

**2009-11**  
**Biennial Budget Kickoff**  
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**Oregon Board of Forestry**  
**January 9, 2008**

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**Today's Topics**

- State of Oregon Budget Process
- Current ODF 2007-09 Budget for Context
- Key Considerations in Budget Development
- 2009-11 Budget Planning Framework
- Timeline and Sequence
- Looking Ahead to Future Board Meetings

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## Oregon State Budget Process

- Two year, biennial cycle - July 1 odd year to June 30 next odd year
- Incremental development built on current level as starting point
  - Agency Request (Board of Forestry Approval)
  - Governor's Recommended
  - Legislatively Adopted (and Legislatively Approved when changed by emergency board action)

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## Oregon State Budget Process

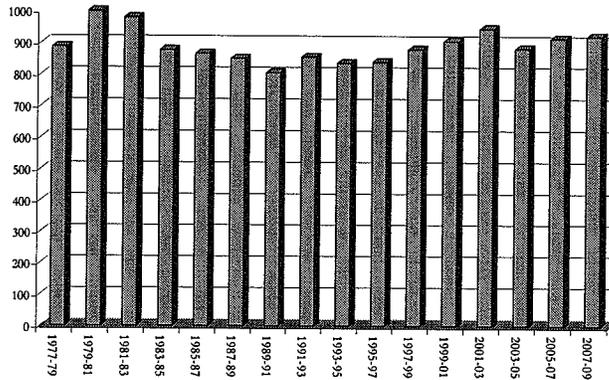
- Addresses all Revenue Sources
  - General Funds (primarily income tax)
  - Lottery Funds
  - Other Funds
  - Federal Funds
- Both Operating and Capital Infrastructure Needs
- Both Current Revenue and Debt Service

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**2009-11 Biennial Budget Overview  
Oregon Board of Forestry – January 9, 2007**

## Current 2007-09 Budget

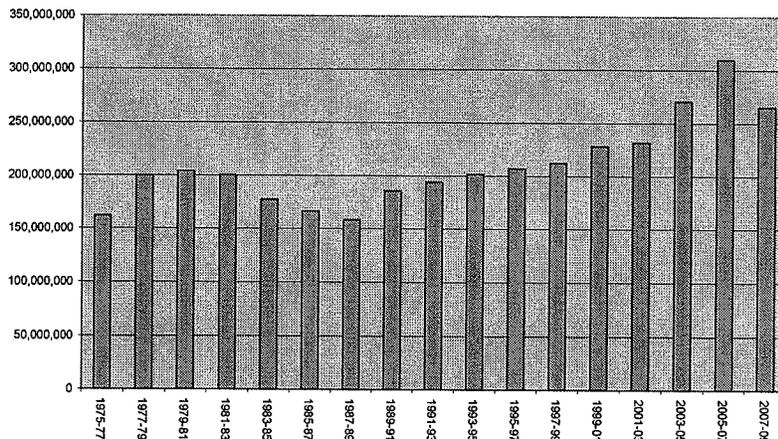
FULL TIME EQUIVALENTS (FTE)  
1977-2007 LEGISLATIVELY APPROVED FTE  
AND 2007-09 LEGISLATIVELY ADOPTED BUDGET FTE OF 920.96



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## Current 2007-09 Budget

LEGISLATIVELY APPROVED BUDGETS - INFLATION ADJUSTED  
AND 2007-09 LEGISLATIVELY ADOPTED BUDGET OF \$265,091,889  
(not including Debt Service or Capital Construction)  
(in year 2007 dollars)

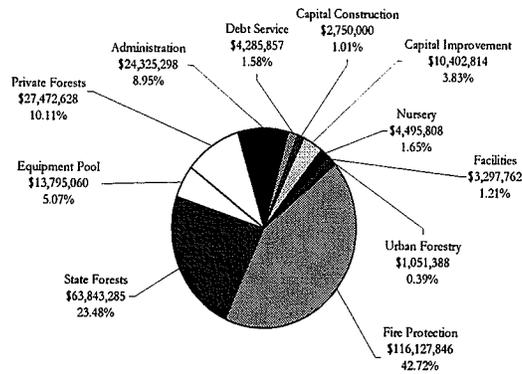


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**2009-11 Biennial Budget Overview  
Oregon Board of Forestry – January 9, 2007**

## Current 2007-09 Budget

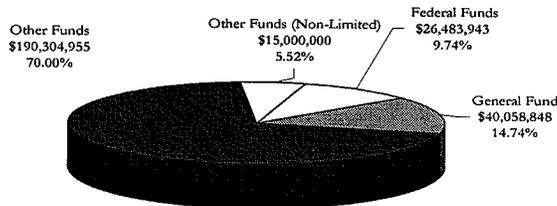
**2007-09 LEGISLATIVELY ADOPTED BUDGET  
BY PROGRAM AREA  
(Total \$271,847,746)**



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## Current 2007-09 Budget

**2007-09 LEGISLATIVELY ADOPTED BUDGET  
BUDGET BY FUND-TYPE  
(Total \$271,847,746)**

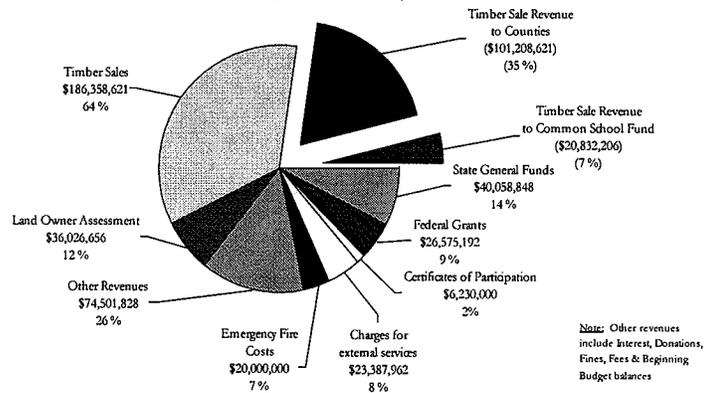


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2009-11 Biennial Budget Overview  
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## Current 2007-09 Budget

2007-09 LEGISLATIVELY ADOPTED BUDGET  
MAJOR REVENUE CATEGORIES  
(Total \$291,098,280)



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## Key Considerations

- Our Process
  - Linkage to FPFO, Board Work Plans and Agency Planning – “The Basic Premise”
  - The Governor’s Principles and Priorities
  - Executive Team guidance – Vision, Direction and Priorities
  - Stakeholder Involvement
  - Performance Measures and Reviews
  - Interim Policy Efforts - Budget Notes

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## Key Considerations

- Our Development
  - The Bottom Line - Investments in Service and Capacity
    - What we want to achieve versus where we are?
    - What does it take to get there?
    - Is it at a price customers/stakeholders are willing to pay?
    - What's the impact on results of less investment?
    - Covers not only operating program delivery but also “running the business”, i.e. administrative systems and support, infrastructure investments and capital investments

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## Key Considerations

- Our Revenue Outlook
  - The forward outlook right now is of concern:
    - National and regional economic situation (i.e. credit crisis and financial markets; energy costs; residential development and homebuilding)
    - Federal budget priorities and therefore federal grants
  - All fund categories and all programs to some extent
  - Horizon is both near-term and longer term
  - Some factors within agency control; most are not
  - Different from General Fund crisis of 2001-03 – more like revenue crisis of early 1980s and 1990s

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## Key Considerations

- Our Performance Measures and Management
  - Multiple Levels
    - Measures of Effectiveness - Meeting the Need
    - Measures of Efficiency - Doing things Right
- The 1999 HB3182 Requirement
  - Governor Must Submit “Alternative Budget Plan” to Legislative Leadership
  - 90% of Current Service Level, all Funds
  - \$27 million Less Investment - Substantial Programmatic and Organizational Changes

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## 2009-11 Planning Framework

- The Bottom Line –
  - Frame our budget effort in an “investment/results” approach
- Fundamentally, “What is the return on investment?”
- Use a budget planning framework and process that achieves this approach – link to Governor’s approach and priorities
- Built with a three-element framework

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## 2009-11 Planning Framework

### Element 1 – Connections and Linkages:

- ◆ Linkage to Board's *Forestry Program for Oregon*
- ◆ Consideration of Governor's Principles/Priorities
- ◆ Department Mission, Vision, Values
- ◆ Department Plans
- ◆ Performance Measures

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## 2009-11 Planning Framework

### Element 2 - Create an Investment/Result Approach for each Program or Service Line

- Three Approaches
  - Present or Current Approach
  - Forward-Thinking, Planful Approach
  - Minimalist, "Survival" Approach (General Fund)
- Build Investment Strategies Linked with FPFO, Board Work Plans, Agency Plans and Proposed Legislation
- Build Accompanying Communications Products to Tell the Story

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## 3 Investment/Result Approaches

### ➤ Present or Current Approach

- A view of what we're doing today. At present levels of investment, here are the results...

### ➤ Forward-Thinking, Planful Approach

- We have our eyes on a distant horizon, with the best possible understanding of results, how to get there, and what obstacles might arise – becomes a list of opportunities for investment with associated results

### ➤ Minimalist, “Survival” Approach

- What is the result of disinvestment, if necessary, and can some semblance of the core business be retained? If not, what goes and what's the result?

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## Building Investment Strategies

1. Where do we invest? – Focus and Priorities to meet goals and objectives and produce results
2. How do we invest? - Choices and decisions about commitment of resources and assets - people, capital, financial
3. How much do we invest? The level of investment - achieving the right balance between risk and reward

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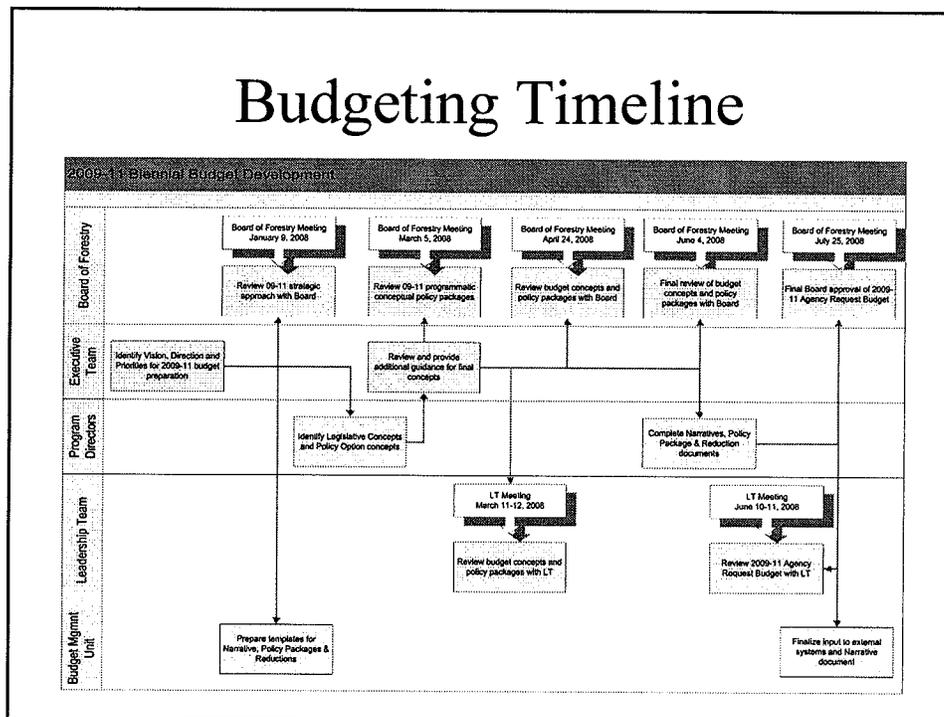
## 2009-11 Planning Framework

### Element 3 - Stakeholder and Public Involvement and Input

- Three Levels
  - Local – decision-makers and legislators
  - Statewide stakeholders – organizations
  - Statewide decision-makers
- Tiered at Several Levels of Detail – Governor’s Priorities; Board Priorities; ODF Programmatic and Budget Unit
- Linked with FPFO, Board Work Plans, Agency Plans and Proposed Legislation

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## Budgeting Timeline



## **Budgeting Timeline**

- **September 2008 - December 2008**
  - Governor's Recommended Budget (GRB) Development
    - DAS Budget & Management/Legislative Fiscal Office/Agency Discussions - Analyst Recommendations
    - DAS Review - Agency Appeal
    - Submission of GRB to legislators
- **January 2009**
  - 2009 Legislative Session Begins
- **Summer 2009**
  - Legislatively Adopted Budget (LAB)

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## **Looking Ahead to March 2008 Board Meeting**

- **Review and Discuss Initial Investment Concepts**
- **Review the Governor's Priorities and Direction (if available)**
- **Update of the Planning Process and Stakeholder Communications**

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