

Economic Action Program: Briefing Paper 2004

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SUMMARY AND RECOMMENDATION

Our nation's forests are in a state of crisis. Restoration and maintenance of our public lands depend on effective federal management agencies and strong community stewardship. The Forest Service's Economic Action Program (EAP) is the most successful federal program to achieve these results.

EAP advances healthy forests because:

- EAP is already understood and popular in rural communities across the country
- EAP helps the Forest Service develop relationships with communities and creates opportunities for collaboration
- EAP helps rural communities build viable conservation-based economies by providing critical financial and technical resources
- EAP leads to community self-reliance and sustainability.

EAP's focus on community collaboration is especially critical in light of the collaborative mandates contained in the recently passed Healthy Forests Restoration Act. EAP is the only rural community assistance program that provides this meaningful link between communities, national forest lands, and the federal management agencies. It has a prolific history of success in this area, increasing skills and knowledge each year since it was created by the Administration in 1989. The EAP program is essential to achieving the community collaboration required under HFRA and to meeting the restoration goals for our national forests.



We recommend: Restore and increase funding for the Economic Action Programs to **\$60 million**. Restore **\$12.6 million** provided through the National Fire Plan to assist communities in building their capacity to play a meaningful role in the reduction of hazardous fuels on our public lands.

ECONOMIC ACTION PROGRAM ADVANCES HEALTHY FORESTS

The USFS Economic Action Program is a group of Forest Service State and Private programs listed in the congressional budget under one heading. The purpose of the EAP program is to help rural communities and businesses dependent on natural resources become sustainable and self-sufficient. EAP has four components, along with special projects that Congress funds every year.

- **Rural Community Assistance** provides communities with technical and financial assistance to build capacity to address social, economic and environmental challenges (includes Rural Development and Economic Recovery funds).
- **Forest Products Conservation and Recycling** program provides technical assistance, training, technology transfer and marketing and utilization assistance to help natural resource-based businesses innovate and diversify.
- **Market Development and Expansion** program helps build new markets for natural resource based goods and services.
- **Economic Action Program/National Fire Plan**, created in 2001, assists rural communities to reduce the fuel hazards in high-risk areas and to utilize the wood removed from these restoration activities to create jobs in wood products manufacturing.

EAP includes both national activities as well as customized programs that address regional issues and concerns.

SIGNIFICANCE OF EAP TO RURAL COMMUNITIES AND THE NATION

- Delivers capacity building grants and technical assistance
- Offers small grants
- Provides funding for projects
- Serves natural resource-dependent communities in and around national forests
- Leverages \$10 in non-federal funds for every federal dollar invested
- Communities know how to USE this program
- Fosters collaboration with the Forest Service
- Builds small businesses and local economies, focusing on natural resource-related businesses
- Reaches resource dependent communities like no other program
- Ensures that communities have the capacity to take care of themselves and play an important role in the stewardship of our public lands
- Reduces community reliance on federal assistance over the long-term

EAP has a 14-year track record of success in building the foundation for forest restoration and community collaboration. Economic Action funds are matched with non-federal funds and the sweat equity of hardworking community members. Nationally, this program has served thousands of communities to improve their local economies. The importance of EAP is perhaps best expressed through its many successes in integrated forest restoration and community economic development. In one year of work, with the help of a \$230,000 grant through EAP, communities in Nevada organized 13 community Firesafe Council chapters, began work on six community fire protection plans (and completed three), and helped community leaders apply for grants that resulted in \$1.3 million additional dollars for fire planning and fuels reduction. In rural Lincoln City, Montana, where a mill closure in the past year led to massive unemployment, two EAP grants

totaling less than \$100,000 helped small forest-based businesses purchase equipment to add value to their wood products, created 5-7 new jobs, and reduced the cost of fuels reduction by providing a market for the removed materials. A county judge involved in an EAP-funded project in Owsley County, Kentucky expressed the sentiments of many across the country: "We are grateful to the Forest Service for believing and investing in our dream."

As it grows in success and reputation, an increasing number of communities are looking towards EAP to meet their needs. Unfortunately, a vast number of grant proposals are left unfunded each year. In 2003, ***Region 4 received over \$4 million in EAP grant requests that were not funded.*** In that same year, Region 10 turned away more than \$10 million in EAP grant requests.

Even in the face of these unmet needs, the program's budget continues to decline. As fire risks increase, and rural communities turn to the Economic Action Programs, the Administration responds each year by zeroing out the one program that is used successfully to get the job done. This year, regions will turn away more community driven projects to improve the health of the nation's forests than ever before. Region 6, for example, has no funding to provide grant assistance to communities.

EAP SHOULD BE PART OF THE EFFORT TO RESTORE OUR FORESTS

Nationally, our leaders recognize that we need more resources devoted to programs that promote strong communities, healthy forests, and federal agency efficiency. While there may be temptation to reorganize and create new programs, why reinvent the wheel? EAP should be a part of any plan to restore healthy forests and should serve as a model for additional efforts.

CLARIFYING MISCONCEPTIONS: EAP STRENGTHENS RURAL DEVELOPMENT AND COUNTY PAYMENT PROGRAMS

Critics argue that EAP is duplicative of other rural assistance programs, such as the USDA Rural Development Program and County Payments. However, comparison shows that not only is EAP distinct in the vital assistance it provides to communities, but it also enhances the value of other rural programs.

USFS Economic Action Program	USDA Rural Development Program
<ul style="list-style-type: none"> • Natural resource focus • Small grants (most under \$250,000; average \$30,000) • Grants and assistance for capacity building activities • Sustainable community development • Provides seed money and leverages large amount of non-federal dollars • Builds local economies through local business support 	<ul style="list-style-type: none"> • No natural resource focus • Large loans and grants (+\$1 million) • Mostly loans • Grants for water systems and public utilities

EAP is significantly different from the USDA's Rural Development program. USDA Rural Development has three main program components. Rural Housing Service provides grants and loans to support community facilities such as health care clinics, police and fire stations, schools, childcare centers and libraries in rural areas. Rural Utilities Service helps rural utilities, such as water and waste treatment plants and solid waste management operations, expand and keep their technology up-to-date. Rural Business-Cooperative Service, the program that may appear similar to EAP, offers loans and grants to many different entities including businesses in rural areas, rural utilities and telecommunications, and business cooperatives. However, Rural Development grants to businesses serve an entirely different clientele due to the fact that the program does not require a natural resource connection and, most importantly, the average grant is

over \$1 million dollars in size, whereas the average grant size for EAP is \$30,000. In fact, Rural Development grants generally fund projects down to a certain level, leaving a gap in financing. Additionally, these grants usually go to program areas that the Forest Service does not serve.

Cutting funds to the EAP with the idea that these businesses, communities, tribal enterprises, and non-profits can access the Rural Development program is a mistake that will leave thousands of people in rural communities without the support they need. It will also sever one of the most positive links between communities and the Forest Service, making collaboration very difficult.

Economic Action Program	Secure Rural Schools and Community Self Determination Act of 2000
<ul style="list-style-type: none"> • Focus entirely on rural communities and natural resource related businesses • <u>Capacity building</u> grants and technical assistance • 14 + years of demonstrated success 	<ul style="list-style-type: none"> • Focus primarily on funding rural schools and roads • Part of funding provided for restoration and stewardship <u>implementation projects</u>

The Secure Rural Schools and Community Self Determination Act of 2000 primarily provides funding to counties for schools and roads to replace federal timber revenues that the federal government had paid to counties to offset the impact of federal land ownership on tax revenues. Eighty to eighty-five percent of the payments under this program are used to fund schools and roads. Title II and III provisions in the Act provide requirements for expending the remaining 15 -20% of the funds under the auspices of a local Resource Advisory Committee, for forest restoration, maintenance or stewardship projects. Title III also provides the authority to spend the funds on other services such as search and rescue, emergency services, easement purchases and after school programs. All counties have the option of not participating in Title II and Title III and instead using the funds exclusively for roads and schools.

The emphasis on community collaboration for stewardship projects in the County Payments legislation is a promising new program in support of communities, and to some, may seem similar to the overall purposes of EAP. However, EAP and the County Payments serve different needs and are complementary programs that work well together.

EAP provides **capacity building grants and technical assistance** to help communities develop the businesses and programs that will be funded through the County Payments legislation. Successful collaborative projects depend upon having trained knowledgeable businesses that can undertake the restoration and stewardship projects. The number of communities utilizing EAP funds and the unmet demand for additional EAP funds argues that this capacity building support is clearly needed. The county payments legislation does not provide capacity building support.

Critics are also quick to point out problems with the EAP program, including inconsistent administration across the national forest regions and heavily earmarked program funds. There is, most certainly, room for improvement with the program's implementation. However, the sensible approach is to maintain the strengths of the program while working on reform in the areas that need improvement. This is why community leaders, non-profit organizations and natural resource based businesses across the nation advocate that EAP funding be restored to \$60 million and that \$12.6 million be restored through the National Fire Plan. Forest restoration and rural community vitality depend on this re-investment.



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