

# Secure Rural Schools Act

## **Calculating the State Payment PL 110-343 and PL 112-141**

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Calculating county share of State Payment

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The Act prescribes the calculations and definitions in detail. This presentation walks through the formula for the State Payment to aid understanding of the various factors that go into it.

## Formula for county share of the State Payment

= full funding amount x adjusted share

<http://www.fs.fed.us/srs/docs/calculations.pdf>

An eligible county's share of the State Payment is its adjusted share of the full funding amount.

Determining the full funding amount is relatively simple. The adjusted share is a complex calculation.

All the definitions and calculations used to determine a county's share of the Secure Rural Schools Act State Payment are defined and prescribed in the Act. This presentation is intended to break down the formula into several steps to assist understanding the relationship of the variables in the formula. In addition, there is a detailed discussion of the calculations at <http://www.fs.fed.us/srs/docs/calculations.pdf>

## Full funding amount

The Act, reauthorized in PL 112-141, specifies the full funding amount is 95% of the preceding fiscal year.

- FY2011 \$364.500 million
- FY2012 \$346.275 million

The Secure Rural Schools State Payment is based on a full funding amount established in the Act, as reauthorized in PL 112-141, to be equal to 95% of the full funding amount for the preceding fiscal year. The full funding amount for fiscal year 2011 was \$364.5 million. 95% of the FY2011 full funding amount is \$346.275 million.

## County's adjusted share

$$\frac{(\text{County base share}/\text{County income adjustment})}{\text{Sum of all eligible counties' (base share/income adjustment)}}$$

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A county's adjusted share is based on its "base share" and its "income adjustment" and the base share and income adjustment of all eligible counties. To calculate the adjusted share it is necessary to first calculate the base share and the income adjustment.

The calculation incorporates the county's historic share of the payment to the state, the acreage of national forest in the county, and the county's per capita personal income. The calculation determines the proportional value of these factors for each county in relation to all the participating counties.

The calculations use data from all eligible counties. The Act defines an eligible county as any county that contains federal lands as described in the Act and elects to receive a share of the State Payment.

# County's base share

The base share is the average of these two quotients:

$$\frac{\text{"Federal" acres in county}}{\text{Sum of all eligible counties' "federal" acres}}$$

and

$$\frac{\text{County share of state's average high 3 payments}}{\text{Sum of all eligible counties' average high 3 payments}}$$

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Calculating the county's base share involves determining the county's proportion of national forest acres and the county's proportion of high 3 payments and then calculating the average of the two values, each of which is considerably less than one.

The high three payments are calculated on the Payments to States during the 14-year period including fiscal year 1986 through fiscal year 1999. This time period is specified in the Act.

## Acres of Federal lands

- Updated annually
- FS acres are on-line at <http://www.fs.fed.us/land/staff/lar/>

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Eligible county and Federal lands under this Act have a specific definitions. Federal lands are defined in the Act as national forest lands and O&C Railroad lands and Coos Bay Wagon Road lands in western Oregon that were revested to the federal government and are managed by the Bureau of Land Management (BLM.) Federal lands in this Act do not include other lands administered by the Department of the Interior (e.g. national arks, wildlife refuges) or national grasslands administered by the Forest Service.

The BLM and Forest Service coordinate each year to update the acreage of federal lands to ensure the most recent data is used in the formula, as required in the Act.

See Forest Service Land Area Reports,  
<http://www.fs.fed.us/land/staff/lar/LAR2011/lar2011index.html>

## County's High 3 Payments

1. Identify 3 highest annual payments to the State, 1986-1999.
2. Average the 3 highest annual payments to the State.
3. Calculate the county's share (percentage) of all payments to the State for 1986-1999.
4. Apply county's share to the average annual 3 highest payments to the State.

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The documentation of the state's high 3 payments and each county's share of the high 3 payment is at

[http://www.fs.usda.gov/Internet/FSE\\_DOCUMENTS/stelprdb5262105.pdf](http://www.fs.usda.gov/Internet/FSE_DOCUMENTS/stelprdb5262105.pdf)

The calculation of the county share of the state's average high 3 payment involves determining the state's high three payments during this period and then calculating the county's share of these three payments.

Identify the three highest annual payments to the state.

Calculate the average of these three years.

Determine the county's share (percentage) of all payments to the state over the 14 year period.

Apply this percentage to the average high 3 payment.

# County's income adjustment

$$(\text{County PCPI} / \text{Median PCPI for all counties})^2$$

PCPI is per capita personal income, published annually by the Bureau of Economic Analysis

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The income adjustment is the other factor in determining an eligible county's adjusted share.

The income adjustment calculation first determines the relationship of the county's per capita personal income (PCPI) to the median per capita personal income of all eligible counties, and then squares the resulting quotient. The squaring of this quotient is a powerful feature of this formula.

A county with a PCPI above the median of all eligible counties' PCPI will have a ratio of PCPI to median PCPI of greater than one and the square will be even larger. A county with a PCPI below the median of all eligible counties' PCPI will have a ratio of PCPI to median PCPI of all counties or less than one and the square will be even smaller.

The Act requires the Forest Service to use the most recent data published each year by the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) when calculating the payment. For the FY2011 payment the most recent data at the time the payment was calculated in November 2011 was published in May 2011 for FY2009. BEA published updated and revised data on April 25, 2012 which is the data used to project the FY2012 payment. To calculate the actual FY2012 payment to be made in December 2012, the Forest Service will use the most recent available acreage and PCPI data available. The calculation will only include "eligible" counties, that is only those counties that have elected to receive a share of the State payment.

See BEA website at <http://www.bea.gov/index.htm> for the most recent PCPI.

## Steps in the calculation

- Input average annual high 3 payment
- Update acres and PCPI for eligible counties
- Sum the acres and high 3 payments
- Determine median PCPI
- Calculate income adjustment from PCPI
- Calculate base share from acres and avg. hi 3
- Calculate adjusted share from base share and income adjustment
- Calculate county's share of State payment from full funding amount and adjusted share
- Apply county's allocation to county share of State payment

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### STEPS IN CALCULATING THE COUNTY SHARE OF THE STATE PAYMENT

- Input average annual high 3 payment
- Update acres and PCPI for eligible counties
- Calculate income adjustment from PCPI  
(County PCPI / Median PCPI for all counties )<sup>2</sup>
- Sum the acres and high 3 payments, determine median PCPI for all eligible counties
- Calculate base share from acres and county share of average of highest 3 annual payments  
Average of county proportion of acres and county proportion of high 3
- Calculate adjusted share: base share X income adjustment
- Calculate payment: full funding amount X adjusted share
- Apply allocation percentages to the county share of the State payment

### ALLOCATING THE COUNTY SHARE OF THE STATE PAYMENT

- Review the allocation requirements and guidelines in the Act and verify the county's allocation
- Apply the county allocation to the county share of the State payment for public schools and roads, title II special projects, title III county funds.