

Agenda Item No: E - 2007-09 Biennial Budget Update

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Primary Staff Contact: Clark Seely, Associate State Forester
503-945-7203
cseely@odf.state.or.us

SUMMARY

Governor Kulongoski has prepared and released his 2007-09 recommended budget. For the Department of Forestry, the Governor's Recommended Budget (GRB) is \$266.1 million total funds. This is a 13 percent increase from the 2005-07 Legislatively Adopted Budget. The budget continues all existing agency programs, restores a number of critical reductions made over the past four years, and does not include any new General Fund or Other Fund reductions.

CONTEXT

Along with other state agencies, the Department's Board-approved 2007-09 Agency Request Budget (ARB) was submitted to the Department of Administrative Services (DAS) on September 1, 2006. From these requested budgets, as analyzed by the DAS Budget and Management Division and the Governor's policy staff, the Governor's Recommended Budget was created.

BUDGET HIGHLIGHTS

Protection from Fire Program:

- includes resources to maintain pace with expenditure levels required for fire suppression on public and private lands;
- adds resources to enhance and improve services in the Smoke Management program as recommended by a two-plus year citizen review committee.

Private Forests Program:

- restores field and monitoring resources reduced in the last three biennia;
- adds resources to assist forest landowners to conduct active management of forested riparian areas and meet riparian protection standards;
- adds three positions to conduct necessary effectiveness monitoring of Eastern Oregon water protection rules;
- adds two positions to focus on biomass utilization to help attain the state's renewable energy goals resulting in increased independence from non-renewable energy sources while improving ecosystem health.

State Forests Program:

- establishes 11 existing limited-duration positions as permanent positions to provide resources necessary to implement the forest management plans adopted by the Board, including reforestation, timber sales, forest recreation, and monitoring.

Urban Forestry Program:

- adds resources to offset projected declines in federal funds in Urban Forestry;
- adds new field forester positions to address growing program delivery needs of community forestry and residential forests.

Agency Administration Program:

- provides resources to improve agency business systems through the use of enterprise-wide business planning, process redesign, and technology improvement projects, funded with Certificate of Participation proceeds - the debt service will be paid with agency-level General Fund and Other Fund revenues;
- also provides additional resources to keep the agency's current information technology systems up and running.

The budget also provides funding for three capital construction projects with Certificate of Participation proceeds. The debt service would be paid with General Fund and Other Fund revenues. These projects are the John Day Unit Office Relocation, the Sisters Sub-Unit Office Relocation, and the State Forester's Office Restoration and Renovation.

	2003-05 Actual Expenditures	2005-07 Legislatively Adopted Budget*	2007 -09 Governor's Recommended Budget
General Fund	\$38,795,674	\$37,682,391	\$43,906,134
Lottery Funds	0	0	0
Other Funds	161,503,006	157,983,199	181,130,571
Federal Funds	15,762,682	24,724,173	26,025,712
Other Funds (Nonlimited)	8,989,601	15,000,000	15,000,000
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$225,050,963	\$235,389,763	\$266,062,417
Positions	1,366	1,292	1,322
Full-Time Equivalent (FTE)	885.37	912.69	932.89

* The 2005-07 Legislatively Adopted Budget of \$235 million plus Emergency Board actions through December 2006 (including forest fire suppression expenditures, fire cost reimbursements, fire suppression insurance premium funding, and employee compensation changes) equals a current 2005-07 Legislatively Approved Budget of \$279 million.

NEXT STEPS

The Department's budget hearings with the legislative Ways and Means Natural Resources Subcommittee are scheduled for March 22, 26, 27, 28, and 29. It is likely that public testimony will be taken on March 28. The Subcommittee work session on the budget is currently scheduled for April 12. A key focus of the Ways and Means process will be performance and outcomes for the budget resources invested.