of the money is sent to address statewide natural resource concerns.

CSREES: The **Cooperative State Research, Education, and Extension Service (CSREES)** is a bridge between the education and research programs of the Department of Agriculture. The mission of CSREES is to provide a global system of research, extension and higher education in the food and agricultural sciences and related environmental and human sciences to benefit people, communities, and the Nation. The CSREES mission emphasizes partnerships with the public and private sectors to maximize the effectiveness of limited resources. CSREES programs increase and provide access to scientific knowledge; strengthen the capabilities of land-grant and other institutions in research, extension and higher education; increase access to and use of improve d communication and network systems; and promote informed decision making by producers, families, communities, and other customers.

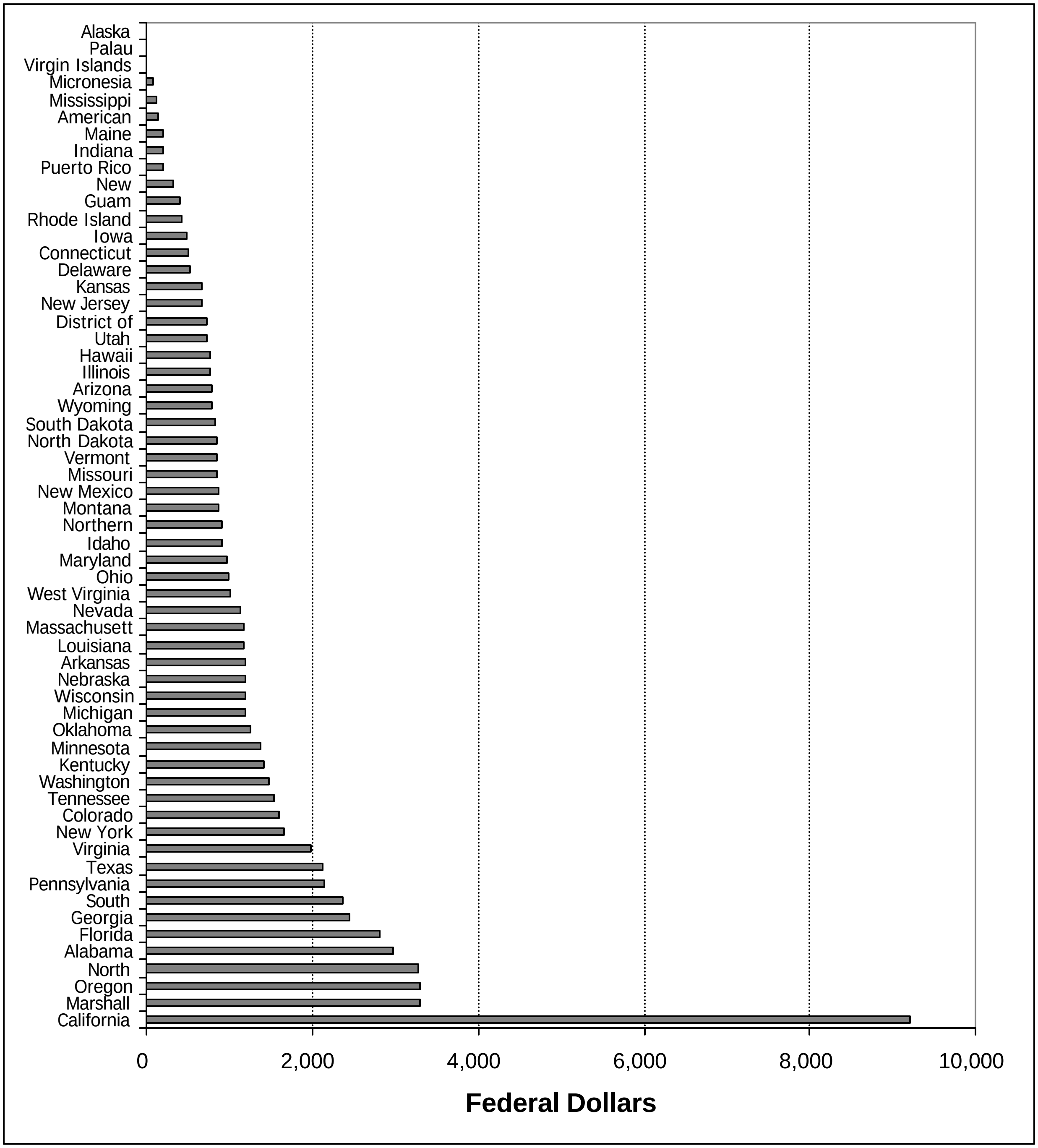
APPENDIX B
Cooperative Forestry Appropriations, FY 1991 – FY 2001
(Dollars in Thousands)

Programs	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
Forest Stewardship	22,583	23,934	23,281	25,791	25,908	23,378	23,378	23,880	28,830	29,833	39,766
Stewardship Incentives	19,894	751	17,847	17,932	18,283	4,500	4,500	6,500	0	0	0
Forest Legacy	0	4,938	9,915	6,948	0	3,000	2,000	4,000	7,012	29,933	59,868
Urban and Community Forestry	21,074	23,812	24,787	27,000	28,310	25,454	25,505	26,750	30,540	30,896	35,642
Economic Action Programs	8,168	13,250	12,954	15,545	16,020	14,517	17,150	11,465	17,305	20,198	64,471
PNW Assistance Program	1,990	1,975	1,487	16,410	17,066	16,012	16,762	15,000	9,000	7,856	9,579
Forest Resource Information &Analysis	---	---	---	---	---	---	---	---	---	---	4,989
Cooperative Forestry	**73,709**	**68,660**	**90,271**	**109,626**	**105,587**	**86,861**	**89,295**	**87,595**	**92,687**	**118,716**	**214,315**

APPENDIX C
Cooperative Forestry Appropriations, FY 2001 (Non-emergency Funds Only)
(Dollars in Thousands)

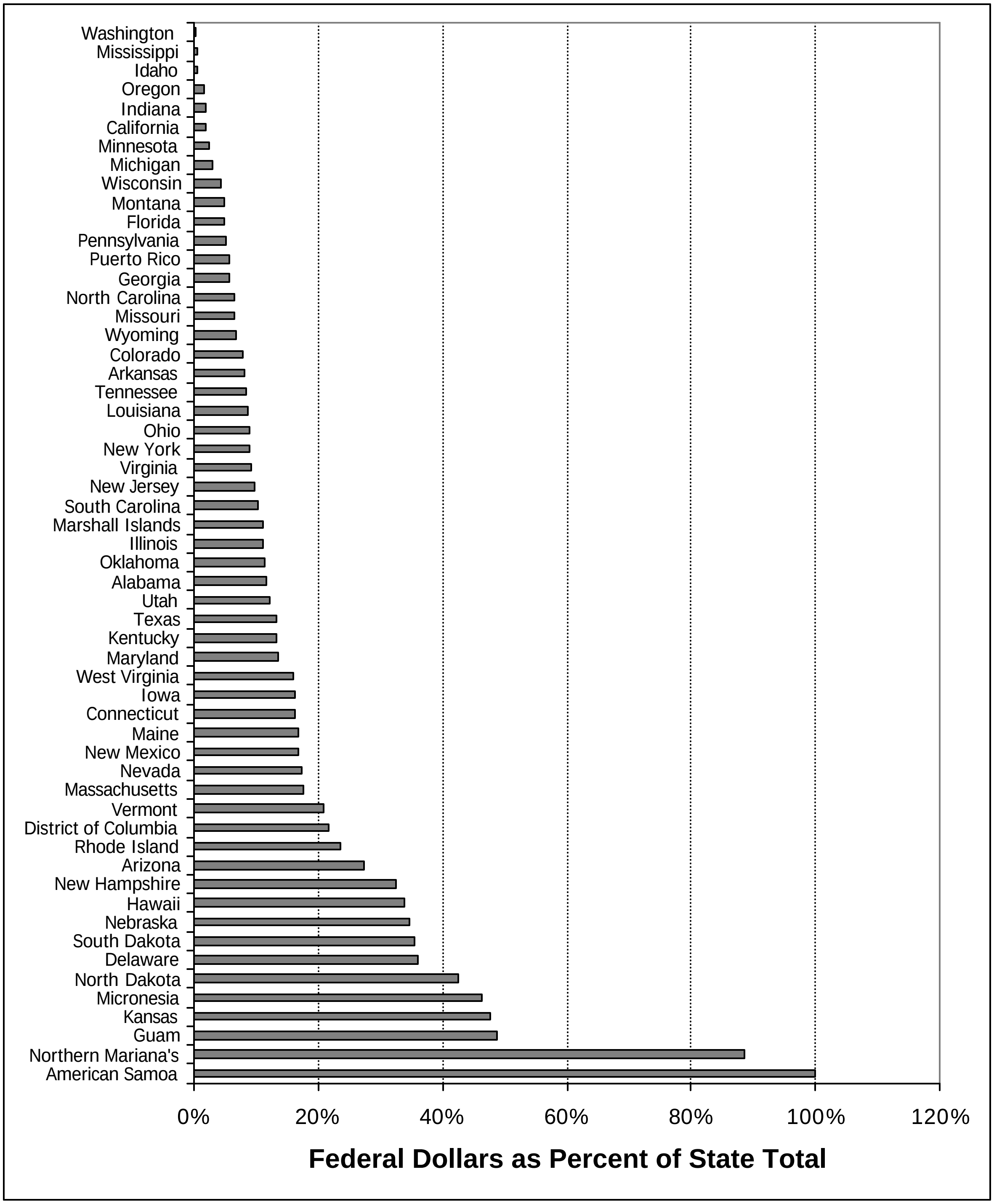
December 1, 2000 *	FY 2000 ENACTED	FY 2001 PRESIDENT'S BUDGET	HOUSE MARKUP	SENATE MARKUP	ENACTED
Forest Stewardship Program	**29,833**	**29,407**	**31,454**	**30,454**	**32,782**
{NYC Watershed Enhancement}	{300}	{250}	{500}	{0}	{499}
{Chesapeake Bay Program}	{500}	{225}	{500}	{500}	{499}
{Assistance for Landowners in Utah}	{0}	{0}	{0}	{200}	{200}
{WA Forest Stewardship Program}	{0}	{0}	{0}	{450}	{449}
{Coop Study NY/NJ Highlands Area} *	{0}	{0}	{0}	{0}	{748}
Stewardship Incentives Program	**0**	**3,250**	**0**	**0**	**0**
Forest Legacy Program	**29,933**	**59,768**	**10,000**	**30,000**	**29,934**
{Ossippee Mountains, NH}	{0}	{0}	{0}	{1,400}	{1,397}
{Great Mountains, CT}	{0}	{0}	{0}	{0}	{1,996}
{West Branch, ME}	{0}	{0}	{0}	{0}	{1,996}
Urban and Community Forestry	**30,896**	**39,471**	**31,521**	**31,021**	**31,651**
{NE PA Community Forestry}	{300}	{0}	{250}	{0}	{249}
{URP Bill Language}	{2,000}	{2,000}	Moratorium	{0}	Moratorium
{Forest Park Restoration Project MO}	{0}	{0}	{0}	{1,000}	{499}
{Chicago Wilderness Program}	{700}	{250}	{0}	{700}	{768}
{Salt Lake City Olympic Tree Program}	{500}	{0}	{0}	{0}	{0}
Economic Action Programs	**20,198**	**17,267**	**14,246**	**23,486**	**30,269**
Economic Recovery	**4,922**	**3,892**	**3,652**	**3,892**	**3,634**
{Four Corners Sustainable Forestry Initiative}	{500}	{250}	{500}	{250}	{0}
{Graham County, NC. Economic Plan}	{0}	{0}	{10}	{0}	{0}
Rural Development	**5,445**	**3,073**	**4,992**	**5,192**	**4,682**
{NE/Midwest Area}	{3,000}	{381}	{2,000}	{2,500}	{2,500}
{Four Corners Sustainable Forestry Initiative}	{500}	{250}	{500}	{0}	{0}
{Hawaii Forest & Community Initiative}	{200}	{100}	{0}	{0}	{0}
{NYC Watershed Enhancement}	{0}	{150}	{300}	{0}	{0}
Forest Prod. Cons. & Recycling	**2,483**	**3,380**	**1,080**	**3,380**	**1,078**
{Wood Education & Resource Center, WVA}	{1,520}	{2,300}	{0}	{2,300}	{0}
Wood in Transportation	**1,207**	**922**	**922**	**922**	**920**
Special Projects, including:	**6,141**	**0**	**3,600**	**10,100**	**19,956**
{NYC Watershed Enhancement}	{500}	{0}	{500}	{0}	{499}
{NYC Watershed Rural Development}	{0}	{0}	{0}	{0}	{299}
{Brevard College/Cradle of Forestry}	{0}	{0}	{300}	{0}	{299}
{CRGNSA - Mosier Waterfront}	{0}	{0}	{500}	{0}	{499}
{Lake Tahoe Erosion Control Projects}	{1,000}	{0}	{1,500}	{3,000}	{1,996}
{Univiversity of WA Landscape Ecology}	{300}	{0}	{300}	{300}	{299}
{Hawaii Forest & Community Initiative}	{100}	{0}	{0}	{100}	{200}
{Four Corners Sustainable Forestry Initiative}	{500}	{0}	{0}	{500}	{998}
{Graham County, NC. Economic Plan}	{0}	{0}	{0}	{0}	{10}
{Grand Canyon Forests Foundation}	{0}	{0}	{0}	{200}	{0}
{Wind River Nursery-Skamania County}	{0}	{0}	{0}	{200}	{200}
{Wood Education & Resource Center, WVA}	{975}	{0}	{0}	{400}	{2,494}
{Travelers Rest - Lewis & Clark Trail}	{0}	{0}	{500}	{0}	{499}
{Kiln Facilities in SE & SC Alaska}	{0}	{0}	{0}	{2,000}	{1,996}
{Ketchikan Advanced Wood Tech Center, et al.}	{0}	{0}	{0}	{750}	{748}
{ID Envi Science/Public Policy Research Institute}	{0}	{0}	{0}	{500}	{0}
{MI State Univ Victor Inst. Community Database}	{0}	{0}	{0}	{150}	{150}
{Sealaska Corp Biomass Facility}	{0}	{0}	{0}	{2,000}	{1,996}
{Little Applegate River, OR}	{0}	{0}	{0}	{0}	{499}
{State of KY Reforestation of Mine Lines}	{0}	{0}	{0}	{0}	{998}
{NC Recreational Lake Economic Study}	{0}	{0}	{0}	{0}	{40}
{United Fisherman of AK Education Program}	{0}	{0}	{0}	{0}	{249}
{Kake Land Exchange, AK}	{0}	{0}	{0}	{0}	{4,989}
Smart Growth Partnership Loans	**0**	**6,000**	**0**	**0**	**0**
PNW Assistance Programs	**7,856**	**6,822**	**6,822**	**9,880**	**9,579**
{WSU - Technology Transfer}	{500}	{0}	{500}	{900}	{898}
{CRG Payments to Counties}	{280}	{0}	{0}	{280}	{0}
{CRG Economic Dev. In WA/OR}	{0}	{0}	{0}	{0}	{1,874}
Forest Resource Info & Analysis	**0**	**0**	**5,000**	**0**	**4,989**
Subtotal--Cooperative Forestry	**118,716**	**161,985**	**99,043**	**124,841**	**139,204**

APPENDIX D
Allocation of Federal Dollars to State Forest Agencies, FY1998
(Dollars in Thousands)



Note: Data for Alaska, Palau, and the Virgin Islands were not available
Source: NASF

APPENDIX E
Federal Dollars as Percentage of State Forest Agency Finances, FY1998



Source: NASF

APPENDIX F
Devolution Tensions

Interest versus Geographic	The first tension point is between "national interests" and "geographic interests." Block granting implies a bias towards geographic interests such as states, metropolitan areas, regions or local communities. However, while there may be some overlap between state/local and national interests, they are not the same. A national interest group like private forest owners may seek certain federal policies and programs that do not fit state priorities.
State versus National	Possibly the best example of state versus national priorities was civil rights. The national view was for universal civil rights while a number of states sought selective civil rights. Block grants, particularly discretionary block grants, generally diminish national strategic interests. Furthermore, if all resources are devolved to the states, there might not be resources to meet emergency or systemic national interests such as the need to act in the Pacific Northwest when timber harvesting was reduced.
Independence versus Accountability	Block granting that involves devolution of mission and accountability erodes the ability for national oversight by Congress, the Executive Branch and national interests. Granting extensive and comprehensive independence to State Foresters for example, can equate to reduced oversight at the national level and perceived lack of accountability.
Performance versus Prescriptive	The final tension point revolves around the level of direction desired by national interests (e.g., Congress, President, agencies or national interests). Generally, categorical programs are created to ensure specific outcomes are realized. These policies and programs are prescriptive for a reason - somebody at the national level wants something specific to occur. A congressional earmark is possibly the poster child of prescriptive policy. However, where there is a reasonable expectation that national intent (by Congress or the Executive) will be honored and realized, it is possible to move towards performance-based policies and programs. Performance based policies and programs inherently imply agreement on outcomes, and faith that the means can be flexible.

APPENDIX G
Policy Options

Optional Administration	Optional administration can be illustrated by the Environmental Protection Agency and its relationship with state environmental agencies. Many of the federal environmental policies and programs are delegated to the states for implementation. This is often a voluntary arrangement whereby the states elect to assume administration (implying agreement with national intent & conformance to certain administrative standards) of policies and programs. Conversely EPA had determined that not only is state intent consistent with national desires, but there is also capacity at the state level to succeed with administration. States are often free to return administration to the federal level and can be stripped of their administration role if there are chronic and serious failures.
Performance Waivers	EPA and other federal agencies often use performance waivers as a way to allow flexibility and innovation. In other words, without removing prescriptive rules and regulations, federal agencies allow states flexibility as to administrative means as long as core policy and program intent is realized through outcomes. Again performance waivers only work where there is flexibility in Congressional authorizing language, willingness on the part of federal administrator to use the flexibility they have, and finally a positive relationship between federal agencies and state implementers.
Inter-Program Resource Shifting	There is national recognition that categorical funding levels minimize the ability of state implementers to reorder funding streams to better match state specific needs and opportunities. Short of giving states full range (e.g., discretionary block grants) to use federal resources, inter-program resource shifting is an intermediate step. Under this arrangement resources flow to the states categorically, but the states based on some planning process can elect to shift percentage allocations so as to better meet state specific needs. The state Community Block Grant Program (HUD) has effectively used the approach to (1) ensure broad federal priorities are addressed and (2) provide states the ability to better match resource with needs.
Effectiveness Shifts	A recent devolution can be found in the Enhancement Program within the U.S. Department of Transportation's Surface Transportation policy. In this case, Congress and DOT have identified a number of desired purposes of Enhancements funds. Within this range of choices, the states (via a planning process) are able to set priorities (it is assumed they match state needs) within these choices. One state may put more funds into trails while another state focuses more funds on historic preservation. This policy approach permits states considerable flexibility and choice.
Pro-Active Administration	Pro-active administration can also be best illustrated by the Enhancement Program's operation. During the startup of this new program, states were required to follow a general federal process thereby creating the rules and regulations by which funds would be spent. Considerable flexibility was allowed. However, a senior DOT employee was assigned to each state process. In many states the DOT liaison actively participated in the effort working through a real time basis federal interests with state interests. This approach provided great flexibility, supported innovation, and contributed to a less complicated rule making process. Incentive funds are used in many federal policy and program areas. For example, USDA's Rural Development often provides formula funds to the USDA State Directors for housing, economic development cooperatives, etc. These funds are deployed using national standards, but allocated among interests within each state. However, many of these programs retain a certain percentage of funds within a national funding pool. Such a pool gives USDA RD at the national level the ability to move funds to states with particular needs and enables a national competition for projects not funded through state formula funds, but through the national competition.

About the Panel

Perry R. Hagenstein (Chair) has been an independent natural resources economics and policy consultant since 1976. He holds degrees from the University of Minnesota (1952), Yale University (1953), and the University of Michigan (1963, Ph.D.). Dr. Hagenstein is President of the Institute for Forest Analysis, Planning, and Policy, a nonprofit research and education organization. He is also Chairman of the Board of Trustees of the New England Natural Resources Center, a nonprofit trust that works with other organizations on interstate natural resources issues in New England. He has held positions as research forester, Fordyce Lumber Company, Arkansas; principal economist, Northeastern Forest Experiment Station, U.S. Forest Service; senior policy analyst, U.S. Public Land Law Review Commission; research fellow, Harvard University; and executive director, New England Natural Resources Center. Dr. Hagenstein has served on numerous committees and boards of the National Research Council/ National Academy of Sciences that concern natural resources and is a member of four NRC/ NAS committees.

Terri (Mary T.) Bates is a forest management graduate of the University of Georgia School of Forest Resources. Currently, she works part time as a Washington liaison representative for the National Association of Professional Forestry Schools and Colleges and is a consulting forester for several other organizations. Between 1988-96, Ms. Bates served on the Washington staff of the National Association of State Foresters (NASF) in Washington, D.C., the three last years as Executive Director. During that time, she was directly involved with key federal legislation that expanded and established programs for private forestlands. Ms. Bates is actively involved in the management of more than 2,500 acres of family timberland in southeast Georgia.

Lynda G. Beam is a private, non-industrial forestland owner in Savannah, Georgia, and was the 1994 National Outstanding Tree Farmer. She serves on the Board of Directors for the Georgia Forestry Association, on the late Senator Paul Coverdell's Timber Task Force, on the National Forum of the Sustainable Forestry Initiative, on the Board of Directors of the Savannah Tree Foundation, and on the Yale Forest Forum.

George W. Bengtson is Associate Dean for Educational Programs in the School of Forestry and Wildlife Sciences at Auburn University. Holding BS, MF, and PhD degrees from LSU, Duke, and Yale Universities, respectively, he has served as a Research Forester with the Southeastern Forest Experiment Station of the U.S. Forest Service at Lake City, Florida; as a Forestry Project Leader in the Soils and Fertilizer Research Branch of the Tennessee Valley Authority's National Fertilizer Development Center at Muscle Shoals, Alabama; and as Associate Dean for Research and Extension in the College of Forestry at Oregon State University. At Auburn, he is significantly involved in the School's undergraduate and graduate teaching programs and in its Extension and outreach work.

Arthur W. Cooper received his BA and MA from Colgate University, and his PhD from the University of Michigan. He has been a member of the North Carolina State University (NCSU) faculty since 1958, first in the Department of Botany from 1958-1971 and then the Department of Forestry from 1976 to the present. From 1971-76 he was Assistant Secretary of the North Carolina Department of Natural and Economic Resources; was Head of the NCSU Department of Forestry from 1980-94; and was Chair of the First Committee of Scientists, 1977-79, 1982.

Paul V. Ellefson is a professor of forest resource policy and administration at the University of Minnesota's College of Natural Resources. After pursuing academic training at Michigan State University and the Universities of Michigan, Minnesota and New Mexico, his professional experiences have included US Forest Service professional forester in California; US Forest Service research forest economist in Pennsylvania and West Virginia; resource economist in the Michigan Department of Natural Resource's Office of Planning Services; and Director of Forest Policy Programs for the Society of American Foresters (SAF) in Washington, DC. Dr. Ellefson served as the Chair of the National Research Council's Committee on Prospects and Opportunities for Sustainable Management of America's Nonfederal Forests.

Lloyd C. Irland is President of The Irland Group, a forest economics and marketing consulting firm in Winthrop, Maine. The firm provides resources analysis, cost and economic studies, and market research to private clients as well as evaluation and policy analyses for government agencies. Much of the firm's work is concentrated in the northern tier states from Minnesota to Maine and in adjacent Canadian provinces. Dr. Irland served as an Associate Economist for the USDA Forest Service, Assistant Professor at the Yale School of Forestry and Environmental Studies, and as State Economist for Maine before forming The Irland Group in 1987.

Donald W. Macke is the Strategic Initiatives Director with the Rural Policy Research Institute (RUPRI), a congressionally funded, university-based rural research organization. He is also Director of Special Projects with the Nebraska Community Foundation, a rural philanthropic institution supporting sustainable rural development in Nebraska, and is Owner and Senior Analyst with Rural Communities International, a for-profit consulting firm specializing in rural community development strategies and policies. He served as the Director of the Nebraska Rural Development Commission, where he worked with block granting related to the Community Development Block Grant Program and a number of other programs. He holds a B.S. in environmental studies and a M.A. in economics from the University of Nebraska.