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Clackamas County
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CLACKAMAS COUNTY

DAN JOHNSON
DIRECTOR

DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
DEVELOPMENT SERVICES BUILDING
150 BEAVERCREEK ROAD OREGON CITY, OR 97045

MEMORANDUM

TO: Clackamas County Board of County Commissioners (BCC)
FROM: Dan Johnson, Finance Director (Interim); Trent Wilson, Government Affairs
RE: Secure Rural Schools Payment Methodology Selection
DATE: July 23, 2026

REQUEST: Board choice between two methodologies for receiving Secure Rural Schools payments: potentially higher but more variable payout or lower but more reliable payout.

BACKGROUND: In 1908, Congress passed a law to transfer a portion of forest grazing fees and timber sales receipts to the states to support public roads and schools. This payment was 25% of the average gross receipts over the past 7 years' rolling average. Due to a reduction of logging on federal lands, the value of these receipts became a fraction of what they had once been. As a result, in 2000 Sen. Ron Wyden and then Sen. Gordon Smith led an effort for Congress to pass the Secure Rural Schools and Community Self Determination Act (SRS). This act stabilized funding for forest counties by adding an option to take a different payment based on a new formula. SRS distribution is composed of two funding streams: revenues from United States Forest Service (USFS) lands and revenues from the Bureau of Land Management (BLM) (strictly for counties with Oregon and California Railroad Revested Lands, also known as O&C lands). Congress reauthorizes SRS payments every two years, on average. There is no confirmed authorization for 2027 or beyond.

Since 2008, SRS payments require "election" decisions for both the USFS and O&C allocations. As a result, the Board must make two decisions:

1. To receive payment based on the **annual timber receipts or the SRS payment formula**.
2. If SRS payment formula is selected, the County would also need to select **SRS title distributions percentages** for the specific titles.

<u>Payment Election</u>: As noted above, the first decision relates to payment methodology. The County must elect whether to take a payment based on annual timber receipts or to take the SRS payment methodology in both funding categories (USFS and BLM/O&C).

- Annual Timber Receipts: Recently, a new law (HR 6938) adjusted the gross receipts share, increasing it from 50% to 75%. With this percentage increase, total receipts revenue is estimated at $2.853 m, per the Association of O&C Counties (See Attachment A). This revenue is not guaranteed and estimates will be subject to harvest, market fluctuations, and timber sales.
    - Should Gross Receipts be elected, no additional elections are required.

- SRS Payment Formula: Although SRS funding from this formula has been reduced several times since 2000, it had historically resulted in higher payment than actual timber receipts. Current SRS payment revenue is estimated at $1.136 million to $1.470 million annually, based on available information. This revenue is guaranteed if reauthorized through Congress. Should authorization fail, the County selection would revert to gross receipt share.
    - Should SRS be elected, additional distribution elections (titles) are required.

SRS Distribution: Should SRS be the Board's preferred payment election, the County must affirm how it would like those funds distributed through various titles. These titles direct funds for specific purposes. The following is list of titles, general purpose, Clackamas County's previous distribution percentages, and the percentage limits within each of the various Titles.

USFS Lands	%*	Percentage Limits
Title 1: Transportation/Schools	85	80-85% range
Title 2: Treasury Distribution	8	8% is minimum (8-13%)
Title 3: DM/Homeland Security	7	7% is a maximum

O&C Lands	%	Percentage Limits
Title 1: General Fund	85	85% is maximum
Title 2: Treasury Distribution	8	8% is minimum (8-13%)
Title 3: DM/Homeland Security	7	7% is a maximum

* % are applicable to any entity receiving a distribution of more than $350,000

When considering any adjustments to these title distribution percentages, staff felt there was one key consideration: maximizing any direct allocation to the County. Maximizing Title I and Title III percentages accomplishes that objective as it disperses funds directly to Transportation (USFS), General Fund (BLM/O&C) and Disaster Management purposes to the County. Reduction to Title I or Title III will increase Title II distributions, which are directed to the federal government and not directly under County control. While the County can apply for specific funds directed to Title II, these are generally done through a specified grant process which is competitive and there is no guarantee of the County receiving funding.

Policy Considerations: Each option in this election has risks and benefits.

Timber receipts are estimated to provide a higher amount of revenue to the County, generally, but the amounts would be unpredictable and dependent on harvest, market fluctuations, and timber sales. Additionally, these dollars are not set aside for transportation, disaster management, or schools. Rather, they would enter the County's General Fund.

SRS payments may result in less funding for the County when SRS is reauthorized, but the revenue would be predictable. Additionally, SRS Title I and Title III requirements guarantee funds to schools, as well as transportation and disaster management departments.

OPTIONS:

Option #1: Direct staff to elect payment based on timber receipts.

Option #2: Direct staff to elect payment based on the SRS payment formula.

RECOMMENDATION: None.

Should Option #2 be selected:

OPTIONS:

Option #1: Retain the current SRS distribution percentages of Title I: General Fund – 85%, Title II: Treasury Distribution – 8% and Title III: Disaster Management/Homeland Security – 7% for the USFS and O&C Lands.

Option #2: Provide staff alternative direction on adjustments to the SRS distribution percentages.

RECOMMENDATION: Option #1: Retain the current SRS distribution percentages of Title I: General Fund – 85%, Title II: Treasury Distribution – 8% and Title III: Disaster Management/Homeland Security – 7% for the USFS and O&C Lands

ATTACHMENTS:

A: Association of O&C Counties (AOCC) selection guide

Attachment A

2026 Estimated Timber value	$60,000,000	2026 Estimated Harvest Value						
O&C 75% receipts	$45,000,000	75% O&C Shared reciepts Estimate						
County	**Percent**	**O&C 75% Share of receipts**	**O&C SRS Payment**	**Forest Service 1908 Receipts**	**Forest SRS Payment**	**Total receipts payment**	**Total SRS payment**	**If we got O&C out of SRS**
Clackamas	5.55%	$2,497,500	$746,001	$355,581	$724,484	$2,853,081	$1,470,485	$3,221,984
Columbia	2.06%	$927,000	$0	$0	$0	$927,000	$0	$927,000
Coos	5.90%	$2,655,000	$0	$44,649	$153,995	$2,699,649	$153,995	$2,808,995
Curry	3.65%	$1,642,500	$924,657	$474,986	$1,145,535	$2,117,486	$2,070,192	$2,788,035
Douglas	25.05%	$11,272,500	$7,912,356	$662,578	$4,826,474	$11,935,078	$12,738,830	$16,098,974
Jackson	15.67%	$7,051,500	$3,565,030	$278,439	$1,041,829	$7,329,939	$4,606,859	$8,093,329
Klamath	2.34%	$1,053,000	$766,276	$314,126	$4,374,215	$1,367,126	$5,140,491	$5,427,215
Lane	15.27%	$6,871,500	$3,497,685	$1,271,665	$5,317,393	$8,143,165	$8,815,078	$12,188,893
Lincoln	0.36%	$162,000	$92,052	$146,871	$886,029	$308,871	$978,081	$1,048,029
Linn	2.64%	$1,188,000	$733,981	$471,471	$2,079,303	$1,659,471	$2,813,284	$3,267,303
Marion	1.46%	$657,000	$387,266	$188,755	$790,554	$845,755	$1,177,820	$1,447,554
Polk	2.16%	$972,000	$638,740	$266	$2,496	$972,266	$641,236	$974,496
Tillamook	0.56%	$252,000	$146,252	$74,898	$432,511	$326,898	$578,763	$684,511
Washington	0.63%	$283,500	$92,203	$0	$0	$283,500	$92,203	$283,500
Yamhill	0.72%	$324,000	$179,946	$21,138	$122,638	$345,138	$302,584	$446,638
Josephine	12.08%	$5,436,000	$3,607,846	$201,476	$749,879	$5,637,476	$4,357,725	$6,185,879
Benton	2.81%	$1,264,500	$698,106	$13,643	$83,192	$1,278,143	$781,298	$1,347,692
Multnomah	1.09%	$490,500	$163,532	$57,810	$121,365	$548,310	$284,897	$611,865
totals	100.00%	$45,000,000	$24,151,929	$4,578,352	$22,851,892	$49,578,352	$47,003,821	$67,851,892
			*There is no O&C SRS data for Columbia and Coos County as they are already on receipts	Amount entered is the actual receipts minus the 25% sent to schools to show amount realized by counties	Amount entered assumes 85% Title 1 amount minus the 25% sent to schools			
			*Amount shown is Title 1 only					

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