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Highlights

Highlights of [GAO-09-23](#), a report to congressional requesters

Why GAO Did This Study

The Department of Agriculture's Forest Service and the Department of the Interior's Bureau of Land Management (BLM) have stewardship contracting authority, which allows the agencies to trade goods—such as timber—for services (e.g., thinning forests or rangelands) that the agencies would otherwise pay for with appropriated dollars, and to enter into stewardship contracts lasting up to 10 years. The authority is set to expire in 2013. GAO was asked to determine, among other things, (1) the extent to which the agencies are using stewardship contracting and (2) what successes and challenges the agencies have experienced in using it. In doing so, GAO assessed agency data, reviewed project files, and visited projects in numerous locations.

What GAO Recommends

GAO recommends that the Secretaries of Agriculture and the Interior (1) develop a strategy for the use of long-term contracts, including criteria on when such contracts are appropriate and potential options for funding them, and (2) improve their data collection systems to ensure that accurate and complete data are maintained. In commenting on a draft of this report, the Forest Service and BLM generally agreed with its findings and recommendations.

To view the full product, including the scope and methodology, click on [GAO-09-23](#). For more information, contact Robin M. Nazzaro at (202) 512-3841 or nazzaror@gao.gov.

FEDERAL LAND MANAGEMENT

Use of Stewardship Contracting Is Increasing, but Agencies Could Benefit from Better Data and Contracting Strategies

What GAO Found

From fiscal years 2003 through 2007, the Forest Service and BLM awarded a combined total of 535 stewardship contracts, with the number increasing each year—from 38 in fiscal year 2003 to 172 in fiscal year 2007. However, for certain aspects of stewardship contracting, such as the acres involved or the value of the services exchanged for goods, reliable data were not available for the full 5-year fiscal period because neither agency has had a comprehensive database of its stewardship contracting activity since 2003. The agencies did not begin to maintain nationwide stewardship data until recently, primarily because of difficulties in adapting their systems to account for all aspects of stewardship contracting. Further, these data are not complete, and reside in myriad systems, not all of which interface with one another. These deficiencies keep the agencies and Congress from accurately assessing the costs and value of stewardship contracting.

The agencies credit stewardship contracting with allowing them to accomplish more work—by allowing them to trade goods for services, thereby extending their budgets for thinning and other services—and spurring collaboration with members of the community and environmental groups. But stewardship contracting has its challenges too, including some resistance to its use (e.g., by contractors unfamiliar with it) and a paucity of markets for the small trees typically removed in stewardship projects. Also, although agency officials view long-term multiyear contracts as crucial to market development, these contracts can involve financial challenges. These contracts are attractive because they offer contractors and industry operators some certainty of supply, enabling them to obtain loans for equipment or processing facilities, which can then spur demand for materials resulting from stewardship projects. But such contracts can require a substantial up-front obligation of funds—to protect the contractor's investment if the government later cancels the contract—that may exceed the budget of a field unit (e.g., a national forest). Also, funding the annual work specified in the contract can force a unit to scale back its other programs if the value of the timber removed is not sufficient to pay for that work. Yet neither agency has developed a strategy for using such contracts, a step that could help field units determine which projects are appropriate for these long-term contracts and how they would be funded.

Goods for services: One project exchanged pine logs for a tribal ceremonial roundhouse (under construction at left) for service work that included installing a culvert (right)



Source: Frontier Builders, Inc.



Source: GAO.