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Forest Plan Revision Team
Custer-Gallatin National Forest
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Dear Plan Revision Team,

My name is Ray Rasker and I am the Executive Director of Headwaters Economics, a non-profit organization that works closely with the Forest Service to provide economic analysis tools.

Overall, I am impressed with the amount of detail and hard work that has gone into the Custer-Gallatin National Forest planning documents. I appreciate your hard and realize it is difficult to produce a document that pleases everyone. My comments are limited to the economic analysis sections of the draft plan. I hope my comments are taken as constructive criticism for how to make improvements.

The draft EIS states that "Under the current plans, the Custer Gallatin will continue to provide the full suite of social benefits that currently contribute to social sustainability ." (page 535). I appreciate that the draft plan does recognize an array of benefits, such as scenery and "inspiration," but the economic analysis sections of the plan do not quite address the economic contributions of the "full suite." There is no mention of the fact that the forest can play a significant role in providing quality of life for local residents. And, importantly, that this quality of life has important economic contributions.

There are sections of the plan that appear to be written by social scientists and that mention scenery, etc. And there are sections that appear to have been written by economists, that mention jobs, but in the context of forest uses (mining, recreation, etc.). But I do not see a link between what the social scientists point out as important qualitative features of the forest, and an acknowledgement by the economists of the driving forces in the economy made possible by the qualitative factors.

At the risk of stating the obvious, it is well known that in Bozeman, for example (the same is true in Red Lodge, Livingston, Billings and other places), the surrounding landscape attracts amenity migrants and retirees seeking a high quality of life, and that the quality of life is used also by business owners to attract talent. Often CEOs make their location decisions based in large part on the fact that the communities are adjacent to the national forest. A well-known example is Greg Gianforte's decision to locate in Bozeman for quality of life reasons, and when he established Right Now Technologies (now Oracle) he recruited talent to Bozeman from the San Francisco area under the tag line: "come work where you play." The Custer-Gallatin National Forest plays a significant economic role as an attractant for migrants, new businesses, talented workers, and for convincing current residents to not leave. I do not see this mentioned anywhere in the plan.(1)

I have a theory for why this is the case. The Forest Service uses the modeling tool IMPLAN to document the job and income effects of different management actions. IMPLAN, however, was not designed to measure the

"full suite" of social and economic benefits. It makes no provision for mentioning why people migrate, for example.

A result of the reliance on IMPLAN, and perhaps also a narrow interpretation of the multiple-use mandate, can be seen on page 18 of the Draft Socioeconomic report (2), which states that: "Industries most influenced by Custer Gallatin National Forest land management are those which rely on natural resources, mining, travel, tourism, and recreation." However, when looking at employment data for all the counties associated with the forest, "natural resources, mining, travel tourism, and recreation" make up less than a third of direct employment in the region. (3) What is the role of the Custer-Gallatin for the remaining 70% of the economy? How are other industries-the vast majority of which are not direct users of the forest-affected by management activities? This is not explained in the draft EIS and it therefore appears you are missing a description of most of the economy.

A counter-argument could be made that amenity-migrants, retirees, and others moving to the area for a high quality of life, and businesses recruiting talent for this reason, is something that is happening only in Bozeman and Livingston. Even assuming this was the case, Park and Gallatin counties account for more than half of the population of the region. Also, 65% of the population growth in the region from 2000 to 2018 is from net in-migration. People are moving here. Why? What role does the forest play?

The Greater Yellowstone region has diversified and grown in remarkable ways in the last three decades. Communities surrounded by public lands attract quality-of-life migrants who work in a wide variety of professions that used to be limited to big cities. Places like Bozeman, Livingston, Red Lodge, and Billings with direct airport connections to major cities throughout the country, have grown and diversified. The national forests are not the only factor behind the growth, but it has been a major contributor.

The surrounding landscape-that is, the national forests-has a lot to do with why communities are growing. And it is not just because of tourists that there is growth. It is worth mentioning again: business owners consider quality of life to be a competitive advantage and use it to attract talented workers. What is the role of the national forest in creating this competitive advantage?

Retirees also play a role in diversifying an economy; non-labor income, like retirement, Social Security, and investments is 43% of total personal income in the region (and more than 60% of net growth in income). What is the role of the forest in attracting and retaining people with retirement and investment income?

I suspect that by overly relying on IMPLAN, forest analysts continue to talk about the role of the forest only in terms of uses. So even in today's growing and diversifying economy, the forest plan still leans towards assuming that its economic contribution is to provide minerals, trees, grazing, and recreation. And although the social scientists will mention the forest's connection to quality of life, no link is made to document the economic contribution of quality of life.

More than a decade ago, in partnership with the Forest Service and BLM, Headwaters Economics developed a free online tool called the Economic Profile System (EPS) (4). Using data from federal sources, EPS can be used - and is being used by the Forest Service - to track long-term trends in employment, personal income (including the growth of non-labor sources), rates of in-migration, and many other statistics. Our hope was that forest analysts would use EPS to understand that many of the activities in a local economy are not related to using the national forest, and that instead, the non-use values (scenery, quality of life, sense of place, etc.) predominate in many locations. In EPS reports we even provided text to help interpret the numbers, and links to journal articles and other resources to make it easy to make the link between forest management and community well-being. One of the 14 thematic reports you can produce with EPS is called Public Land Amenities, designed to help forest analysts articulate the economic role of the quality of life provided by forest lands.

I have been accused of spending my career documenting the obvious-that people care where they live. I would like to see the Forest Service acknowledge what the rest of us already know: Forest Service lands provide commodities in a few places, and yes, recreation is increasingly important, but these lands are really most valuable for the quality of life they provide. And, that is what is driving the economy.

Ray Rasker, Ph.D.
Executive Director

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(1) For more on the importance of the environment to CEOs, see Business for Montana's Outdoors: <https://www.businessformontanasoutdoors.com/>.

(2) Assessment Forest Plan Revision Draft Socioeconomic Report. November 29, 2016.

(3) National Forest Socioeconomic Indicators, report for Custer-Gallatin NF:

<https://headwaterseconomics.org/tools/forest-indicators/> showing timber (.4% of total jobs), mining (3.7%), travel and tourism (24.5%).

(4) Headwaters Economics. Economic Profile System: <https://headwaterseconomics.org/tools/economic-profile-system/about/>. See also the National Forest Socioeconomic Indicators tool, which is an abbreviated version of EPS: <https://headwaterseconomics.org/dataviz/forest-indicators/>.