

**BACKGROUND INFORMATION  
REGARDING THE  
FEDERAL FOREST COUNTIES AND SCHOOLS STABILIZATION ACT  
OF 2010**

AN ACT TO HELP FUND ALL FEDERAL FOREST DEPENDENT COUNTIES AND  
SCHOOLS IN THE UNITED STATES FOR TEN YEARS  
and  
TRANSITION OREGON'S 18 O&C COUNTIES AWAY FROM RELIANCE ON FEDERAL  
TIMBER HARVESTS

**A Balanced and Permanent Solution Utilizing Oregon's Unique O&C Lands**

August, 2010

Schools and county governments are facing the 2011 expiration of the Secure Rural Schools and Community Self Determination Act, PL 110-343 (SRS 2008). This loss is a source of great financial concern for counties and school districts in Oregon, as well as 40 other states representing over 700 counties and over 4,000 school districts. SRS 2008 is the most recent in a series of short-term bandaids on what has become a chronic funding problem for local governments. Oregon schools and counties will lose \$200 million per year if something is not done soon.

Schools and counties receiving safety net payments were once funded by shared timber harvest receipts, but over the last 20 years timber harvests have declined to a near standstill. A great effort is underway to find federal funds to pay for continuation of safety net payments, but federal budget deficits have grown to gigantic levels in recent years, and no safety net funding solution has been found. Meanwhile, unemployment in many rural counties is 15 percent or more.

Our federal government has failed as a forest land manager in Oregon. Conflicting congressional mandates and political interference with forest management by every administration, including the current one, have left the federal management agencies broken, dispirited, and unable to implement any kind of rational management plan. Agency personnel are fully capable, but the legal and political contexts make it impossible. There is endless "process" and no action. Meanwhile, the clock ticks away and we are approaching the final year under SRS 2008, which supplies revenue to schools and counties that once counted on shared federal timber receipts to fund essential public services. As the end of the safety net draws near, the budget crisis in Washington, DC worsens, and local unemployment rates hover at double the national average in some counties.

Oregon counties that contain remnants of an 1800s railroad land grant have developed a proposed solution. The proposal would create many thousands of family wage jobs----not temporary service sector jobs, but real jobs that can sustain middle class families. In addition, it would generate dollars from current assets, not borrowed dollars, to help fund a 10-year extension of the SRS safety net, not just for Oregon, but for the entire country. It would put

timber lands already cutover or burned in the past back to work providing a predictable flow of raw materials for Oregon's timber industry. The proposal accommodates public sensitivity about older and mature timber and old growth ecosystems by identifying older stands of timber on almost 1.2 million acres of O&C timberland and setting those acres aside in permanent reserves. Not only would this proposal help fund the national county and schools safety net for ten years, it would create a separate fund that would permanently and completely replace reliance on shared timber receipts or further safety net programs for the 18 O&C Counties.

The proposal must be viewed in the unique historical context of the O&C lands. The revested O&C Railroad grant lands managed by the BLM in Oregon contain approximately 2.1 million acres, and 75 to 80 billion board feet of standing timber. An additional 492,399 acres of O&C lands are managed separately by the Forest Service. The BLM-managed O&C lands are mostly fragmented, small parcels interspersed with privately-owned industrial timberlands and form a checkerboard land pattern in western Oregon.

The revested O&C Railroad grant lands were once in private ownership, having been conveyed to the O&C Railroad Company in the 1870s in exchange for construction of a railroad. The grant lands were alternating sections (640 acre parcels) extending out for many miles on both sides of the rail right of way. But, the lands were not re-sold by the Railroad Company to actual settlers as Congress intended, so after decades of ownership by the Railroad they were taken back ("revested") into federal ownership in 1916, with the intent the federal government would sell the lands in small parcels so that they could again be returned to the private sector. That resale program was eventually converted to a retention and management program. In 1937, Congress mandated that the O&C lands under the jurisdiction of the BLM be managed for the dominant use of timber production on a sustained yield basis for the benefit of local communities. The Forest Service manages its O&C lands under separate legislation, except that both the BLM and Forest Service O&C lands are subject to the same statutory requirement that all timber revenues be shared, with counties entitled to 75 percent of the total, and with counties having discretion according to local needs on how they use those funds within their budgets.

The proposal would lead to permanent protection of almost 1.2 million acres of O&C lands as wildlife habitat, one of the largest additions to protected lands status within the United States in the last 30 years. Other O&C lands, primarily those that have already been cut or burned, put into timber plantations, and are already heavily roaded, would be sold to generate funds to help for the national safety net supporting schools and road maintenance and construction, and for creation of a permanent trust fund for the benefit of the 18 O&C Counties. This would create stability for our resource dependent communities, allowing continuation of public services such as health programs, sheriff and other public safety departments, libraries, youth and senior services, and many other necessary public services. Just as important, the proposal would lead to a predictable source of timber for a healthy, viable industry in western Oregon, supporting many thousands of new jobs in communities desperate for employment opportunities.