

USFS, states fighting over millions of dollars

By Richard Lardner, AP

WASHINGTON – The U.S. Forest Service is in the business of preventing fires, not starting them.

Yet the agency set off alarms in Congress and state capitols across the West by citing the automatic spending cuts as the basis for demanding that dozens of states return \$17.9 million in federal subsidies. And it's all come down to a bureaucratic squabble over whether the money is subject to so-called sequestration because of the year it was paid – 2013 – as the Obama administration contends, or exempt from the cuts because of the year it was generated – 2012 – as the states insist.

Right now, it's a standoff heightened by history and hard fiscal realities. But with taxpayer cash scarce, both sides are digging in: The Forest Service has to slash 5 percent of its budget under sequestration. The states, meanwhile, have depended for decades on a share of revenue from timber cut on federal land. Perhaps least willing to compromise are members of Congress who are up for re-election next year and are loath to let go of money that benefits potential voters back home.



U.S. Forest Service Chief Tom Tidwell wants states to

return federal subsidies.

It's not clear who gets to decide or whether the question ends up in court. But lines have been drawn.

"We regret having to take this action, but we have no alternative under sequestration," Forest Service Chief Tom Tidwell wrote in March to governors in 41 states, explaining that since the payments were issued in the 2013 budget year, the money would be subject to sequestration.

Infuriated, Republicans and Democrats from Capitol Hill to the governor's offices banded together to fight back, arguing the money was paid to the states well before the spending reductions went into effect. The governors of Alaska and Wyoming have flat out refused to send the money back.

"The frustration level is off the charts on this," said Sen. Ron Wyden, D-Ore., whose timber-rich state is the top recipient of the Forest Service payments and stands to lose nearly \$3.6 million.

Wyden, chairman of the Senate Energy and Natural Resources Committee, said he and Alaska Sen. Lisa Murkowski, the panel's top Republican, are working together to "turn this around" so their states and others are not forced to return any money to the federal government.

"This is slap-your-forehead-in-disbelief kind of stuff," Wyden said.

At issue are so-called county payments, a revenue sharing plan that's existed since President Teddy Roosevelt created the national forests to protect timber reserves from the cut-and-run logging going on at the time. For nearly a century, hundreds of counties received a quarter of the revenue from the timber sold on federal land. The money is being used for roads, schools and emergency services and is a welcome addition to cash-strapped county coffers, especially in the

Northwest. In recent years, the law has acted as a subsidy for states and counties hard hit by logging declines triggered by measures to protect threatened species.

Idaho's Valley County, for example, would have to return more than \$128,000 from its budget of \$2.5 million for roads and schools. That leaves Gordon Cruickshank, chairman of the Valley County commission, in a no-win position. Should he forgo the repaving of even a single mile of the county's 300 miles of paved roads, defer maintenance on a bridge or lay off two county employees?

"We are struggling really hard now to figure out what to do," Cruickshank said. "It's a tough pill to swallow that they sent these payments out just a few months before sequestration, and now they want them back."

The Forest Service has paid billions of dollars to counties over the decades, but the receipts dwindled as logging on national forests dropped precipitously in the 1990s – first in the Northwest to protect the northern spotted owl and salmon, and then later across the country as concerns grew over the impact of clear-cut logging on wildlife and clean water.

In 2000, Wyden led the charge for a new law, called the Secure Rural Schools Act, a way for the government to pay counties that no longer could depend on revenue from logging in federal forests. But the law has expired, and the last payments went out in January. Wyden and other lawmakers are pushing to renew the subsidy.

The Forest Service issue provides one look at the real-world fallout of sequestration, which began March 1 after Congress and President Obama failed to agree on a deficit-cutting plan. Forced to find the required savings in the wobbly aftermath of recession, federal officials are getting creative – reducing hours at courthouses, furloughing employees and cutting back services. The full impact of sequestration remains unclear

because most of the reductions have yet to take effect.

Ryan Yates of the National Association of Counties said state and local officials understand that sequestration is the law of the land and that future cuts to scores of federal programs are inevitable. But there is widespread concern that the Forest Service's action means that the sequestration's reach is far greater than they anticipated.

"This retroactive move by the administration to squeeze more money from rural forest communities is not only legally questionable, but insults the longstanding relationship between counties and the federal government," Yates said.

Tidwell's March letters to the governors incited lawmakers and state officials, who said the payments came from revenues generated in the 2012 budget year and were therefore not subject to sequestration.

The National Governors' Association advised governors to consult closely with their legal staffs before making a decision.

"No one has ever heard of an agency demanding money back that they have already spent," said NGA Deputy Director Barry Anderson.

In a letter sent to senior Obama administration officials in late March, four House Democrats joined 27 House Republicans in assailing the Forest Service's demand, calling it an "obvious attempt by President Obama's administration to make the sequester cuts as painful as possible." The Forest Service was aware for months that sequestration was a possibility, they said. Yet even after it went into effect, the agency waited for several weeks before informing states that payments would have to be returned.

"We request that this action be halted," the House members wrote.