

April 1, 2009

To: All ODF employees

Hi everyone...as we mentioned in our last update, the Legislature's fiscal office directed state agencies in mid-March to produce new budget scenarios for 2009-2011 that would accommodate larger reductions than those submitted previously.

The new direction was for a reduction scenario totaling 30 percent in state General Funds (primarily income tax dollars). We submitted our plan to the Legislative Fiscal Office last Friday, and wanted to provide you with some detail.

We also continue to plan for 30-35 percent spending reductions in the State Forests Program for the fiscal year beginning July 1, necessary because of the severe drop in demand for wood products and our associated revenues.

An overview

Uncertainty remains a constant, particularly in Private Forests and Fire, where state General Fund is a major revenue source. We won't know our General Fund allocation for the 2009-2011 biennium, beginning July 1, until the legislature approves our budget at the end of the current legislative session. This typically occurs about mid-year. Consequently, we currently don't know what level of reduction we will ultimately be asked to make.

If reductions do, in the end, need to be made at the 30 percent level, the effects will be much greater than those in past reduction scenarios: In general, this would result in major work force reductions, and inability to completely fulfill even our most basic current responsibilities, such as administering the Forest Practices Act and protecting forests from fire.

In the longer term, we believe reductions in our fire protection, education, landowner support and enforcement functions, and diminished assistance to local government and other organizations, would impact forest resources and hasten the fragmentation and loss of forestland.

These outcomes would significantly degrade the environmental, economic and social benefits that Oregonians derive from our forestlands. As we work with the legislature in the current budget process, our job is to clearly describe the reductions and their consequences for Oregon. This is information the Governor and legislators can use as they determine how to allocate scarce dollars to meet a broad range of important public needs.

At the same time we must keep in mind that these economic times will pass, and do what we can to ensure that whatever budget is passed at the end of this legislative session, we can maintain a structure on which we can rebuild in the future.

In creating our 30 percent reduction scenario, we held to our principle of looking first to Private Forests, given the risks associated with further reducing our fire protection capacity. The first 23 percent of the reduction, building on earlier scenarios and the Governor's recommended budget for 2009-2011, comes in Private Forests, with the remainder in Fire.

Private Forests

Combined with lost matching funds, primarily Forest Products Harvest Tax, the General Fund reduction in Private Forests constitutes an overall program reduction of 83 percent.

What staff resources would be lost? The reductions would include:

- 50 of our 57 stewardship foresters, leaving about one position in each of our three operating areas funded to administer the Forest Practices Act.
- Salem staff providing civil penalty administration, geotechnical and other specialized support, effectiveness monitoring, Oregon Plan salmon recovery work, and most insect and disease work.
- Commensurate reductions in management and support staff both in the field and in Salem, including in agency-wide administrative services.

What services would be lost? These would include:

- Most informational and technical services to landowners, from larger corporations to small family woodland owners.
- Adequate monitoring and enforcement of most requirements of the Forest Practices Act, with minimal monitoring and enforcement of reforestation requirements.
- The capacity to ensure compliance with the federal Clean Water Act, pesticide regulations, and state fish passage requirements through a regulatory approach, particularly on an intergovernmental basis.
- Closure of some offices around the state (a result of combined reductions in all three operating programs).

What would remain? The primary elements would include:

- Minimal field staff to respond to public complaints specific to resource protection on private forestlands.
- Federally funded grant assistance to landowners.
- Minimal insect and disease staff to administer a federally funded Sudden Oak Death eradication program, and to conduct forest health and reforestation surveys in alternating years.
- A much-reduced administrative capacity to oversee and support the remaining functions.

Fire Program

Combined with lost matching funds, primarily landowner assessments, a 7 percent General Fund reduction in Fire creates an overall program reduction of 17 percent. The

effect would be equivalent to eliminating fire protection on about 2.7 million of the 16 million acres we protect.

Although our scenario sketches out a \$3.4 million General Fund reduction, we believe that overall fire protection costs would actually increase, by \$5-\$7 million per year, as more fires escape initial attack and grow large, and fewer resources are available to fight them.

What capacity would be lost? The reductions would include:

- All aircraft contracted by districts. Instead, we would seek out these resources when the need arises, subject to their availability at the time – a major reduction in initial attack capability.
- 71 of our 220 initial attack engines, with their crews.
- Staffing for about 15 of our 25 fire lookouts, and half the funding for our detection camera program, which currently maintains 18 cameras.
- Reductions in headquarters support.
- More than \$500,000 for safety equipment, tools and professional services.
- Reductions in dispatching, fire prevention, program administration and associated agency-wide administrative services.

What would remain? Reductions of this order would leave the program severely compromised in a number of ways, including:

- Lower protection levels that would mean more damage to resources and property, diminished public and firefighter safety, potential loss of the Bureau of Land Management Western Oregon protection contract, and higher premiums for Oregon's wildfire insurance policy, if a policy could even be obtained.
- A diminished prevention program, with a resulting increase in fires from forest activities and the general public, and less cost recovery from those responsible.
- Management and administrative reductions that would compound our challenges in accounting, cost reimbursement and other functions.

Next steps, and more information

In Salem and in the field, we're continuing to address the fast-changing economic and budget situation:

- Leaders in all programs will continue to provide specific information directly to employees.
- We're developing a pool of services and information about layoff procedures, career transition and other topics, to complement services offered across state government by the Department of Administrative Services. You'll find details on our Human Resources intranet page, at <http://www.odf.state.or.us/hr/default.asp>, in the Employee Resources and Management resources sections, and more information will be coming in the next few weeks.
- Directors of the agency's administrative programs are currently assessing the impacts of the operating programs' reductions on internal service needs, and developing administrative reduction options.

- We're working with state and federal agencies to secure federal stimulus dollars. These funds are intended to put Oregonians to work as quickly as possible, and will also allow us to fill a few positions necessary to administer the projects.
- We have much more to do. The challenges include coordinating the reductions in State Forests, over which we have more control than General Fund reductions in Private Forests and Fire, to make our agency-wide reduction planning process as orderly as we can.
- We're still assessing some major questions, including the overall impact on Fire from reductions in the other programs, and how state laws may need to be changed or suspended to reflect our reduced capacity.
- Upcoming key events include our department's budget hearings before the Legislature's Ways and Means Committee, beginning in late April, and the next state government revenue forecast, in mid-May. We'll continue to update you about these and other developments.

Thank you

We can't say often enough what a privilege it is to provide leadership to this department, and to all of you who continue to provide a high level of work and service to Oregonians during such a difficult and uncertain period. Please don't hesitate to contact your supervisor or any of us if you have questions. In the future we will strive to provide these agency-wide updates at least every two weeks, and welcome your input as a means of making them as useful to you as possible. Thanks once again for your dedication and service to Oregon's citizens and its forests.

Jim Paul
Private Forests Division Chief

Paul Bell
Fire Protection Division Chief

Nancy Hirsch
State Forests Division Chief

Clark Seely
Associate State Forester