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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 and cooperative mechanism that allows these agencies to combine restoration services and forest product harvesting into a single project (e.g., timber harvesting; see below). The 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 the FS and BLM may reduce the complexity and cost of implementing multicomponent restoration projects.

The stewardship contracting mechanism allows the FS and BLM to combine a contract for the sale of forest products with a contract for restoration services. The FS and BLM also may enter into stewardship agreements, generally if the project provides mutual benefit to both the partner and the agency. Projects using either mechanism aim to achieve specified land management goals on lands in the National Forest System (NFS), managed by the FS, or 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 forest 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, the FS and BLM may engage in restoration services, such as noxious weed treatment, prescribed fire, or tree 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 reducing wildfire risk may authorize the contractor to cut and sell certain trees (i.e., sell goods) to reduce stand density, apply prescribed fire, and establish fuel breaks (i.e., perform services).

To execute a project under the stewardship contracting authority, the FS and BLM enter into a single contract or agreement for services rendered (services) and timber or other forest products sold (goods). The FS and BLM award contracts and agreements on a *best value* basis, meaning the agencies consider proposal quality, expertise, past performance, and price when making awards. The FS and BLM may give a procurement preference to contractors that would promote an innovative use of forest products. Generally, stewardship contracts may have terms of up to 10 years, or up to 20 years in lands in fire regime groups I-III.

Legislative History

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

- P.L. 105-277, Section 347 (FY1999 omnibus appropriations act): Authorized the 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 the FS to use agreements as well as contracts.
- P.L. 106-291, Section 338 (FY2001 Interior and Related Agencies appropriations act): Authorized the FS to enter into 28 additional pilot projects. Required nine projects to be in FS Region 1 and three to be in FS Region 6.
- P.L. 107-63, Section 332 (FY2002 Interior and Related Agencies appropriations act): Authorized the FS to enter into 28 additional pilot projects. Required nine projects to be in FS Region 1 and three to be in FS Region 6.
- P.L. 108-7, Section 323 (FY2003 consolidated appropriations act): Authorized both the 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 the FS and BLM to enter into stewardship contracts and agreements (16 U.S.C. §6591c).
- P.L. 115-141, Sections 204-207 (FY2018 consolidated appropriations act): Congress permanently authorized cancellation ceilings and 20-year contracts.

Statistics

Over time, the FS has conducted stewardship projects on more total acreage, including harvesting more timber, than BLM. Among other factors, this may relate to the fact that the FS manages more forest than BLM and thus may be able to offer more projects trading timber revenues for service costs, and thereby to potentially require less funding from discretionary appropriations to fund stewardship projects.

Together, the FS and BLM awarded the greatest amount of acreage to date in contracts in FY2023 (see **Figure 1**). Over 99% of this acreage was awarded by the FS; BLM awarded its greatest acreage to date in contracts in FY2010. Changes in use of the authority over time may reflect changes in funding (see “Receipts and Offsetting”) and an increased prioritization of large-scale projects, among other factors. However, it is unclear why BLM’s use of the authority has declined since FY2010.

Figure 1. FS and BLM Acres in Awarded Stewardship Contracts and Agreements, FY2003-FY2025

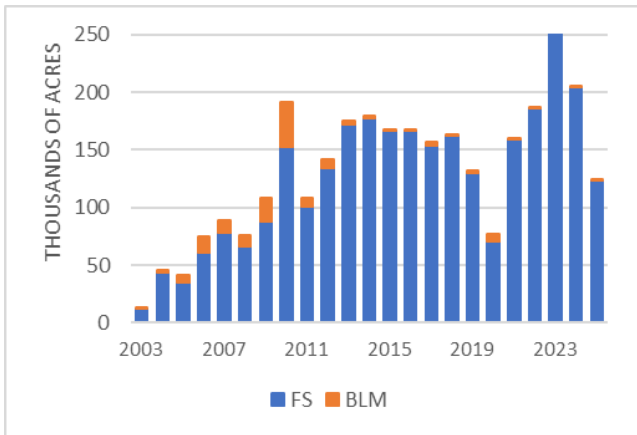
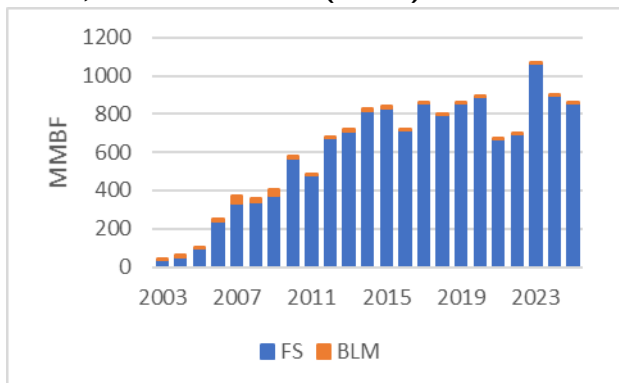


Figure 2. FS and BLM Timber Volume in Awarded Stewardship Contracts and Agreements, FY2003-FY2025, Million Board Feet (MMBF)



Sources for Figures 1 and 2: FS and BLM annual budget justifications and BLM legislative affairs office.

Together, the FS and BLM also awarded the greatest amount of timber volume to date in contracts in FY2023 (see **Figure 2**). As with acreage, 99% of this volume was awarded by the FS; BLM awarded its greatest timber volume to date in FY2007. Timber volume awarded under the stewardship contracting authority has become a significant portion of overall FS timber volume. For example, in FY2025, the FS awarded 853 million board feet (MMBF) of timber through stewardship contracting, or about 30% of the FY2025 servicewide total.

Stewardship contracts may have terms of up to 20 years. Therefore, the number of acres in contracts awarded in a year is likely to be lower than the number of acres covered by active contracts in that year. Similarly, since timber harvests occur over multiple years after the timber is sold, the amount of timber awarded in given year likely differs from the amount of timber harvested.

Receipts and Offsetting

The 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, the FS and BLM may retain the additional money, known as *excess receipts*, in dedicated funds. Excess receipts are a mandatory appropriation to the respective agency’s dedicated fund. The FS and BLM may use these funds for other stewardship contracting projects or to cover cancellation ceiling obligations (see below) from stewardship contracts. The balances in these funds can be substantial: for example, in FY2023, the start-of-year balance in the FS’s stewardship contracting excess receipts fund was \$59.8 million. The FS and BLM also may use other appropriations to fund stewardship projects.

Revenues from federal lands sometimes are 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, the 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

The FS and BLM may include a cancellation ceiling in stewardship contracts. A *cancellation ceiling* represents the maximum amount a contractor may recover in the event the government terminates the contract for convenience before the contract’s expiration. The FS and BLM may obligate funds for cancellation ceilings in economically or programmatically viable stages, rather than obligating them when the contract is entered.

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

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