



Oregon Department of Forestry

2009-11 General Fund Reduction Planning

Scenario for General Fund Reductions up to 20 Percent

Deteriorating Economic Outlook Prompts Request from Legislative Fiscal Office

The economic crisis continues to reduce revenue to state government's General Fund (GF). Accordingly, the Governor's Recommended Budget for the 2009-2011 biennium, which begins next July 1, includes a 10 percent GF reduction for the Oregon Department of Forestry (ODF). To help legislators in their own planning, leading to final approval of a 2009-2011 budget, the Legislative Fiscal Office has asked agencies to map out scenarios for an additional 10 percent cut.

The combined 20 percent reduction represents \$9.1 million in GF and \$7.6 million in lost matching funds, for a total of \$16.7 million – about 7 percent of the ODF operating budget – and the equivalent of about 88 full-time positions.

To the extent possible, ODF has worked to prioritize potential reductions in ways that retain resources and options necessary to fulfill statutory mandates. However, reductions at these levels would have major effects on services, and would not allow for continued implementation of current laws and requirements.

Options in reducing GF are limited

As ODF's budget is structured, GF is allocated for four purposes: debt repayment, paying charges billed to all agencies for state government's centralized administrative services, and supporting portions of the Private Forests and Fire programs.

As an agency, ODF does not have the option of reducing GF in the first two categories, and must look to Private Forests and Fire. Given the risks of large, costly, damaging wildfires involved in reducing initial attack resources, the 10 percent reduction in the Governor's budget focuses on Private Forests. Similarly, in planning a second 10 percent reduction, ODF focused the first half in Private Forests and the second half in Fire.

Private Forests: Reductions in resource protection, landowner assistance, and other services that help retain healthy forests

Recapping the Governor's Recommended Budget (10 percent GF reduction). Reductions would occur among support personnel as well as employees providing direct service, and in the Salem office (eight employees) as well as in the field (about 30 employees). **This 31 percent**

staff reduction would roll program staffing back to levels of the 1980s, requiring significant changes in the program's approach to administering Oregon's Forest Practices Act.

These changes would occur as Oregon's forests face unprecedented challenges such as fragmentation, permanent loss of forestland to other uses, and increased threats from invasive species and wildfire. Major impacts include elimination of:

- **22 of ODF's 57 stewardship foresters**, whose duties include landowner assistance, enforcing resource protection laws (the Forest Practices Act), and resolving complaints regarding forest operations.
- Additional **support staff and technical specialists in the field**, including those with expertise in assessing and managing landslide risks and impacts to public safety.
- Staff specifically supporting **salmon recovery and the Oregon Plan for Salmon and Watersheds**.
- Three positions dedicated to the **Eastern Oregon Effectiveness Monitoring Program**, designed to evaluate the effectiveness of riparian resource protection rules in Eastern Oregon.
- The program's **biomass and invasive species specialists**.
- Salem positions including **managers and administrative support**.

The 10 percent General Fund reduction of \$4.6 million combines with \$2 million in lost matching funds, primarily Forest Products Harvest Tax, for a total cut of \$6.6 million, a 25 percent reduction in the program's overall budget.

Additional 5 percent GF reduction. This next step requires further reductions in Salem and in the field, leaving the program unable to adequately administer resource protection laws, assist landowners, and generally address the challenges to maintaining Oregon's forest land base. Major features include elimination of:

- **Remaining effectiveness monitoring staff**, severely reducing ability to assess adequacy of the Forest Practices Act and associated rules.
- **Insect and Disease staff**, limiting ability to assess forest health and to treat Sudden Oak Death infestation.
- Support for **Oregon's Forest Health Management Program**, limiting ability to continue aerial surveys to identify insect and disease outbreaks. This survey has gathered more than 50 consecutive years of data and is the nation's most complete record of forest insect activity.
- Staff providing specialized support in **wildlife biology, geology and landslide risk, public information, civil penalties, geographic information systems, management and administration**.
- **Five additional stewardship foresters** in the field.

The Private Forests Program after a 15 percent GF reduction. Staffing would be reduced by 45 percent. Significant changes would be required in program structure and in Oregon's forest resource protection laws and rules. The program would need new approaches to its goals of helping to retain Oregon's forest land base, ensuring that forestry is practiced sustainably, and providing value to landowners.

Using limited resources most effectively would mean less direct assistance and education for landowners, with increased reliance on enforcement, compliance auditing, and landowner certification by independent organizations.

Total program staff would be reduced from 110 employees to 61, including a reduction to 30 stewardship foresters from the current 57.

Fire Program: A 5 percent GF cut would mean reduced initial attack and more large fires, with increases in cost, carbon emissions, and risk to the public, firefighters, property and natural resources

At a time when climate trends, development in forested areas and other factors are driving up fire costs and risks, ODF's fire protection capacity, already reduced during the 2001-03 downturn, would drop further. **Reduced capability to detect and put out fires while still small would result in more large fires, ultimately increasing cost to landowners and the GF.** Reduced prevention activities – particularly given the influx of new residents in forested areas – would likely increase numbers of human-caused fires.

Overall:

- A \$2.3 million GF reduction would combine with lost matching funds (landowner assessments), for a total biennial reduction of more than \$6.9 million – 10 percent of the program's overall budget.
- Current staffing, the full-time equivalent of about 311 positions, would be reduced 13 percent. The losses would be exacerbated by reductions in the Private Forests program, whose employees fill many specialized roles in ODF's fire "militia" during major incidents.
- **The reductions would be equivalent to eliminating fire protection at its current level on almost 3 million of the 15.8 million acres that ODF protects.**
- **Reduced capacity and firefighting success would require re-evaluation of ODF's goal of stopping 94 percent of fires at 10 acres or less.**

Districts across the state would experience reductions in resources and services such as:

- **On-the-ground firefighting crews** that dig fireline and staff fire engines.
- **Fire engines and heavy bulldozers**, including maintenance of fire engines and other critical equipment.
- **Water-dropping helicopters** that attack fires quickly, helping to keep them small.
- **Personnel to staff fire lookouts** and monitor fire detection cameras.
- **Dispatchers** who send resources to fires and help reduce response times.
- **Fire prevention activities with timber operators and local communities.**

Reductions in Salem headquarters staff would compromise the program's business and fiscal oversight and the efficiency of field operations. Actions would include elimination of:

- **The Salem office manager and seasonal positions**, all of whom dispatch and support incident management teams, equipment and firefighters.
- **The program's business manager.** This would reduce oversight and management of budgets and of expenses associated with large fires, and impair ability to coordinate expenses and reimbursements with the federal government and other partners.

Other issues: Significant risks to insurability and to BLM protection contract

Excellence throughout its wildland fire protection program has allowed Oregon to obtain a yearly insurance policy, unique among states, to help cover the costs of large fires, above a deductible shared by landowners and the GF. **Reductions at this level may make this insurance unavailable, or increase the premium cost and/or deductible, also shared by landowners and the GF.**

Under contract, ODF protects U.S. Bureau of Land Management forestland in western Oregon. As a result of proposed reductions, ODF could be unable to provide the required level of protection, and could lose the contract, and the accompanying annual revenue of about \$6 million. This would diminish economies of scale. **Fewer users buying into the system would drive up costs significantly for landowners, forestland homeowners and the GF.**

The Bottom Line: Loss of critical services as forests face major challenges

A 20 percent GF reduction reduces or eliminates forest protection, landowner assistance and education, enforcement, monitoring and other services at a time when Oregon's forest land base faces significant challenges, including:

- Increasing **economic pressures for landowners to sell forests for development** or other use.
- **Forest fragmentation**, with degradation of habitat, water resources and other benefits.
- **A growing wildland-urban interface**, which complicates fire protection, increases vulnerability to invasive species, and can prompt "neighbor issues" that can discourage management of forests for timber production.
- **Climate trends** that impact forest health and increase wildfire danger.

The GF reductions also coincide with declines in the department's other revenue sources, including state forest timber sale revenue – which funds management of state forests – and federal funds. This limits flexibility in adjusting to shortfalls in specific fund types, and further compromises overall capacity to provide services.

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