

RESPONSE TO THE ECONOMIC ANALYSIS OF CRITICAL HABITAT DESIGNATION FOR THE NORTHERN SPOTTED OWL BY INDUSTRIAL ECONOMICS EXECUTIVE SUMMARY

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*In Relation to the 2012 Critical Habitat
Designation of the Spotted Owl*

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EXECUTIVE SUMMARY

The purpose of this report is to review and provide comments on the May 29, 2012 draft report by Industrial Economics, “Critical Habitat Designation for the Northern Spotted Owl,” prepared for the U.S. Fish and Wildlife Service.

Industrial Economics’ assessment is insufficient in its documentation of cumulative socioeconomic impacts and current socioeconomic conditions. Their interpretation of the charge of “determining whether the benefits of excluding particular areas from the designation outweigh the benefits of including those areas in the designation” is overly narrow. As an assessment, the report does not comport with sound socioeconomic assessment science and lacks a sufficiently comprehensive evaluation of potential impacts.

While acknowledging a loss of over 30,000 jobs in the timber industry from 1990 to 2010, Industrial Economics argues that these losses were offset by regional population gains of 15% and an 18% employment increase in the decade of the 1990s. Industrial Economics errs by assuming: 1) job gains in the 1990s offset job losses in the 2000s, 2) regional population and job increases directly offset timber industry job declines, and 3) employment gains (and losses) are equally distributed across the region. They report regional job increases of only 3% in the 2000s, and do so without analyzing impacts associated with the Great Recession, which hit hard many of counties where critical habitat areas are designated.

In discussing timber harvest impacts, Industrial Economics bases its incremental change analysis on a period in which there is a severe downturn in the economy and wood products industry. This results in an undercount of likely impacts. Estimates of harvest totals are generalized and not linked to subunit timber harvest totals, resulting in estimates that, as they acknowledge, “could vary materially from future actual timber harvest...”

Because of the shortcomings of Industrial Economics’ report as a socioeconomic assessment, the Sierra Institute for Community and Environment provides additional analysis and review of socioeconomic conditions. This is done also to improve understanding of socioeconomic changes that have taken place since 1990 and the potential impacts of northern spotted owl critical habitat area designation of almost 14 million acres across the California-Oregon-Washington northern spotted owl region. Designation of this amount of land as critical habitat area requires deeper and more comprehensive analysis.

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Across all three states in the northern spotted owl study counties there has been a dramatic loss of mills and wood products industry employment from 1990 to 2011. Losses were greatest shortly after some of the first forest restrictions were established to protect species including the northern spotted owl around 1990. The first northern spotted owl critical habitat was established in 1992. From 1990 to 2010, a total of 316 mills closed across the study area. Of these closures, over one-third (109) occurred from 1990 to 1992. The pattern across the three states is consistent, with most closures taking place in the early 1990s.

Across the region just under 33,000 jobs were terminated as a result of mill closures alone. The 1990s saw the greatest number of workers displaced as mills employing almost 18,000 workers closed over this period. From 2000 to 2009, close to 14,000 employees lost their mill jobs. Another 979 mill workers were laid off between 2010 and 2012.

Operating mills in the California study counties provided 27% of the mill jobs available in 1990. Since 1990, 54 mill closures resulted in 5,645 mill jobs lost in California study counties. Mill closings in Humboldt, Mendocino, and Shasta Counties alone make up 70% of all mill closures in the northern spotted owl region in the state.

In Oregon, 170 mills have closed since 1990. The majority of these took place in the early 1990s. While most mill closures occurred prior to the end of 1995, at least two mills closed every year from 1990 to 2009. Clackamas County lost the greatest percentage of mill infrastructure of any Oregon county since 1990. Clackamas' decline includes seven mill closures between 1990 and 1995 alone; another five closed between 1999 and 2009. The down-sizing of Clackamas County's mill infrastructure not only left many workers in search of new employment, but also resulted in seven communities losing all mill infrastructure.

Fifty-three mills in Washington study counties closed in the 1990s. Forty-three ceased operation between 1990 and 1995 alone; ten closed in the last half of the decade. Another 39 mills closed between 2000 and 2012. A total of 9,125 workers were laid off in Washington as a result of mill closures. The impacts of mill closures have been disproportionately distributed across Washington State. Grays Harbor, one of the most timber industry-reliant counties in the state, had the most mills close. Sixteen have closed since 1990. In addition to a high number of closures, the number of communities in Grays Harbor County with mills has fallen by over 50%, from seven to three.

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A dominant trend in the three-state region is a shift away from goods production, or basic jobs, which have historically anchored many communities, to service jobs. In 2001, both Oregon and Washington's private sector had roughly 75% service-providing and 25% goods-producing jobs. In 2010, these percentages shifted to roughly 80% and 20%. In 2001, the mix in California was 23% and 77%, and is now 18% and 82%.

Mill closures and manufacturing job loss impacts were uneven across the region as some areas—and particularly some communities—were more highly dependent on mills for employment. In California in the manufacturing sector, all counties, except Napa and Colusa, saw a decrease in jobs from 1990 to 2011. Del Norte County lost 78% of its manufacturing jobs, the highest percentage of any study county in the state. The highest number of manufacturing jobs lost were in Humboldt County, which lost 3,700 manufacturing jobs, a total that accounted for 65% of the sector. Other California study area counties that lost over 50% of their manufacturing sector include Shasta and Glenn Counties.

Across all Oregon study counties there was a decline in manufacturing jobs related to the timber industry as seen in the lumber and wood products sector and wood product manufacturing. Nearly 12,000 jobs of these jobs were lost over the 20-year period. This

decline is especially critical to five Oregon counties where the timber industry accounts for over 10% of total employment: Clatsop, Douglas, Jefferson, Klamath, and Tillamook.

In Washington, many of the counties in the study area historically relied heavily on the timber industry. Over a 20-year period, private forestry and logging jobs declined 58%, from 7,738 in 1990, to 3,321 in 2010.

Communities and counties in the region have been reliant on the timber industry for much of their recent history, and many continue to be in 2012, despite reduced employment opportunities. In some rural counties in the study area, the timber industry accounts for more than 10% of total employment. Many of these communities and counties are struggling economically in 2012.

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For 2000 and 2010, counties ranked in the top five for lowest median family income also had the highest percent of families, individuals, and families with children under 18 living under the poverty line. For all counties in the study area, the percentage of families living below the poverty line and percentage of families with children under 18 living below the poverty line is 11% and 18%, respectively. The percentage of owner-occupied homes has declined across the study region. Between 1990 and 2010, California and Oregon experienced a reduction of owner-occupied housing units by 92% and 85%, respectively.

The percent of students enrolled in Free and Reduced Priced Meal (FRPM) Program increased in all three states. In California, the increase across all study counties is 12.5%, in Oregon 12.2%, and in Washington 6.8%. While student enrollment in FRPM increased many districts and counties experienced a decline in the number of students attending, underscoring the loss of younger families in many areas, and continued and worsening impoverishment of families remaining.

One of the most notable demographic changes in California, Oregon, and Washington study area counties is the 15%, 16%, and 17% decline, respectively, in the percentage of the population under five years old. This underscores the loss of young families in NSO counties.

There are several common health patterns in the California, Oregon, and Washington study area revealed in county health rankings. Rural areas tend to have poor health rankings in general, and are more prone to negative health outcomes and health factors than urban areas. Rural counties exhibit a higher prevalence of lifestyle choices that negatively influence health, such as smoking, alcohol use, and poor diet and exercise (although this is less distinct in Washington). In addition to having lower health behavior rankings, rural counties also rank poorly in clinical care and social and economic factors. Access to care is a challenge to rural counties, and a number of rural counties frequently have poor rankings for this indicator. This is true for quality of care as well. Closely related to access to care and quality of care is the percentage of uninsured adults. Urban areas tend to fare poorly on this ranking, but do not surpass rural counties in any significant way.

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Case studies, two in California and three each in Oregon and Washington, were conducted to better understand socioeconomic changes and current socioeconomic conditions “on the ground.” Some key findings from these cases include in California:

- Siskiyou County lost all its saw mills, has seen its population age, and has lost eight schools, challenging the county to provide for the remaining students and reverse the loss of young families.
- In Humboldt County there are powerfully suggestive relationships between mill closures and student impoverishment as reflected in Free and Reduced Price Meal (FRPM) enrollment rates. This county has suffered dramatic declines in its goods-producing sector, with the manufacturing subsector losing 65% of its 1990 jobs by 2011.

In Oregon:

- Tillamook County has 24% of its children living in poverty, and 39% living in single-parent households, almost double the national average.
- Douglas County has 31% of its children living in poverty - twice the national average - and 34% living in single-parent households.
- In both of these counties, but especially in Douglas County, there are significant declines in manufacturing jobs, particularly since 2008. Free and Reduced Priced Meal participation rates increased over the last four years as well, some schools by almost 20 percent.
- Over the last several decades, Josephine County saw forestry and logging jobs decline by 80%. Wages have stagnated and are two-thirds of the Oregon average. The county now ranks near the bottom of Oregon counties in health indicators and FRPM participation rate for the county is 70%.

In Washington:

- Grays Harbor County Natural Resources and Mining jobs declined by over 50% and Forestry and logging jobs by just under 70% from 1990 to 2010. The county is near the bottom of the health rankings for counties in the state. FRPM participation rates for the county exceed 60%, with one school district at 92% in 2011 and another at 88%; the lowest rate is 41%, reflecting the considerable differences across the county.
- Skamania County has 90% of its land in federal ownership, and 59% of the land in the county is designated as critical habitat area. Natural resource and manufacturing jobs have declined by over 50% over the last 20 years, though service industry jobs have increased dramatically during this period.

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Timber receipts and, more recently, the Secure Rural School and Community Self-Determination Act (SRS) payments to replace lost timber receipts to counties and schools have been historically important. In California, on average, Humboldt County Schools received just under 5% of their funding through SRS; Siskiyou received on average just under 7%; and Trinity County received 15%. In Oregon, U.S. Forest Service SRS funding has provided on average 23% of county road budgets, with six counties receiving over 40%

of their total road budget. Though dramatically lower in 2011, SRS payments comprised 40% or more of Skamania County general fund throughout the 2000s. In Oregon O&C counties, the Bureau of Land Management contribution to county budgets has been significant. In 2009 it comprised 17% of Douglas County's total revenues and it makes up 7% of Jackson County's total county revenues.

Eighteen counties received SRS O&C funding that goes directly to county general funds. SRS is scheduled to expire in 2013. Loss of these funds will challenge already financially cash-strapped counties and school districts.

The time has long since past that we “reconcile” what Industrial Economics’ terms in its report as “competing economic and conservation goals.” Newer approaches address forestry as a “triple-bottom-line” endeavor—one in which economy, environmental, and community (or equity) benefits are all a part and integrated. This approach is not about trading off harvests at the expense of the environment, or environmental outcomes with community and economic interests, but integrating them in ways that advance them collectively. The tenets of what Industrial Economics calls “ecological forestry” discussed in the report are suggestive, but remain too narrow as presented.

Regardless of whether one calls it ecological forestry, restoration forestry, or something else, active forest management is needed to address socioeconomic and habitat issues of the northern spotted owl, and the point is that they can be successfully integrated new and potent ways. A new comprehensive vision and approach is needed for the forests, for the counties and communities dependent on them, as well as for the northern spotted owl.