

BRIEF ANALYSIS

No. 281

For immediate release:

Friday, October 9, 1998

Let States Manage National Forests

The United States Forest Service (USFS) is under fire from both fiscal conservatives and liberal environmentalists — two groups not often on the same side of issues. Fiscal conservatives decry the agency's spendthrift ways and money-losing programs. Environmentalists claim that its logging, mining and grazing programs damage the natural world. Both groups are correct. Despite bipartisan criticism of current national forest management, year after year passes with no changes made to failed USFS programs. To improve the economic performance and the ecological conditions of public forests, Congress must move beyond its interminable debate and take an entirely new direction — one which builds on the successful forest management experiments under way in state forests.

State Forests Are Economically Healthier than Federal Forests. Despite the fact that the USFS loses money on all of its programs, it continues to lobby for more money to manage and expand national forests. Logging is the most visible and criticized of its wasteful efforts, but it is not the biggest money loser. That distinction goes to recreation. Hikers, birders, campers and environmentalists in general, who decry money-losing timber programs, pay even less of their own way than do loggers. Researchers at the Political Economy Research Center in Bozeman, Montana, found that in Forest Service Region 1 in 1988, while the timber program made more than \$5 million, the recreation program lost almost \$15 million. Neither program has made money since then. In 1992 the Region 1 timber program lost almost \$19 million, while recreation lost \$23.4 million (25 percent more than logging and five times more than the grazing program). Nationally, the figures are even worse. In 1997 the USFS lost \$88

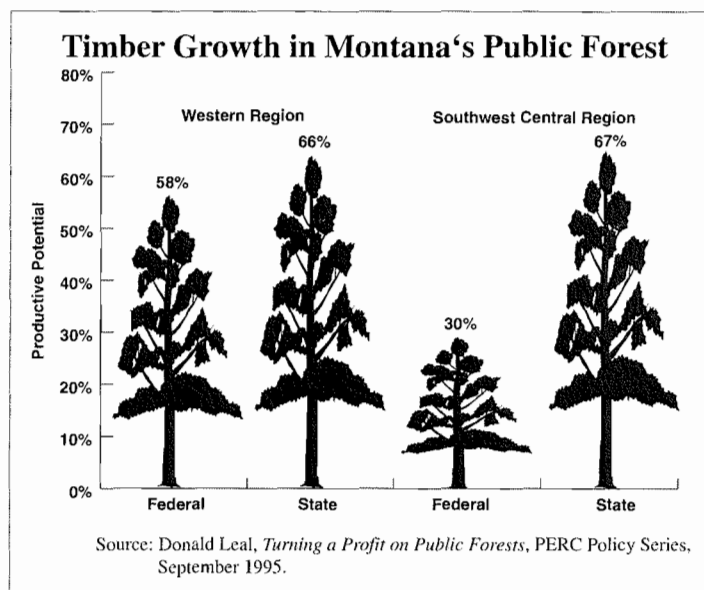
million on its timber program, while its recreation program lost \$162 million.

In contrast, state and county forests typically make money. For instance, from 1988-92, while state forests in Montana made \$13.3 million, Montana's 10 national forests lost a combined \$42 million. State forests yielded an average of \$2.16 for every dollar spent, while federal forests lost between \$.09 and \$.73 for every dollar spent with only one federal forest showing a net revenue of \$1.30 for every dollar spent. Most of these losses were due to the much higher management costs associated with federal forests. While the average wages were comparable on state and federal forests, \$15.30 versus \$15.63 per hour, respectively, federal bureaucrats required 11.6 hours per 1,000 board feet harvested vs. 4.5 hours for state forest managers.

The figures were similar when county forests in Minnesota were compared to federal forests located in the same region. Forests in St. Louis County in northeastern Minnesota brought in \$20.75 on average per thousand board feet from 1990 through 1993. The Superior National Forest in the same region averaged revenues of \$18.29 over the same

period. While revenues were comparable, the management costs were not. County land department forests had an average cost of \$12.31 per thousand board feet while the Superior National Forest's management costs averaged \$34.12. So while county forests turned a profit, federal forests lost money.

State Forests Are Environmentally Healthier than Federal Forests. State forests don't just do better economically, however. The environment benefits from state management as well. Teams of experts from federal and state agencies, environmental organizations and the timber industry in both Montana and Minnesota were commissioned to compare the environmental effects of management practices carried out on state and federal forests. The sets of experts came to similar



BRIEF ANALYSIS

No. 281

Page 2

conclusions: state foresters were better than federal forest managers at protecting watersheds and waterways from the impacts of logging and other activities.

In Montana the experts found:

- 99 percent of the watersheds in state forests were protected from all impacts from logging, compared to 92 percent of watersheds in federal forests.
- All of the impacts on state forest watersheds were minor and temporary, whereas 3 percent of the impacts on federal forests fell into the categories of “minor but long-lasting,” “serious and long-lasting” or “serious but temporary.”

In Minnesota the results were just as clear:

- At 90 percent, county lands had the highest compliance rate with “best management practices” for protecting water quality.
- Federal forests had a slightly lower compliance rate at 87 percent.

In Montana, state forests also had better timber productivity, or higher annual growth rates, than federal forests. Federal foresters practice even-aged management by which all of the trees replanted in an area are the same species and age. They also use clear-cutting to manage forests. State foresters make greater use of uneven-aged, selective timber harvests and selective thinning through logging and controlled burns. The results are stark. From 1988-92, among the national forests in Montana, Lolo National Forest had the highest average annual growth rate at 58 percent. This was more than eight percent lower than state forests in the Western Region [see the figure]. And in Montana’s Southwest-Central region, while state forests averaged 67 percent of their productive potential, the Gallatin National Forest had a negative growth rate — more trees were dead or dying than growing.

Since productive forests act as filters against water pollution and buffers against landslides, the better water quality and superior timber management practices in state forests should increase their biological productivity — in other words, the biodiversity in state forests should

be greater than in federal forests — so wildlife benefits from state management as well.

Let the States Improve Forest Management. One way to improve public forest management would be for Congress to allow any state or county that has demonstrated superior economic *and* environmental performance to take over the management of the national forests within their state. Congress should give fixed but declining block grants to the participating states to help them manage the forests during a transition period. All revenues or money leftover from the grants at the end of each year should remain with the state or county forestry agency. The number of states enrolled in the program should be limited only by their ability to demonstrate superior economic and environmental performance, and enrollment should remain open.

In each state undertaking such control, the program should be allowed to run for several years so state and county foresters could counteract the effects of years of federal mismanagement. At the end of that time, states and counties that had improved economic and environmental performance should be granted the forests outright and federal payments should end. If forests had not improved, they could be returned to federal management and new management experiments implemented. This proposal should improve the environmental and economic performance of all public forests. Why? Because state and county foresters not currently outperforming their areas’ national forests would gain authority and more revenue by improving their forests’ performance. USFS managers, faced with a loss of revenues and authority, would have to improve performance to maintain control of the remaining federal forests.

Conclusion. Some states have shown that the public can have the best of both worlds: forests that are profitable and protected. If Congress allowed states to manage the federal forests within their borders, wildlife and U.S. taxpayers would benefit.

This Brief Analysis was prepared by NCPA policy analyst Sterling Burnett.