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A Bridge, not a Bailout

Salem – The bailout bill Congress recently passed and the President signed contained a four-year extension of the Secure Rural Schools and Community Self-Determination Act, also known as federal forest payments or county payments.

The extension does indeed mean that federal forest payments will continue to flow into Oregon, but at a reduced rate. The legislation says that Oregon will receive 90% of the FY 2006 payment in FY 2008. The 2006 payments totaled \$282,454,569 for Oregon, with about \$30 million of that total going to schools, the rest to counties.

At 90%, the FY 2008 payment will total \$254,235,457, a reduction of \$28 million. The FY 2009 payment will be 81% of the FY 2006 payment, a reduction of \$54 million. The FY 2010 payment will be 73% of the FY 2006 payment, a reduction of \$76 million.

During the fourth year of the extension, Oregon's payments will be recalculated under a new formula. Those calculations have yet to be completed, but it is estimated that Oregon's payments could be reduced by an additional 50 to 60% if not more. There is no additional funding past the fourth year. In all, there will be a reduction of at least \$141 million from the FY 2006 payment.

Oregon counties and schools will see less, not more, federal funding from the extension. Oregon counties will still be budgeting with diminishing revenue sources and increasing costs. "We realize the economy is in terrible shape and the state and federal governments will have to make tough decisions," Mike McArthur, Executive Director of the Association of Oregon Counties said. "But to assume that Oregon counties have been held harmless or made whole by the four-year extension is dangerous and irresponsible."

The extension gives Oregon counties who receive federal forest payments, four years to work with the Oregon Legislature, the Governor and state agencies to craft an Oregon solution to an Oregon problem. "Wall Street got a bailout," McArthur said. "Oregon got a bridge. We need to use that bridge wisely because it won't be there after four years."

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The Association of Oregon Counties pledges to work closely with the Legislature and the Governor to find new ways of delivering vital public services to Oregonians. "We look forward to the challenge," McArthur said. "In the end, we believe Oregon counties will be stronger, more effective and more efficient and the citizens of this state will be far better served."

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