

Bureaucratic Responses to Conflicting Mandates: The Case of the Elliott State Forest

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Abstract

Federal, state, and local government agencies are often tasked with managing conflicting legislative, administrative, and public demands. Without clear direction on how to manage these conflicting interests, a bureaucracy often struggles to determine an optimal outcome. The Elliott State Forest in southwestern Oregon exemplifies how these conflicting interests can become problematic. After endangered species concerns and increased litigation reduced the amount of revenue generated by the forest's timber harvest programs, the State Land Board was forced to find a new way to meet its mandate to generate revenue for a Common School Trust Fund while protecting endangered species and supply public benefits through the forest. The Board ultimately decided to sell the forest to a private buyer, but disallowed competitive bidding in favor of a selection process that examines how potential buyers will supply public benefits. Without allowing competitive bidding, the Board may not meet its obligation to maximize revenue for the trust and is no longer supplying the same degree of public benefits for Oregonians. The Board's decision was shaped by its conflicting mandates and public pressures but ultimately the boards chosen path remains one where its conflicting mandates remain problematic and at the center of ongoing discussion and debate.

Keywords

Public Forest Management, Bureaucracy, Administrative Decision Making, Land Management, Sustainable Management

1. Introduction

Bureaucratic decision-makers, even those with clear legal mandates, often make those decisions while facing pressure from a variety of groups. These decisions are often undertaken by government officials within agencies delegated authori-

ty by elected officials. When their decisions are made under conflicting goals, mandates, and pressures, bureaucracies typically struggle to aggregate all the incentives into one decision and often respond strategically to more than just their legal mandate (Tullock, 1965; Niskanen, 1973). Instead, they incorporate into their decision the various pressures they face from other interested parties (Niskanen, 1975). In what follows we examine one such case, and explore the impacts, conflicts, and ultimately the resulting decision to provide a better understanding of how these decisions are made.

1.1. The Elliott State Forest Controversy

The Elliott State Forest (ESF), located in the Coastal Range of southwestern Oregon, is part of the Common School Trust Lands. Concerns for endangered species and recent environmental litigation have turned the ESF into a net loss for the Common School Trust Lands. In 2013, the State Land Board recognized a \$3 million loss from the ESF and anticipated continued losses in the future. In August 2015, the State Land Board began investigating transferring ownership of the ESF. The State Land Board determined to disallow competitive bidding, and instead identify what they claim to be a fair market value and determined to offer the forest to a party that will provide the best provision of a number of “public benefits”. The State Land Board chose this option over three primary alternatives suggested by the Department of State Lands: new management, continued management by the Department of Forestry, or a Federal or Tribal transfer (Oregon Department of State Lands, 2014b) as a response to a variety of political and legal pressures they faced.

We use the case of the Elliott State Forest to illustrate how one administrative agency, the State Land Board, came to a decision that was intended to appeal to all its conflicting interests but failed to provide the optimal public benefits, despite having clear legislative direction and guidance. By responding to so many conflicting interests, the State Land Board may well have selected a suboptimal outcome both for its legal obligation to the Common School Fund, and for its management interests as well. We hope that this analysis can be used to inform other administrative agencies that are tasked with making decisions in similar cases.

1.2. Understanding Strategic Decision Making in Bureaucratic Agencies

The existing literature on strategic decision-making emerges from studies on industry, although the findings can widely be applied to the public sector. Two literatures have attempted to examine the results. First, cognitive psychological research on individual decision making, by social psychological research on group decision making. Second, management and political science theory relating to organizational decision-making (Cyert et al., 1956; Cyert & March, 1963; Simon & Newell, 1970; Mintzberg et al., 1976). We focus equally on literature from both approaches that examine administrative decision making and explore how res-

ponding to conflicting political irrespective of claims about required outcomes instead determines what occurs in reality (Barak-Erez, 2005).

Despite a long history and high level of importance, research on decision making techniques has had little effect on the ways organizations actually choose outcomes (Whitehead, 1967). Although there is a widely used process for making decisions, the process is not generally followed strategically but rather recognized ex post facto. Mintzberg et al. (1976) provide a general model of the strategic decision-making process for “unstructured” decisions, those that “have not been encountered in quite the same form and for which no predetermined and explicit set of ordered responses exist in the organization”. Among opportunity decisions, problem decisions, and crisis decisions, the decision-making process is most likely to result from an individual manager connecting a problem with an opportunity. The description of unstructured decision models is especially applicable for public agencies that encounter conflicting pressures, like those around the Elliott State Forest (ESF).

When a public agency encounters a complex problem, the decision maker generally tries to reduce the decision into a series of sub-decisions that are more familiar and easier to respond to (Simon & Newell, 1970). The decision maker can then distill a complicated decision into a series of simplified models, which allows a series of small problems to be satisfied rather than maximizing the outcome for one larger problem. Decision makers generally need to simplify, and even a relatively simple decisions can be complicated by the interactions between analysis, cognitive limitations, and the bargaining environment the decision maker faces (Whitehead, 1967). If a decision is too complicated for intuition alone, the analysis of competing pressures can render a decision maker blind to a better, simpler solution (Kahneman, 2013).

Although a public agency will generally develop several potential solutions to any one problem, only one solution may be followed to its conclusion (Snyder & Paige, 1958). The literature on how venture capitalists make decisions finds that firms have a “deal funnel” where opportunities are narrowed down to a small number of potential options (Gompers et al., 2016). An organization generally screens the initial list of alternatives to eliminate what is considered unreasonable rather than focusing on finding the most appropriate solution (Cyert & March, 1963; Soelberg, 1967; Cyert & MacCrimmon, 1968). Rather than critically assessing each possible alternative, the decision maker will find ways to systematically eliminate possibilities until one decision remains. Investigation in strategic alternatives often relies heavily on informal channels of communication with minimal oversight or documentation (Snyder & Paige, 1958; Aguilar, 1967; Mintzberg, 1973). This decision is then pursued to the end, when the decision maker enters a confirmation period in which the decision maker rationalizes the decision based on their goals and the pressures they faced (Soelberg, 1967).

Decisions, especially in organizations, are not purely the result of decision makers trying to objectively determine the optimal outcome. Instead, the values,

politics, and power of the decision maker are important factors complicated by uncertainty, cognitive limitations, and biases (Snyder & Paige, 1958; Pfiffner, 1960; Cyert & March, 1963; Feldman & Kanter, 1965; Soelberg, 1967; Whitehead, 1967; Stagner, 1969; Carter, 1971a, 1971b; Kakar, 1971; Newell & Simon, 1972). These factors are further complicated when the decision-maker is not one person, but rather a collective group of people with competing interests (Eisenhardt & Zbaracki, 1992). Administrative decision-makers often assess the special interests that advocate for a particular alternative rather than just assessing the alternative itself (Carter, 1971b; Mintzberg, 1973).

1.3. Decision-Making under Conflicting Pressures

Government agencies often face conflicting mandates and incentives that create unclear goals. One example is the National Park Service, which is tasked to both “promote and regulate the use of...national parks, monuments, and reservations” as well as “to conserve the scenery and the natural and historic objects and the wild life therein and...leave them unimpaired for the enjoyment of future generations” (National Park Service Organic Act, 1916). These conflicting mandates give the park service considerable discretion in choosing management strategies, although many of these management strategies are ineffective for one or both mandates (Antolini, 2009; Yonk & Lofthouse, 2020). Ananda and Herath (2009) review how forest managers have attempted to make decisions under multiple criteria, and illustrate how forest management practices are impacted by the pressures those managers face.

In the simplest form, one of the key realities of a government bureaucracy is that the government agency must respond to multiple constituencies (Dixit, 2012). Unlike a private firm which is tasked with pleasing its investors, by generating a return on their investment, a government bureaucracy must please the general populace, elected officials, and key stakeholders. Agency theory suggests that bureaucracies will struggle with a principal-agent problem where the bureaucracy acts as one agent that must attempt to please multiple principals simultaneously. Because these bureaucracies have many principals with diverse and often-conflicting objectives, the bureaucratic agency is less likely to engage in activities that can please all interested parties (Dixit, 2012). Even where a bureaucracy is not legally required to meet a stakeholder’s or the public’s objectives, the social capital and influence of these groups impact management and policy in meaningful ways (Górriz-Mifsud et al., 2019). Although the literature suggests some degree of responsiveness to citizen involvement, this citizen input is not likely to be used directly in strategic decision-making because that input is often contradictory and lacks expertise (Yang & Callahan, 2007) but rather puts pressure on decision-makers as they attempt to make agency decisions and encourages them to act strategically.

Administrative decision-making is substantially influenced by internal and external stimuli (Gore, 1964; Carter, 1971a, 1971b; Pettigrew, 1972). These polit-

ical influences are the result of individuals striving to impose their personal or institutional needs on an organization's strategic decision-making (Mintzberg et al., 1976). Meier and O'Toole (2006) suggest that the values of bureaucratic actors themselves may be even more important than these political factors in explaining bureaucratic decisions, outputs, and outcomes. Brown et al. (2014) in examining forest management, finds evidence that when public opinion runs contrary to a forest's management mandate, it can undermine policy effectiveness. Similarly, Krott and Giessen (2014) illuminate how practice diverges from policy by means of sociocultural interference with relevant political actors. The myriad ways in which leading actors exert power over forest management outcomes are documented in Krott and Giessen (2014).

External political pressures can be especially problematic with administrative decision making because they are often dominated by special interests. Lobbying administrative agencies is generally easier than lobbying the legislature because an administrative agency has fewer decision makers. This makes lobbying efforts less expensive and more focused in administrative decision making (Barak-Erez, 2005).

With sufficiently broad statutory constraints, a government agency can utilize a broad set of management strategies. But when these mandates and institutional incentives are less clear or contrary to the pressures faced by decision makers, risk aversion to any decision that could be easily challenged is common. This risk aversion creates an incentive for many bureaucrats to seek privatization of public goods to shift liability away from the agency itself (Leyden & Link, 1993).

2. Approach and Methods

In this paper, we explore how legislative mandates, public influences, and political pressures all lead to increased strategic decision-making that leads to potentially less efficient and effective outcomes. Our exploration examines how an agency with a seemingly clear legal mandate reacts to political pressures in the decision-making process. Our exploration focuses on the Oregon State Land Board's process for deciding the future management status and ownership of the Elliott State Forest.

Our method is both analytical and normative—analytical in that it seeks to explain why the State Land Board selected the outcome that it did and normative in that it judges the outcome against the legal mandate of the board. The Oregon State Land Board is tasked with earning money for the state's education but also faces pressures (both externally and internally) to manage the Elliott State Forest for other ends. In keeping with theories of how political and bureaucratic value pressures affect both policy generally and forest management in particular, we hypothesize that these conflicting incentives led to a suboptimal outcome because the State Land Board was trying to satisfy too many objectives. The case of the Elliott State Forest reflects common problems for government agencies tasked with handling multiple, conflicting mandates subject to heavy public and politi-

cal pressures and provides insights for policymakers on similar cases.

2.1. Examining the Case of the Elliot State Forest

Oregon became a state in 1859 with the passage of the Oregon Admission Acts, which included a provision that set aside specific lands to be used to generate revenue for educational purposes. The State Land Board was created by the Oregon Constitution to manage these lands for the Common School Fund and is comprised of the Governor, Secretary of State, and State Treasurer ([Oregon Department of Forestry, n.d.](#)). In addition to managing these lands to generate revenue for the Common School Fund, Article VIII of the Oregon Constitution requires the Board to “manage lands under its jurisdiction with the object of obtaining the greatest benefit for the people of the state”, which the Board uses to allow public access to the lands.

The Oregon Constitution stipulates that net revenue generated from Common School Trust Lands must be placed in the Common School Fund (CSF), where it is managed for the exclusive benefit of public school districts in the state. The Elliott State Forest is managed by the Oregon Department of Forestry (ODF), on behalf of the State Land Board (SLB), which has jurisdiction over all Common School Trust Lands ([Oregon Department of State Lands, 2011](#)).

2.2. The Problems in Maximizing Revenue under the Status Quo

The root of many problems in the ESF is the Endangered Species Act of 1973 (ESA). Aquatic and terrestrial habitat preservation became important in the 20th century and early 21st century due to heightened public awareness and litigation by preservation groups. By 1995, concerns over endangered species, such as the spotted owl and marbled murrelet led state policymakers to approve a new Management Plan and Habitat Conservation Plan (HCP) for the ESF to comply with the ESA ([Oregon Department of State Lands, 2011](#)).

An HCP is a document that shows how an entity intends to reduce the effects of development activities so that the “taking” of endangered species is as limited as possible. “Taking” means harming, killing, capturing, or harassing any endangered species that could occur with development activity, especially timber harvest. The U.S. Fish and Wildlife Service (USFWS) and other applicable federal agencies require states to draft an HCP in order to apply for an “incidental take permit” (ITP). Any entity that engages in activities that would lead to “incidental taking” of endangered species must have an HCP and the subsequent ITP. In the case of ESF, if logging activities will cause a taking of any endangered species, an HCP and ITP are necessary.

The 1995 HCP for the ESF included a 60-year ITP for spotted owls and 6-year ITP for marbled murrelet. The ITP for marbled murrelet expired in 2001, forcing Oregon state agencies and federal agencies to work together to revise and renew the HCP for marbled murrelet in order to obtain a new ITP. Coho salmon also needed a new HCP for the ESF beginning in the early 2000s ([Pacific Rivers](#)

Council, 2009).

The Oregon Department of Forestry (ODF) and Oregon Department of State Lands (ODSL) worked with the U.S. Fish and Wildlife Service (USFWS) (U.S. Fish and Wildlife Service, 2008; Oregon Fish and Wildlife Office, 2008) and the National Marine Fisheries Service (NMFS) beginning in 2001 to draft portions of the HCP that would address marbled murrelet and coho salmon. State and federal agencies negotiated the terms of the revised HCP and made the draft available for public review in 2008 and 2009. After the public review process, the negotiations about the HCP revisions stalled, and the state and federal agencies could not move forward with the process. The NMFS stated that Oregon's HCP did not provide proper or sufficient conservation measures for the species the NMFS was interested in. Based on the opinion of the NMFS, Oregon's plan did not provide an adequate timber buffer around salmon streams, which regulate stream temperature, limit stream sedimentation, and provide a means for large wood recruitment that creates pools and eddies essential for salmon habitat (Phippen, 2014).

After years of planning and revisions, ODF and ODSL could not come to a compromise or consensus with the demands from the USFWS and NMFS. The state and the federal governments could not agree on management practices for the HCP that would be both consistent with the purpose of Common School Trust Lands and meet the criteria for ITPs for compliance with the ESA. The Oregon State Land Board (SLB) and the Oregon Board of Forestry (OBF) directed the ODF to develop a "take-avoidance strategy" by modifying the draft 2006 Forest Management Plan. A take-avoidance strategy allows for compliance with the ESA because the state avoids any action that would cause a taking of an endangered species. Since the expiration of the ITP for marbled murrelet, the ODF avoided any activity in murrelet habitat within the ESF (Oregon Department of State Lands, 2011).

The HCP revision stalemate limited the ESF's ability to fulfill its financial responsibilities to Oregon schools. Because the ESF lacked an HCP for marbled murrelet and coho salmon, one third of the timber in the ESF cannot be harvested—otherwise the ESF risked violating the ESA (Oregon Department of State Lands, 2014b).

2.3. Litigation

Environmental litigation made the financial obligations of the ESF unattainable through timber harvest. In February 2014, Cascadia Wildlands, the Center for Biological Diversity, and the Audubon Society of Portland effectively stopped 28 timber sales by suing the Oregon Department of Forestry to protect the marbled murrelet (Audubon Society of Portland, Cascadia Wildlands, Center for Biological Diversity, 2014). This lawsuit stopped and deferred timber sales for over a year until it was settled. The results from the settlement were not beneficial for the monetization of the ESF because the timber harvest levels and associated

revenues were permanently limited.

In addition to the legal battles over the HCP, environmentalist concerns limited the direct monetization potential of the ESF. In December 2013, the SLB approved selling 2700 acres within the ESF in order to help recover from the \$3 million deficit caused by timber harvest limitations. In 2014, Cascadia Wildlands, Audubon Society of Portland, and Center for Biological Diversity filed a lawsuit against the State of Oregon regarding the sale of 788 acres of ESF to Seneca Jones Timber Company (Audubon Society of Portland, Cascadia Wildlands, Center for Biological Diversity, 2014). Timber sales helped the Department of State Lands determine the market value of land within the ESF, but litigation has inhibited many of these sales (Oregon Department of State Lands, 2014c).

2.4. Regulation and Loss of Revenue

Since peaking in 2000, incomes from the ESF have declined due to increased regulation on the logging which has greatly reducing the value of the Common School Fund. The ODSL anticipated the losses to continue into the next several fiscal years. Even during the housing boom of the mid 2000's, which significantly increased demand for lumber, income from the ESF had been trending downward (Fruits, 2014: p. 4).

Timber harvests were extremely low, and the ODF was incurring deficits. Initial estimates for harvests on the ESF for fiscal years 2013 and 2014 were projected to reach 40 million board feet (mmbf). However, the actual timber harvest was 4.5 mmbf in 2013. The disparity here can be attributed to the factors mentioned above. This reduced harvest level was anticipated to extend at least through 2015. The ESF is mandated to be a revenue generator for the Common School Fund, but in fiscal year 2013, the ESF actually became a drain on that fund. The ESF generated only \$409,509 in timber harvest sales but cost the state \$3,441,723, a net deficit of about \$3 million (Oregon Department of State Lands, 2014a).

2.5. A Decision to Sell

In 2014 the SLB determined to sell ownership of the ESF. The decision was politically contentious but the State Land Board's viewed it as best option given the legal mandate they faced. Compared to the other options they reviewed, transferring ownership was relatively low cost while offering substantial benefits to the Common School Fund. Rather than risking the uncertainty of continued losses to the CSF, the Board decided to sell the entirety of the ESF in one large sale, which can provide an influx of assets to the CSF.

Their belief was not unwarranted as a report commissioned by the Cascade Policy Institute, Eric Fruits of Economics International concluded that selling or leasing ESF assets could provide stable funding for Oregon schools of approximately \$40 million to \$50 million annually. Alternatively, Appraisals by the

Northwest Forestry Services and reports made for the ODSL and ODF placed the value of the ESF between \$139 million and \$802 million (Fruits, 2014: p. 5). After three more appraisals, the ODSL announced a fair market value of \$220.8 million for the Elliott State Forest, which is on the low end of suggested values (Oregon Department of State Lands, 2016). After examining the diversified portfolio and returns of the Oregon Investment Council that invests all State of Oregon funds, including the Common School Fund, the Oregon Public Employees Retirement Fund, and the State Accident Insurance Fund, Fruits concluded that even under the worst-case scenario, management of proceeds from the sale of the ESF by the Oregon Investment Council would produce positive fund transfers to Oregon schools for at least 50 years (Fruits, 2014: p. 7).

The challenges of full or partial privatization like those initially proposed by the Land Board were largely political issue in nature. Rich Szlemp then biologist with the US Fish and Wildlife Service who worked in this area has asserted that the 2014 sale of even some parcels of the ESF was a “fairly extreme measure, especially for public land” (Szlemp, 2014). The public auction of these three small parcels of ESF resulted in legal challenges from a number of environmental groups, and substantial public outcry. In response to these public pressures against selling the forest the Board decided to disallow competitive bidding and instead determined to transfer the land in a way that will appeal more to the public and satisfy environmental groups, while simultaneously attempting to meet their fiduciary responsibility to the CSF.

Instead of selling the land to the highest bidder as was done in the case of these three parcels, the buyer of which would likely be a timber company, the Board pivoted to include the requirement that future transfers and management would supply the public benefits demanded. The Board determined to only consider which proposals will keep the ESF largely accessible to the public to account for the environmental demands of organized groups and their constituents and offer to sell the forest to the proposal that offers the most public benefits, within their fiduciary mandate.

It is clear that The State Land Board decided to transfer ownership of the ESF in response to public and political pressures. The SLB has a fiduciary obligation to maximize revenues for the Common School Fund but is also responsible for abiding by the Endangered Species Act. Although the SLB wants to maintain public access to the ESF to please residents, the board is required to generate revenue from Common School Trust Lands for the school system. Generating revenue from the ESF has become almost impossible with concerns about endangered species and litigation preventing the Department of Forestry from leasing timber harvest rights.

The SLB also faced substantial time pressures in light of a \$3 million deficit in 2013 alone and expected losses in the future. To meet their fiduciary responsibility to the CSF they would need to act within just a few years to prevent massive losses to the Common School Fund. The SLB developed a plan to meet their ob-

ligation to the Common School Fund in just under two years, with an aggressive sales timeline of about 18 months. This plan would have sold 80,000 acres of state land just over three years after recognizing the net loss.

Considering the political pressures and the necessary processes, three years is a very short period of time. The SLB determined not to host a traditional auction with competitive bidding but instead decided to select the winning bid from a handful of groups who have submitted expressions of interest. The boards plan would look at acquisition plans and offer one group the right to purchase the ESF based on their ability to pay the appraised value of the land and their willingness to provide public benefits. A seemingly ideal solution.

The SLB likely chose this method of transferring the ESF strategically to help to solve the political problems. The same environmentalists who oppose timber harvest and the sale of ESF were invited to give public input about what kinds of public benefits a purchaser would need to provide. In the August 2013 SLB hearing, a series of environmentalists and other interested parties did just that, and a expansive set of expectations of the expected public benefits and how they should be provided emerged.

The SLB hoped that with input objections to the transfer and use of the ESF would be tempered as those passionate about maintaining the public benefits of the ESF would be less likely to object to the decision what emerged however was an increasingly subjective decision over which group offers the best public benefits and a larger opening for strategic decision making by the agency. Without allowing interested buyers to determine a market price by competitively bidding the decision process moved from one that focused on maximizing revenue for the CSF and instead to the strategic interests of the politicians that make up the SLB.

This approach to ESF is suboptimal for environmentalists, public land users, and the CSF and is subject to political capture. For the CSF selling the ESF without competitive bidding does not actually find the fair market value. Appraisals can suggest a “market price”, but without allowing competing interests to engage in competitive bidding the ESF will likely be sold for well below the true market price and the CSF would likely fail in its mandate.

The decision to sell the ESF in this way reflects an institutional problem because the decision itself is politically untenable and possibly costly for the CSF. Although the State Land Board wants to continue supplying public benefits to please their constituents, the nature of the problems confronting the ESF make DOF ownership a legal risk to the Board’s obligation to maximize revenue for the CSF.

Ultimately these competing pressures left the board unable to move forward despite their attempt to satisfy all the stakeholders. Their belief that that concerns over access and the environmental aspects could be mitigated while simultaneously maximizing revenue for the CSF were not realized. In response to public pressure, political maneuvering, and the continue threat of suit the board

not to take immediate action on the plan.

The Board in trying to respond to the multiple pressures it faces by continuing to support public use of the land by transferring ownership contingent upon the provision of public services, all while maximizing revenue for the CSF created a situation where action was not possible.

3. Transfer of Management to Oregon State University

Their decision not to move forward with their initial plans to transfer management or sell ESF, did not remove the pressure from the CSF. In April of 2017, a legal representative from the Oregon School Board Association delivered a letter to the SLB requesting that either the sale of ESF move forward, with proceeds going towards the CSF, or \$220.8 million be deposited in the CSF from other sources. The letter asserted that the SLB had a constitutional obligation to the CSF and Oregon schools and could consider no competing interests. Were neither of the presented options taken, the OSBA would pursue legal action ([Oregon School Board Association, 2017a](#)).

In the days following receipt of the OSBA letter State Treasurer Tobias Read released a memo introducing a plan to sell the ESF to Oregon State University, turning the land into a research forest. The plan would use \$100 million in bonds to begin paying the ESF's obligation to the CSF, with the remaining \$120.8 million (of the \$220.8 million-dollar ESF valuation) being paid by OSU for the purchase of remaining areas of the ESF. The introduced plan built on a previous plan by Gov. Brown and was given nominal support by both Secretary of State Richardson and the OSBA Executive Director Jim Green. Green maintained the position of the OSBA that their only concern was the obligation to the CSF being paid ([Withycombe, 2017](#)). In 2022 OSU submitted its final ESRF proposal and the Oregon State Legislature passed Senate Bill 1546 which established the ESRF and decoupled the ESF from the CSF.

While there is now an enrolled bill and an established plan, the complexities of bureaucratic decision-making persist and limit the tangible benefit of said plan. The sale of ESF does not address the problems of management and competing demands faced the SLB, it merely transferred them to OSU.

3.1. Financial Obligations and Decoupling the Common School Fund

Legislating the decoupling of the ESF and the CSF has not alleviated the financial burdens of ESF management, which are entangled in the multiple obligations held by bureaucratic organizations. Following the utilization of \$100 million in reserve bonds, there is still \$120.8 million that needs to be paid into the CSF in fulfillment of the financial obligations of ESF management in order to complete the decoupling process. OSU, in acquiring management rights to ESF, must pay this remainder.

The value of the ESF at \$220.8 million comes from the last valuation, con-

ducted in 2016 (Oregon Department of State Lands, 2022). In subsequent years, the timber harvest and revenue in ESF have decreased while the management costs have increased (Oregon Consensus, 2018). The expansion of federal protection for species limiting harvestable areas, the lack of consistent or proper management, and the recent inability to develop a HCP that increases timber yields have the potential to act as devaluing factors that would result in a new valuation pricing the ESF as less than the 2016 valuation. At an ESRFAC meeting in April of 2022, a member alluded to this potential devaluation and what it might mean for the financial obligation that needed to be paid to the CSF in order to decouple. The committee responded and "...clarified that regardless of the appraisal outcome, no less than \$221 million would be contributed to the Common School Fund" (Oregon Department of State Lands, 2022). Ostensibly, paying the current valuation of the ESF into the CSF would fulfill the obligation and allow for decoupling, but reconsidering financial obligation as per a new valuation was precluded by the ESRFAC. Refusing to base obligation on a new, likely lower, valuation reintroduces the trouble of bureaucratic decision-making processes. The ESRFAC seems to be trying to support the interests of the CSF beyond contemporary financial obligation, so it hinders the transfer of management to OSU and delays progress towards development of the research forest and protection of public use of and access to ESF. Trying to serve multiple unaligned constituencies leads to subpar approaches that either obfuscate or undercut achievement of key stakeholder goals.

On one hand the SLB and the ESRFAC refuse to decrease the financial obligation, and on the other, they propose a plan and pass legislation to sell the land to OSU without there being any plan in place or usable funds to meet the CSF obligation.

Oregon Senate Bill 1546 establishing the ESRF and decoupling it from the CSF offers no provisions or language for how to finance the fulfillment of the CSF obligation. The last three ESRFAC meeting minutes make note of the need to find a way to fund the decoupling and fulfill the obligation but provide no plan or mechanism or strategy for doing so. The final OSU proposal for the development and management of the ESRF explicitly states, in regard to decoupling the ESF and the CSF, "...that OSU cannot financially assume compensatory obligations to the State or the Common School Fund" (Oregon State University, 2021). The ODSL addresses the financial obligation for decoupling on its ESRF website by stating that "The remaining \$121 million needs to be accounted for decoupling to occur. Work to establish a framework for decoupling is ongoing" (Oregon Department of State Lands, 2022).

The efforts to take action on the ESF and the CSF in a way that doesn't prioritize one outcome or stakeholder group has led to a bureaucratic impasse. ESF is being decoupled from the CSF because it cannot fulfill its financial obligation without going against the interests of conservation or public ownership, but it cannot be decoupled until fulfills the financial obligation.

3.2. Financial Obligations and Decoupling the Common School Fund

OSU's current projections for the annual budgeted expenses requisite for the management the ESRF is \$7.8 million; forest management and operations is budgeted at \$2.3 million in expenses, and research management and operations is budgeted at \$5.5 million. Following from forest management plans, OSU projects an annual timber harvest of 16.6 MMBF, yielding \$5.7 million in revenue. The resulting \$2.1 million deficit will be resolved with matching monetary support provided by the state government (Oregon Department of State Lands, 2022; Elliott State Forest Advisory Committee, 2022). There is potential for the ESRF to generate further revenue through the selling of carbon credits, but the OSU proposal explicitly states that this potential revenue is not guaranteed and should not be expected to make up the operational deficit.

Were OSU able to be given funds by the state government to complete the purchase of the ESF and turn it into the ESRF, the financial burden the ESRF poses to the government would remain. OSU's plan for ESRF operations for the next 50 years is dependent on the continued financial support of the Oregon State Government. The same problems that limited harvesting and reduced revenue in the ESF are affect ESRF in the same ways. Prohibition of logging activities in certain areas, the need to develop and adhere to HCP, and the management of competing and varied stakeholder interest towards various ends all seem to be maintained through the transformation of the ESF into the ESRF.

Ostensibly, the ESF was being sold to OSU to meet the obligations to the CSF and to remove the budget deficit that ESF annual operations were becoming. Neither of these goals are being met by current OSU financial capabilities or projected operations. Was the sale of ESF to OSU a failure emergent of the typical bureaucratic decision-making scheme?

4. Managing Competing Interests

Much like the state oversight of the ESF, OSU's oversight of the ESRF attempts to internalize and meet the expectations and concerns of a variety of community stakeholders. In 2018 the SLB directed the DSL and OSU to create the Elliot State Research Forest Advisory Committee towards the development of the ESRF proposal. The committee, along with representatives from OSU and the Oregon State Government, included stakeholders from local indigenous tribes, the forestry and timber industry, the Oregon Hunters Association, and ecosystem conservation organizations (Oregon Department of State Lands, 2022; Elliott State Forest Advisory Committee, 2022). Initial timeline for the development of the proposal was one year, but the ESRFAC took 3 years to finalize a proposal, in which the competing interests of these various stakeholders can easily be read.

The OSU proposal includes designated sections of the forest that will be harvested with clear-cutting, a harvesting technique that faces substantial contro-

versy and is likely to draw substantial criticism. There is likely little in the way of new knowledge or experimental value to be gained from the ESRF harvesting any sections of the forest in this way, but it comes with increased mmbf yields, and thus is beneficial to both the operations costs and those interested in lumber production. The proposal explicitly states that operational goals for the ESRF include ensuring it can “Operate as a Working Forest While Managing for Research” and “Generate Consistent and High-Quality Timber Harvest”, as well as “Advancing Financial Relationships” (Oregon State University, 2021).

Another section of the proposal centers on renewed and improved species conservation and ecological sustainability. This section of identified commitments includes conserving, enhancing, and sustaining riparian conditions, ecological and ecosystem processes, habitats for endangered species and broader wildlife, and a multitude of other goals aimed at sustainability. Informing these goals are the DSL’s guiding principles, one of which is that “Management Decisions Will Not Be Driven by Potential Financial Returns” (Oregon State University, 2021).

Other sections of the proposal focus on advancing researching and scientific understanding of forest management and conservation, increasing the educational value of the ESRF and promoting partnerships with local schools, and promoting and sustaining recreation and public use of the ESRF. Vague commitments to including and respecting indigenous communities in the development and management of the ESRF are included, as well as intention to develop cooperative governing bodies. At the outset of the proposal, the DSL and OSU assert their vision for the governance of the forest, which includes accountability to a wide variety of stakeholders, the inclusion and engagement with diverse private and public interest groups. In discussing operational decision-making, the proposal states that it “...must be accountable, transparent, and open to input while also empowered to operate the forest efficiently and effectively to meet identified objectives” (Oregon State University, 2021).

Much like the state management of the ESF, the OSU management of the ESRF seems to be running into the same bureaucratic decision making problems. It is committed to efficiently and effectively meeting identified objectives and being accountable to various stakeholders, yet these objectives and stakeholders are often competing and cannot be met effectively and concurrently. The ESRF proposal includes identified objectives to ensure that decision making is not driven by financial returns, and another identified objective that ensures that financial relationships are advanced. It discusses advancement of conservation and ecosystem strengthening while promoting high quality timber harvest through clear cutting which undercuts these goals. It wants to serve private interest and corporate stakeholders, governmental regulations and ecosystem wellbeing, educational opportunities, and public recreation and access to the forest. The ESRF is attempting to engage each of these stakeholders, while also being beholden to OSU as a broader institution with its constituent administrative systems and re-

spective stakeholders.

The Same Problem New Players

While management will be transferred under this current plan, the same inefficiencies and suboptimal decision making continue as they were under government management of the ESF. The ESRF will be trying to achieve the stated interests of diverse stakeholders, many of whom have directly competing interests, and as such will likely be just as unable to fully meet any of these interest as the state government was.

The decision to transfer management to OSU was itself a product of the strategic can complex bureaucratic decision-making process. In 2017, there was a proposal to sell the ESF to a mix of private and tribal stakeholders, which would increase the timber harvest in some parts of the forest and working to meet the obligation to the CSF while also increasing conservation practices and community governance in other parts, and included a commitment by the timber company to keep over 40,000 acres publicly accessible ([Oregon School Board Association, 2017b](#)). If the primary goals of ESF management were generating revenue for the CSF and conservation and sustainability, then the sale of the ESF to a combination of private companies and tribal stakeholders is a fruitful and effective decision. A recent study on forest preservation in Guatemala, comparing various governance structures and forest use and control, found that community stakeholder guided forest control and autonomy was the most protective against deforestation and degradation ([Luiña et al., 2022](#)). By providing indigenous communities and private enterprise control over the utilization and management of forests and their resources, bottom-up management and community minded practice was able to take root and led to improved sustainability outcomes.

The 2017 proposal for the ESF was eventually voted against by the SLB in response to community backlash and public pressure to keep the forest publicly owned. While this proposal may not have been perfect, it was the closest to meeting the template of private and community owned and operated forests, which would help achieve the goals of ESF and ESRF management. A revised or restructured sale of ESF to a mix of local private enterprises, indigenous communities, and other local stakeholders could have the potential to improve revenue, sustain ecosystems and conserve habitats, and meet the needs and goals of identified stakeholders.

The new proposal to sell the ESF to OSU limits the potential gains and successes of a community managed forest. In fact, it doesn't seem to solve any of the problems facing the ESF or the state government outside of the problem of choosing which stakeholders to focus on.

As of now, the entirety of the money needed to fulfill the obligation to the CSF and decouple the ESF, \$220.8 million, is coming from the state government, \$2.1 million annually is required to be given to OSU to manage the ESRF, and this

new management will be facing the intersection of competing interests without any clearly stated plan to navigate this complexity. The success of transferring management to OSU is nothing more than the maintenance of a bureaucracy that doesn't have to choose between stakeholders.

5. Conclusion

The case of the Elliott State Forest suggests that legislative mandates, political influences, and political pressures must line up for optimal administrative decision making. If these conflicting interests exert pressure for a bureaucratic agency to pursue several drastically different alternatives, the agency will struggle to balance all the needs and likely choose the alternative decision makers find easiest to implement.

The optimal outcome for any decision is ultimately dependent on preferences and the desired outcome. For the management of the Elliott State Forest, many Oregonians desired outcome was the maintaining of the forest as public land. For those that benefit from the CSF, the desired outcome was the maximization of CSF financial security. For those in private industry, the desired outcome was one that increased access to timber harvest. For a variety of public interest and conservation groups, the desired outcome was promotion and implementation of key strategies to improve forest sustainability. For indigenous community, the desired outcome was one that increase indigenous autonomy and control over ancestral forestland. When an agency is subject to conflicting interests in an unstructured decision, compromise is the preferred outcome, although it is subject to bureaucratic values, political pressures, and statutory constraints.

The case of Oregon's sale of the Elliott State Forests shows that mandates conflicting with political pressures may make bureaucratic decision making problematic. State legislatures have potential to promote better outcomes by clarifying agency purposes. The case of the Elliott State Forest suggests legislatures that avoid subjecting bureaucratic agencies to conflicting interests and incentives by clearly stating one goal, or by creating a hierarchy of the importance of multiple goals, may promote better outcomes for their stated purposes.

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Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

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