The Siskiyou Region:

Demographic, Economic, and Fiscal Fundamentals

prepared by

Headwaters Economics

2010

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ECONOMICS

Table of Contents

Regional Basics ………………………………………………………………. p. 2

Metropolitan, micropolitan, and rural counties ………………………………. p. 3
Access to markets ……………………………………………………………... p. 4
Land ownership and current land protection ……………………………….. p. 5-6

Regional Trends …………………………………………………………….. p. 7

Trends in population, employment, and personal income ………………… p. 8
Trends in employment by major industry categories ………………………. p. 9
Trends in labor earnings and non-labor income ……………………………. p. 10
Trends in earnings and per capita income, and comparison of wages ….. p. 11
Trends in unemployment ……………………………………………………… p. 12
Trends in timber employment ………………………………………………… p. 13-14

Key Economic Aspects at the County Level ……………………………. p. 15

Change in population, including in-migration ……………………………….. p. 16
Change in employment and personal income ……………………………... p. 17
Earnings per job and unemployment rate …………………………………... p. 18
Services employment share, change, and wages ………………………… p. 19-20
Components of non-labor income …………………………………………… p. 21
Government employment and trends ……………………………………... p. 22
Timber employment and trends ……………………………………………… p. 23-24
Mining employment and trends ………………………………………………. p. 25
Travel and tourism employment and trends ………………………………. p. 26
Visitor use activity and expenditures ………………………………………… p. 27-28

Federal Land Payments to Counties …………………………………….. p. 29

Major components of current federal land payments ……………………… p. 30
Federal payment levels and share of total county revenue ………………. p. 31
Estimated revenue loss without Secure Rural Schools renewal ………… p. 32

References ………………………………………………………………….. p. 33

About this Report

Headwaters Economics prepared this report on the social, economic and fiscal context of the Siskiyou region along with two companion appendices that focus on service sectors and the timber industry at the county level.

Headwaters Economics is an independent, nonprofit research group whose mission is to improve community development and land management decisions in the West.

For more information about Headwaters Economics, see: http://headwaterseconomics.org.

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Regional Basics

The Siskiyou region, defined here as 13 counties in southwestern Oregon and northwestern California, contains a wide range of communities with different economies that are defined in part by their scale, access to markets, and extent of federally owned lands.

In general, larger counties with superior transportation connectivity have a greater range of economic options. They often have more diverse economies which can translate into greater economic resiliency.

At the same time, smaller and more isolated counties typically have fewer economic options and are often characterized by less economic resiliency. These places may also have economies that are less diverse and more reliant on commodity industries that are struggling to remain competitive.

The region has two metropolitan counties (i.e., with at least one urbanized area of 50,000 or more people)—Jackson, OR and Shasta, CA—that serve as larger regional trade and service centers.

Most of the remaining counties are micropolitan in scale (i.e., with population centers ranging from 10,000 to 50,000 people). Some of these have population centers that are isolated from metropolitan areas and markets (such as Douglas, OR and Del Norte, CA) while others are more connected (such as Josephine and Humboldt, CA).

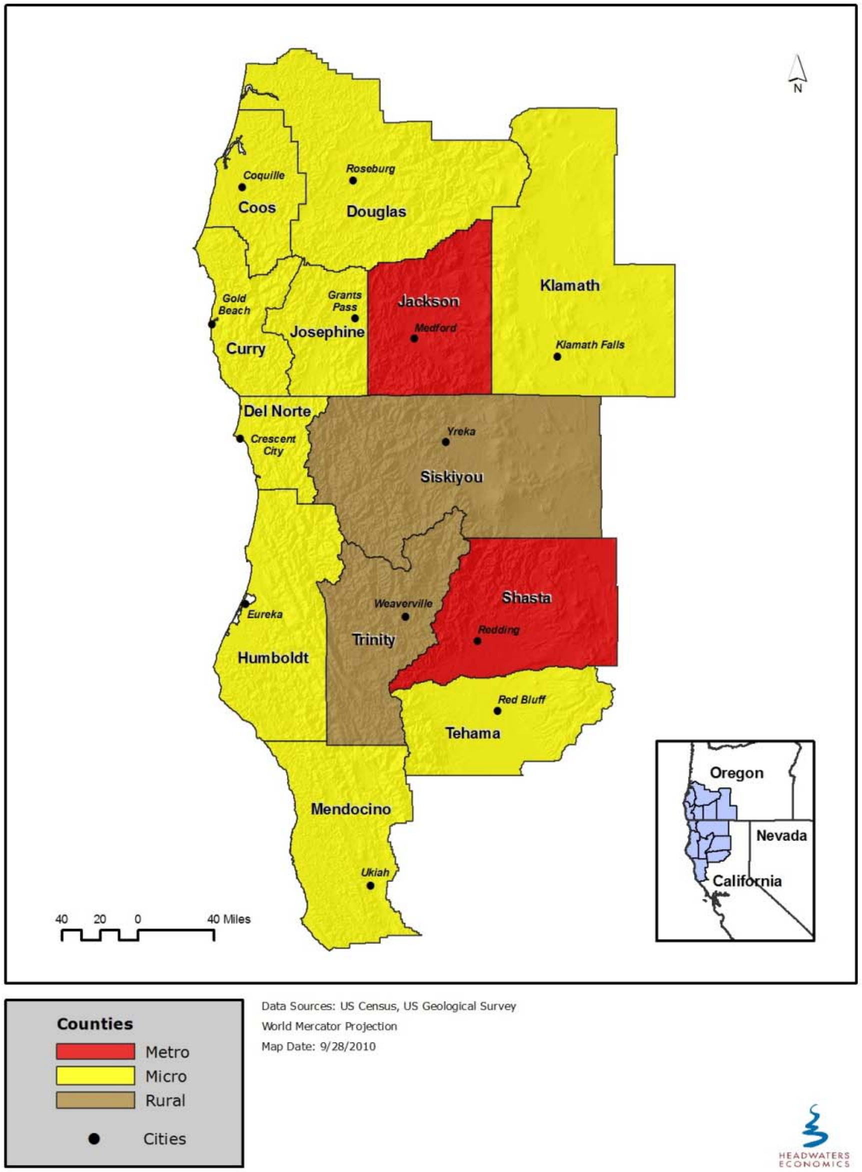
Finally, there are two rural counties in the region (Siskiyou and Trinity, CA) by virtue of their small population size. Of these two, the main population centers in Siskiyou, CA are more connected, while the population centers in Trinity, CA are more isolated.

All Siskiyou region counties have federal public lands within their borders, though there is a wide degree of variation in the amount and share of total land that is federally owned, and the primary agency responsible for management. Some counties already have significant protected public lands while others have little or none.

Across the West, the *presence* of public lands, while seen by some as a hindrance to economic growth, is on average a contributor to higher-than-average economic growth over time. In many places *protected* public lands contribute to faster economic growth and higher earnings.

From a fiscal perspective, public lands present a challenge for counties. Currently, federal land payments contribute important revenue to counties and schools in the region, especially in Oregon. But these payment programs are contingent on potentially difficult reauthorization and annual appropriations. The last section of this report provides details on federal payments.

Siskiyou Region: Metropolitan, Micropolitan, and Rural Counties



Data Sources: US Census, US Geological Survey
World Mercator Projection
Map Date: 9/28/2010

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Key points

The scale of a county's population and economy can have a bearing on the range of available economic opportunities, sector diversity, and resiliency related to business cycles and changing industry competitiveness.

While metropolitan and micropolitan counties in the region have larger population centers and economies, significant portions of these counties are characterized by small communities and low population density.

Jackson, OR and Shasta, CA (red in map) are the only metropolitan counties in the Siskiyou region.

Most counties are micropolitan (yellow in map).

Siskiyou and Trinity, CA (brown in map) are the only rural counties in the region.

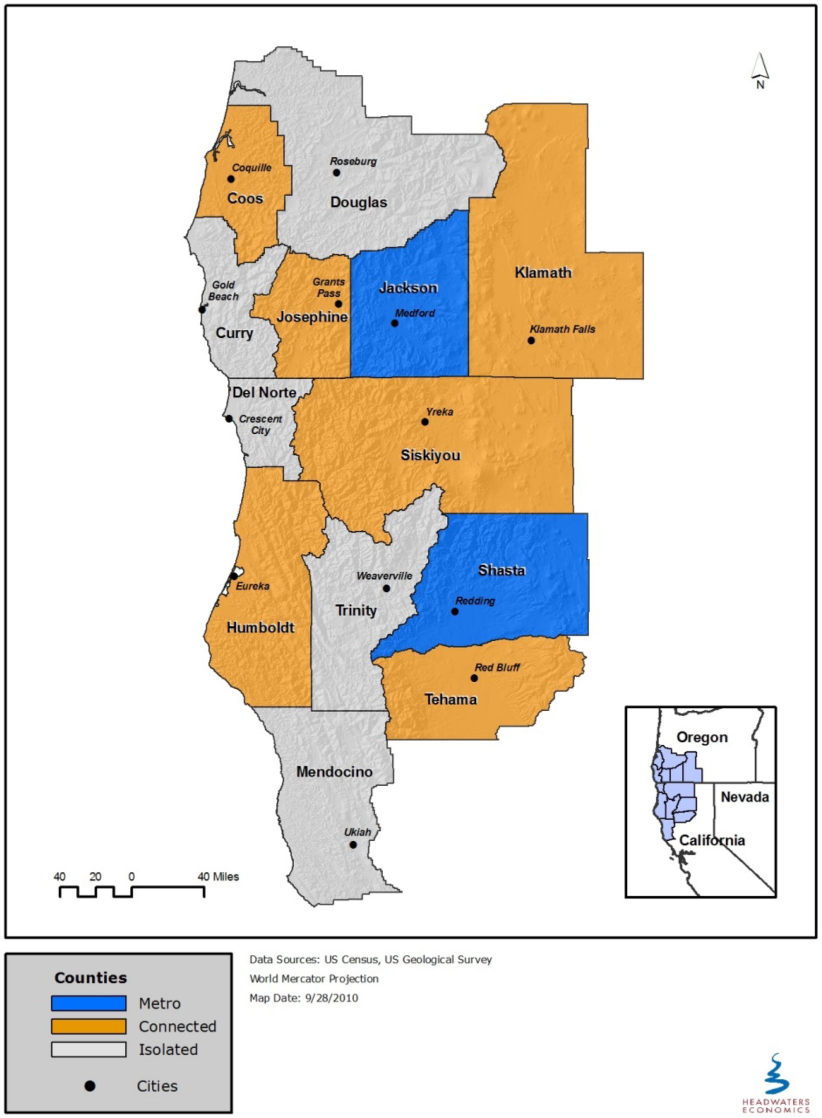
Definitions:

Metropolitan Statistical Areas: Counties that have at least one urbanized area of 50,000 or more population, plus adjacent territory that has a high degree of social and economic integration with the core as measured by commuting ties.

Micropolitan Statistical Areas: Counties that have at least one urban cluster of at least 10,000 but less than 50,000 population, plus adjacent territory that has a high degree of social and economic integration with the core as measured by commuting ties.

Rural: Counties that are not designated as either metropolitan or micropolitan. These counties have only small towns and a greater degree of isolation.

Siskiyou Region: Access to Markets



Key points

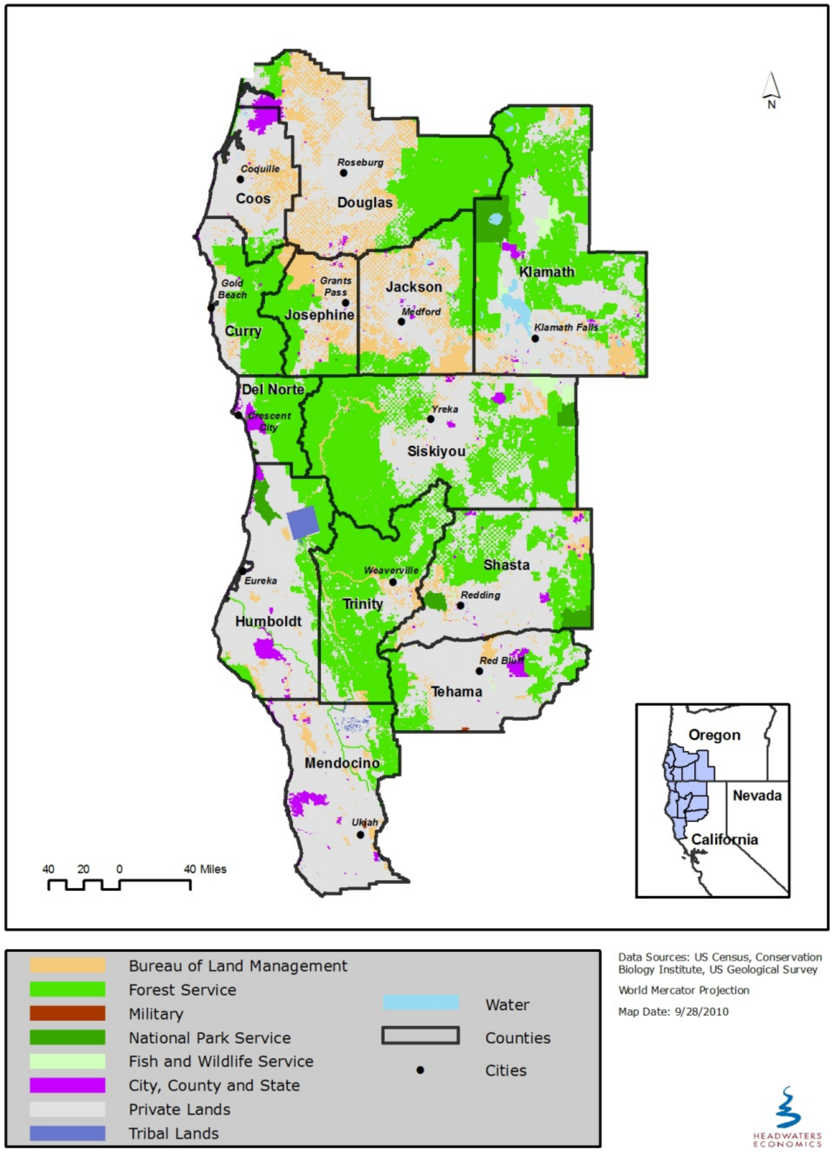
In addition to scale, research by Headwaters Economics has shown that the degree of connection to (or isolation from) larger population centers and markets tends to define western counties by broadly defined characteristics. These are shown in the table below.

Metropolitan	Connected	Isolated
More young people	Neither young or old	More old people
Fast population growth	Slow in the 1980s, faster in the 1990s, 2000s	Slow population growth
Fast income and job growth	The closer to the airport, the higher the per capita income, earnings per job	Slow income and job growth
More educated	Tend toward more educated	Less educated
Low dependence on retirement and other non-labor sources	Medium dependence on non-labor income	High dependence on retirement and other non-labor sources
High employment in services and manufacturing	A shift, from agriculture and resource industries in the 1980s, to higher emphasis on services in 1990s, 2000s	High employment in agriculture and resource industries

The “connected” and “isolated” counties shown here illustrate that some micropolitan counties are more isolated (Curry, OR), which creates additional economic hurdles for mid-sized counties, and some rural counties are more connected (Siskiyou, CA), which eases some economic hurdles for smaller counties.

For background on this typology, see: http://headwaterseconomics.org/tools/three-wests.

Siskiyou Region: Land Ownership



Key points

Federal lands comprise 46% of all land in the Siskiyou region. This varies significantly by county. On the high end are Trinity, CA (77%), Josephine, OR (65%), and Siskiyou, CA (63%), and on the low end are Mendocino, CA (14%), Humboldt, CA (21%), and Coos, OR (22%).

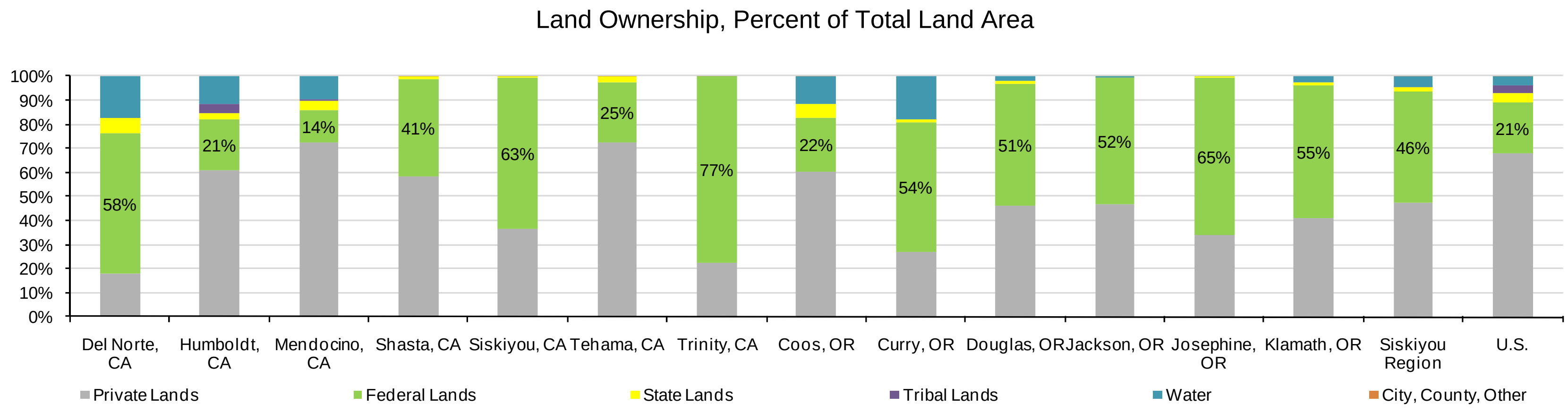
The Forest Service (36% of total area) and BLM (9% of total area) manage the large majority of federal lands in the Siskiyou region. This varies significantly by county. Forest Service lands range from a high in Trinity, CA (73% of all land) to a low in Coos, OR (7% of all land). BLM lands range from a high in Josephine, OR (29% of all land) to a low in Del Norte, CA (0% of all land).

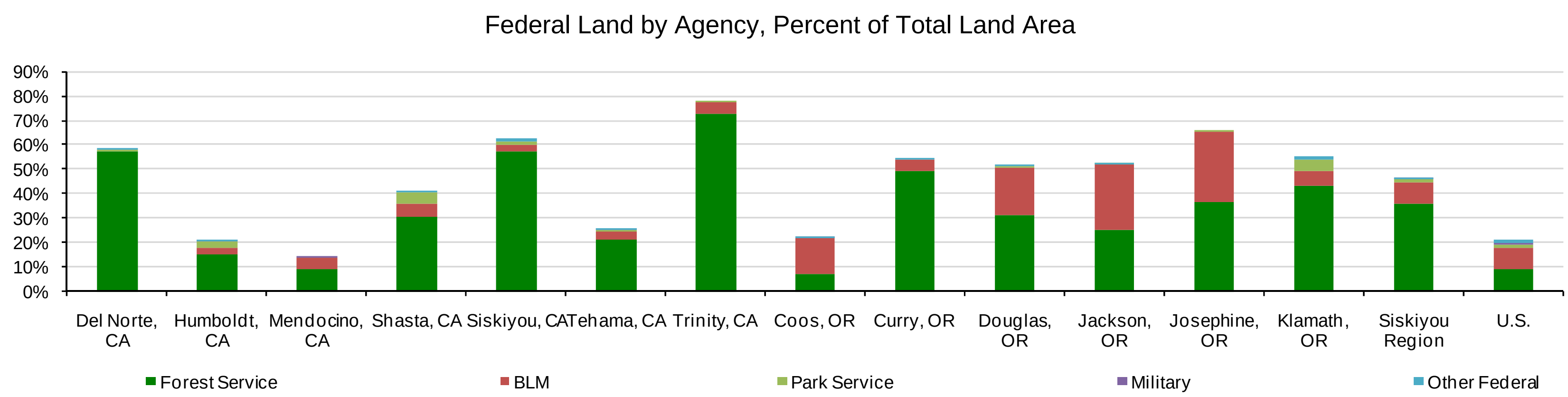
For the region as a whole, 24% of federal lands are protected. This varies significantly by county, and ranges from a high in Del Norte, CA (84% of federal lands protected) to a low in Coos, OR (4% of federal lands protected).

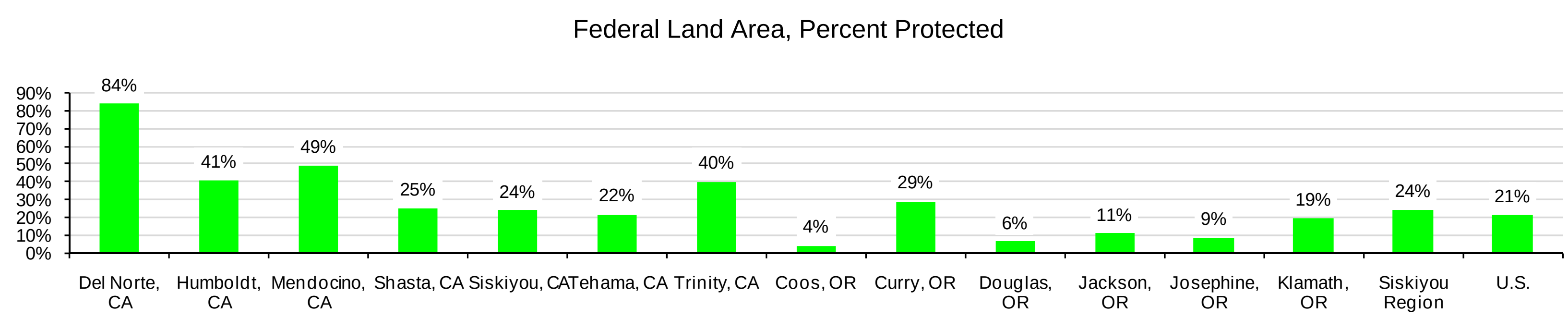
The following page shows ownership and protection details by county.

<u>Definition</u>:

We include the following land classifications in the term “protected”: Federal public lands that are managed primarily for natural, cultural, and recreational features. These lands include National Parks and Preserves (NPS), Wilderness (NPS, FWS, FS, BLM), National Conservation Areas (BLM), National Monuments (NPS, FS, BLM), National Recreation Areas (NPS, FS, BLM), National Wild and Scenic Rivers (NPS), Waterfowl Production Areas (FWS), Wildlife Management Areas (FWS), Research Natural Areas (FS, BLM), Areas of Critical Environmental Concern (BLM), and National Wildlife Refuges (FWS).


Land Ownership, Percent of Total Land Area
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
58%
21%
14%
41%
63%
25%
77%
22%
54%
51%
52%
65%
55%
46%
21%
Del Norte, CA
Humboldt, CA
Mendocino, CA
Shasta, CA
Siskiyou, CA
Tehama, CA
Trinity, CA
Coos, OR
Curry, OR
Douglas, OR
Jackson, OR
Josephine, OR
Klamath, OR
Siskiyou Region
U.S.
Private Lands
Federal Lands
State Lands
Tribal Lands
Water
City, County, Other


Federal Land by Agency, Percent of Total Land Area
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
Del Norte, CA
Humboldt, CA
Mendocino, CA
Shasta, CA
Siskiyou, CA
Tehama, CA
Trinity, CA
Coos, OR
Curry, OR
Douglas, OR
Jackson, OR
Josephine, OR
Klamath, OR
Siskiyou Region
U.S.
Forest Service
BLM
Park Service
Military
Other Federal


Federal Land Area, Percent Protected
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
84%
41%
49%
25%
24%
22%
40%
4%
29%
6%
11%
9%
19%
24%
21%
Del Norte, CA
Humboldt, CA
Mendocino, CA
Shasta, CA
Siskiyou, CA
Tehama, CA
Trinity, CA
Coos, OR
Curry, OR
Douglas, OR
Jackson, OR
Josephine, OR
Klamath, OR
Siskiyou Region
U.S.

Regional Trends

This section of the report examines the Siskiyou region as a whole, and the following section looks at county-level details. When taken together, the 13 counties of the Siskiyou region tell a good news-bad news economic story.

In recent decades, population and employment growth have outpaced the U.S., while personal income growth has been on par with the U.S. People are moving to the region in net terms and the economy has diversified significantly away from its historic dependence on commodity production, especially timber and related wood products manufacturing, into a range of services related sectors that are also growing nationally.

The region still retains an above-average reliance on the timber industry, though this sector has declined in recent decades and represents a smaller share of the economy than in the past. For example, timber jobs fell from 9.6% of total private employment in 1998 to 6.5% in 2007. The loss of higher paying resource and manufacturing jobs has contributed to lower overall earnings per job and higher rates of unemployment. In the most recent recession, the region's unemployment rate (13.3% in 2009) was substantially higher than the nation's (9.3% in 2009).

The decline of the region's timber industry can be explained in part by the overcutting of the suitable timber base, leading to the closure of area mills. This is not so much a supply issue as a function of unsustainable harvest practices combined with a mismatch between a sustainable timber supply and overbuilt mill capacity.

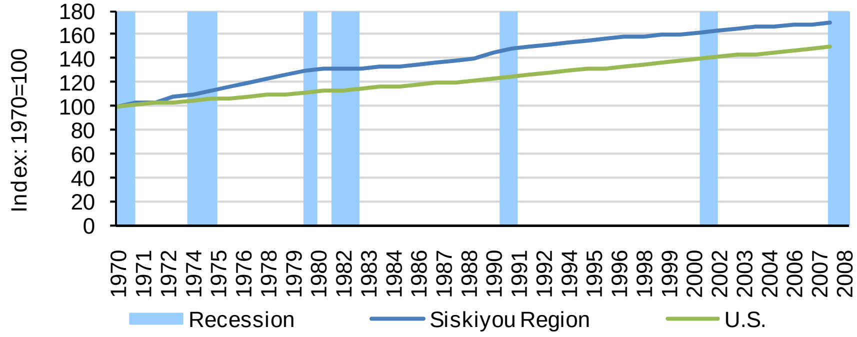
More significant is the role of timber demand and price, which fluctuate with business cycles and new housing starts. The most recent recession, which was characterized by a severe downturn of the housing market and fall off in demand for lumber, made this point amply clear. Finally, the timber industry has pursued a long-term strategy of increasing productivity through capital intensive investments in machinery. As a result, the same output requires fewer and fewer workers over time.

Despite the continued difficulty of making a transition to a more diverse economy, there are promising trends. For example, while the region lost 5,726 timber jobs from 1998 to 2007, it added 45,555 new non-timber jobs over the same period. In other words, the broader economy and its ability to grow has decoupled from timber. In fact, the region's economy can now accurately be described as a services economy (66% of all jobs in 2008), especially if one considers government (15% of all jobs in 2008) a service provider. Together, services and government account for 81% of the all jobs in the region.

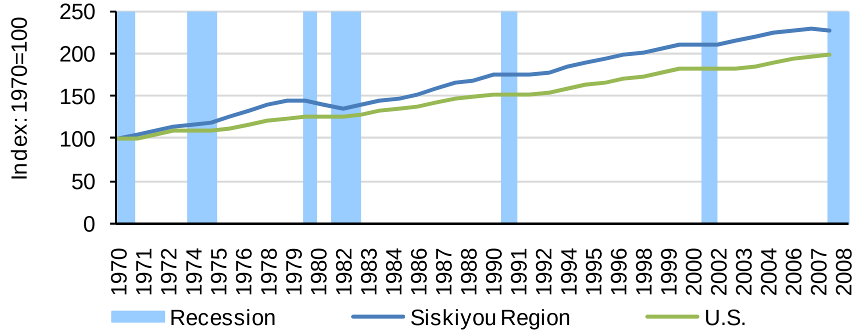
Another bright spot is the growth of non-labor income, which is a mix of investment income and government transfer payments to individuals. Since 1970, non-labor income has grown almost four times as fast as labor earnings and in 2008 represented $16 billion in personal income, or 47% of total personal income. A large portion of non-labor income is tied to an aging population and retirement—from both existing residents and retirees moving to the region. A much smaller portion of non-labor income is related to income maintenance (welfare) payments.

Largely because of the rise of non-labor income, per capita income has grown by almost 60%, in real terms, since 1970. By contrast, earnings per job have fallen by 10%, in real terms, over the same time period. The decline of higher paying non-services related jobs (which paid $36,718 on average in 2009) and the rise of lower paying services related jobs (which paid $29,852 on average in 2009) explain stagnant and falling wages. It is important to note that there are a wide range of wage rates in service industries. The region has been more successful at creating and attracting lower-paying sector jobs, for example in leisure and hospitality services, which are tied to recreation.

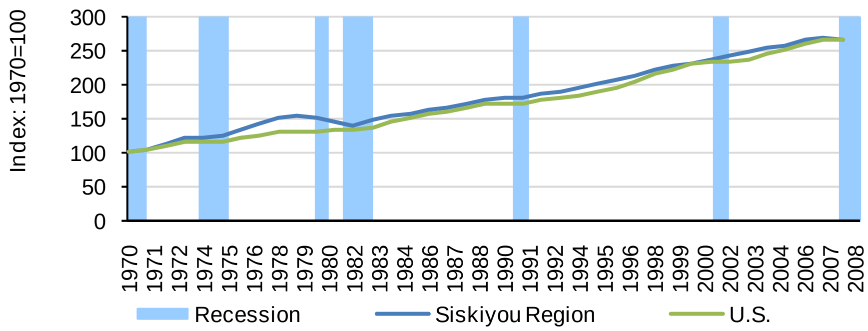
Population, Siskiyou Region Compared to U.S.



Employment, Siskiyou Region Compared to U.S.



Personal Income, Siskiyou Region Compared to U.S.



Key Points

The region is large and diverse enough that from a demographic and economic perspective its performance mirrors the U.S. as a whole.

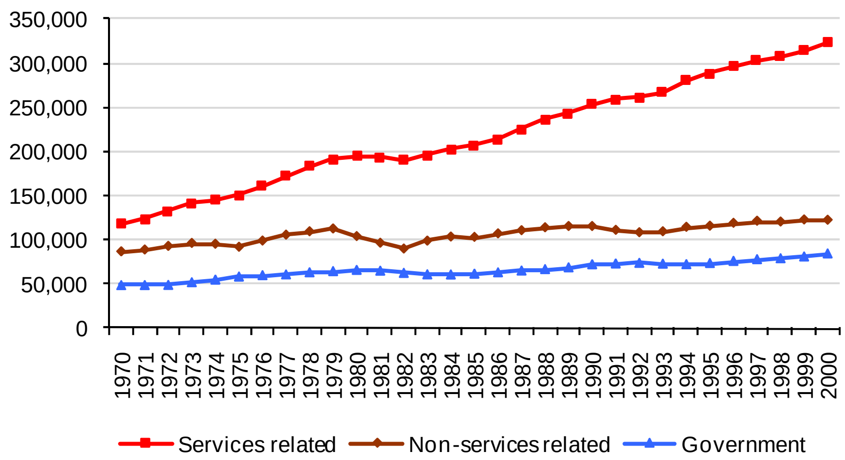
Long-term population and employment growth exceeds the U.S., and personal income growth is similar to the U.S.

For the Siskiyou region, from 1970 to 2008:

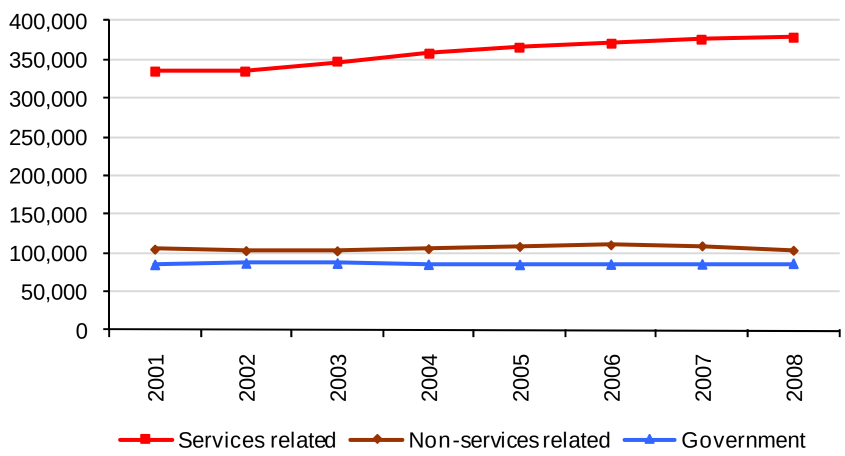
- Population grew by 69% compared to 49% for the U.S.
- Employment grew by 127% compared to 97% for the U.S.
- Personal income grew by 166% compared to 165% for the U.S.

Employment and personal income growth are sensitive to national recessions (demarcated by blue bars). The recession in the early 1980s, which hit the wood products industry especially hard, precipitated significant declines in employment and personal income. Data on subsequent pages show that the most recent recession has also had a disproportionately negative effect on the region.

Employment by Major Industry Category, Siskiyou Region, 1970-2000



Employment by Major Industry Category, Siskiyou Region, 2001-2008



For more details on service sectors, see the Services Appendix.

Key points

Like the U.S., the industry make-up of the Siskiyou region has shifted from a greater reliance on commodity and manufacturing sectors (non-services related industries) to expanding service sectors.

Service sectors, which are examined in more detail below, are made up of a mix of industries ranging from leisure and hospitality services to architectural and legal services.

For the Siskiyou region, from 1970 to 2000:

- Jobs in services related industries grew from 117,803 to 323,266, a 174% increase
- Jobs in non-services related industries grew from 86,353 to 121,834, a 41% increase

For the Siskiyou region, from 2001 to 2008:

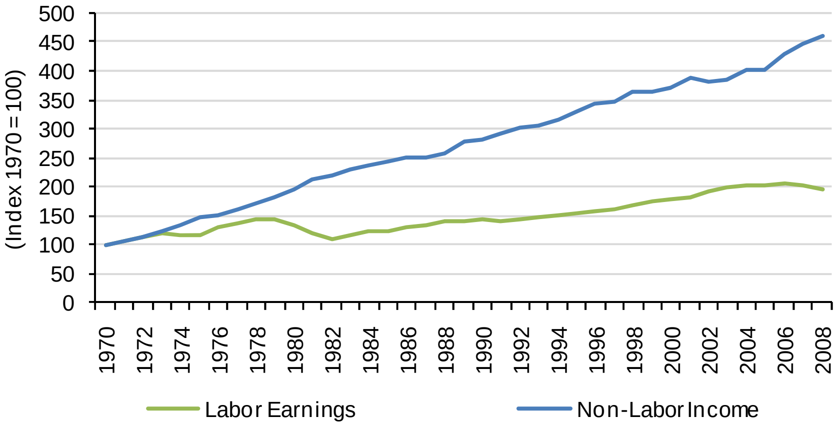
- Jobs in services related industries grew from 334,970 to 379,066, a 13% increase
- Jobs in non-services related industries shrank from 104,522 to 103,063, a 1% decrease

While services related industries account for most new employment growth, non-services related sectors and government remain important elements of the regional economy.

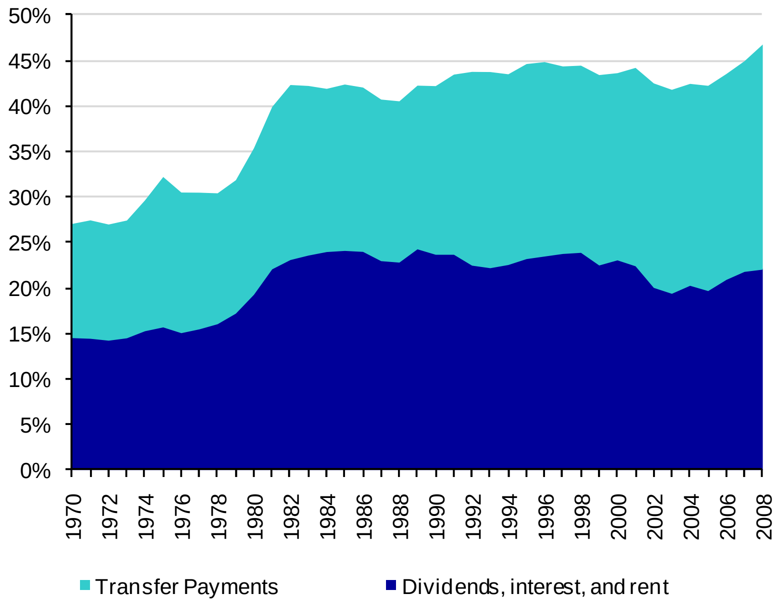
In 2008, the three industry sectors with the largest number of jobs were government (86,398 jobs), retail trade (72,147 jobs), and health care & social assistance (65,773 jobs).

The U.S. Department of Commerce shifted from using the Standard Industry Classification system to using the current North American Industry Classification System in 2001. Many industry classifications, including services, are not compatible between SIC and NAICS. As a result, we show to line graphs on this page to illustrate long-term industry trends.

Labor Earnings & Non-Labor Income, Siskiyou Region



Non-Labor Income, Percent of Total Personal Income, Siskiyou Region



Key points

To grasp the magnitude of economic change in the region in recent decades it is crucial to look at personal income, which is made up of labor earnings and non-labor income.

Labor earnings are the sum of wage and salary disbursements and proprietors' (self employed) income.

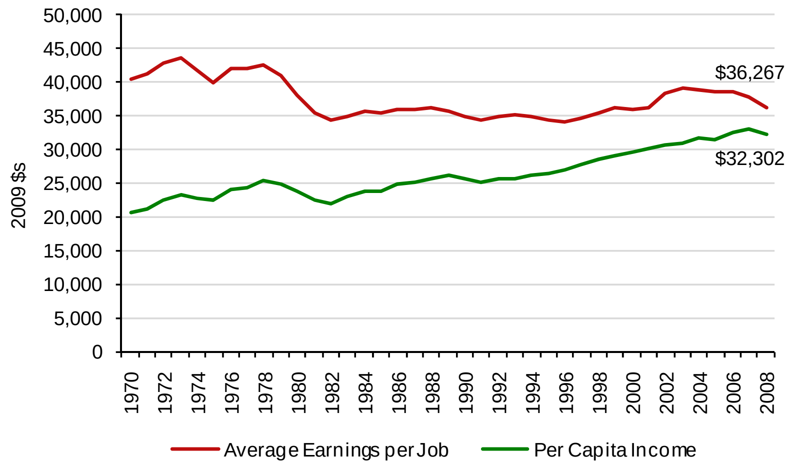
Non-labor income is made up of two main components: government transfer payments (largely payments to individuals related to retirement and income maintenance) and dividends, interest, and rent (money earned from investments, which also has an age-related aspect).

From 1970 to 2008, labor earnings in the region grew by 94%. Over the same period, non-labor income grew by 360%, or almost four times as fast as labor earnings.

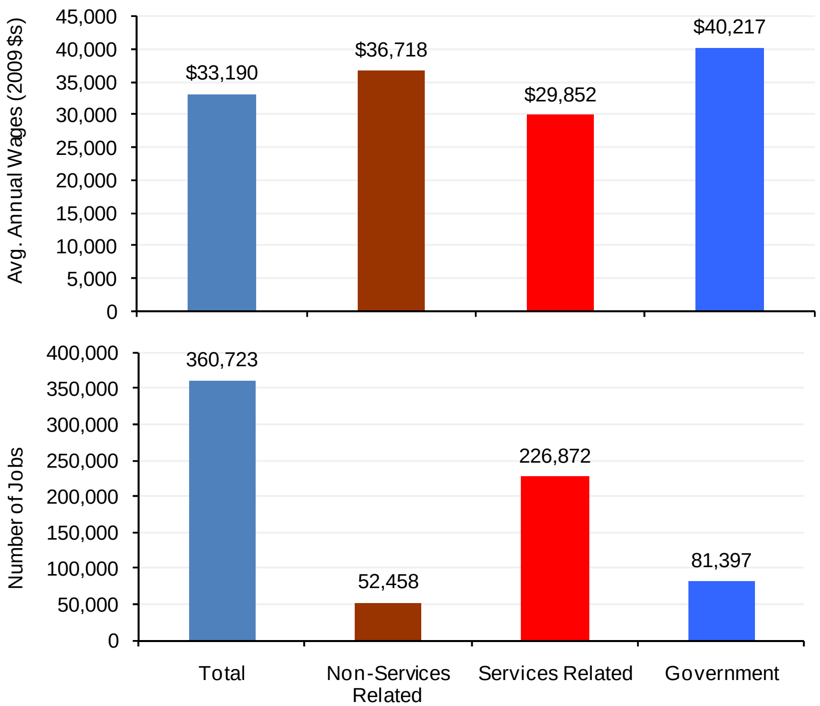
Taken as a whole, non-labor income is the fastest growing and largest source of personal income in the Siskiyou region.

In 2008, non-labor income amounted to $16 billion in the region, or 47% of total personal income. Transfer payments account for 27% and dividends, interest, and rent 22% of all non-labor income in this year.

Average Earnings per Job & Per Capita Income, Siskiyou Region



Wages & Employment by Major Industry, Siskiyou Region, 2009



Key points

In response to the shifting industry mix and growth of non-labor income in the Siskiyou region, there have been changes in average earnings per job and per capita income levels. The region lags significantly behind the U.S. in both of these measures.

Average earnings per job fell in the late 1970s and early 1980s as higher paying wood products manufacturing jobs were lost, then stabilized, and rose in the early 2000s boom years before declining again as the most recent recession took hold.

From 1970 to 2008, average earnings per job shrank from $40,473 to $36,267 (in real terms), a 10% decrease. In 2008, for comparison, average earnings per job in the U.S. were $50,080.

Per capital income also fell in the late 1970s and early 1980s, but rose steadily afterward reflecting greater wealth accumulation and an aging population, before declining in the most recent recession.

From 1970 to 2008, per capita income grew from $20,507 to $32,302 (in real terms), a 58% increase. In 2008, for comparison, per capita income in the U.S. was $40,023.

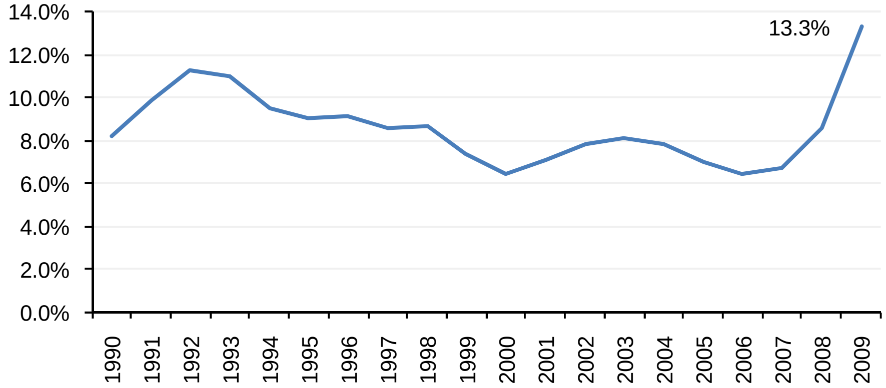
The combination of the loss of higher paying manufacturing jobs and the growth of lower paying services related jobs has kept wages from growing in real terms.

In 2009, government jobs paid the highest wages ($40,217), non-services jobs paid slightly less ($36,718), and services related jobs paid the lowest ($29,852).

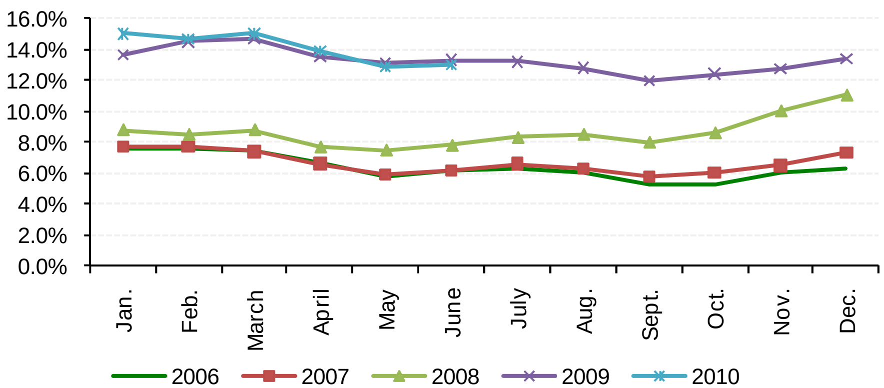
In 2009, services related sectors employed the largest number of people (226,872), and non-services related employed the fewest number of people (52,458 jobs).

In 2009, manufacturing (a component of ‘non-services related’ which includes wood products manufacturing) wages were $38,063, or 15% higher than average wages for all industries in the region.

Average Annual Unemployment Rate, Siskiyou Region



Seasonal Unemployment Rate, Siskiyou Region



Key Points

Unemployment is another area where the region underperforms.

Since 1990, the annual unemployment rate ranged from a low of 6.4% in 2000 to a high of 13.3% in 2009. The comparable unemployment rate for the U.S. in 2009 was 9.3%.

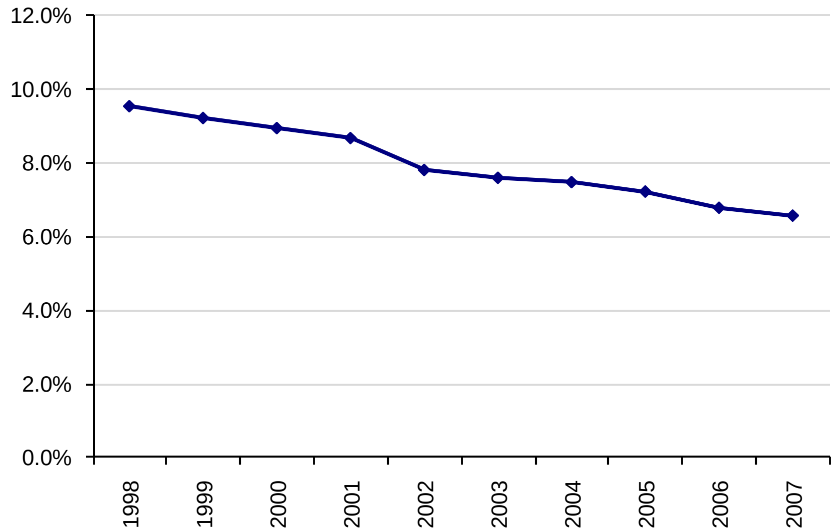
The high unemployment rate in the most recent recession points out the regional economy's vulnerability to business cycles.

In this recession, which technically just ended though its effects are still widespread, the timber economy was once again especially hard hit. This is one reason the Siskiyou region, which still has a relatively heavy reliance on the timber industry, has such high unemployment.

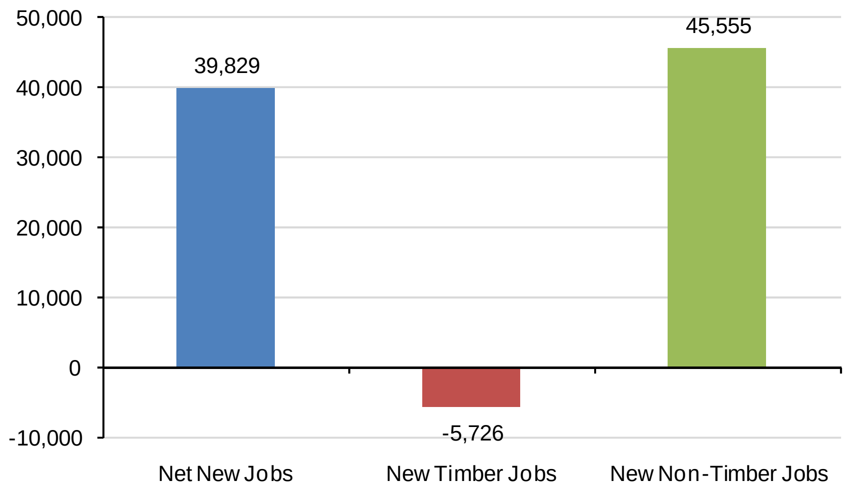
Most economists believe that recovery from the most recent recession will not be led by the housing sector and that it will take time to restore demand for wood products. As a result, non-timber sectors of the economy will likely lead the region's economic recovery and the unemployment rate will likely remain higher than the national rate for some time to come.

There is not a large seasonal variation in unemployment in the region, which can be counted as a strength.

Percent of Total Private Jobs in Timber, Siskiyou Region



New Jobs in Timber and Non-Timber, Siskiyou Region, 1998-2007



Key points

Commodity industries, especially timber and related wood products manufacturing, are shrinking economic players in the Siskiyou region.

In 1998, timber represented 9.6% of total private employment. By 2007, timber represented 6.5% of total private employment.

Despite this trend, the region's economy has grown substantially and can now be described as a services economy, especially if one considers government a service provider.

Over the last decade, the overall economy grew while timber-related jobs shrank. In effect, economic growth in the Siskiyou region as a whole has decoupled from commodity sectors like timber.

From 1998 to 2007, the Siskiyou region added 45,555 new non-timber jobs, while timber jobs declined by 5,726 jobs.

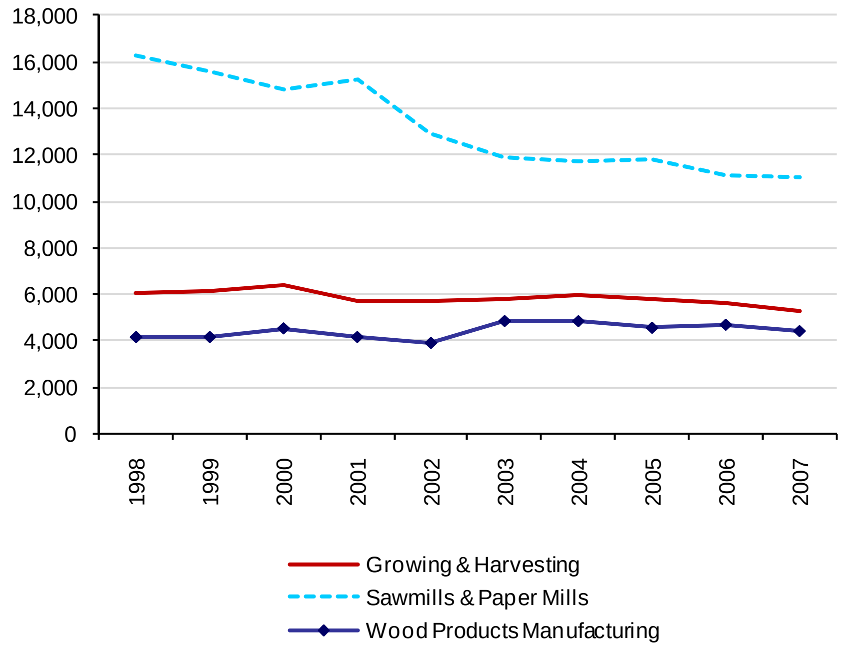
Despite the decline in timber jobs, the region continues to rely on timber-related employment.

For comparison, consider: In California timber jobs were 0.5% of total private employment, and in non-metropolitan California they were 1.3% of total private employment in 2007. In Oregon, timber jobs were 3.2% of total private employment, and in non-metropolitan Oregon they were 8.4% of total private employment in 2007.

Recent timber job losses have actually left the Siskiyou region (timber = 6.5% of all private jobs in 2007) less dependent on timber employment than non-metropolitan Oregon as a whole (timber = 8.4% of all private jobs in 2007).

Data on this page do not include government, agriculture, railroads, or the self-employed because these are not reported by County Business Patterns.

Jobs in Timber Sectors, Siskiyou Region



Employment in Timber, Siskiyou Region, 2007

Total Employment	316,670
Timber	*20,714*
Growing & Harvesting	*5,245*
Forestry & Logging	*3,466*
Support Activities for Forestry	*1,779*
Sawmills & Paper Mills	*11,045*
Sawmills & Wood Preservation	*4,980*
Pulp, Paper, & Paperboard Mills	*138*
Veneer, Plywood, & Engineered Wood	*5,927*
Wood Products Manufacturing	*4,424*
Other Wood Product Mfg.	*4,318*
Converted Paper Product Mfg.	*88*
Gum & Wood Chemical Mfg.	0
Wood Cabinet Mfg.	*4*
Wood Office Furniture Mfg.	*14*
Non-Timber	*295,956*

For more details on the timber industry, see the Timber Appendix.

Key points

The timber industry can be broken down into three main components—growing and harvesting, sawmills and paper mills, and wood products manufacturing—and employment tracked for each component.

Definitions:

Growing and Harvesting: jobs associated with growing and harvesting of trees on a long production cycle. It includes people employed in forest nurseries, as well as those involved in the cutting of trees and transportation of timber.

Sawmills and Paper Mills: jobs associated with converting logs into lumber, boards, poles, shingles, and similar milled products. It includes those involved in the conversion of logs and chips into pulp and paper as well as the creation of veneer and plywood.

Wood Products Manufacturing: jobs associated with manufacturing. It includes the production of corrugated boxes, gum and wood chemical products, cabinets, furniture, and other wood manufactured products.

The largest timber declines in recent years have occurred in sawmills and paper mills. For the region, from 1998 to 2007:

- Growing & Harvesting shrank from 6,022 to 5,245 jobs, a 12.9% decrease
- Sawmills & Paper Mills shrank from 16,270 to 11,045 jobs, a 32.1% decrease
- Wood Products Manufacturing grew from 4,148 to 4,424 jobs, a 6.7% increase

Until new housing starts recover, it is difficult to envision the conventional timber industry improving in a meaningful way. When housing starts do recover, the timber industry will likely produce a given level of output with fewer employees.

This last point suggests the importance of looking seriously at biomass, restoration, etc. for markets that could sustain forestry and timber-related jobs in the region.

Data on this page do not include government, agriculture, railroads, or the self-employed because these are not reported by County Business Patterns. Estimates for data that were not disclosed are shown in italics.

Key Economic Aspects at the County Level

There is a high degree of variation for most indicators between counties, which results from a diverse landscape and set of communities in the region.

All counties grew during recent decades. The fastest growing counties, in terms of population, employment, and personal income, tend to be larger counties such as Shasta, CA and Jackson, OR. Slower growing counties tend to be coastal (Coos, OR) or rural (Siskiyou, OR). All counties experienced net in-migration in the past decade, which indicates they are attractive to people as places to relocate and/or find employment. Trinity, CA leads and Humboldt, CA trails in the share of new growth from in-migration.

Average earnings in the region are almost 30% lower than for the U.S. They are higher in metropolitan counties with more mature service economies, and in Del Norte, CA because of the extent of higher paying government jobs (a state prison). They are lower in more isolated counties and where lower-paying services, such as retail trade and accommodation and food services, predominate. Unemployment varies dramatically across the region. In the most recent recession, it ranges from 10.5% (Mendocino, CA) to 17.3% (Trinity, CA). The rates of unemployment are generally higher than for the U.S. and point to the vulnerability of local economies to business cycles, and in particular to declines in the timber industry.

All counties in the region, from a private sector standpoint, are now predominantly service economies. The mix of industries varies by county. In general, counties in the region struggle to create and attract higher skill and higher wage service occupations and industries. Services range from a high of 94% (Del Norte, CA) to a low of 71% (Douglas, OR) as a share of total private jobs in 2007 and have driven almost all new employment gains in recent decades.

Non-labor income is large (around 50% of total personal income for most) and growing (fastest growing source of personal income for most), though there were declines in the most recent recession. Some counties benefit from significant investment and age-related income (Curry, OR), others have larger than average welfare (income maintenance) transfer payments (Del Norte, CA).

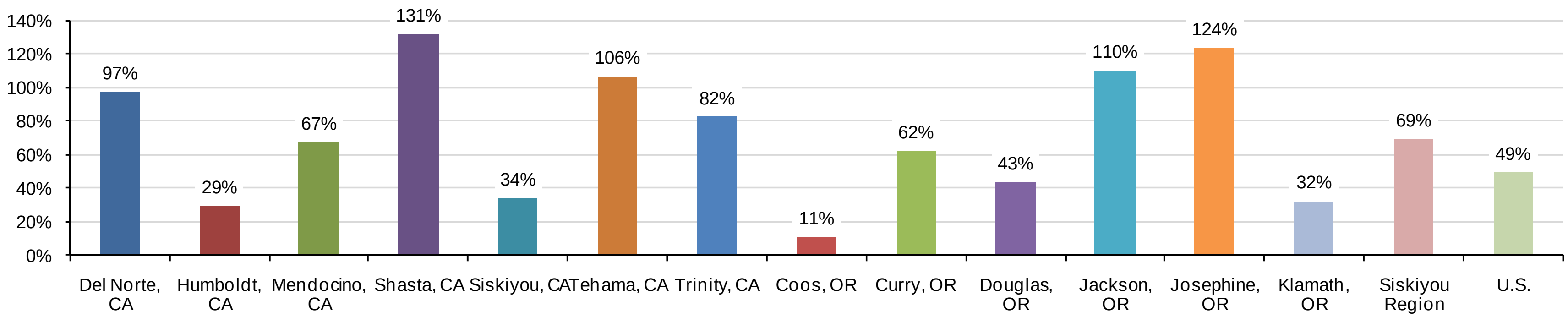
Government jobs are important in all counties and range from 9% (Josephine, OR) to 33% (Del Norte, CA) of total employment. Federal employment has grown modestly over time. These jobs are especially important because they are the highest paying in the region. The vast majority of new government jobs have been at the state and local level—a common trend across the West. The extreme case is Del Norte, CA whose economy now centers on the presence of a state prison.

Timber remains a relatively large industry, ranging from between 8% and 14% of total private employment, in about half of the region's counties. Most counties saw significant timber declines in the early 1980s, 1990s, and again in the 2000s. Nevertheless, in every county, the economy has grown while timber has declined, indicating that the economies of these counties have decoupled from earlier dependencies on timber to sustain economic growth.

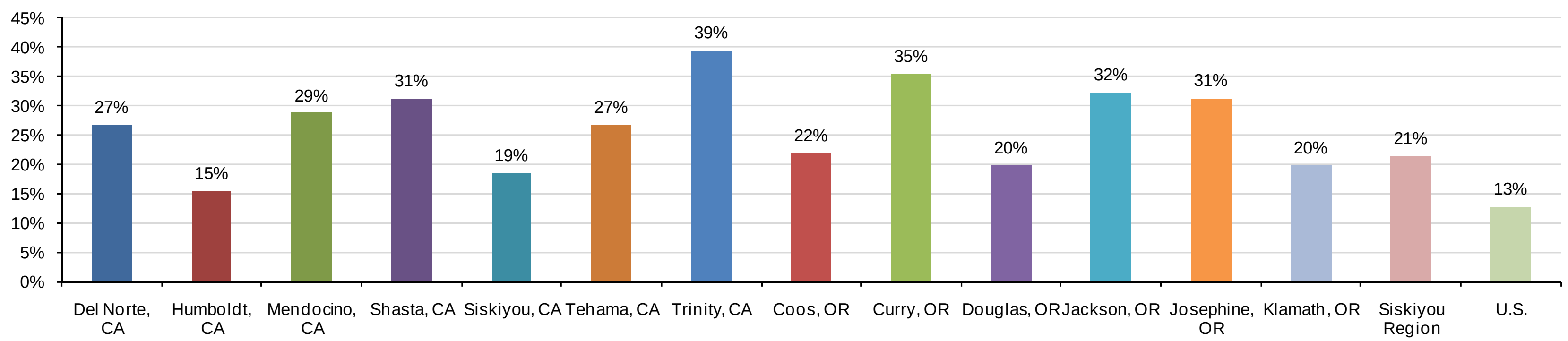
Mining is an insignificant economic activity in every county in the region. The recent resurgence of "suction dredge mining" for gold (now banned by a temporary moratorium in California and centered in southwest Oregon) appears largely to be a hobby activity.

Travel and tourism related jobs in the region grew at twice the rate of the rest of the economy over the last decade. These jobs range from 16% (Josephine, OR) to 26% (Trinity, CA) of total private employment. Travel and tourism related jobs are larger than commodity production in every county, except Tehama, CA and Douglas, OR where they are only slightly smaller as a share of total employment. National Forest visitor use data and related studies show that all forms of recreation are growing in the region. Non-motorized forms of recreation are currently larger than motorized uses. Visitor data also show that average non-motorized expenditures are similar to OHV expenditures—for example, on average in Oregon general day users spend $43/day and OHVers spend $40/day.

Population, Percent Change, 1970 to 2008



Population, Percent Change due to In-Migration, 2000-2009



Key Points

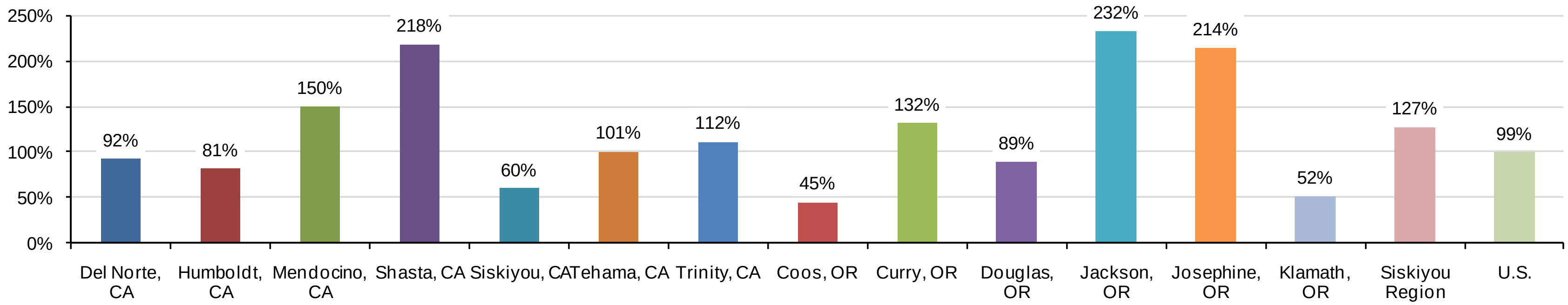
All counties in the Siskiyou region grew in recent decades, but with vastly different growth rates.

Between 1970 and 2008, Shasta, CA had the largest percent change in population (131%), and Coos, OR had the smallest (11%).

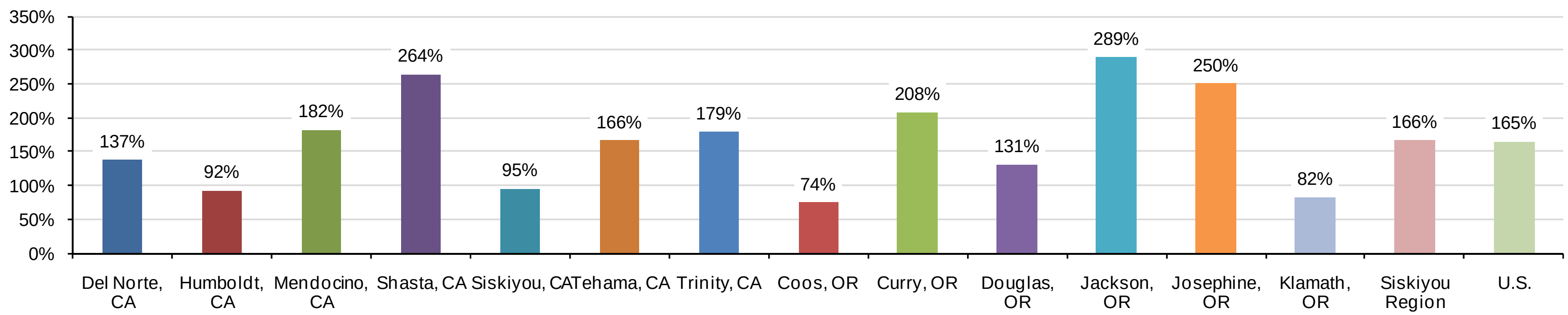
In-migration is responsible for a significant portion of new population growth. At the high end it accounted for 39% (Trinity, CA) and at the low end 15% (Humboldt, CA) of population growth from 2000 to 2009. In-migration signals that these counties are and can be attractive to new residents, retirees, and business owners.

Faster and slower rates of population growth are directly related to faster and slower rates of employment and personal income growth (see following page for details).

Total Employment, Percent Change, 1970-2008



Total Personal Income, Percent Change, 1970-2008



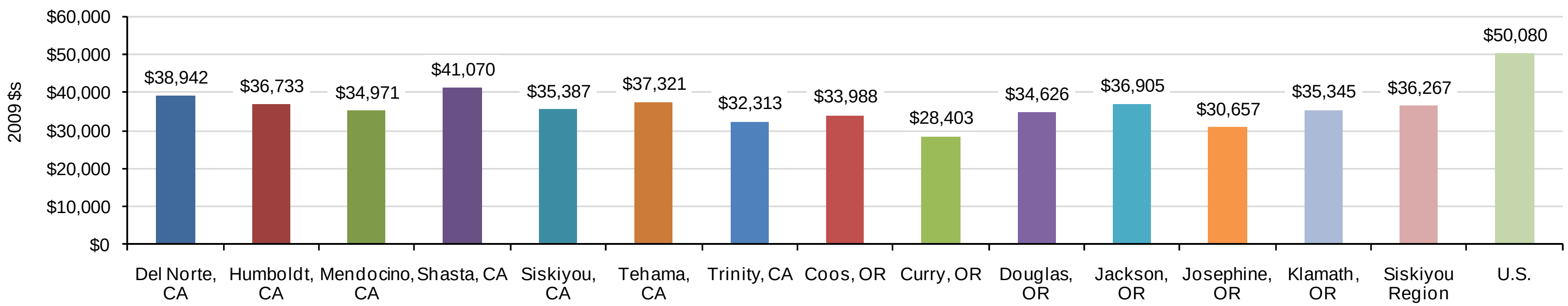
Key Points

Overall, employment and personal income growth in the Siskiyou region tracks with the U.S., but there are large variations between counties.

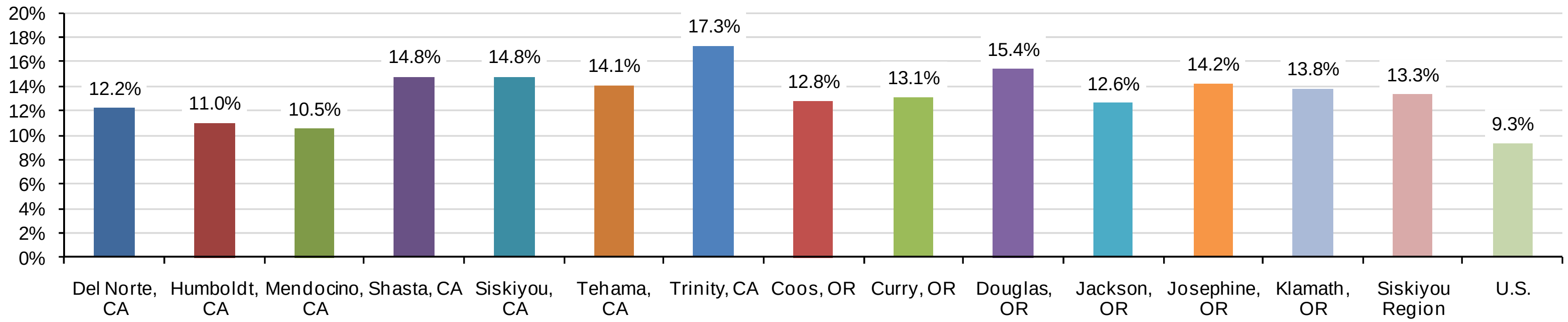
Six counties in the region have employment and personal income rates of growth that are below the national rate, and seven are above the national rate.

Between 1970 and 2008, Jackson, OR had the largest percent change in employment (232%), and Coos, OR had the smallest (45%). For these same years, Jackson, OR had the largest percent change in personal income (289%), and Coos, OR had the smallest (74%).

Average Earnings per Job, 2008



Annual Unemployment Rate, 2009

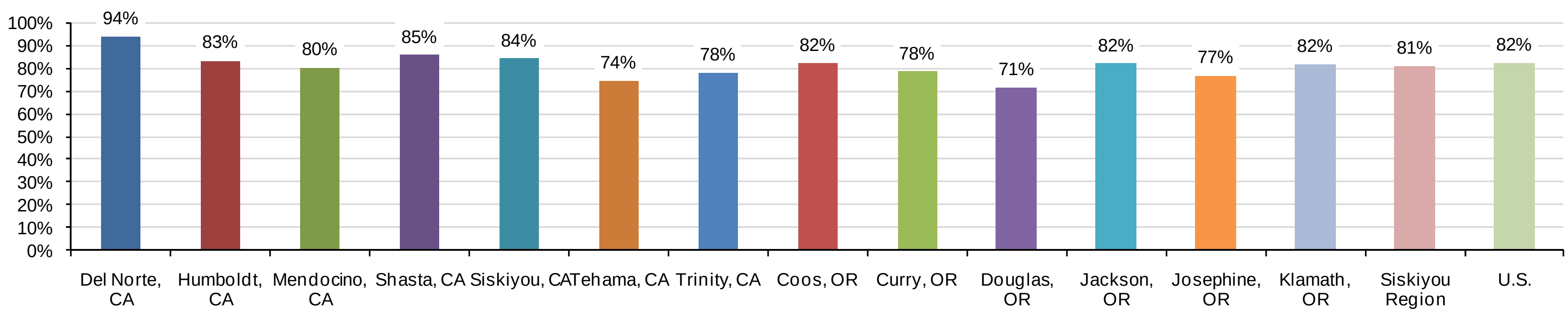


Key Points

Earnings across the Siskiyou region are lower than for the U.S. In 2008, Shasta, CA had the highest average earnings per job ($41,070), and Curry, OR had the lowest ($28,403) in the region. Shasta, CA is a metropolitan county with a mix of better paying occupations and industries. Curry, OR is a smaller and isolated county that has lost higher paying resource sector jobs and added lower paying service sector jobs.

Across the Siskiyou region, unemployment is higher than for the U.S. In 2009, Trinity, CA had the highest unemployment rate (17.3%), and Mendocino, CA had the lowest (10.5%) in the region. Trinity, CA is a very small economy (with only about 5,000 jobs in 2008) and it had 9.3% unemployment in 2006 before the most recent recession. The county then lost jobs in wholesale trade and information services between 2006 and 2008 that led to significantly higher unemployment rates in the most recent recession.

Services, Percent of Total Private Employment, 2007



Employment in Services, 2007

	Del Norte, CA	Humboldt, CA	Mendocino, CA	Shasta, CA	Siskiyou, CA	Tehama, CA	Trinity, CA	Coos, OR	Curry, OR	Douglas, OR	Jackson, OR	Josephine, OR	Klamath, OR	Siskiyou Region	U.S.
Percent of Total															
Services Total	*93.6%*	*83.3%*	*80.2%*	*85.5%*	*84.0%*	*74.4%*	*77.8%*	*81.9%*	*78.3%*	*71.4%*	*81.9%*	*76.7%*	*81.6%*	*80.9%*	82.2%
Utilities	*0.3%*	*1.0%*	*0.7%*	*0.7%*	*0.7%*	*0.6%*	*0.6%*	*0.2%*	*1.2%*	0.5%	0.4%	*0.3%*	*0.5%*	*0.6%*	0.5%
Wholesale trade	*1.8%*	3.2%	3.0%	3.5%	3.4%	1.8%	*0.9%*	2.8%	0.8%	2.6%	3.4%	3.3%	2.9%	*3.1%*	4.9%
Retail Trade	22.4%	20.6%	20.6%	19.9%	19.3%	17.3%	23.4%	17.2%	21.3%	15.7%	16.9%	20.0%	17.3%	18.5%	13.1%
Transportation and Warehousing	3.4%	2.6%	2.3%	2.9%	2.4%	6.2%	*1.2%*	5.4%	*1.2%*	4.0%	5.0%	2.1%	1.7%	*3.5%*	3.6%
Information	2.7%	1.7%	1.4%	2.8%	2.5%	1.1%	*2.2%*	3.9%	1.3%	1.3%	2.4%	1.9%	1.5%	*2.1%*	2.8%
Finance and Insurance	2.9%	3.5%	2.4%	4.1%	3.4%	2.6%	3.5%	3.0%	3.3%	2.7%	3.9%	3.9%	4.6%	3.5%	5.4%
Real Estate and Rental and Leasing	2.3%	1.7%	2.5%	1.8%	2.0%	1.5%	*1.0%*	2.7%	1.7%	1.4%	2.1%	2.1%	2.7%	*2.0%*	1.8%
Professional, Scientific, and Tech.	3.0%	4.8%	2.9%	5.0%	3.4%	2.0%	5.5%	2.8%	2.1%	3.3%	3.0%	2.3%	4.3%	3.5%	6.8%
Mgmt. of Companies and Enterprises	0.0%	0.4%	*2.0%*	0.5%	0.5%	*0.4%*	0.0%	0.2%	*3.0%*	*0.7%*	*4.8%*	0.1%	*9.0%*	*2.1%*	2.6%
Administrative and Support Services	1.0%	3.0%	1.7%	4.9%	*3.1%*	3.5%	*1.0%*	5.9%	*4.3%*	4.8%	5.3%	3.6%	2.8%	*4.1%*	8.3%
Educational Services	*0.5%*	0.8%	1.1%	2.4%	0.6%	*0.3%*	*0.4%*	0.5%	0.6%	1.2%	0.9%	1.2%	*0.6%*	*1.1%*	2.5%
Health Care and Social Assistance	26.8%	18.3%	16.8%	18.5%	17.4%	15.1%	12.8%	17.8%	14.7%	15.5%	15.5%	19.1%	15.0%	17.0%	13.9%
Arts, Entertainment, and Recreation	*7.4%*	2.8%	3.8%	2.9%	*4.8%*	*6.5%*	*2.2%*	5.1%	*1.1%*	1.5%	2.4%	1.6%	2.5%	*3.0%*	1.7%
Accommodation and Food Services	15.0%	14.3%	15.5%	10.9%	16.7%	9.6%	19.5%	10.8%	17.9%	12.8%	11.1%	10.7%	11.3%	12.3%	9.6%
Other Services	4.1%	4.7%	3.5%	4.7%	3.9%	6.0%	3.6%	3.7%	3.8%	3.3%	4.8%	4.4%	4.8%	4.4%	4.6%
Unclassified	*0.1%*	*0.0%*	*0.1%*	*0.0%*	*0.2%*	*0.1%*	0.0%	*0.1%*	*0.1%*	*0.0%*	0.0%	*0.0%*	*0.0%*	*0.0%*	0.0%
Non-Services	*6.4%*	*16.7%*	*19.8%*	*14.5%*	*16.0%*	*25.6%*	*22.2%*	*18.1%*	*21.7%*	*28.6%*	*18.1%*	*23.3%*	*18.4%*	*19.1%*	17.8%

Key Points

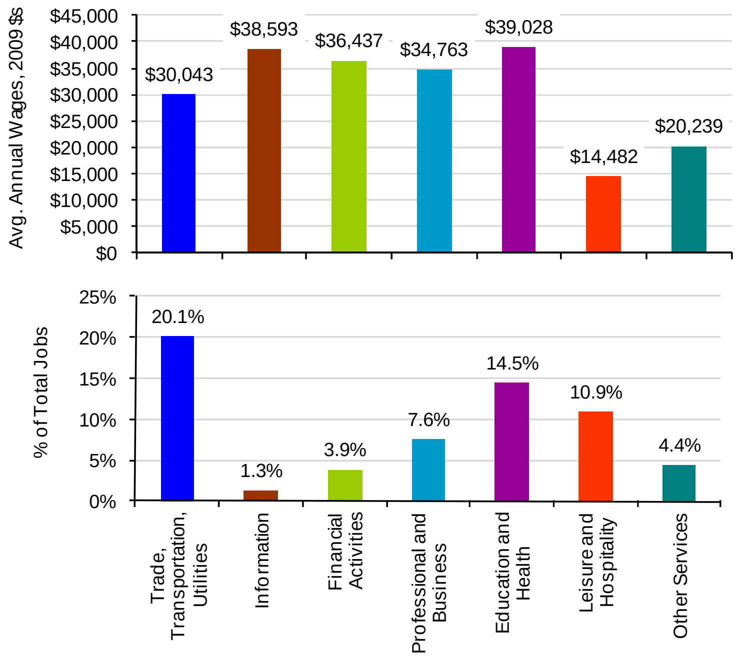
The Siskiyou region and all counties within the region have developed a predominantly services oriented economy. In 2007, Del Norte, CA had the largest percent of total private jobs in services (94%), and Douglas, OR had the smallest (71%).

Different counties have developed concentrations in different types of service industries. In 2007, retail trade accounted for 23% of total private jobs in Trinity, CA, while accommodation and food services made up 18% of all private jobs in Curry, OR. Health care and social assistance is a relatively large share of services and all private employment across all counties in the region.

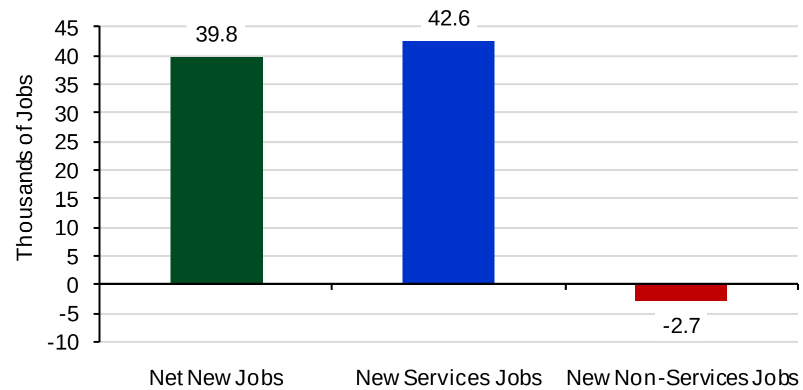
For more county-level information on service sectors, see the Services Appendix.

Data on this page do not include government, agriculture, railroads, or the self-employed because these are not reported by County Business Patterns. Estimates for data that were not disclosed are shown in italics.

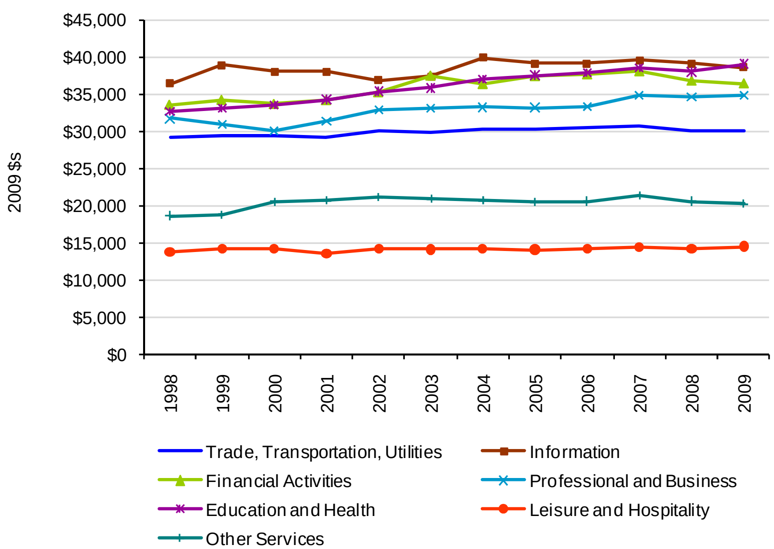
Avg. Annual Wages and Jobs in Service Sectors, Siskiyou Region, 2009



New Jobs in Services and Non-Services, Siskiyou Region, 1998-2007



Avg. Annual Wages in Service Sectors, Siskiyou Region



Key Points

Services are leading economic growth in the region. From 1998 to 2007, employment in services increased by 42,571 jobs. For these same years, employment in non-services decreased by 2,742 jobs.

The figures on the top left of this page show major service sectors by average wage and as a percent of all jobs. These data show the balance between higher paying and lower paying services employment in the region.

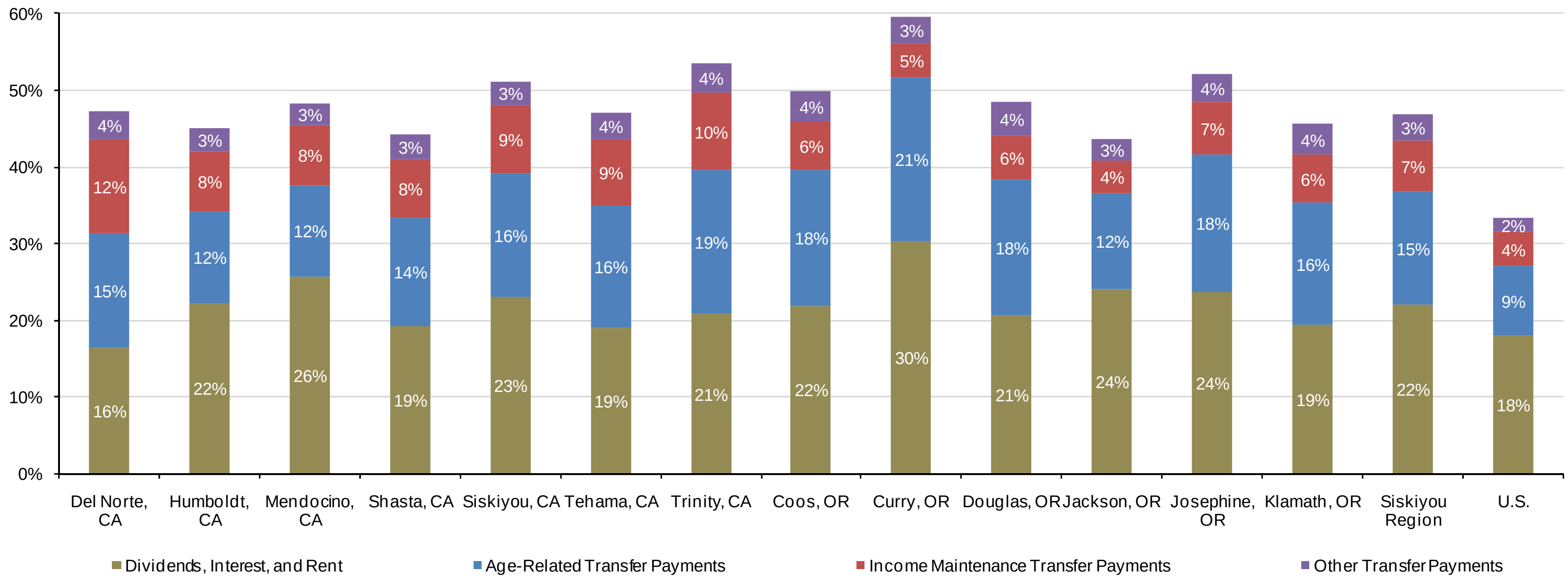
Education and health services ($39,028) accounted for 14.5% and information services ($38,593) for 1.3% of all wage and salary jobs in 2009. These sectors pay wages that, on average, are about 17% higher than average wages for all industries combined.

At the same time, leisure and hospitality ($14,482) accounted for 10.9% of all wage and salary jobs in 2009. They pay, on average, less than half of average wages for all industries combined. Many of these jobs may be part time and seasonal in nature.

A central challenge for counties in the region is to create and attract higher paying services occupations and industries to replace declining resource jobs and an already high dependence on government employment.

The figures on this page show wage data from the Bureau of Labor Statistics, which does not report data for proprietors or the value of benefits.

Components of Non-Labor Income, Percent of Total Personal Income, 2008



Key Points

All counties in the Siskiyou region derive a greater share of total personal income from non-labor income sources than the U.S. As the largest and fastest growing source of income for regional counties, these income streams are crucial to the economic health of the area.

In 2008, Curry, OR had the largest share of total personal income in non-labor income (60%), and Jackson, OR had the smallest (44%).

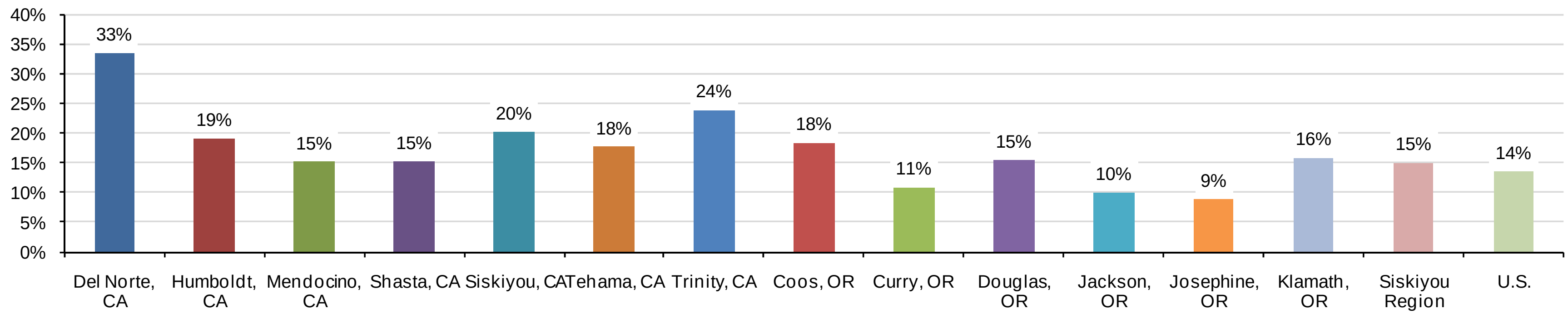
Some counties have been more successful at attracting investment and age-related transfer payments. Others rely more on income maintenance (welfare) transfer payments.

In 2008, Curry, Or had the largest share of total personal income from dividends, interest, and rent (30%) and Del Norte, CA had the smallest (16%).

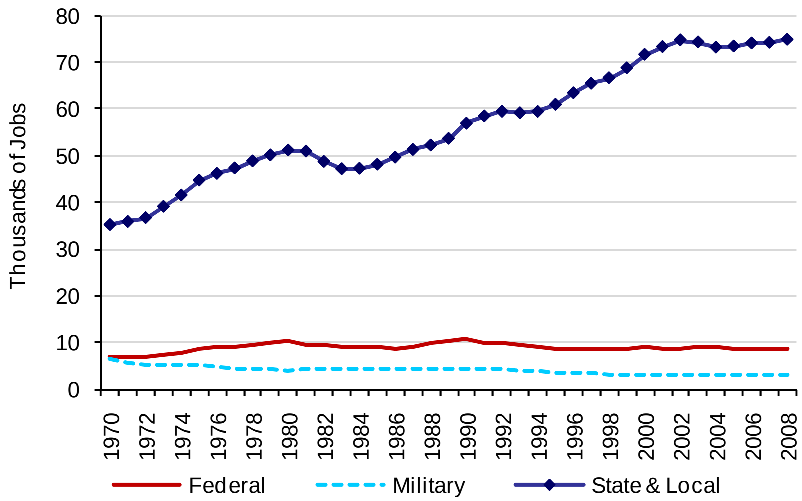
In 2008, Curry, Or had the largest share of total personal income from age-related transfer payments (21%) and Humboldt, CA had the smallest (12%).

In 2008, Del Norte, CA had the largest share of total personal income from income maintenance transfer payments (12%) and Jackson, OR had the smallest (4%).

Government Employment, Percent of Total Employment, 2008



Government Jobs by Type, Siskiyou Region



Key Points

Government jobs are an important economic sector in all regional counties.

In 2008, Del Norte, CA had the largest percent of total jobs in government (33%), and Josephine, OR had the smallest (9%). A state prison accounts for the high share of government employment in Del Norte, CA.

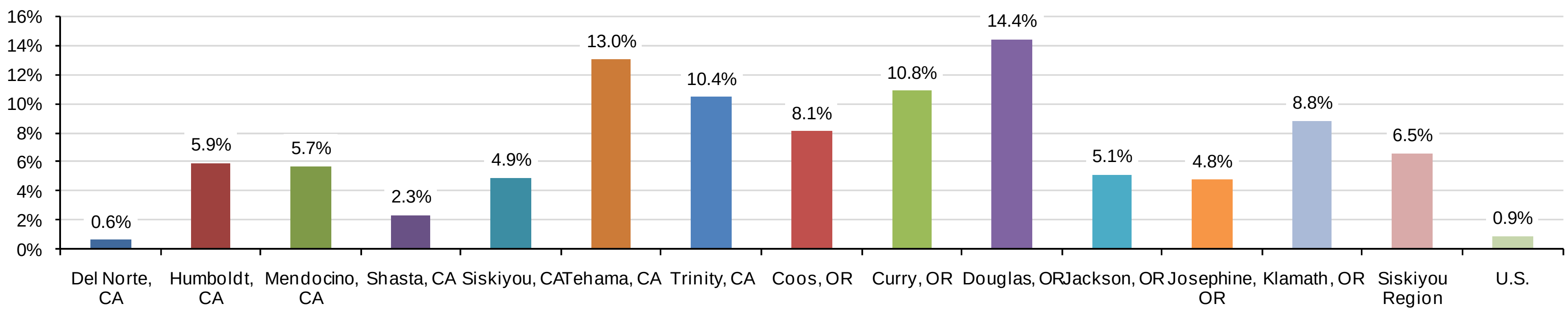
Government jobs in the region are growing faster than population but slower than the growth in total employment. State and local government accounts for the lion's share of new government jobs. This is a trend across the West.

For the Siskiyou region, from 1970 to 2008:

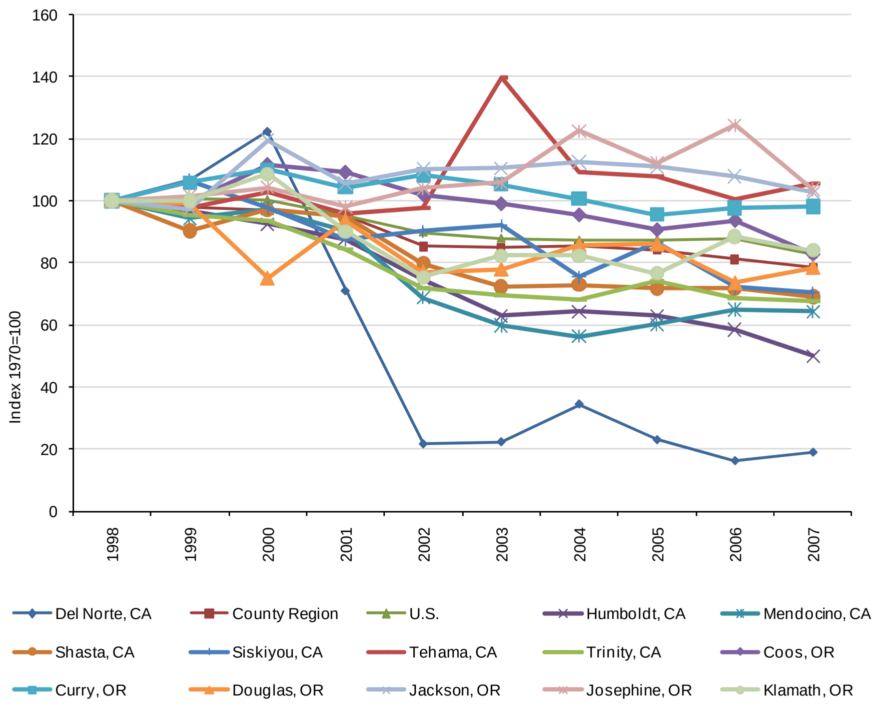
- State and local employment grew from 35,167 to 74,787 jobs, an increase of 113%
- Military employment shrank from 6,413 to 2,943 jobs, a decrease of 54%
- Federal civilian employment grew from 7,024 to 8,668 jobs, an increase of 23%

For many small communities, government employment is important because it pays relatively high wages and offers benefits. This is especially true for jobs in Forest Service and BLM offices.

Timber, Percent of Total Private Employment, 2007



Timber Employment



Key Points

With one exception (Del Norte, CA), the counties in the region are more, often significantly more, dependent on timber employment as a share of total employment than the U.S.

There are vastly different levels of reliance on the timber industry for employment in the region.

In 2007, Douglas, OR had the largest percent of total private jobs in timber (14.4%), and Del Norte, CA had the smallest (0.6%).

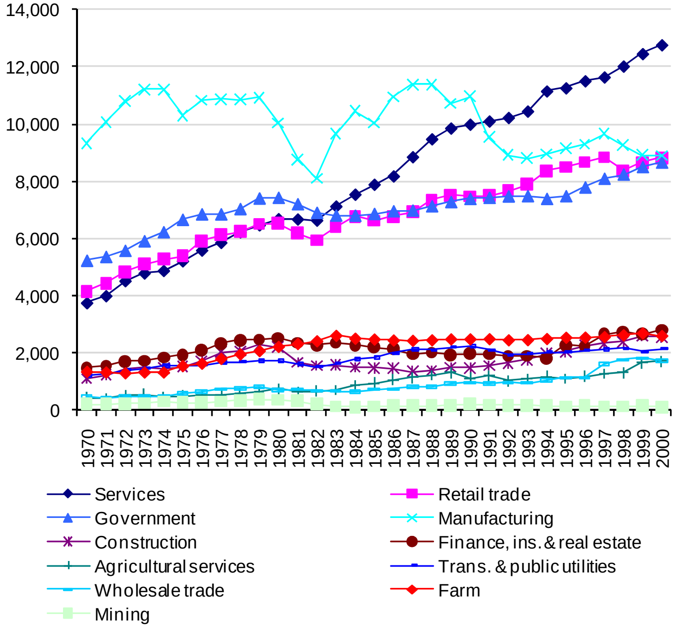
There are also quite different trends in timber related employment in recent years.

From 1998 to 2007, Josephine and Jackson, OR sustained timber employment levels, while Humboldt and Del Norte, CA experienced the largest declines. Tehama, CA saw a 40% increase over 1998 employment levels before losing virtually all of these new jobs by 2007.

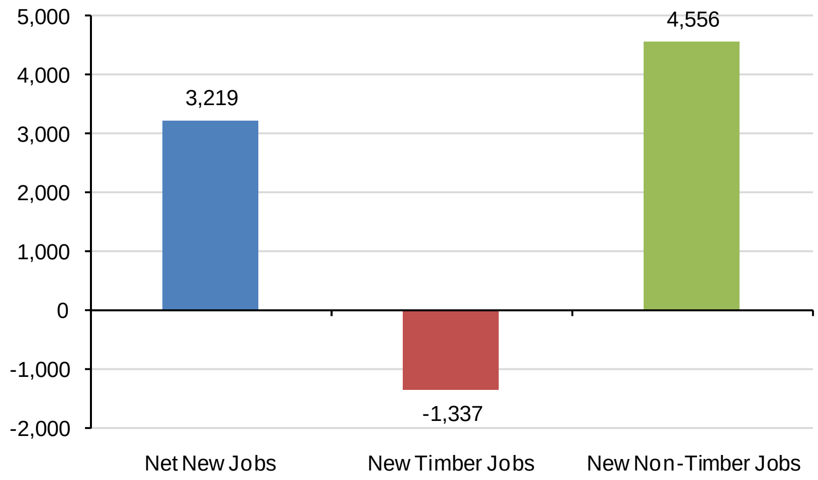
For more county-level information on the timber industry, see the Timber Appendix.

Data on this page do not include government, agriculture, railroads, or the self-employed because these are not reported by County Business Patterns.

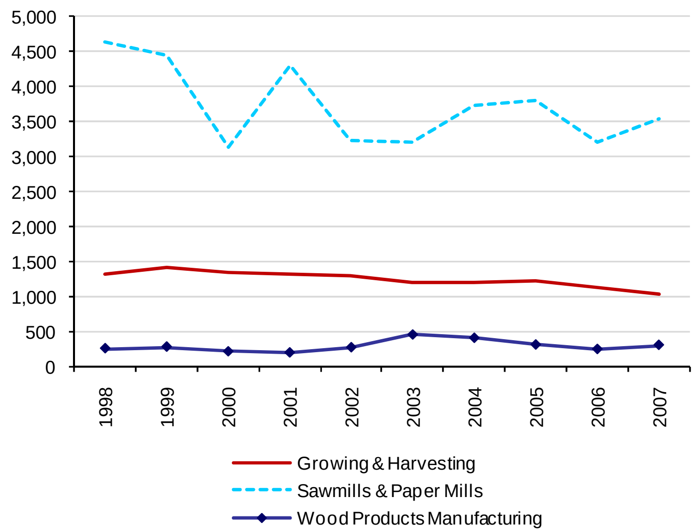
Employment by Industry, Douglas, OR



New Jobs in Timber and Non-Timber, Douglas, OR, 1998-2007



Jobs in Timber Sectors, Douglas, OR



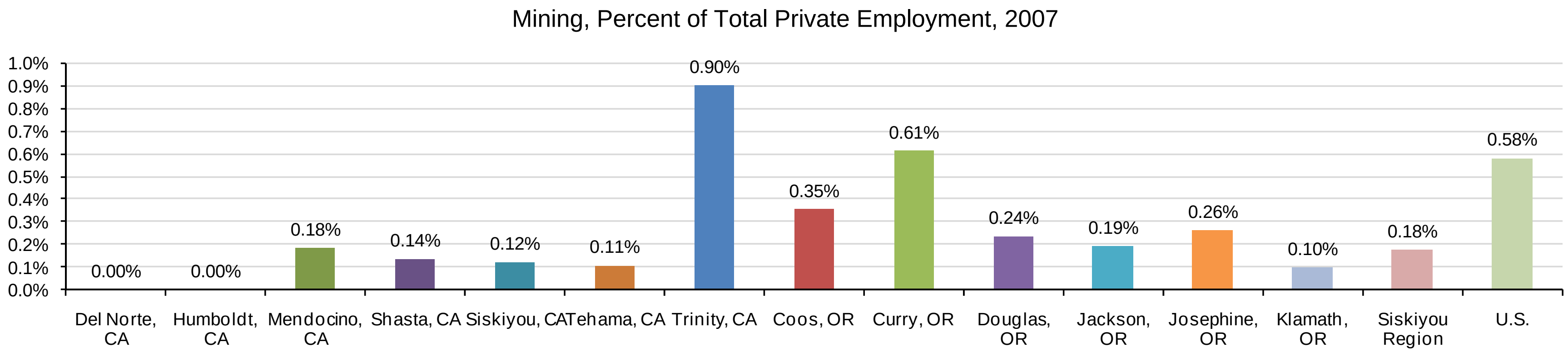
Key Points

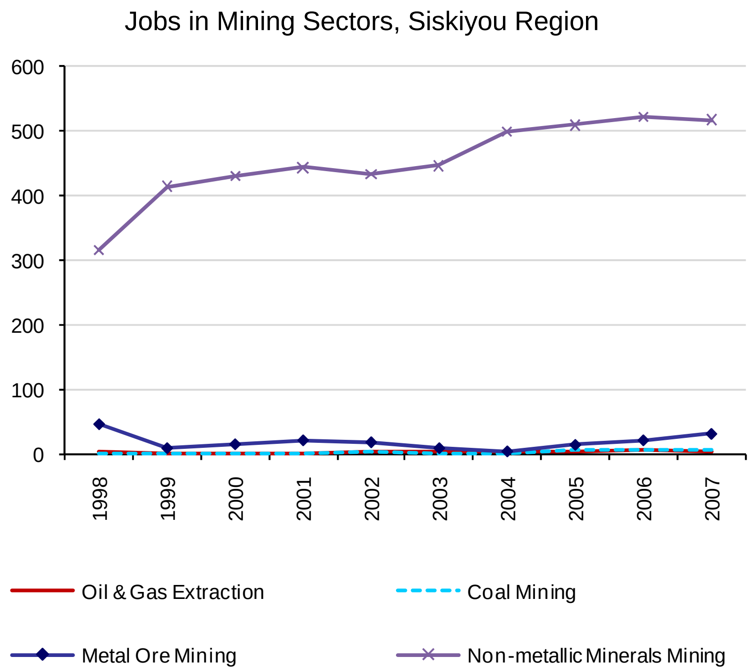
Douglas County, OR, with 14.4% of all private jobs in timber, is the most timber dependent county in the Siskiyou region.

Yet even here, timber jobs declined by 1,337 jobs, from 1998 to 2007. At the same time, the overall economy grew, adding 4,556 new non-timber jobs.

All of the 1998-to-2007 decline in timber related sectors took place in sawmills and paper mills (-1,115 jobs, a 24% decline), and growing and harvesting (-270 jobs, a 21% decline); wood products manufacturing added new jobs (+48 jobs, a 18% increase) over this time period.

Data on this page do not include government, agriculture, railroads, or the self-employed because these are not reported by County Business Patterns.





Key Points

Mining is not a significant activity in the Siskiyou region, or in any county of the region. The largest component of mining in the region—non-metallic minerals mining—includes stone, volcanic rock, granite, cement, and gravel mining. Fossil fuel and metal mining are almost non-existent.

In 2007, Trinity, CA had the largest percent of total private jobs in mining (0.90%), and Del Norte, CA had the smallest (0.00%).

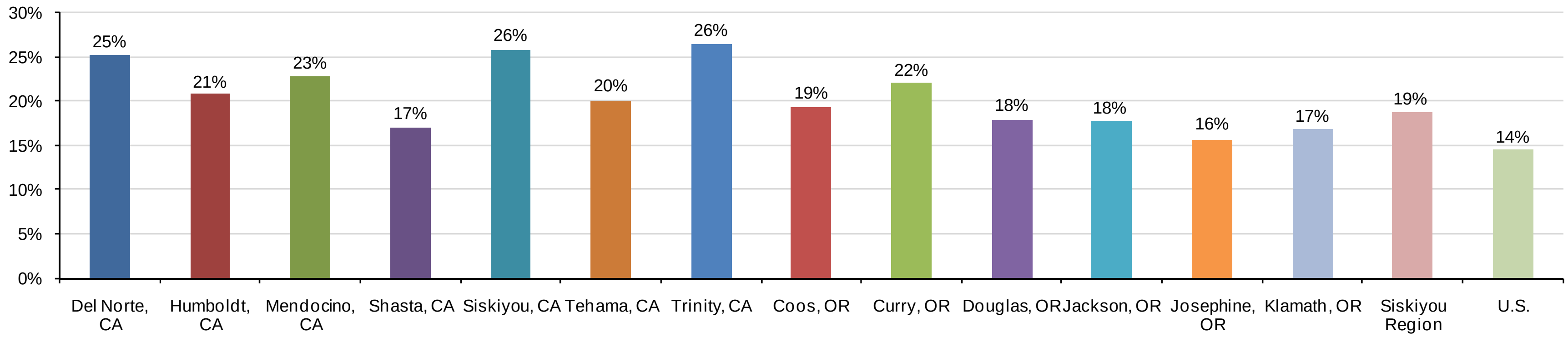
The rising cost of gold has stimulated new interest in gold mining across the West. In the Siskiyou region, this takes the form of small-scale "suction dredge mining" in rivers.

This activity is now banned by a temporary moratorium in California and centers on southwest Oregon in the Rogue, Applegate, and Illinois river watersheds.

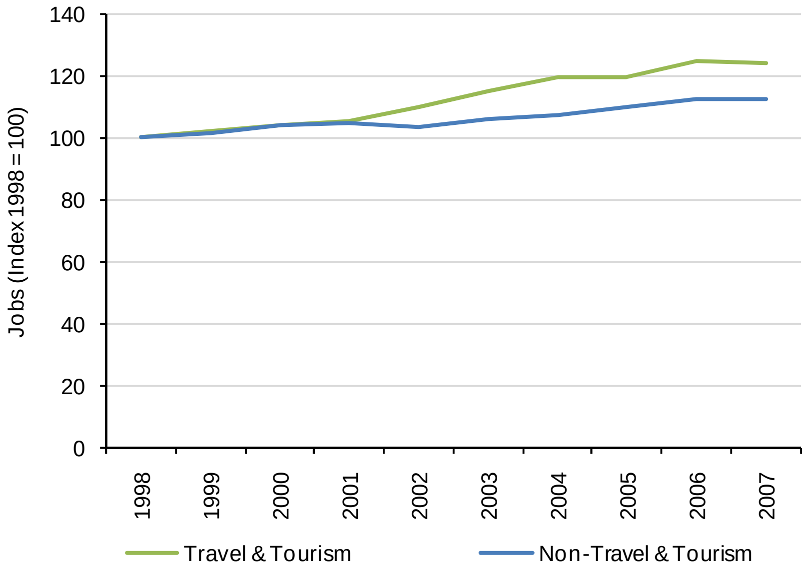
It appears that this form of mining is largely a hobby activity with little economic importance.

Data on this page do not include government, agriculture, railroads, or the self-employed because these are not reported by County Business Patterns.

Jobs in Industries that Include Travel & Tourism, Percent of Total Private Employment, Siskiyou Region, 2007



Jobs in Industries that Include Travel & Tourism and Non-Travel & Tourism, Siskiyou Region



Key Points

Travel and tourism related employment is significant for all counties in the region. The main industry sectors that contain travel and tourism related jobs are accommodation of food services; arts, entertainment and recreation; retail trade; and passenger transportation.

In 2007, Trinity, CA had the largest share of jobs in industries associated with travel and tourism (26%), and Josephine, OR had the smallest (16%).

Pleasure travel and recreation industries are also growing quickly.

From 1998 to 2007, industries associated with travel and tourism in the region grew by 24%. Over the same period, non-travel and tourism industries grew by 12%. In other words, travel and tourism jobs are growing twice as fast as non-travel and tourism jobs.

Most travel and tourism related jobs are relatively low paying, though there are exceptions such as guides and outfitters.

Charted values do not represent the entirety of shown sectors, but their components typically related to travel & tourism. For details on 3-digit NAICS codes used to calculate travel and tourism related employment, contact Headwaters Economics.

Data on this page does not include government, agriculture, railroads, or the self-employed because these are not reported by County Business Patterns.

Visitor Use

Primary Activity, Percent of National Forest Visitors

Activity	Klamath National Forest FY2008	Siskiyou National Forest FY2007	Six Rivers National Forest FY2008
Camping in developed sites	3.9	0.6	3.3
Primitive camping	0.0	0.4	2.3
Backpacking	6.6	0.9	0.1
Resort Use	0.0	0.0	0.2
Picnicking	3.6	0.2	3.2
Viewing wildlife, birds, fish, etc	0.3	0.0	1.7
Viewing natural features (scenery)	10.7	36.2	26.1
Visiting historic/prehistoric sites	0.0	0.0	0.1
Visiting a nature center	0.0	0.0	0.0
Nature Study	0.3	0.0	1.0
Relaxing	6.8	13.5	15.7
Fishing	2.7	12.1	6.9
Hunting	16.7	5.7	7.1
OHV use	0.0	1.7	1.1
Driving for pleasure	2.2	1.2	3.8
Snowmobile travel	4.1	0.0	0.0
Motorized water travel	0.0	8.4	0.0
Other motorized activities	0.0	0.0	0.1
Hiking or walking	8.2	9.5	11.5
Horseback riding	0.1	0.3	0.0
Bicycling	0.8	0.1	0.2
Non-motorized water travel	5.2	3.6	1.6
Downhill skiing or snowboarding	6.7	0.0	0.0
X-C skiing, snow shoeing	12.1	0.0	0.0
Other non-motor activity	1.3	4.9	18.2
Gathering forest products	1.5	2.3	1.8
Motorized Trail Activity	0.0	0.0	0.0
No Activity Reported	3.9	1.0	2.4

Key Points

We were able to find recent data on types of visitor activities for three National Forests (Klamath, Siskiyou, and Six Rivers) in the region.

These data show that non-motorized, or quiet, uses of National Forests were the most popular primary visitor activities.

Hiking or walking was listed as the primary activity for 8.2% of visitors on the Klamath, 9.5% on the Siskiyou, and 11.5% on the Six Rivers.

Hunting was listed as the primary activity for 16.7% of visitors on the Klamath, 5.7% on the Siskiyou, and 7.1% on the Six Rivers.

Relaxing was listed as the primary activity for 6.8% of visitors on the Klamath, 13.5% on the Siskiyou, and 15.7% on the Six Rivers.

Viewing natural features (scenery) was listed as the primary activity for 10.7% of visitors on the Klamath, 36.2% on the Siskiyou, and 26.1% on the Six Rivers.

OHV use and snowmobile travel are more modest on these national forests—less than 2% for OHVs on the Siskiyou and Six Rivers, and 4.1% for snowmobiles on the Klamath.

Respondents were asked to select one activity as their primary activity; some selected more than one, so this column may total more than 100%.

United States Forest Service (2009). “National Visitor Use Monitoring Results: Siskiyou National Forest.” January 2009, data collected FY 2007. Washington, D.C.

United States Forest Service (2009). “National Visitor Use Monitoring Results: Six Rivers National Forest.” August 2009, data collected FY 2008. Washington, D.C.

United States Forest Service (2009). “National Visitor Use Monitoring Results: Klamath National Forest.” August 2009, data collected FY 2008. Washington, D.C.

Average Expenditure per Person/per Day, Oregon, 1999

OHV Recreation		
	$45	Snowmobile
	$40	OHV
	$29	OHV (OSU)
	$28	Motorized
Other Recreation		
	$67	Downhill Skiing
	$43	General Day Use
	$31	Fishing
	$31	Nature Study/Interpretive
	$29	OHV (OSU)
	$29	Snow play
	$29	Water Recreation
	$18	Camping
	$12	Non-Motorized Dispersed

Johnson, R.L., Leahy, J.E. (1999). The 1999 Oregon Off-Highway Vehicle User Survey. Department of Forest Resources. Oregon State University. Corvallis, OR

Key points

We were unable to find recent user expenditure numbers for the Siskiyou region. However, we did find data for Oregon as a whole in 1999. These data give some sense of estimated spending by user groups.

In 1999, general day use expenditures ($43/day) were comparable to many other recreation activities, including OHV expenditures.

More recent expenditure studies for the U.S. and other states show similar spending levels. For example, in 2005 John Loomis found willingness-to-pay figures for quiet and motorized recreationists that are in line with the 1999 Oregon-specific data shown here. And in 2008 the Wyoming State Trails Program found that OHV daily expenditures were about the same as both the Oregon and Loomis studies cited here.

Loomis, J. (2005). Updated outdoor recreation use values on national forests and other public lands. General Technical Report PNW-GTR-658. Portland, OR: USDA, Forest Service, Pacific Northwest Research Station.

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Federal Land Payments to Counties

Federal land payments to counties are significant in the Siskiyou region. The most important programs are Secure Rural Schools (SRS) and Payment in Lieu of Taxes (PILT). SRS sunsets in 2011 and must be reauthorized and re-appropriated to continue. PILT's current appropriation ends in 2012.

There are basically two federal revenue sharing programs: Forest Service and BLM payments to counties. These are currently both part of Secure Rural Schools. In addition, PILT covers all federal public lands. It increases and stabilizes revenue to counties from the revenue sharing programs.

Federal revenue sharing programs are significantly larger and more important as a revenue source for counties in Oregon, mainly because of BLM Oregon and California (O&C) lands in this state. For example, Oregon counties received $46 million from the BLM in 2009, mostly from O&C payments. PILT is relatively small at present because these counties receive such large revenue sharing payments—they in effect receive minimum PILT payments.

For three counties in Oregon (Curry, Douglas, Josephine), federal payments combined made up a quarter or more of all county revenue in 2009. An additional three counties (Coos, Jackson, Klamath) received more than 10% of all county revenue from federal payments. By comparison, five of seven California counties received 2% or less of total county revenue from federal payments.

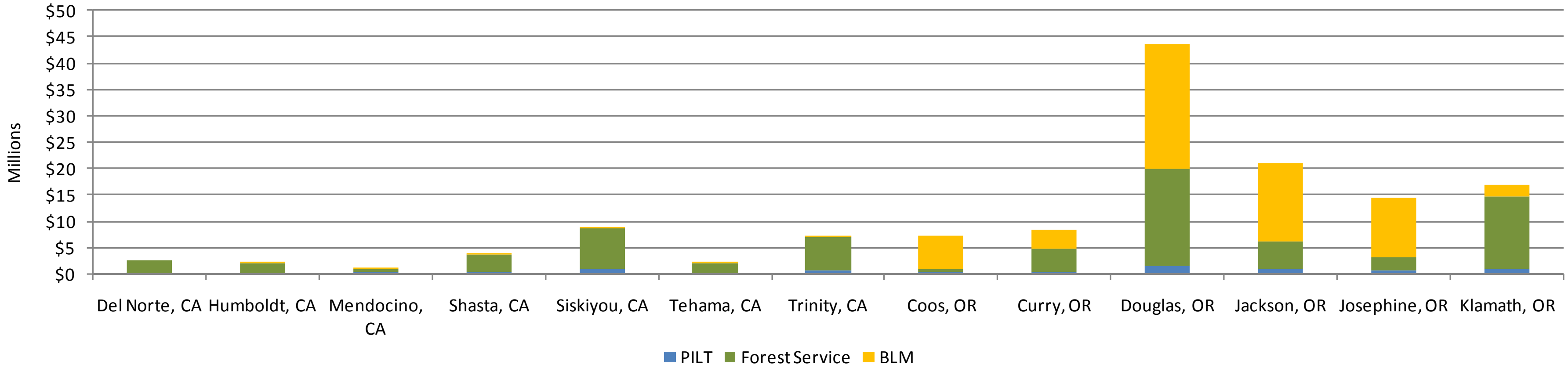
PILT goes only to counties and can be used for any purpose. Forest Service payments are split between roads and schools. Each state determines the distribution split. In California the roads-schools split is 50/50. In Oregon it is 75/25 roads-schools. BLM payments are also split between counties and schools, but the county share is not restricted to roads. This means Oregon county governments get a higher proportion of federal payments and they have a greater degree of discretion on how to spend these funds.

If SRS is not renewed by 2012, federal payments will revert to revenue sharing formulas based on commodity production. Because of recent declines in commodity production (timber) on public lands in these counties, federal payments would decline significantly to these counties. For some county governments, PILT payments would go up because of the decline in revenue sharing payments, dampening the decline in Forest Service and BLM payments. School districts cannot receive PILT, so they would lose the entire amount of the decline in payments. In Oregon, schools in these counties would receive a higher state equalization payment, which in effect means their school budgets could be insulated from revenue declines.

Accounting for PILT increases and higher school equalization payments, we estimate that the revenue loss ranges from a low of 15% in Jefferson, OR to a high of 61% in Josephine, OR. These estimates are lower than others' estimates (e.g., O&C county estimates) which do not account for PILT increases and state education equalization formulas.

For more information about federal land payments to counties, see: http://headwaterseconomics.org/tools/reforming-federal-land-payments-to-counties.

Major Components of Federal Land Payments, FY2009



	Del Norte, CA	Humboldt, CA	Mendocino, CA	Shasta, CA	Siskiyou, CA	Tehama, CA	Trinity, CA	Coos, OR	Curry, OR	Douglas, OR	Jackson, OR	Josephine, OR	Klamath, OR
Total Federal Land Payments by Geography of Origin ($)	2,635,275	1,937,290	937,724	3,791,270	8,603,874	2,153,754	6,989,925	7,191,343	8,226,971	43,507,694	20,937,958	14,425,328	16,946,376
PILT	153,701	169,188	357,663	321,529	841,043	146,124	503,323	341,996	259,710	1,458,577	858,090	585,023	788,685
Forest Service Payments	2,481,574	1,762,403	578,999	3,358,877	7,758,883	2,004,375	6,469,386	652,677	4,534,484	18,355,902	5,206,347	2,480,873	13,933,294
BLM Payments	0	5,699	1,063	110,865	3,949	3,255	17,217	6,196,670	3,432,778	23,693,214	14,873,522	11,359,432	2,224,397

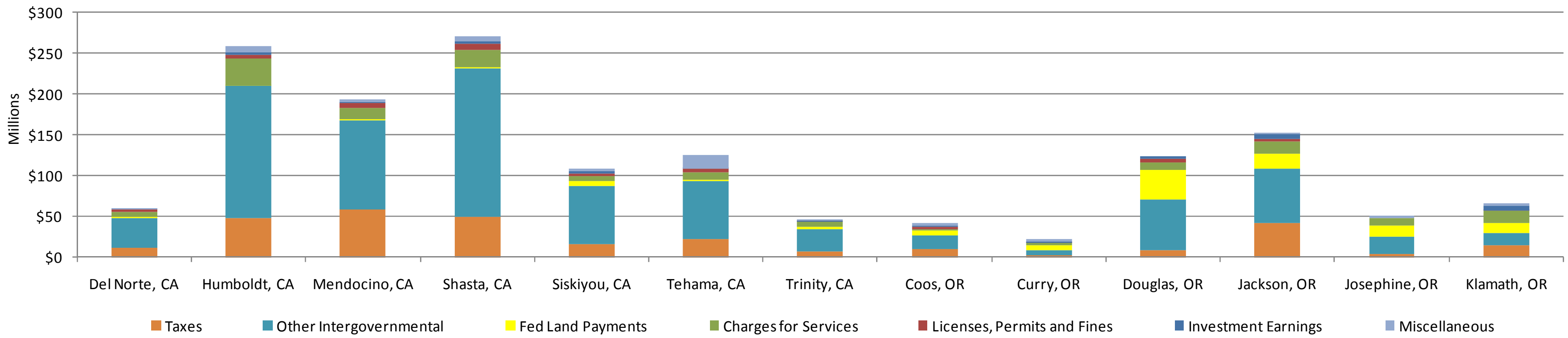
Key Points

Starting in 2001, Secure Rural Schools replaced the Forest Service 25% Fund and BLM O&C 50% revenue sharing programs. SRS decoupled payments from commodity production. It also stabilized and increased payments to counties.

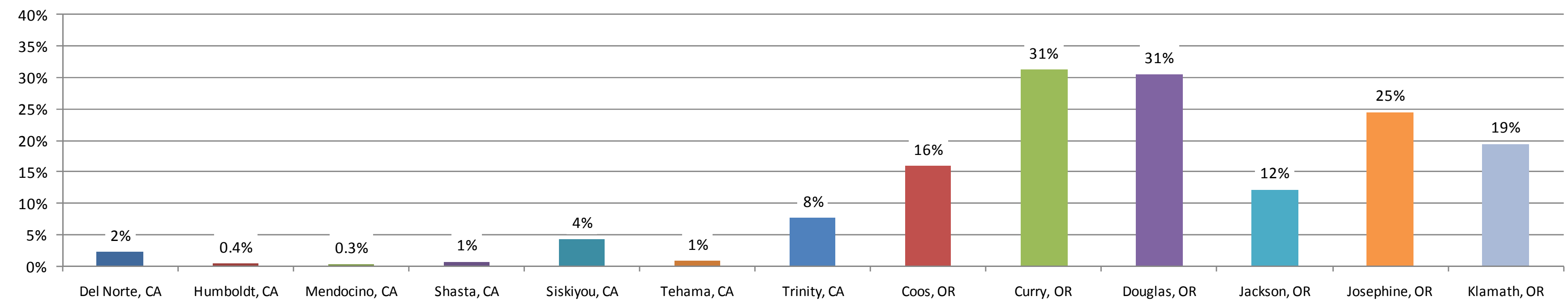
Initial SRS payment levels were set high because the large timber sales in the years before 2001 were used as the basis for 2001 SRS payments. In 2008, when SRS was reauthorized, these payment levels were increased yet again, though they are declining on an annual basis.

In FY 2009, Douglas, OR received $18 million from Forest Service and $24 million from BLM revenue sharing programs. The county also received $1.5 million in PILT payments. In the same year, by contrast, Mendocino, CA received $578,999 from Forest Service and $1,063 from BLM revenue sharing programs. The county also received $357,663 in PILT payments.

County Government Revenue by Source, FY 2009



Federal Land Payments, Percent of Total County Government Revenue, FY 2009

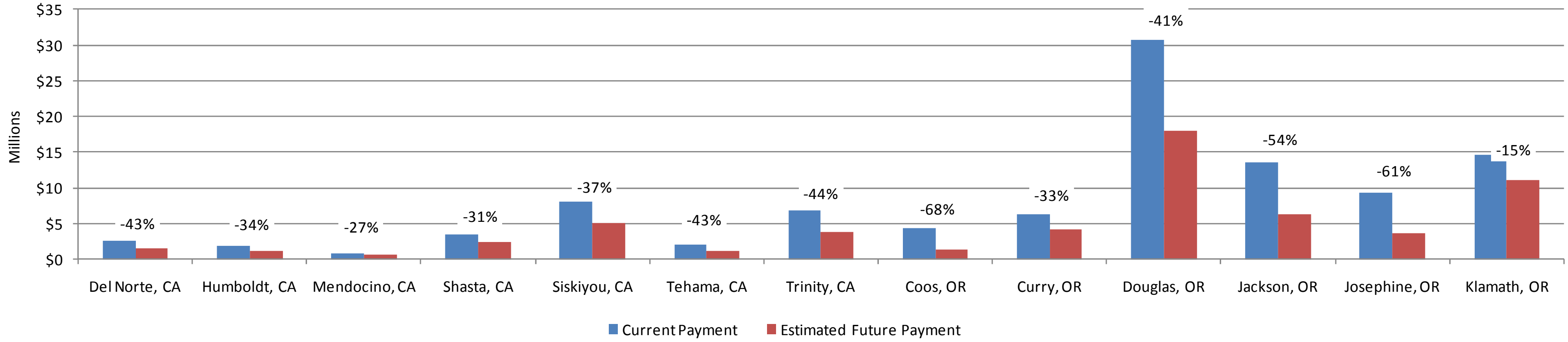


Key Points

For three counties in Oregon in 2009 (Curry, Douglas, Josephine), federal payments combined made up a quarter or more of all county revenue. An additional three counties (Coos, Jackson, Klamath) received more than 10% of all county revenue from federal payments. By comparison, five of seven California counties received 2% or less of total county revenue from federal payments.

The distribution of federal land payments to counties does not match up well with economic need as defined by poverty rates, amount of economic opportunity, or potential for alternative sources of local government revenue. In general, smaller and isolated counties with large amounts of federal public land need federal land payments the most. The current system, however, rewards counties based on whether they were large timber producers prior to 2001.

Current Payment Compared to Projected Future County Payment (without Secure Rural Schools)



Key Points

In the figure above, blue bars show current SRS payments to counties and red bars show estimated future payments without SRS reauthorization. These bars represent dollar values, with the percent change shown directly above.

If SRS is not renewed by 2012, federal payments will revert to revenue sharing formulas based on commodity production. Because of recent declines in commodity production (timber) on public lands in these counties, federal payments would decline significantly to these counties. For some county governments, PILT payments would go up because of the decline in revenue sharing payments, dampening the decline in Forest Service and BLM payments. Accounting for PILT increases, we estimate that the county revenue loss would range from 27% in Mendocino, CA to 68% in Coos, OR.

Schools districts are another matter. They do not receive PILT. In California, where SRS payments are not included in state equalization formulas, affected school districts would lose the entire amount of the reduction in SRS payments. In Oregon, where SRS payments for schools go to the state and are then redistributed to local school districts along with all other revenue for schools based on a state equalization formula, affected school districts would be insulated from most of the decline in SRS payments.

To put the case of funding for Oregon schools in perspective, it is useful to know that SRS payments make up a small portion of the Oregon school budget and that SRS payments are currently paid on a declining annual basis. In FY 2009, SRS payments to schools in Oregon amounted to $25 million, which was about 1% of the $3 billion State School Fund budget for 2009-2010. Because of declining SRS payments, this revenue will return less than $15 million to Oregon schools by FY 2011. If SRS is not renewed and federal land payments revert to revenue sharing based on commodity production, we estimate Oregon's schools would receive between $4 and $5 million—or about 0.13% of the current State School Fund. The important point here is that federal land payments are not and will not be a significant share of Oregon's school funding.

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