Economic Action Program Briefing Paper
April 2003

Recommendation
To assist communities in building their capacity to play a meaningful role in the reduction of hazardous fuels on our public lands:

- Restore and increase funding for the Economic Action Programs to $60 million.
- Restore the $12.6 million provided through the National Fire Plan.

Economic Action Program
The USFS Economic Action Program (EAP) is a group of Forest Service State and Private programs listed in the congressional budget under one heading. The purpose of the EAP is to help rural communities and businesses dependent on natural resources become sustainable and self-sufficient. EAP consists of four program components, as well as a variety of special projects funded by Congress every year.

- **Rural Community Assistance** provides technical and financial assistance to communities to build their 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 businesses find new and expanded opportunities based on natural resources.
- **Market Development and Expansion** program helps build new markets for natural resource based goods and services.

EAP consists of national activities that assist communities across the nation, such as the Forest Products Lab. A majority of the EAP assistance, however, is implemented on the regional level, with different regions customizing the program to the approach that works best in their area.

EAP Advances Healthy Forests
Right now, our nations forests are in crisis. Promoting healthy forests nationwide depends upon two main support systems: effective federal management agencies and strong community stewardship. EAP is the most successful federal program promoting these
two support systems. Economic Action Programs work, and are popular with rural communities across the country, because it allows Forest Service employees to develop relationships with communities in national forest areas, and provides them with the financial and technical assistance needed to better care for forests and communities.

The program works to restore healthy forests because:

- EAP helps communities help themselves
- EAP helps the Forest Service create opportunities for community collaboration
- EAP helps the Forest Service have a positive role in rural communities, and
- EAP helps rural, natural resource based communities build viable economies based on conservation.

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.

**SIGNIFICANCE OF THE EAP TO RURAL COMMUNITIES AND THE NATION**

- Capacity building grants and technical assistance
- Small grants
- Provides gap funding for projects
- Serves natural resource dependent communities in and around national forests
- Focus on natural resource-related businesses
- Leverages $10 in non-federal funds for every federal dollar invested
- Communities know how to USE this program
- Fosters collaboration with the USFS
- Builds small businesses and local economies
- No other program is reaching these communities
- No other program has the positive impact of EAP
- Ensures that communities have the capacity to take care of themselves and play an important role in the stewardship of our nations public lands.
- Reduces community reliance on federal assistance over the long-term

Rural communities throughout the country use the Economic Action Program dollars to support improvements to their local economies. Economic Action dollars are matched with non-federal funds and the sweat equity of hardworking community members (see attached figures). Nationally, this program (see attached figure) has served thousands of communities.
The Economic Action Program is effective because:

- Communities know about the program
- they utilize it, and
- they maximize the effectiveness of the program through countless innovations in project development and implementation.

Communities use this program. In fact, many regions report a tremendous unmet need -- indicated by the vast number grant proposals they are unable to fund each year. In 2002, Region 5 received over 6 million dollars in EAP grant requests that were not funded. In that same year, Region 3 turned away more than 11 million dollars in EAP grant requests.

These numbers do not include the millions of dollars in funds “borrowed” from small rural communities to fund firefighting emergencies (see attached figure). Planned forest restoration and economic development projects were granted funding through the EAP program and were then taken back. The projects came to a halt in many of these communities, and the return of those promised funds is still uncertain in many regions.

Despite the broken promises from last year, community members are still willing to trust the EAP program. As fire risks increase, rural communities increasingly turn to the Economic Action Programs. Regional Forest Service personnel are currently seeing further increase in EAP grant requests, despite the reduced budget for EAP in 2003. They estimate having to turn away more community driven projects than ever before.

The importance of the EAP program is perhaps best expressed through the many success stories from rural communities dependant upon natural resource-related economies across the nation. For example, USFS Region 8 awarded an $8,000 grant that helped launch a pinestraw baling business that developed into a $6 million industry, creating over 50 new jobs, with an economic impact of about $15 million in East Texas. Although the amount of dollars leveraged through the EAP program is impressive, the success of EAP cannot be adequately expressed without stories, like the one from East Texas, from these rural communities. Additional examples and success stories are available from the National Network of Forest Practitioners.

**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. With the recognition of this need comes the temptation to reorganize and create new programs. However, 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.
Despite its small size, EAP is a unique program that has over 14 years of success building the foundation for forest restoration. As evidenced by the hundreds of thousands of dollars in community grant requests each year, communities already know how to access the EAP program. This program is breaking down barriers and overcoming historical distrust between communities and federal land managers. It is building community support for federal programs. It is funding programs that restore our nation's forests. A county judge involved in an EAP funded project in Owsley County, Kentucky expressed the sentiments of many across the nation when he stated, "We are grateful to the Forest Service for believing and investing in our dream."

There is no other program that can substitute for the services that EAP provides to our nation's rural communities and there is no other program that enables rural communities to have such a meaningful role helping to restore and maintain healthy ecosystems on our public lands.

**EAP STRENGTHENS RURAL DEVELOPMENT AND COUNTY PAYMENT PROGRAMS**

Below are descriptions of two programs that have been mentioned as similar to the EAP. For each, we try to explain the nature of the program and how it differs from EAP.

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<tr>
<th>USFS Economic Action Program</th>
<th>USDA Rural Development Program</th>
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<tbody>
<tr>
<td>• Natural resource focus</td>
<td>• No natural resource focus</td>
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<tr>
<td>• Small grants (majority under $250,000)</td>
<td>• Large loans and grants ($1 million +)</td>
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<tr>
<td>• Grants and assistance for capacity building activities</td>
<td>• Mostly loans</td>
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<td>• Sustainable community development</td>
<td>• Grants for water systems and public utilities</td>
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<tr>
<td>• Leverages large amount of non-federal dollars in support of communities</td>
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<tr>
<td>• Builds local economies through local business support</td>
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EAP is a 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.

In contrast, the majority of EAP grants are under $250,000. Small natural resource-based businesses in rural communities need access to the seed money provided through the EAP program. To remove that program under the idea that these businesses, communities, tribal enterprises, and non-profits can utilize 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.

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<tr>
<th>EAP</th>
<th>Secure Rural Schools and Community Self Determination Act of 2000</th>
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<td>• Focus entirely on rural communities and natural resource related businesses</td>
<td>• Focus primarily on funding rural schools and roads</td>
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<td>• <strong>Capacity building</strong> grants and technical assistance</td>
<td>• Part of funding provided for restoration and stewardship implementation projects</td>
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<tr>
<td>• 14 + years of demonstrated success providing benefits to rural communities</td>
<td>• New, unproven program</td>
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The Secure Rural Schools and Community Self Determination Act of 2000 primarily provides funding to counties for schools and roads, as an outgrowth of other programs that supported rural roads and schools in an effort to offset the impact of federal land ownership on tax revenues in counties adjacent to federal lands. 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. As evidenced by the number of communities utilizing EAP funds and the unmet demand for additional funds under the program (discussed above), this capacity building support is clearly needed. The county payments legislation does not provide capacity building support. While both the Secure Rural Schools and Community Self Determination Act and Economic Action Programs are important to rural communities, they are clearly different programs that serve different needs.

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