



JOHN A. KITZHABER, MD  
Governor

October 20, 2011

Curry Board of County Commissioners  
P.O. Box 746  
Gold Beach, OR 97444

Gentlemen:

Thank you for your letter of September 7 that outlined the developing financial crisis in Curry County. I appreciate that the failure of Congress to reauthorize the Secure Rural Schools Act would place Curry County and a number of other Oregon counties in a dire fiscal position. The ramp-down in federal payments over the past several years already has put a number of Oregon counties under severe fiscal stress.

As you know, I am committed to the ongoing effort to obtain reauthorization of the Secure Rural Schools Act, which is designed to compensate counties for the loss of revenue resulting from the retention of large areas in federal ownership in certain parts of the country. We are working with the Oregon delegation both to support reauthorization, and to find a long-term solution for management of the O&C lands. I am working with the delegation toward a unified position on the management of O&C lands that will provide more revenue from those lands while maintaining important environmental values.

I traveled to Washington D.C. recently to meet with our delegation and believe that, while a very difficult situation remains, important progress is being made. Senator Wyden has secured an agreement on the Senate side that would continue the Secure Rural Schools program at the 2011 level, with a 5% per year reduction over five years. We must all continue to work together to ensure the program is extended.

I also appreciate the Curry County Board of Commissioners' assessment of the county's financial condition. Keeping me and our other coalition members apprised of the effects and scale of the financial liability that discontinuation would bring is very important in communicating the catastrophic results of an inadequate congressional response.

However, as you pointed out in your letter, the low tax rates that some counties have enjoyed during times of federal payments will need to be raised if those payments are terminated. In particular, Curry County has a tax rate that is much lower than other counties that receive county payments. In any scenario, providing an adequate level of service to the public in Curry County will require re-examination of this tax rate going forward.

While we work for reauthorization and other congressional action, we also need to prepare for the very real possibility that Congress will fail to act on this matter. As you know the state budget has taken a major blow from the great recession. Our most recent forecast indicates we may have even less revenue than we had anticipated for this biennium.

Therefore, as we work to maintain basic services in Oregon, we must also change our systems to operate more effectively and efficiently. The bottom line is Oregon's financial condition is very constrained, and we must change the way we do business to deal with the shortfall in revenue

I recognize that increased efficiencies and prioritization will not resolve the fiscal challenges that Curry County and certain other counties will face if federal forest payments terminate at the end of this federal fiscal year. We must begin to inform citizens of the possibility that certain essential public services will no longer be provided at even minimally adequate levels in certain counties.

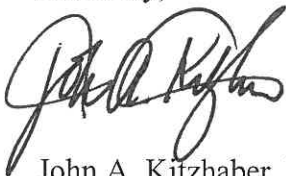
The Oregon legislature also is aware of these issues, and has appointed a legislative task force to work with my staff and local government to improve our preparedness. I am convening a team immediately to work with the legislative task force to do three things:

1. Update the 2009 County Payments Task Force report, particularly with regard to the fiscal impacts to particular counties that are most at risk.
2. Provide technical assistance to counties in fiscal jeopardy and where necessary to identify what key services are required and/or feasible to continue.
3. Develop proposed legislation for the 2012 Legislative Session to improve the tools counties have to mitigate significant fiscal stress.

In addition I have reviewed your request for an Oregon Solutions project designation. I am directing my Intergovernmental/Regional Solutions Director to develop a recommendation on how this or a related program, Oregon Consensus, could be of assistance.

I look forward to joining you in this difficult and critical challenge to the County's fiscal health.

Sincerely,



John A. Kitzhaber, M.D.  
Governor