

NW timber program becomes vast national entitlement

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RESERVE, N.M. -- A federal program that began as a safety net for Pacific Northwest logging communities hard-hit by battles over the spotted owl in the 1990s has morphed into a sprawling entitlement -- one that ships vast amounts of money to states with little or no historic connection to timber, an analysis by The Associated Press shows.

Nicknamed "county payments," the timber program was supposed to assist counties shortchanged when national forests limited logging to protect the northern spotted owl and other endangered species.

Since becoming law in 2000, the program has distributed more than \$3 billion to 700 counties in 41 states with national forests and helped fund everything from schools to libraries to jails.

The federal largesse initially focused on a handful of Western states, with Oregon alone receiving nearly \$2 billion.

Spending of that magnitude, though, sparked a new timber war -- this one among politicians eager to get their hands on some of the logging money.

A four-year renewal of the law, passed last year, authorizes an additional \$1.6 billion for the program through 2011 and shifts substantial sums to states where the spotted owl never flew. While money initially was based on historic logging levels, now any state with federal forests -- even those with no history of logging -- is eligible for millions in Forest Service dollars.

Doling out all that taxpayer money is based less on logging losses than on the powerful reality of political clout. Senate Majority Leader Harry Reid, D-Nev., is among the program's strongest backers.

The biggest winner under the renewal is, in fact, Nevada, where payments jumped by 1,132 percent. Reid called the timber program a personal priority that supports "the lifeblood of communities all across America, and particularly in the West."

Critics of the program do not see it through that patriotic lens. Steve Ellis, vice president of Taxpayers for Common Sense, a watchdog group, called it "the ultimate political log roll," an irrational subsidy program that serves up cash bonuses for states with forest land.

"When you are staring down the barrel of a \$1.4 trillion budget deficit, it's deals like this that got us into that mess," Ellis said.

But there is already a quiet move afoot to renew county payments beyond 2011.

"Letting county payments end after 2011 would leave gaping holes in county budgets," said Oregon's new Democratic senator, Jeff Merkley. "We can't let that happen."

Here in Catron County, the part of western New Mexico where Butch Cassidy and his Wild Bunch gang once holed up, the program distributes the highest per capita payment in the nation -- \$1,883 per person.

Pioneers settled this remote frontier town more than a century ago to log ponderosa pine. By the late 1980s, timber production had dwindled, and in 1990 the town's sole remaining mill shut down.

The county, which sits along the Arizona border, is larger than three Eastern states, yet has fewer than 3,500 residents. The public high school in Reserve, the county seat, has just five seniors. The handful of businesses lining Main Street close early each evening, save for a quiet bar frequented by a few locals.

"We have more elk than we do people," said longtime resident Jim Kellar.

Of much more important note: New Mexico's two senators served as chairman and ranking Republican on the Senate committee that rewrote the timber payments formula.

New Mexico's increase under the new formula was 692 percent.

The original timber payments law, formally known as the Secure Rural Schools and Community Self-Determination Act, was the result of years of effort by Northwest lawmakers, primarily Sen. Ron Wyden, D-Ore., and former Sen. Larry Craig, R-Idaho. Eager to plug a budget gap caused by the timber industry's steep decline, Wyden and Craig created a substitute revenue stream to pay rural counties that no longer could depend on revenue from logging in federal forests.

Five Western states -- Oregon, California, Washington, Idaho and Montana -- pocketed more than 80 percent of the total timber payments from 2000 to 2007. All are traditional timber producers where huge swaths of land are owned by the federal government.

Many Oregon counties receive more money annually from county payments than from timber sales during all but the peak logging years of the late 1980s.

Under the renewal, included as a sweetener in the \$700 billion financial bailout program, the five Western states saw their share of the timber money drop to about 62 percent in the first year, with further drops scheduled in each of the next three years.

The reason? Politics.

Reid was among four powerful Western Democrats who shepherded the new timber law, which he and others have touted as an accomplishment of the Democratic-led Congress. Other key backers include Wyden and Sens. Jeff Bingaman, D-N.M., and Max Baucus, D-Mont. Bingaman chairs the Senate Energy and Natural Resources Committee, while Baucus heads the Senate Finance panel.

Baucus boasted that he "led the charge" to renew the timber program, which he called a vital lifeline to his rural state. The new formula more than doubles payments to Montana and will bring an estimated \$111 million to the state over four years.

"Without the dollars the program provides, rural schools, roadways and even emergency services would be woefully underfunded," Baucus said.

Other states that benefit from the change include Utah, which received a 636 percent increase; Alaska (528 percent); Kentucky (303 percent); Tennessee (188 percent); Colorado (184 percent); North Carolina and Virginia (150 percent each).

Senate Minority Leader Mitch McConnell, R-Ky., was an early backer of the law and provided political cover for Republicans to support it. North Carolina Sen. Richard Burr, until this year the top Republican on the forestry subcommittee, frequently complained that Oregon got too much of the money under the original timber program.

Timber was harvested in some of these states in the 1980s -- the basis for the original spending formula -- but at far lower levels than the Pacific Northwest, where timber was king. The new formula, however, takes into account national forest acreage in each state and county, regardless of historical timber production, and includes an adjustment based on per capita income and other factors.

Individual counties also received huge increases:

- Nevada's Clark County, renowned for its sinful desert attraction, Las Vegas, saw an 841 percent increase in timber money to \$226,000 this year. That nearly equals timber receipts from the county's tiny portion of the Humboldt-Toiyabe National Forest over two decades.
- Timber harvests in Kentucky's Daniel Boone National Forest have been modest in recent decades -- ranging from \$7,600 to \$77,000 annually -- but Clay County, Ky., which includes part of the forest, received \$338,510 this year from the timber program, a 341 percent increase.
- Tucked in the red rock landscape of Yavapai County, Ariz., lies the upscale community of Sedona, where, among other notables, Republican Sen. John McCain owns a \$1.8 million getaway ranch nearby. Yavapai received \$2 million this year under the timber program -- a 221 percent increase. The Prescott National Forest, as well as portions of the Coconino and Tonto national forests, are within the county.

Bingaman defended the changes.

"Frankly we had to broaden the program in order to get the support to go ahead and do a reauthorization, and that's exactly what we did," he said in an interview.

In Catron County, residents said the additional money is overdue and badly needed. The county got about \$6.5 million this year, up from \$735,000 under the old law -- a 779 percent increase. More than 70 percent of land in the county is owned by the federal government.

Residents say efforts to limit grazing and logging on federal land to protect endangered species such as the Mexican spotted owl, a relative of the northern spotted owl, hurt their way of life.

Since the early 1990s, after the mill closure put 175 people out of work, the high school here has lost 100 students and many programs. Some 23 percent of county residents live below the poverty level, and a school bond measure hasn't passed since 1989.

"We are a very economically depressed community," said Kellar, 58, who has taken over the shuttered timber mill with a partner in hopes of resparking the industry. K&B Timberworks Inc. now has multiple contracts for ponderosa pine beams, but Kellar said the mill's future depends on federal contracts to thin the forest for wildfire prevention -- funded in part by the Secure Rural Schools law.

"Could we exist without it? Yes. It would be difficult, though," Kellar said.

Bingaman, whose home town of Silver City, N.M., sits in rural Grant County just south of Catron County, said the new program is more fair to states outside the Northwest. Grant County received nearly \$1.4 million this year, a tenfold increase.

"I do think clearly it is now designed to assist more of the rural areas throughout the West, and I think that's appropriate," Bingaman said.

"When you look at the economic circumstances of a lot of these rural areas, they can use additional funds to keep their governmental services in place. I think it's money well-spent," he said.

Andy Stahl of Forest Service Employees for Environmental Ethics, an Oregon-based environmental group, said he considers the program "Oregon's pork," albeit dressed in logger's flannel. Stahl called it remarkable that while the new formula lowers Oregon's overall share, Oregon still gets more money than any other state.

Wyden makes no apologies.

"Oregon gets the money because this is where God decided to put the trees," he said, invoking an obligation the federal government made a century ago when President Theodore Roosevelt agreed to share 25 percent of the revenues from selling timber with the counties where it was cut.

After the October 2008 vote, a grateful Wyden hand-delivered gift baskets featuring Oregon wine, fruit and cheese to his three Democratic colleagues as a "thank you" from Oregon's rural counties.

The overflowing baskets were a fitting symbol.

Eric Schmidt of the Association of Oregon Counties, who worked with Wyden and other lawmakers to get the law renewed, called the deal a classic Washington compromise: "Everybody gets more."

Daly reported from Washington. Associated Press Writer Frank Bass contributed to this story.

On the Net:

Forest Service Secure Rural Schools Web site: <http://www.fs.fed.us/srs/>

National Forest Counties and Schools Coalition: <http://www.forestco.net/>