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Background

Executive Summary

No. 1282

May 17, 1999

THE FEDERAL GOVERNMENT'S POOR MANAGEMENT OF AMERICA'S LAND RESOURCES

ALEXANDER F. ANNETT

Conserving America's land resources has been a federal concern ever since President Theodore Roosevelt made it a national priority more than 100 years ago. Today, however, federal land management policy has strayed far from Roosevelt's vision of conserving natural resources by making Americans better stewards of the environment. Instead, Washington has implemented a command-and-control approach that wastes valuable financial resources and at times is environmentally harmful.

According to the U.S. General Accounting Office, the federal government now owns one-third of the land in the United States. Four federal agencies—the Bureau of Land Management, Fish and Wildlife Service, Forest Service, and National Park Service, with combined annual budgets of \$8.1 billion in fiscal year 1999—manage most of this land. Recent reports by the federal government's own watchdogs, however, point out that these agencies are not doing a good job. The GAO has reported that they now have a backlog of maintenance problems on public lands that exceeds \$12 billion. In April, the Congressional Budget Office recommended that, because the federal land management agencies find it difficult to maintain operations on their existing land

holdings, Congress should place a ten-year moratorium on future appropriations for land acquisitions by these agencies.

As far back as 1818, the U.S. Supreme Court ruled in *U.S. v. Bevans* that a state's right to control property within its borders was an essential part of its sovereignty, yet President Bill Clinton and Congress have proposed legislation that will override both state sovereignty and private property rights. The Clinton Administration's Land Legacy Initiative would establish a \$1.3 billion trust fund for new federal and state land acquisitions—\$450 million for federal land acquisition and \$580 million for state and local government land acquisitions. This is an increase of 125 percent over the federal funds available in the 1999 budget. The Conservation and Reinvestment Act of 1999 (H.R. 701) would direct about \$900 million to the Land and Water Conservation

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Fund (LWCF)—\$378 million for federal land acquisition, \$378 million for state land acquisition, and \$144 million for local governments' Urban Parks and Recreation Recovery programs. A companion bill (S. 25) has been introduced in the Senate. Unlike the Land Legacy Initiative, the congressional legislation would transform the LWCF into a "dedicated fund" that, by design, would allow federal agencies to bypass the scrutiny of the annual appropriations process and congressional oversight.

The question Members of Congress and Americans generally should ask is whether the acquisition of more private land by federal, state, and local governments will accomplish the objective put forth by Theodore Roosevelt: to leave this magnificent country a better land for future generations. Because federal land managers have a poor record of caring for the nation's precious natural land resources, the answer to this question is not to reward them with more money and power. Rather, Congress's efforts should be directed toward:

1. **Defining** when it is in the national interest for the federal government to take away private ownership of land;
2. **Initiating** a thorough investigation of the federal government's current land holdings and land management activities;
3. **Determining** what the role of federal land managers should be in caring for publicly held land;
4. **Holding** federal land management agencies accountable for achieving positive environmental outcomes; and
5. **Facilitating** the privatization of lands that should not be under federal control.

As the Framers of the Constitution well understood, people care most about the environment in which they live, and the level of government closest to the people will be the most effective at implementing policies that promote conservation of land while respecting property rights. To that end, Congress should ensure that the federal government manages and funds only public land that possesses unique historic, recreational, or biological qualities. Lands such as Yellowstone National Park and the Grand Canyon, for example, are appropriate assets of the American people and belong under federal control. Privatizing land that should not be under federal or state control would ease the financial burden that inappropriate federal holdings inflict on taxpayers and the U.S. Treasury. It also would encourage local and private interest and investment in conserving America's land resources.

Congress should consider devolving to the states the ownership of public lands that do not meet the criteria for federal ownership and are not suitable for privatization. State and local governments generally have a better track record in managing public land efficiently and with greater responsiveness to local needs and interests. If their money had to pass first through Washington's land management bureaucracies, however, it is not certain that this would continue. Congress must establish a new federal land management strategy that clearly defines when it is in the national interest for the federal government to own land, holds federal agencies accountable for their efforts, and allows federal land managers to focus on protecting the nation's greatest land treasures and ensuring the long-term conservation of America's natural resources for future generations.

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Conserving America's land resources has been a federal concern since President Theodore Roosevelt made it a national priority more than 100 years ago. The objective was not just to conserve and protect the environment, but also to enhance the quality of life for Americans and improve the use of natural resources. Today, however, federal land management policy has strayed far from President Roosevelt's vision. Instead, Washington has implemented a command-and-control approach that wastes valuable financial resources and at times is environmentally harmful.

The federal government now owns one-third of the land in the United States.² Four federal agencies—the Bureau of Land Management, Fish and Wildlife Service, Forest Service, and National Park Service—are tasked with managing most of this land³ with combined annual budgets of \$8.1

billion for fiscal year (FY) 1999. But as recent reports by the federal government's own watchdogs point out, these agencies are not doing a good job. For example:

- The U.S. General Accounting Office (GAO) reported that the cost of eliminating the agencies' reported backlog of maintenance problems on public land exceeds \$12 billion.⁴
- The Inspector General of the U.S. Department of Agriculture found

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1. The author would like to thank Research Assistant Gregg VanHelmond and Alex C. Walker Fellow in Economic Policy Adam D. Thierer for their contributions to this paper.
 2. U.S. General Accounting Office, *Land Ownership: Information on the Acreage, Management, and Use of Federal and Other Lands*, GAO/RCED-96-40, March 1996, p. 2.
 3. *Ibid.*
 4. Testimony of Barry T. Hill, Associate Director for Energy, Resources, and Science, U.S. General Accounting Office, in *Department of the Interior and Related Agencies Appropriations for 1999*, hearings before a Subcommittee of the Committee on Appropriations, U.S. House of Representatives, 105th Cong., 2nd Sess., February 4, 1998, p. 147.

serious accounting and financial reporting deficiencies in the Forest Service, including “pervasive errors” in data supporting “land, buildings, equipment, accounts receivable, and accounts payable.”⁵

- A Congressional Research Service analyst found that a 1996 GAO study did not use a General Services Administration analysis of the amount of land each agency managed because of discrepancies between the GSA’s numbers and those reported by the other four agencies.⁶
- The Congressional Budget Office observed in April 1999 that

in many instances, the National Park Service, the Forest Service, and the Bureau of Land Management find it difficult to maintain and finance operations on their existing land holdings.... [E]nvironmental objectives such as habitat protection and access to recreation might be best met by improving management in currently held areas, rather than providing minimal management over a larger domain.⁷

Such internal management problems, coupled with federal environmental regulations, undermine the efforts of federal land managers to care for public land under their oversight. Yet both President Bill Clinton and Congress have proposed establishing trust funds to purchase even more federal land which then would fall under these agencies’ control.

As far back as 1818, the U.S. Supreme Court ruled in *U.S. v. Bevans* that a state’s right to control

property within its borders was an essential part of its sovereignty. Despite this precedent, however, these new proposals would override both state sovereignty and private property rights.

- President Clinton’s Land Legacy Initiative would establish a \$1.3 billion trust fund for new federal and state land acquisitions, which includes \$450 million for federal land acquisition and \$580 million for state and local government land acquisitions.⁸ This amounts to an increase of 125 percent over the federal funds available in the 1999 budget.⁹
- The Conservation and Reinvestment Act of 1999 (H.R. 701) would direct about \$900 million to the Land and Water Conservation Fund (LWCF)—\$378 million for federal land acquisitions, \$378 million for state land acquisitions, and \$144 million for local governments’ Urban Parks and Recreation Recovery programs. A companion bill (S. 25) has been introduced in the Senate. Unlike the Land Legacy Initiative, the congressional legislation would transform the LWCF into a “dedicated fund” that, by design, would allow federal agencies to bypass the scrutiny of the annual appropriations process and congressional oversight.

As the Framers of the Constitution understood, people care most about the environment in which they live, and the level of government closest to the people is the most effective at implementing policies that promote conservation of land while respecting property rights. These current proposals, however, would enhance the federal government’s appetite for—and its ability to own and manage—even more of the nation’s lands,

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5. U.S. General Accounting Office, *High Risk Series: An Update*, GAO/HR-99-1, January 1999, p. 94.
 6. Ross W. Gorte, Specialist in Natural Resources Policy, Congressional Research Service, by memorandum, August 6, 1997, p. 3. Cited hereafter as “Gorte memorandum.”
 7. Congressional Budget Office, “Natural Resources and Environment,” *Maintaining Budgetary Discipline: Spending and Revenue Options*, April 1999. See Section 300-02.
 8. Mark Felsenthal, “Clinton Proposes Spending \$1 Billion to Buy Park Land, Preserve Wilderness,” Bureau of National Affairs *Daily Report for Executives* No. 8, January 13, 1999, p. 1.
 9. *Ibid.*

reducing even further the amount of private property owned by individual Americans. Thus, they run counter to America's constitutional legacy.

Today, the federal government cannot account fully for the quantity and condition of the land it owns. Congress's first step should be to initiate a thorough investigation of the federal government's current land holdings and land management activities. In addition, a new federal land management policy should be developed that is based on the core American principles of conservation, federalism, and property rights.

To that end, Congress should ensure that the federal government manages only public land possessing unique historic, recreational, or biological qualities. Privatizing land that should not be under government control would both ease the financial burden that inappropriate federal holdings inflict on taxpayers and the U.S. Treasury and encourage local interest and investment in conserving America's land resources.

Congress also should consider devolving to the states ownership of land that does not meet the criteria for federal ownership and is not suitable for privatization. State and local governments generally have managed public land efficiently and with greater responsiveness to local needs and interests. If their money had to pass first through Washington's land management bureaucracies, however, it is not certain that this would continue.

The implementation of policies that allow the federal government to own only land of truly national interest would accomplish two essential goals: It would enable federal land managers to focus their efforts and resources on protecting America's greatest national treasures, and it would ensure the long-term conservation of America's

natural resources for future generations.

HOW MUCH LAND DOES UNCLE SAM OWN?

Although the goal of preserving land for posterity is noble, the true impact of current federal land management policy should not be lost behind a cloud of good intentions. In 1996, the General Accounting Office reported that the federal government owned a staggering 650 million acres, or one-third of the land in the United States.¹⁰ The Bureau of Land Management, the Forest Service, the Fish and Wildlife Service, and the National Park Service manage about 95 percent of this land¹¹ (approximately 618 million acres, or about 7,500 acres per employee).¹² As of September 1994, these agencies also had obtained rights-of-use to over 3 million acres on nonfederal land through leases, agreements, permits, and easements.¹³

The Clinton Administration and several Members of Congress hope to enable the federal government to purchase even more land, which would then be placed under the management of these agencies. This effort by the federal government is not new:

- Between 1964 and 1993, the number of acres managed by the four federal agencies increased in 46 states and decreased only in Alaska, Idaho, New Mexico, and Utah.¹⁴
- At the end of FY 1993, the four federal agencies managed over 50 percent of the land in five states and over 25 percent of the land in an additional seven states.¹⁵
- Excluding two large land transfers in Alaska, the total amount of land managed by the four

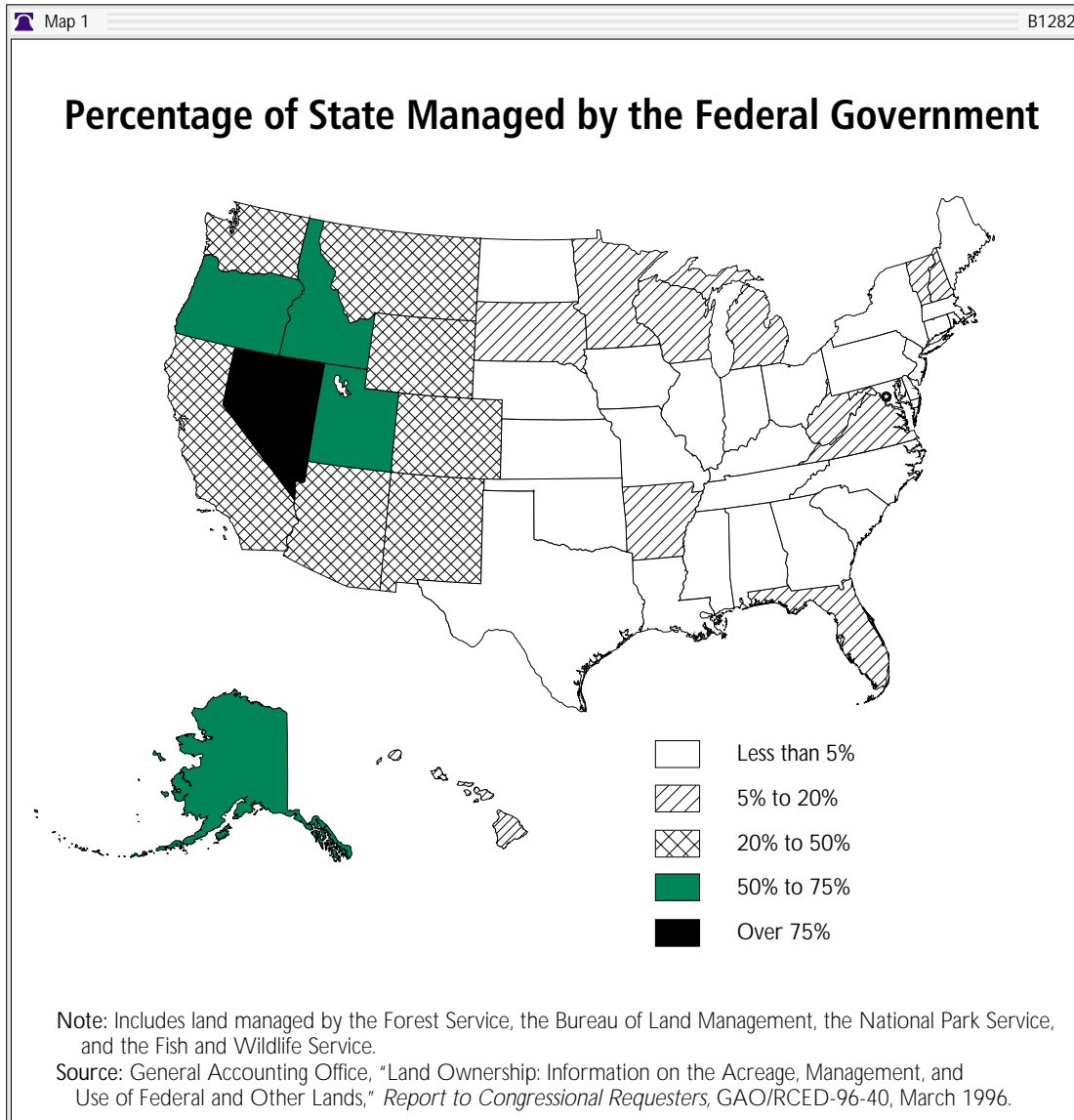
10. GAO, *Land Ownership*, p. 2.

11. *Ibid.*

12. As of late July 1998, agencies indicated they employed approximately 86,000 people.

13. GAO, *Land Ownership*, p. 2.

14. Barry T. Hill, *Federal Lands: Information on the Acreage, Management, and Use of Federal and Other Lands*, testimony before the Subcommittee on National Parks, Forests, and Lands, Committee on Resources, U.S. House of Representatives, GAO/T-RCED-96-104, March 21, 1996, p. 3.



federal land management agencies between 1964 through 1993 increased by about 34 million acres.¹⁶

- The four agencies acquired control of about 203,000 acres in FY 1994.¹⁷
- In certain Western states and localities, the federal government owns the vast majority of land. For example, it owns more than 86 percent of the land in Nevada, 67.9 percent in Utah, 67 percent in Alaska, and 65.2 percent in Idaho.¹⁸

15. U.S. General Accounting Office, *Federal Lands: Information on Land Owned and on Acreage with Conservation Restrictions*, GAO/RCED-95-73FS, January 1995, p. 2.

16. *Ibid.*, p. 2.

17. *Ibid.*, p. 3.

18. National Wilderness Institute, "State by State Government Land Ownership," 1995, at <http://www.nwi.org/Maps/LandChart.html>.

Table 1 B1282

Land Owned by the Federal Government

	Land Owned by the Federal Government in Thousands of Acres	Percent of State Land Area Under Federal Ownership	Rank
Alaska	244,626.9	67.0%	3
Alabama	1,910.3	5.9%	32
Arkansas	5,098.2	15.3%	17
Arizona	32,228.0	44.3%	8
California	49,842.3	49.9%	6
Colorado	25,851.4	38.9%	9
Connecticut	18.7	0.6%	49
Delaware	30.7	2.5%	41
Florida	5,359.0	15.5%	16
Georgia	3,267.3	8.8%	26
Hawaii	757.3	18.4%	13
Iowa	740.8	2.1%	44
Idaho	34,519.6	65.2%	4
Illinois	1,071.1	3.0%	38
Indiana	731.6	3.2%	7
Kansas	577.0	1.1%	47
Kentucky	2,888.0	11.4%	22
Louisiana	2,228.8	8.0%	28
Massachusetts	85.3	1.7%	45
Maine	238.5	1.2%	46
Maryland	131.1	2.1%	43
Michigan	5,743.1	15.8%	14
Minnesota	6,595.9	12.9%	21
Missouri	3,937.0	8.9%	25
Mississippi	3,146.9	10.5%	24
Montana	29,712.7	31.9%	12
Nebraska	1,155.7	2.3%	42
Nevada	61,548.0	87.6%	1
New Hampshire	865.4	15.1%	18
New Jersey	130.2	2.7%	39
New Mexico	28,143.1	36.2%	10
New York	130.2	0.4%	50
North Carolina	4,418.8	14.2%	19
North Dakota	3,226.1	7.3%	31
Ohio	1,156.2	2.6%	40
Oklahoma	1,577.2	3.6%	35
Oregon	34,084.2	55.5%	5
Pennsylvania	988.0	3.4%	36
Rhode Island	3.9	0.6%	48
South Carolina	2,058.9	10.7%	23
South Dakota	4,205.8	8.7%	27
Tennessee	1,997.3	7.6%	29
Texas	6,253.0	3.7%	34
Utah	35,723.3	67.9%	2
Virginia	3,983.0	15.7%	15
Vermont	837.7	14.2%	20
Washington	13,984.0	32.8%	11
Wisconsin	2,543.5	7.3%	30
West Virginia	2,102.9	13.6%	21
Wyoming	30,902.0	49.7%	7

Source: National Wilderness Institute website, "State by State Government Land Ownership," <http://nwi.org/Maps/LandChart.html>, March 23, 1998.

- The Department of the Interior's budget for FY 2000 includes \$295 million in land acquisition

funds for 610,000 new acres.¹⁹

- California is expected to lose over 445,000 acres to the federal government in FY 2000.²⁰

With few exceptions, the amount of land managed by the four federal land management agencies has increased, primarily through the expansion of existing national forests, wildlife refuges, and parks or through the creation of new ones. The proposals of the President and Congress would enable the federal government to spend up to \$1.3 billion annually for federal and state land acquisitions, even though the federal land management agencies lack accountability and their track record can be characterized as poor.

HOW WELL ARE FEDERAL AGENCIES MANAGING PUBLIC LAND?

In an April 1999 report, the Congressional Budget Office proposed placing a ten-year moratorium on future appropriations for land acquisitions by land management agencies.²¹ Proponents of this option argue that these agencies should improve their stewardship of the land they already manage before taking on additional management responsibilities.

To facilitate their oversight of the preservation and protection of federal public lands, Members of Congress reasonably would expect the land management agencies to provide such information as the total amount of land managed, where it is located, the particular needs of each tract, and how these needs are reflected in agency performance goals, funding requests, programming, and staffing. In addition, under the Government Performance and Results Act, Congress expects agencies to match their performance goals with specific activities and to be held accountable for their results. The inability of federal land management agencies to provide Congress or the American public with an accurate accounting of the public lands under their control, in addition to their large

19. U.S. Department of the Interior, *Budget in Brief Fiscal Year 2000: Land Acquisition Program*, p. B-4.

20. *Ibid.*

21. CBO, "Natural Resources and Environment," *op. cit.*

backlog of maintenance problems, clearly indicates that these agencies are not performing as they should be.

Inaccurate Acreage Statistics

In a recent memorandum, a specialist in natural resources policy at the Congressional Research Service noted that there were serious discrepancies between the acreage reported by each federal land management agency and General Services Administration (GSA) data.²² Problems with the reliability of the data ranged from decimal points entered in the wrong place to significant discrepancies, such as a variance of 2,978,000 acres in Minnesota; 1,012,000 acres in Michigan; and 1,643,000 acres in Wisconsin for Fish and Wildlife Services alone.²³

This lack of consensus between government agencies on how much land each agency manages indicates the seriousness of their administrative problems. It also raises serious doubts about whether the federal government is capable of adequately managing the public lands it currently owns.

Significant Maintenance Backlog Problems

According to the GAO, the cost of eliminating the backlog of maintenance problems on public lands under federal control exceeds \$12 billion.²⁴

Table 2				B1282
Significant Discrepancies in Federal Land Data Between GSA and the Land Management Agencies				
	Agency	Agency Acreage	Agency Acreage According to GSA	
Arkansas	BLM	291,166	0	
	FWS	285,135	0	
Florida	FWS	240,662	0	
	FS	1,136,796	112,595	
Georgia	FWS	470,064	0	
Illinois	FWS	68,346	580,979	
Iowa	FWS	27,131	296,520	
Louisiana	BLM	309,611	0	
	FWS	439,454	0	
Michigan	FWS	112,940	1,124,748	
Minnesota	FWS	422,762	3,400,962	
	FS	2,820,193	1,738,549	
Montana	FS	16,847,192	15,830,384	
Nevada	FWS	2,292,739	647,044	
	NPS	777,017	242,609	
North Carolina	FWS	395,700	24,757	
Tennessee	FS	628,590	62,542	
Texas	FS	754,843	181,115	
Utah	NPS	2,021,358	882,310	
Virginia	FS	1,649,524	1,043,884	
Wisconsin	FWS	188,179	1,831,357	

Note: BLM=Bureau of Land Management; FWS=Fish and Wildlife Service; FS=Forest Service; NPS=National Park Service.
Source: Ross W. Gorte, Congressional Research Service, unpublished memorandum, August 6, 1997.

The Park Service, for example, reported in 1998 that the maintenance backlog on its facilities had more than tripled over the previous ten years—from \$1.9 billion in 1987 to \$6.1 billion in 1997.²⁵ The Forest Service cited a maintenance backlog of between \$7.3 billion and \$8.3 billion;²⁶ and in February 1999, the Inspector General's Office of the Department of the Interior cited

22. Gorte memorandum, p. 1.

23. *Ibid.*, p. 3.

24. Hill, hearings on *Department of the Interior and Related Agencies Appropriations for 1999*, p. 147.

25. U.S. General Accounting Office, *National Park Service: Efforts to Identify and Manage the Maintenance Backlog*, Report to the Ranking Minority Member, Subcommittee on National Parks and Public Lands, Committee on Resources, U.S. House of Representatives, GAO/RCED-98-143, May 1998, p. 3.

a Fish and Wildlife Service maintenance backlog of \$717 million.²⁷ Without accountability to the taxpayer, these agencies have little incentive to manage public lands efficiently. Consequently, the backlog of maintenance problems will continue to grow.

Wasteful, Inefficient, and Duplicative Management

The purpose of the Government Performance and Results Act is to improve the confidence of Americans in the ability of the federal government to carry out agency missions reliably and responsibly, and to systematically hold federal agencies accountable for linking performance goals with agency plans.²⁸ Yet the GAO often finds that the annual performance plans of the four major federal land management agencies contain ambiguous goals that often are not linked to program missions and strategies. The Bureau of Land Management's FY 1999 performance plan, for example, specifies that a long-term goal will be to "establish baselines for environmental education efforts and set goals for increasing programs for adults and school children."²⁹ Even worse, most of these plans do not adequately identify agencies' crosscutting activities, strategies, and performance goals, and fail to note whether they are coordinating their efforts within their departments. As the GAO noted recently, "Our work over time has shown that the responsibilities of these agencies have become similar over time."³⁰

The agencies suffer from serious deficiencies in financial reporting as well. For example, according to a January 1999 GAO report, the Inspector General of the United States Department of Agriculture has cited the Forest Service since 1991 for "pervasive errors in the field-level data supporting land, buildings, equipment, accounts receivable, and accounts payable."³¹ Because the Forest Service was unable to provide basic financial accounting information, the GAO has placed it on a list of "high risk" agencies.³² By streamlining existing programs, agencies could use their funds more effectively to advance programs that promote successful land preservation.

A BETTER APPROACH TO LAND STEWARDSHIP

A recent poll found that approximately 70 percent of registered voters believe state and local governments would do a better job of environmental protection than the federal government can do.³³ Yet, in almost all cases involving public land, federal agencies impose command-and-control regulations from Washington. The attempts by an inefficient federal bureaucracy to manage 650 million acres around the country have created a land management system that is both economically wasteful and environmentally harmful. Congress should work to decentralize ownership and management of public lands to the level of government, or to the people, affected most directly by the results of management practices.

26. Testimony of Don Young, Deputy Assistant Inspector General for Audit, U.S. Department of Agriculture, in *Department of the Interior and Related Agencies Appropriations for 1999*, p. 185.

27. Testimony of Robert J. Williams, Acting Inspector General, U.S. Department of the Interior, in *ibid.*, p. 167.

28. Full text of the Government Performance and Results Act, Sec. 2(b), available at <http://freedom.house.gov/results/legislation/p1103-62.asp>.

29. U.S. Bureau of Land Management, *Annual Performance Plan for Fiscal Year 1999*, February 1998, p. 30.

30. U.S. General Accounting Office, *Results Act: Department of Interior's Annual Performance Plan for Fiscal Year 1999*, GAO/RCED-97-207R, July 18, 1997, p. 12.

31. GAO, *High Risk Series: An Update*, *op. cit.*

32. *Ibid.*, p. 170.

33. *National Environmental Survey*, prepared by the Polling Company for the Competitive Enterprise Institute, 1998, p. ii.

In most cases, where the public land has no overriding national interest, Congress should consider an arrangement that allows privatization as well as state and local flexibility and experimentation to devise practical ways to manage and protect the land.³⁴ State and private ownership of public land would tie the responsibility for land use policies to those who bear the impact of those policies. Differences in geography, economies, politics, and other factors would be addressed more appropriately. Until management of public land is made simpler and more efficient, America's land resources will continue to suffer.

Promoting Proper Management of Public Land

One way to address the problem of maintenance backlogs is to allow federal land managers to privatize various management functions and charge activity and land use fees to generate the revenue they need for operations and maintenance expenses. The incentives created by activity fee demonstration projects have shown good results.

For example, Congress authorized a demonstration program in 1996 that allowed the National Park Service, the Bureau of Land Management, the Fish and Wildlife Service, and the Forest Service to assess new or increased fees for recreational opportunities at up to 400 public sites. Fee collection systems were put in place at 312 sites.³⁵ These agencies have reported that, because of this program, their combined recreational fee revenues doubled from about \$93 million in FY 1996 to about \$180 million in FY 1998. The Park Service collected 80 percent of the overall revenue, the Forest Service 15 percent, the Bureau of Land Management 3 percent, and the Fish and Wildlife Service about 2 percent.³⁶

The goal of such activity fee programs is to generate hundreds of millions of dollars to the agencies for visitor services, to address maintenance backlogs, and to promote resource conservation. Increases in the fees should cover the costs of recreation facility investments, operations, maintenance, and related services, especially where there is heavy public use.

Just as important as the success of the fee demonstration programs in raising operating funds is the GAO's conclusion that "visitation appears largely unaffected by the new and increased fees."³⁷ Of the 206 sites in the demonstration program in FY 1997, visitation increased at 58 percent, decreased at 41 percent, and remained unchanged at 1 percent.³⁸ By allowing the agencies to retain the fees collected, Congress created a powerful incentive for managers to focus on their needs, their programs, and their costs.

These types of revenue-generating demonstration programs should not be limited to recreational opportunities. Programs should be implemented to allow agencies to obtain fair market value for other uses of the resources on the land, such as timber production and grazing. Such programs would create an incentive for agencies to raise revenue to cover their maintenance needs and help to relieve the burden on the U.S. Treasury to fulfill those needs.

The 650 million acres controlled by the federal government encompass a wealth of forest, grazing land, minerals, wildlife, and recreational amenities with enormous potential for generating revenues for the public good. However, according to a study published by the Political Economy Research Center (PERC),³⁹ the Forest Service and the Bureau of Land Management lost an average of \$290 million in timber production, \$66 million in grazing, and

34. Robert H. Nelson, *Public Lands and Private Rights: The Failure of Scientific Management* (Lanham, Md.: Rowman & Littlefield Publishers, Inc., 1995), p. 4.

35. U.S. General Accounting Office, *Recreational Fees, Demonstration Program Successful in Raising Revenues but Could Be Improved*, GAO/T-RCED-99-77, February 4, 1999, p. 1.

36. *Ibid.*, p. 2.

37. *Ibid.*, p. 6.

Table 3 B1282

Land Management: Federal vs. State

	Revenues in Millions of Dollars	Expenses in Millions of Dollars	Revenue per Dollar Spent
Forest Service	\$914	\$3,010	\$0.30
BLM	1,232	1,308	0.94
State Trusts	65	12	5.56

Note: 1994–96 average in 1996 dollars. State trust figures are based on the average for state-managed lands, including: Arizona, Colorado, Idaho, Montana, Nebraska, New Mexico, Oregon, South Dakota, Utah, and Washington. Numbers are rounded.
Source: Political Economy Research Center.

spent by the Forest Service and \$0.94 earned per dollar spent by the Bureau of Land Management.⁴³ Not only do the federal land agencies earn far less than state agencies do, but they also outspend the states on a per-acre basis. In fact, on average, the Forest Service spends

\$355 million in recreation activities from 1994 through 1996.⁴⁰ The reason for this loss of revenue, according to this study, was cost inefficiencies. Because these agencies are funded by Congress and do not have to rely on their own earnings to operate, they have little incentive to cut costs or maximize revenue.⁴¹ Yet the Administration and many Members of Congress appear willing to entrust these agencies with more land.

States as Models of Stewardship. In contrast to federal land agencies, state land management agencies generally have been more cost-efficient managers. The states earn profits from allowing mining, logging, grazing, and recreation activities on public land. Between 1994 and 1996, ten Western states earned a combined average of \$5.56 per dollar spent managing state trust lands,⁴² compared with \$0.30 earned per dollar

more than five times what the states spend, and the Bureau of Land Management spends nearly twice what the states do.⁴⁴ “[T]he difference between state and federal agencies,” as the PERC study notes,

is that state agencies must earn revenues from their public lands to support state infrastructures such as schools. As a result they have a strong incentive to be cost-efficient and generate revenues.⁴⁵

What Federal Management Costs the States. Currently, the United States government owns 50 percent or more of the land in 180 counties.⁴⁶ Local communities and states are unable to collect taxes on this property or to sell or lease the acreage to generate revenue. Such property taxes could be used to fund school systems, police and fire

38. *Ibid.*

39. PERC is a Bozeman, Montana-based research center that explores market solutions to environmental problems.

40. Holly Lippke Fretwell, “Summary,” *Public Lands: The Price We Pay*, Political Economy Research Center, August 1998, p. 1.

41. *Ibid.*, p. 4.

42. *Ibid.*, p. 1.

43. *Ibid.*

44. *Ibid.*, p. 2.

45. *Ibid.*

46. Frank Gladics, “How Decoupling and Zero Harvest Will Impact Your State,” Independent Forest Products Association White Paper, January 1999.

departments, libraries, and other local and state government functions. As a result, federal land holdings impose costly economic burdens on communities and large financial commitments on the American taxpayer.

To compensate local governments for lost revenues that result from an inability to assess property taxes on federally owned land, Congress passed the Payment in Lieu of Taxes (PILT) law.⁴⁷ Under the current formula, Congress promised over \$260 million in PILT payments per year.⁴⁸ On average, Congress promised the counties \$0.43 per acre under the PILT formula. However, funding for PILT has fallen each of the past six years. In FY 1998, funding fell to an all-time low; Congress funded 45.6 percent of the payments it promised under the PILT formula.⁴⁹

Privatization and devolution of public land would lessen this economic impact on local communities and allow the federal land management agencies to focus on the needs of lands that properly belong under federal control.

Promoting Privatization for Effective Stewardship

The advantages of privatization can be studied best by conducting demonstration projects on appropriate public land under state or federal control. Land management responsibilities should be transferred or sold to private entities that would raise operating funds by charging fair market value for uses such as grazing, timber production, and recreation.

Land management agencies also could lease federal land to private entities. Long-term leases would convey full rights to the land for grazing or

timbering. The terms of the lease could include provisions that allow full public access to the lands for hunting, hiking, and recreation. The leases also could include language to allow the private entities to use various measures to enhance wildlife habitat or watershed conditions. Provisions could be included for lease cancellation in unforeseen circumstances, although the government would have to compensate the lessees for expenses associated with such terminations. Long-term leasing is an option with a range of implementation possibilities, from very tight control over lessee use of the land to almost total lessee discretion.

The effectiveness of such privatization demonstration projects would be enhanced if their provisions incorporated market incentives. For example, wilderness preservation proponents should be allowed to compete with ranchers, loggers, and miners to buy grazing, timber, and mineral rights in wilderness areas. This would ensure that free-market principles dictate federal land usage.

Examples of Public vs. Private Land Management. A forthcoming study by Holly Fretwell of PERC highlights examples of successful land management practices by private companies and organizations.⁵⁰ They demonstrate that careful management of natural resources can generate substantial income while conserving resources. For example, the study highlights:

- **Forest preservation in the Blue Mountains, Oregon.** Early travelers named the Blue Mountains of Eastern Oregon after the constant haze of wildfire smoke from small wildfires that were set to clear dense undergrowth⁵¹ and allow the stately fire-resistant ponderosa pines

47. 31 U.S.C. 6901–6907 states that the Secretary of the Interior shall make a payment for each fiscal year to each unit of government in which entitlement land is located.

48. Frank Gladics, “The Clinton Administration’s Roadless Area Moratorium and Proposal to Reform County Payments,” Independent Forest Products Association White Paper, May 1998.

49. Bureau of Land Management, *Payment in Lieu of Taxes Report, FY 1998*, October 1998.

50. For further examples of successful privatization efforts, see Holly Fretwell, *Public Land: Do We Get What We Pay For*, Political Economy Research Center, forthcoming.

51. An underlying layer of low vegetation.

to flourish. Today, the mountains are covered with nearly 6 million acres of “grey ghosts,” trees that are dead and dying from insect infestations. Fire suppression, logging practices that removed nearly all the seed-bearing pines, and lack of intensive management have turned the pine forest into a dense thicket of fir. By the 1980s, the preponderance of fir in the Wallowa–Whitman National Forest in the Blue Mountains made it an ideal habitat for the western spruce budworm. Burning off the undergrowth or speedy timber removal in some areas could have disrupted the infestation, but regulations and a lengthy public comment process prevented federal forest managers from taking any such action for a period of seven years.

In a neighboring forest owned by the Boise Cascade Corporation, however, there has been little loss from insect damage. To protect the commercial value of their timber, company managers regularly thin and prune the forest—imitating the actions of wildfires and encouraging tree growth. Without a dense undergrowth of fir, the open ponderosa pine forest has been more resistant to disease and infestation. Proper logging practices and the lack of burdensome regulations have helped the Boise Cascade forest to replicate the ponderosa pine forest that stood in the Blue Mountains 100 years ago.

- **Habitat preservation in the Shasta-Trinity National Forest, California.** Under President Clinton’s Pacific Northwest Forest Plan, the Shasta–Trinity National Forest in Northern California was designated as habitat for the northern spotted owl and other species that require old growth trees for habitat. According to Bill Branham, a forester with the Forest Service, however, opportunities for preserving such old growth habitat are “better on private lands less prone to catastrophic loss.”⁵² Under the President’s plan, the thinning and salvage timber harvesting that normally take place to

improve forest conditions and habitat are not permitted. This policy, however, allows disease and insect damage to spread and increases the risk of fire. Root disease and bark beetle infestation are extensive, and tree mortality is as high as 80 percent in heavily infested areas. Frustrated by a maze of regulations, forest managers predict that infestation will not be halted for years. Meanwhile, the area of tree mortality is expanding, with approximately 300 additional acres destroyed each year. Restoration plans should include the cost of removing the dead trees.

Intermixed with the national forest land are private lands. Forests on these private lands have been thinned and salvage timber has been harvested in order to promote optimum growth and forest health. Landowners grow and harvest forest products while promoting forest health, wildlife habitat, clean water, and recreational opportunities.

- **Wildlife practices at Fort Apache Reservation, Arizona.** Until 1977, the Arizona Game and Fish Department managed hunting on the 1.6 million acre Fort Apache Reservation. It issued 700 elk permits per year for \$150 each, generating both crowded hunting conditions and a reduction in the number of quality elk.

In 1977, the White Mountain Apache tribe took control of hunting on the reservation and made some drastic changes. In its first year, the tribe issued just 12 permits for \$750 each. Today, the reservation has what is arguably the best elk herd in North America. Only 70 permits are issued each year for trophy bull elk at a cost of about \$24,000 each. There is a five-year waiting list for the permits. To improve the quality of the herd, the tribe hired biologists to assist them with land management. Open meadows that provide abundant forage were protected, livestock grazing was reduced, and logging was restricted in the high country, riparian zones, and mountain meadows. The tribe used market incentives and land

52. Fretwell, *Public Land: Do We Get What We Pay For*.

stewardship to encourage a flourishing wildlife community.

These types of positive environmental results are building grassroots support for privatization of federal land management functions and reducing the amount of land owned by federal and state governments.

WHAT CONGRESS SHOULD DO

As Thomas Jefferson recognized,

[There is] no safer depository of the ultimate powers of society but the people themselves; if we think them not enlightened enough to exercise control with a wholesome discretion, the remedy is not to take it away from them, but to inform their discretion.⁵³

America's Founders did not envision the federal government as proprietor of enormous tracts of land. Yet today, the federal government owns 50 percent of the land in five states and over 25 percent of the land in an additional seven states.⁵⁴

Congress should ensure that the federal government owns only land that possesses unique historical, recreational, or biological qualities, and that federal land management agencies are managing those land resources both efficiently and effectively. To that end, Congress should:

1. **Define when it is in the national interest for the federal government to take away private ownership of land.** Congress should ensure that the federal government manages only land that possesses unique historic, recreational, or biological qualities. Lands, such as Yellowstone National Park and the Grand Canyon, for example, are appropriate assets of the American people and belong under federal control.
2. **Initiate a thorough investigation of the federal government's current land holdings and land management activities.** Congress should require federal land management agencies to provide an integrated inventory of their existing public lands and assets. This information then could be used to determine potential uses for those lands and whether the lands meet the criteria for federal or private ownership.
3. **Determine what role federal land managers should have in caring for public land.** Federal land managers should be allowed to privatize various management responsibilities, set fees, create new programs, and fund operations from their revenues.⁵⁵ Examples of this approach are the funding of maintenance and operations at Mount Vernon and Williamsburg, Virginia. Both of these facilities have been operated privately for decades. Their market-based entrance fees cover their maintenance costs yet do not deter the millions of tourists who visit them each year.⁵⁶
4. **Hold federal land management agencies accountable.** Federal agencies must adhere to strict, results-oriented performance goals for conserving the land the federal government owns and places under their control.
5. **Facilitate the privatization of land that should not be under federal or state control.** The Framers of the Constitution understood that people care most about the environment in which they live and that government closest to the people is the most effective at implementing policies that promote conservation while respecting property rights. To ensure better local conservation and utilization of land that does not have unique historical, recreational, or biological qualities, or that should not be devolved to the states, Congress should

53. Letter from Thomas Jefferson to William C. Jarvis, 1820.

54. GAO, *Federal Lands: Information on Land Owned and on Acreage with Conservation Restrictions*, p. 2.

55. Fretwell, *Public Lands: The Price We Pay*.

56. Adam D. Thierer and Scott A. Hodge, "Federal Land and Resource Management," in Scott A. Hodge, ed., *Balancing America's Budget: Ending the Era of Big Government* (Washington, D.C.: Heritage Foundation, 1997), p. 133.

pursue privatization. Transferring appropriate lands to individuals, corporations, or organizations would facilitate strong local stakes in economically and environmentally beneficial activities. Concerns about the prices to be paid for the land or restrictions on its use, if any, can be addressed during the process. Privatizing land that should not be under federal or state control would relieve the financial burden inappropriate federal holdings inflict on the taxpayers and U.S. Treasury. It also would encourage local interest and investment in conserving America's resources. Public land that does not meet the criteria for federal ownership but is not suitable for privatization should be devolved to the states, which generally manage public land efficiently and with greater responsiveness to local needs and interests.

CONCLUSION

As Justice Sandra Day O'Connor wrote in *New York v. United States*, "some truths are so basic that, like the air around us, they are easily overlooked."⁵⁷ Today, the importance of balancing the

principles of natural resource conservation, federalism, and property rights in federal efforts to preserve land resources for the future is just such a truth.

The federal government, however, has adopted a command-and-control, one-size-fits-all system of land management from distant Washington that is economically wasteful and often environmentally harmful. Both the President and Congress are proposing significant increases in funding for a federal land management system that is badly broken.

If Americans are to care for their land resources more effectively, this system must be replaced with an approach that balances the conservation of nature with the needs of humans and local communities. It is clear that, with accurate information, proper priorities, and smart choices, a great deal of good can be accomplished by bringing the principle of federalism into the management of America's great land resources.

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57. *New York v. United States*, 504 U.S. 144 (1992).