

SUMMARY OF DC CAMPAIGN ACTIVITIES

Participants came from the states of West Virginia, Arkansas, Mississippi, East Texas, Montana, Idaho, Oregon, Washington and California. During the week the group met with 41 Congressional offices and obtained commitments from 34 members to sign the dear colleague letter to the President. This represents a great start to our efforts.

Without a doubt the highlight was Thursday afternoon, At 3:00pm in room 1302 Longworth the Campaign group had a chance to meet with 31 House staff from the Rural, Blue Dog, Healthy Forest and Western Caucuses'. The meeting was a joint effort of Congressman Kurt Schrader (Oregon) and Congressman Travis Childers (Mississippi) Congressman Childers actually started and hosted the meeting. It was a great chance for the campaign and the response was very positive. Then at 4:00pm we had a meeting with the Oregon Delegation. Present were Congressmen Walden, DeFazio, and Schrader along with Senators Wyden and Merkley and Congressman Childers. We received very positive support for the campaign and hearty approval for the dear colleague letter. Both meetings represent the next beginning of the campaign in DC.

The next effort will be working with our Congressional allies to obtain the maximum number of signatures for the dear colleague letter. The formal effort will be the week of June 21st and June 28th. The goal is a minimum of 70 House members and 25 Senators. The lead Republican in the Senate will be Senator Crapo (Idaho) and the lead Democrat Senator Wyden (Oregon). In the House the lead Republican will be Congressman Walden (Oregon) and the lead Democrat will be Congressman DeFazio (Oregon). We are finalizing who their Southern counterparts will be and that should be done by Wednesday June 16th.

The next step will be thanks to our friends from West Virginia an oversight hearing in the House Resources committee. That will occur in Mid July and focus on many successes of Titles One and Two.

Following the hearing the goal is a meeting with White House Deputy Chief of Staff Jim Messina and Office of Domestic Policy Director Melody Barnes. This will be the start of our negotiations with the White House on long Term Reauthorization. This time frame is exactly where we need to be with Congress and the Executive Branch.

As a last point the economic analysis which the campaign had prepared was of real value. It appealed to all the members. In fact we now have several states that want it done for their state with West Virginia heading the list.

The Partnership for Rural America Campaign really appreciates the support we are receiving from the Association of Oregon Counties and the O&C Counties. We hope this summary assures you that your financial support and your personal commitment to the long term reauthorization effort is, to date, providing the results are expecting.

June, 2010

President Barack Obama
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Mr. President:

We are writing to respectfully request that you include a long-term reauthorization of the Secure Rural Schools and Communities Self-Determination Act (SRSCA), and the concomitant funding, in your FY2012 budget request to Congress.

The SRSCA is not an entitlement program, but rather a demonstration of the commitment that this nation made to rural forest counties when they determined that large blocks (193 million acres in total) of our forest lands should be set aside for the benefit of the entire nation. Indeed this "contract" between the federal government and rural America is part of the very foundation of our national forest system. President Theodore Roosevelt understood the value of conserving our forest lands and placing them in public trust. He likewise understood the economic burden this placed on rural counties to provide essential infrastructure like roads and public schools with their tax revenues reduced by the presence of federal lands in these counties.

To mitigate these economic effects, Roosevelt and then-Secretary of the Interior Gifford Pinchot proposed a revenue sharing concept that made forest counties a contracted business partner with the federal government. In 1908 Congress approved a revenue sharing plan specifying 25% of all revenues from National Forests would be returned to forested counties. This law worked well for nearly a century. However, by the late 1980's national policies and court rulings substantially diminished revenue generating activity in our national forests. By 1998 revenues for national forest counties had declined by over 70%. The decline had a devastating impact on 725 Counties nationwide and over nine million school children

Recognizing its obligation to rural America, Congress passed the Secure Rural Schools and Communities Self-Determination Act of 2000, and President Bill Clinton signed the bill. It provided six years of funding. In 2007, Congress extended SRSCA for one year and in 2008 Congress once again provided a four year extension of the SRSCA Act from 2008-2011.

Timber harvests have not rebounded, and so both the logic and the need for this program remain as strong today as when President Roosevelt first proposed revenue sharing. The vast majority of the funds provided through the SRSCA are used to directly fund jobs in road maintenance and public works and positions within the public school system. These are essential services for the citizens of these rural communities and constitute family-wage earner jobs.

PAGE TWO

June, 2010

President Barack Obama

Failure to extend SRSCA in 2012 would have a devastating impact on the economies of over 780 of our most rural and most economically depressed counties and school districts across the nation. In these counties unemployment is higher than in other regions of the country with rates approaching those experienced in the Great Depression.

Failure to reauthorize SRSCA would lead to an annual payment loss of 468 million dollars starting in 2012-13. The economic impacts will be ongoing without reauthorization this includes support is for construction, roads, education, conservation, and various other government- funded services and projects. The loss of the funding leads to various businesses throughout the United States, mainly in rural America losing on a annual basis almost 1.37 billion in revenues, government at all levels losing over 188 million in tax receipts and over 11,000 people lose their jobs in 2012-13.

In addition, Title II of SRSCA has proven to be a substantial asset to rural communities and our forested public lands. Since 2000, in a very collaborative process, over \$350 million has been invested in watershed restoration and forest health projects by RACs (Resource Advisory Committees). Not one project has been appealed or litigated. In fact, based on changes in the 2008 Act, the number of RACs has grown from 55 to 116.

We are grateful that you appreciate the importance of the Secure Rural Schools and Communities Self-Determination Act. In May 2008, you stated in an interview with the Eugene Register-Guard, "I completely agree that it's [SRSCA] an obligation we have to meet. I think that we're not meeting it well right now because we're doing it piecemeal year after year by year. . . ." Those words send a strong message about the need to support this ongoing commitment to rural America.

We look forward to meeting with you and your administration to draft legislation to continue this historic partnership with rural America.

Why the “Contract”?

Deep Roots

Forestry in the United States traces its lineage back to 1905 and the Transfer Act, an initiative of President Theodore Roosevelt and Chief of the Forest Service Gifford Pinchot. This Act transferred vast swaths of land across the Western and rural United States to the control of the Department of Agriculture and created the Forest Reserves, a system providing for the setting-aside of forested lands. This was amended in 1906 to stipulate that in exchange for this transfer, that a share of receipts collected from forestry-related activities in the Forest Reserves would flow back into the communities in which they were located, an action that laid the foundation for the notion of the federal government’s “Contract” with rural America.

The 1906 amendment was followed in 1908 by the Act of May 23, the so-called “25 Percent Law.” This law specified that 25 percent of total receipts would flow back into local communities and mandated that these dollars were to be used for “The benefit of the public schools and public roads in the county or counties in which such National Forests are situated.” Three years later, in 1911, the Weeks Act expanded the ability of the Secretary of Agriculture to purchase additional lands for the National Forests, and expanded their potential scope to include not just the West, but the entire United States.

From 1905 to the present, the National Forests have grown from 63 million acres to over 193 million acres, encompassing lands located in dozens of American states. These Forests provide a valuable benefit for the entire country, but have come at a steep price for the rural jurisdictions that house them.

The Modern Contract

The entire concept of the Contract is that both the federal government and rural counties are partners in providing a benefit for the nation as a whole. As such, both have responsibilities and obligations to each other. Rural counties have agreed to set-aside portions of their lands—portions that can range as high as 87 percent in Arizona’s Coconino County—for the rest of the country to use and enjoy. However, due to the tax-exempt status of these federal lands, the amount of taxes that rural counties are able to collect through property and commercial taxes is severely constrained.

The solution to this problem was the 25 Percent Law. This worked well until the late 1980s, when harvest activities were greatly reduced. This meant a reduction in total receipts—creating a great fiscal calamity for rural counties and schools. By the late 1990s, the intent of the Contract was in jeopardy.

The Contract’s Legacy and Future

The Secure Rural Schools and Community Self-Determination Act (P.L. 106-393) was passed in 2000 and was meant to restore balance to the historic notion of a Contract. In many cases, it is the only thing standing between rural counties, and schools and financial oblivion. The piecemeal reauthorization of the Act, though appreciated, is unfair to rural counties, as the amount and consistency of their funding is perennially in doubt. We need a long-term solution. Reauthorizing SRSCA for the long-term is this solution, and is the answer to restoring the original intent of the partnership(contract) between the federal government and rural forested counties.

Secure Rural Schools and Community Self-Determination Act (SRSCA) Reauthorization – Talking Points

1. Thank you for your support and efforts that lead to the reauthorization of the Act and the reaffirmation of the 1908 **Contract** between rural communities and the federal government.
2. The Act expires in 2011 – we are here today to forge a partnership with you and to support the placement of 10-year reauthorization language for SRSCA in the President's 2012 budget. This language will cement the Administration's commitment to the terms of the 1908 **Contract**.
3. As you are aware, in 1908 rural communities entered into a **Contract** with the federal government that set **193 million acres** (National Forests) of timberland aside for the use and enjoyment of all American citizens. The counties that housed these "National Forests" received a 25% share of revenues from forest harvests. This revenue funded critical rural services: road improvements and maintenance, the education of children, access to the national forests and the enhancement of forest health. This revenue-sharing program worked well until the 1990s, when natural resource policies dramatically reduced timber harvests on National Forests.
4. In response to the harm caused to rural communities by these reduced timber sales, in 2000 Congress reaffirmed its commitment to the intent of the **Contract** by passing and funding the Secure Rural Schools and Community Self-Determination Act (SRSCA).
5. In 2007, the SRSCA was again reaffirmed, but with a slight cut in payments to rural communities.
6. In 2008, the SRSCA was reaffirmed for an additional four years. Most rural community payments have been cut 10% annually based on the previous year's payment, while payments to many others have been cut even more. Many communities will experience payment cuts of about 60 percent over the 4 year life of the program, and all communities are facing a total cessation of payments at the end of 2011.
7. In 2011, the final year of the SRSCA, rural communities and schools on average will receive less than 50% of the amount of payments they received in 2000 under the **Contract**.
8. It is time for a strategic, long-term discussion regarding the future of rural forested communities and schools. In partnership with your office, we need to develop a plan that provides rural counties and school districts the certainty they need to make financial decisions based on the intent of the **Contract** – not a diminishing return and a devaluation of our National Forests.
9. Reaffirmation of the SRSCA **Contract providing full funding** on a county by county basis locked at the 2008 level will provide counties and schools funding certainty and

allow for the continued and expanded success of a “tried and true” program: the RESOURCE ADVISORY COMMITTEES (RACS).

10. Since 2000, over 350 million, Title II SRSCA dollars have been invested in collaborative National Forest health projects recommended by RACs. These dollars provide economic benefits and create thousands of jobs in rural communities, while completing much needed maintenance and restoration work in our national forests. These dollars provide much needed environmental benefits by identifying and implementing community supported projects that restore the health of national forests. Furthermore, these dollars provide social benefits: creating broad-based partnerships between local governments, regulators, and stakeholders that normally have conflicting interests.

11. Reaffirming the **Contract AND** restoring full funding on a County by County basis and locked at the 2008 level is critical to ensuring implementation of additional and more robust forest health projects. Healthy forests mean healthy fish and wildlife populations and clean drinking water for everyone – urban and rural communities alike.

12. Reaffirming the **Contract AND** restoring full funding on a county by county basis locked at the 2008 level is critical to ensuring continued funding to rural schools. The economic success of our nation depends upon well-educated children.

13. Reaffirming the **Contract AND** restoring full funding on a county by county basis locked at the 2008 level is critical to ensuring the maintenance and repair of thousands of miles of rural county roads and continued safe access to our national forests. The social and economic health of these rural communities depends upon the ability of citizens to get to their doctors, schools, churches, jobs, and community gatherings. Similarly all Americans need continued safe access to the national forests for recreational pursuits, and federal land managers must have adequate access over these road networks to reach the lands under their care and jurisdiction.

Rural Policy: Secure Rural Schools Act
Economic Impact Analysis

Robert Eyler, Ph.D.
Economic Forensics and Analytics
PO Box 750641
Petaluma, CA
eyler@econforensics.com

Executive Summary

This study provides an economic impact analysis of the Secure Rural Schools Act on rural counties and schools throughout the United States. This act provides small, rural communities with funding for construction to provide road maintenance, including access through natural forests, education funding for local schools and funding for local conservation efforts where national forests are designated. There are 780 counties that currently receive funding after the reauthorization of the Secure Rural Schools and Community Self-Determination Act of 2000. The average loss of these payments would be \$468 million starting in 2012. The economic impacts would be ongoing without the funding; this study examines the job losses and annual impacts on sales revenues to local businesses and tax receipts at all government levels of losing this funding in the aggregate. The estimated impacts are local businesses losing almost \$1.37 billion in sales revenues, government at all levels losing over \$188 million in tax receipts, and over 11,000 people lose their job.

Introduction

This study provides an economic impact analysis of the Secure Rural Schools Act and associated funding on rural counties and schools throughout the United States. This funding provides small, rural communities with financial support for road maintenance and construction, including access through natural forests, education funding for local schools and local conservation efforts where national forests are designated. There are 780 counties that currently receive funding after the reauthorization of the Secure Rural Schools and Community Self-Determination Act of 2000. The 2008 version (the Act 2008) has payments starting in 2008 and going through 2011. The average loss of these payments would be \$468 million starting in 2012, which is the difference between an average of \$605 million annually and the payment structure starting in 2012 (an annual average of \$137 million). The economic impacts would be ongoing without the funding; this study examines the job losses and annual impacts of losing an average of \$468 million on sales revenues to local businesses and tax receipts at all government levels in the aggregate.

Brief Overview of Secure Rural Schools Act

The original Secure Rural Schools Act (1908) provided assistance to states and rural counties affected by the exchange of timber into federal lands. Since 1908, 25% of revenues derived from the U.S. Forest Service's activities (timber sales, mineral extraction and grazing fees) have been paid to states and counties in which national forest lands are located. The funds have paid for schools and roads, to maintain current infrastructure, and to improve the health of watersheds and ecosystems. In short, the funding creates employment opportunities.

On October 3, 2008, the Secure Rural Schools and Community Self-Determination Act of 2000 was reauthorized as part of Public Law 110-343. The new Secure Rural Schools Act has some significant changes. To implement the new law, the Forest Service requested states and counties to elect either to receive a share of the 25-percent rolling average payment or to receive a share of the Secure Rural Schools State payment. A county electing to receive a share of the State payment that is greater than \$100,000 annually was required to allocate 15 to 20-percent of its share for one or more of the following purposes: projects under Title II of the Act; projects under Title III; or return the funds to the Treasury of the United States. See <http://www.fs.fed.us/srs/> for more information.

Given this funding provides for jobs, the loss of any portion of this funding would also lead to a loss of jobs. However, the loss of jobs would not be contained to just construction, education and conservation efforts. The economic impact analysis below shows the breadth of effects in the aggregate.

Brief Overview of Economic Impact Methodology

Like dropping a rock into a pond, an event such as a reduction of the Act's spending on rural communities, has ripple effects on local economies and beyond based on jobs lost. The IMPLAN® model used here, which stands for IMPact analysis for PLANning, is a model by which municipalities and

counties worldwide analyze the employment, business revenue, and tax effects of economic events. This model has three impact classifications, summing to a total effect. The **direct** effects are those specific to the event. For example, if the Act's funding was to be cut by \$468 million (the event), workers in road maintenance and construction, teachers and workers in forest conservation would lose jobs, generating the direct effect on local employment, tax and business revenues. These initial job losses would be the direct effects. **Indirect** effects come from these workers and businesses reducing their spending on other businesses' goods and services. This reduced revenue flow to other businesses leads to more loss of employment, wages, revenue and taxes. For example, when a teacher loses her job, she goes out to eat at a restaurant fewer times, which is the indirect effect of the teacher losing her wages. Additional jobs and revenues are then lost are known as **induced** effects. The induced effects are similar to the indirect effects, but come from the indirectly-affected workers and firms and their economic losses (the linen service). For example, the new linen service worker, hired due to the direct effects of a restaurant reducing its demand for lines may go to the grocery store, dry cleaners, or the doctor's office less often, which reduces retail sales, employment and taxes in the rural county. The sum of these three effects is the total or overall economic impacts. The tables below are split into such categories, where the top ten industries affected are shown. The revenue and tax effects are annual, but the employment effects are initial and then ongoing in the sense they are unlikely to be filled otherwise.

Economic Impact Analyses

The following tables provide the top ten industries, the remaining industry effects and the tax impacts of the reduction in the Act's funding. The reader will see many of the same industries in these lists, as rural communities are built around primary industries and simple personal services, such as retail and banking. The tax impacts are extremely important, given the current fiscal woes of local communities. Rural communities in particular, who cannot draw from a large metropolitan area for sales and property tax receipts, see even less funding if this funding goes away due to lost sales and property taxes. Tables 1 through 3 show the estimations.

Table 1: Economic Impact, Lost Sales Revenues to Businesses, \$000

Industry	Direct	Indirect	Induced	Total
Maintenance and construction: roads	\$166,500	\$6,868	\$2,621	\$175,989
Education: state and local government funded	166,500	-	-	166,500
State and local government non-education jobs	98,000	4,252	6,776	109,028
Rental Income for Property Owners	-	-	52,687	52,687
Real estate agencies, title, escrow	-	13,284	36,773	50,057
Wholesale trade businesses	-	9,464	29,490	38,954
Conservation efforts in national forests	37,000	-	441	37,441
Restaurants and bars	-	14,622	13,615	28,237
Banking and mortgage activities	-	1,724	21,733	23,457
Medical and dental offices	-	6,938	15,590	22,528
All Other Industries	-	174,432	490,545	664,977
Total	\$468,000	\$231,584	\$670,271	\$1,369,855

Table 2: Economic Impact: Lost Tax Receipts, \$000

Type of Tax	Federal	Type of Tax	State and Local
Employment Taxes	\$63,933	Employment Taxes	\$1,528
Corporate Income	9,449	Sales taxes	17,144
Personal Income	46,191	Property Tax: Commercial	15,856
Other Taxes and Fees	5,411	Property Tax: Residential	291
		Corporate Income	2,270
		Personal Income	12,669
		Other Taxes and Fees	14,028
Total Tax Receipts	\$124,894	Total Tax Receipts	\$63,786

Table 3: Employment Impacts, Lost Jobs

Industry	Direct	Indirect	Induced	Total
Education: state and local government funded	3,357	-	-	3,357
Maintenance and construction: roads	1,449	60	23	1,532
Restaurants and bars	-	30	382	412
State and local government non-education jobs	361	16	25	402
Conservation efforts in national forests	392	-	5	397
Real estate agencies, title, escrow	-	78	216	294
Wholesale trade businesses	-	46	144	190
Medical and dental offices	-	-	175	175
Hospitals	-	-	173	173
Employment services	-	62	101	163
All Other Industries	0	856	3,062	3,918
Total	5,559	1,148	4,304	11,013

Conclusions

The loss of the Secure Rural Schools act money has annual losses for the counties currently funded. The losses are not simply to local construction, education and conservation services and their allied industries. The industries affected by these changes are far and wide based on how construction workers, educators and conservation services employees spend their money and how these rural economies work. The reduction of the Secure Rural Schools Act of 2008 funding not only reduces jobs in these directly-affected industries, but also affects industries such as medical and dental offices, banking, auto repair, grocery and other retail stores, restaurants and bars, and many others. The loss of \$468 million of this funding leads to various businesses throughout the United States losing almost \$1.37 billion in revenues, government at all levels losing over \$188 million in tax receipts, and over 11,000 people losing their job.

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