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Stewardship End Result Contracting: Forest Service and Bureau of Land Management

Stewardship end result contracting, often called “stewardship contracting,” is a Forest Service (FS) and Bureau of Land Management (BLM) contracting mechanism allowing these agencies to pursue land management goals by combining restoration services and forest product harvesting into a single project (see below). FS and BLM may “trade goods for services” in a given project by applying the value of harvested forest products toward the value of restoration services. These features make stewardship contracting an administrative efficiency tool, through which FS and BLM may reduce the complexity and cost of implementing restoration projects.

The stewardship contracting mechanism allows FS and BLM to combine a contract for the sale of forest products with a contract for restoration services. FS and BLM may also enter into stewardship agreements, generally if the project provides mutual benefit to both the partner and the agency. Projects using either mechanism are used to achieve specified land management goals on lands in the National Forest System (NFS), managed by FS, or on the public lands, managed by BLM. Unless otherwise specified, “stewardship project” refers to both contracts and agreements.

Project Attributes

Stewardship projects are used to achieve specified land management goals, or “end results.” Activities conducted as part of the project, including restoration services or forest product harvesting, contribute to these goals, which may include any of the following, as specified in 16 U.S.C. §6591c.:

- Road and trail maintenance or obliteration to restore or maintain water quality.
- Soil productivity, habitat for wildlife and fisheries, or other resource values.
- Setting of prescribed fires to improve the composition, structure, condition, and health of stands or to improve wildlife habitat.
- Removing vegetation or other activities to promote healthy forest stands, reduce fire hazards, or achieve other land management objectives.
- Watershed restoration and maintenance.
- Restoration and maintenance of fish and wildlife.
- Control of noxious and exotic weeds and reestablishing native plant species.

In pursuit of a project’s specified goals, FS and BLM may engage in restoration services, such as noxious weed treatment, prescribed fire, or vegetation planting. This is the **services** portion of a stewardship contract. Contracts also include provisions for contractors to harvest and sell specified forest products, such as timber, within the contract area, if it also contributes to the goals of the project (e.g.,

selective logging of diseased or insect-infested trees). This is the **goods** portion of a stewardship contract. For example, a contract specifying a desired goal of enhancing migratory bird habitat may authorize the contractor to cut and sell certain species (i.e., sell goods) to alter forest stand composition, install nest boxes, and relocate trails to improve habitat (i.e., perform services). To execute a project under the stewardship contracting authority, FS and BLM enter into a single integrated resource contract or stewardship agreement for services rendered (services) and timber or other forest products sold (goods). FS and BLM award contracts and agreements on a “best value” basis, meaning that the agencies consider proposal quality, expertise, past performance, and price in awarding a contract. FS and BLM may give a procurement preference to contractors who would promote an innovative use of forest products. Generally, stewardship contracts must be completed in 10 years. In Section 207 of the FY2018 omnibus appropriations bill (P.L. 115-141), Congress authorized the Secretaries of Agriculture and the Interior to extend contract terms on a one-time basis to 20 years for lands in specified areas.

Legislative History

Congress first authorized stewardship contracting pilot projects in the FY1999 omnibus appropriations act, (P.L. 105-277), subsequently extended and expanded the authority several times, and made it permanent in 2014 through section 8205 of P.L. 113-79 (16 U.S.C. §6591c). A brief legislative history is given below:

- P.L. 105-277, Section 347 (FY1999 omnibus appropriations act): Authorized FS to enter into 28 pilot stewardship contracts with private entities, each of up to 10 years in duration. Required nine projects to be in FS Region 1.
- P.L. 106-113, Section 341 (FY2000 consolidated appropriations act): Amended P.L. 105-277 to authorize FS to use agreements as well as contracts.
- P.L. 106-291, Section 338 (FY2001 Interior and related agencies appropriations act): Authorized FS to enter into 28 additional pilot projects. Required nine projects to be in FS Region 1 and three in FS Region 6.
- P.L. 107-63, Section 332 (FY2002 Interior and related agencies appropriations act): Authorized FS to enter into 28 additional pilot projects. Required nine projects to be in FS Region 1 and three in FS Region 6.
- P.L. 108-7, Section 323 (FY2003 consolidated appropriations act): Authorized both FS and BLM to enter into an unrestricted number of stewardship contracts and agreements through FY2013. This was the first time Congress authorized BLM to use stewardship contracting.

- P.L. 113-79, Section 8205 (2014 farm bill): Congress permanently authorized FS and BLM to enter into stewardship contracts and agreements (16 U.S.C. §6591c).

Congress amended the authority in Sections 204 through 207 of P.L. 115-141, as discussed above.

Statistics

FS has awarded more contracts comprising more total acreage than BLM (Figure 1 and Figure 2). Among other factors, this may relate to the fact that FS manages more forest land than BLM, and thus may be able to offer more projects trading goods for services (see below). Stewardship contracts may have terms of up to ten years. Therefore, the number of contracts awarded in a year, as shown, is likely to be lower than the number of active contracts in that year. Similarly, the number of acres in awarded contracts in a year is likely to be less than the number of acres in active contracts in that year.

Figure 1. Stewardship Contracts or Agreements Awarded by Year, FY2003-FY2018

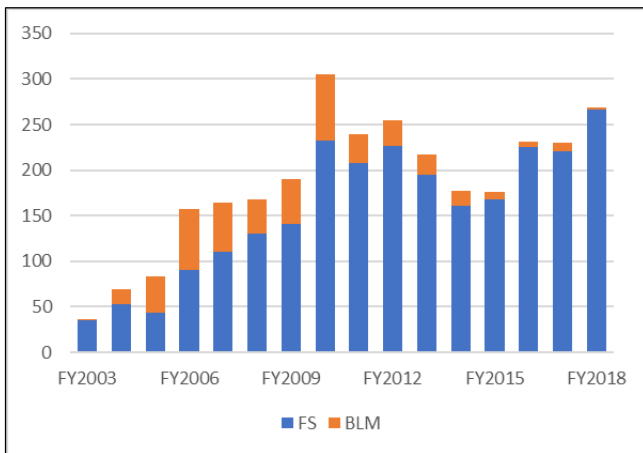
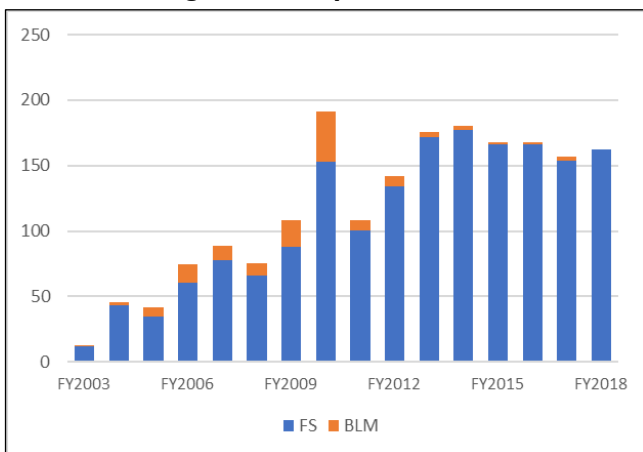


Figure 2. Acres (Thousands) in Awarded Stewardship Contracts or Agreements by Year, FY2003-FY2018



Source: U.S. Department of Agriculture (USDA), Forest Service (FS), FS FY2020 budget justification, and BLM legislative affairs office.

Both FS and BLM awarded the greatest number of contracts, with the greatest amount of acreage in contracts awarded, in FY2010. In FY2018, FS awarded 266 contracts comprising approximately 162 thousand acres. In FY2018, BLM awarded three contracts with a total of approximately 2 thousand acres. Changes in use of the authority over time may reflect changes in funding and an increased prioritization of large-scale projects, among other factors.

Receipts and Offsetting

FS and BLM may trade goods for services under a stewardship contract by offsetting the cost of restoration services with the value of harvested timber or other forest products. If the product value is greater than the cost of services rendered, FS and BLM may retain the additional money, known as *excess receipts*. FS and BLM have each established dedicated funds for these receipts. Excess receipts are a mandatory appropriation to the respective agency's dedicated fund. FS and BLM may use these funds for other stewardship contracting projects or to cover cancellation ceiling obligations (see below) from stewardship contracts.

Revenues from federal lands are sometimes shared with other entities, such as states or counties, under various statutory authorities. As specified in 16 U.S.C. §6591c(3), forest product sale revenues, as well as the value of services or resources provided for a stewardship project by the contractor, FS, or BLM, are not considered monies received from the NFS or the public lands. Therefore, excess receipts are not included in the calculations for any applicable revenue-sharing programs related to NFS and public lands.

Contract Cancellation

In Section 204 of P.L. 115-141, Congress authorized FS and BLM to include a cancellation ceiling in stewardship contracts. A *cancellation ceiling* represents the maximum amount a contractor may recover in the event that the government terminates the contract for convenience before the expiration of the contract. FS and BLM may obligate funds for cancellation ceilings in stages that are economically or programmatically viable. This provision allows FS and BLM to obligate such funds in stages, rather than obligating them when the contract is entered.

If FS or BLM intend to enter into a stewardship contract with a cancellation ceiling higher than \$25 million, without proposed funding for the costs of canceling the contract, they must report the proposed project to Congress and the Office of Management and Budget.

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