

# Oregon Department of Forestry



*"Stewardship in Forestry"*

## **Oregon Board of Forestry 2017-2019 Agency Request Biennial Budget Approval Wednesday, July 20, 2016**

**Oregon Department of Forestry  
2017-2019 Agency Request Biennial Budget Summary**

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**Oregon Department of Forestry**  
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***I. Executive Summary***

The Oregon Board of Forestry and Department of Forestry are working to complete the 2017-19 Agency Request Biennial Budget (ARB). The biennial budget development process is a long, iterative, and often changing process dependent upon a number of internal and external relationships, inputs and analyses. The ARB is the first phase of that process. The ARB proposed by the Department was developed in accordance with the Board's and the Department's missions, legal responsibilities, obligations, and strategic and operational plans as well as a set of principles outlined by the Governor.

The Department's current 2015-17 Legislatively Approved Budget through April 2016 provides a stable basis for developing the 2017-19 biennial budget.

The Current Service Level (CSL) is the estimated cost of continuing current programs into the next biennium, as required by law. The Department's CSL is calculated based on specific budget instructions provided by the Department of Administrative Services (DAS). The CSL totals approximately \$348.1 million which is a \$71.9 million or 17% decrease from the 2015-17 Legislatively Approved Budget.

In order to meet Board and Department goals and objectives, support Board work plans, meet statutory and rule obligations and responsibilities, manage risk and increase efficiency in the delivery of services, the Department is proposing a total of 12 new investment packages, totaling \$33.2 million total funds, with an increase of 44 positions.

The sum of an agency's CSL and policy packages comprise the ARB. The Department is proposing an ARB of \$381.3 million for a (-\$38.7) million or a 9% decrease from the current biennium's Legislatively Approved Budget. The number of Department Full-time Equivalent (FTE) increases by 20.15 for a total of 895.69 FTE.

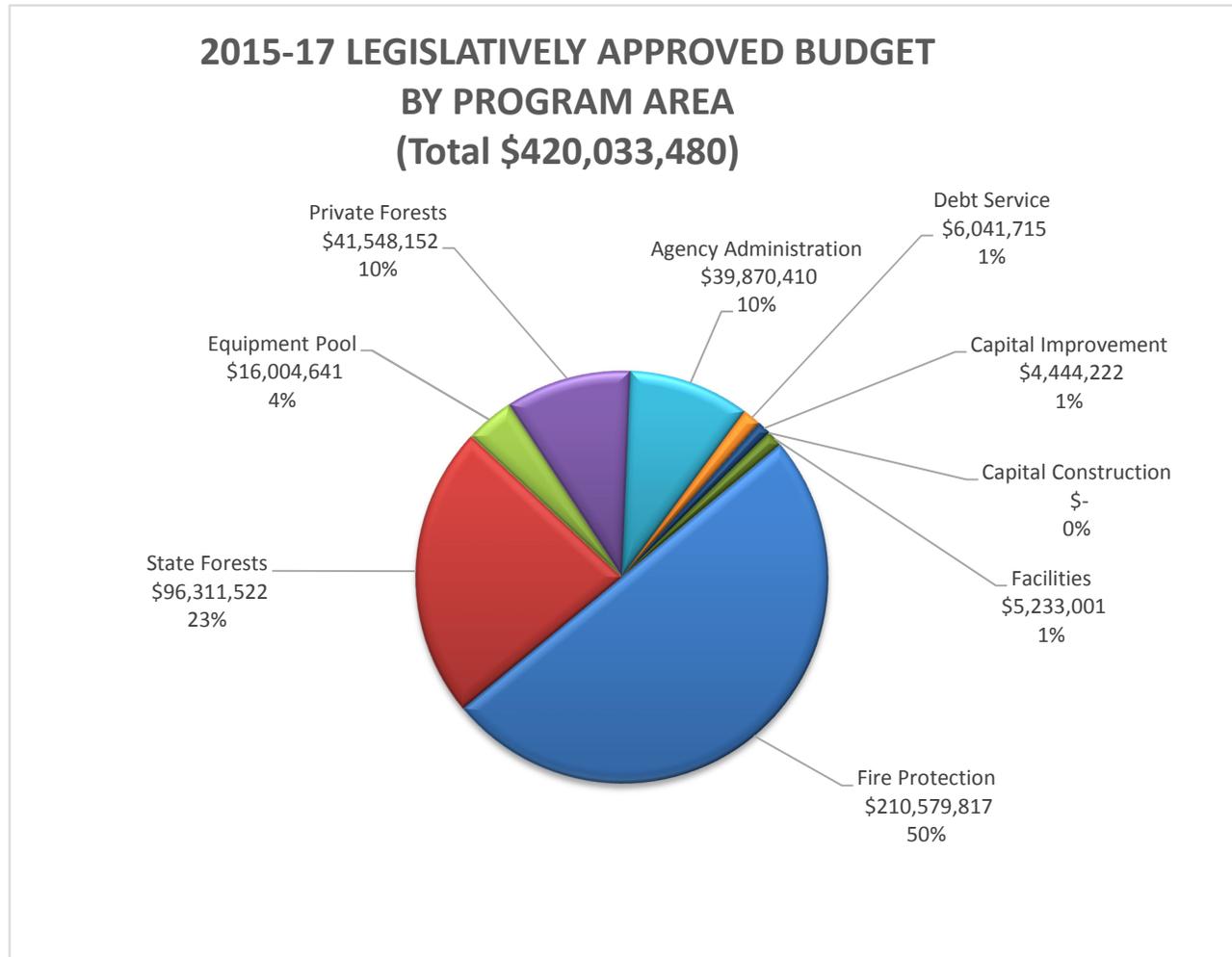
The Department will continue to involve stakeholders in the budget development process, and update the Board during regularly scheduled meetings, or more frequently as necessary, on any and all changes initiated by the Governor to the Department's Agency Request Budget.

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**II. 2017-2019 Biennial Budget Update – Status of Current Biennium’s Budget**

**Chart-1**

Chart-1 shows the agency’s 2015-17 Legislatively Approved Budget by program area and percentage of the total budget.

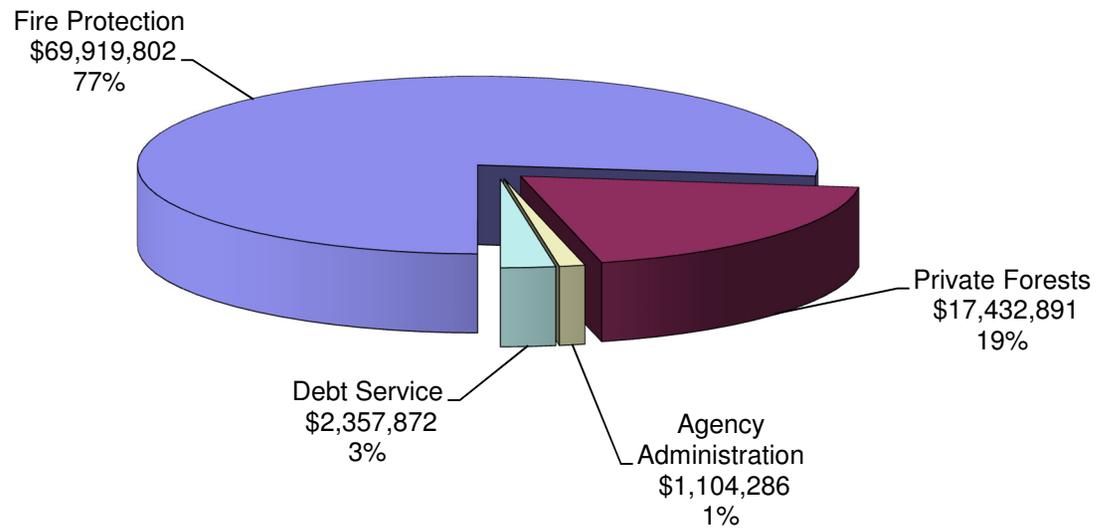


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**Chart-2**

Four of the Department's eight program areas currently have state General Fund dollars: Fire Protection, Private Forests, Debt Service, and Agency Administration. General Fund in these programs leverages both Other and Federal Fund dollars.

**2015-17 LEGISLATIVELY APPROVED  
BUDGET  
General Fund by Program  
(Total \$90,816,851)**



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**Result of Interim Legislative Actions**

The Department’s Legislatively Approved Budget through April 2016 provides a stable basis for developing the base budget for the 2017-19 biennium. As necessary, all other post-April 2016 Legislative Emergency Board actions for the current biennium will be incorporated into the budget process for consideration during either the Governor’s Budget or Legislatively Adopted Budget phases.

**III. The Biennial Budget Development Process**

The 2017-19 budget process has four major phases. The Board and Department are currently in the Agency Request Budget phase.

**Table-1**

Agency Request Budget	Agencies start the budget process early in even-numbered years. The agency request budget is first. It lays out the policies and finances the agency asks the Governor to recommend to the legislature. It is prepared under guidelines set by the Department of Administrative Services (DAS). It consists of descriptive narratives, budget forms, and audited Oregon Budget Information Tracking System (ORBITS) reports.
Governor’s Budget	The Governor and Chief Financial Office (CFO) of DAS review agency request budgets to compile the Governor’s Budget. That budget reflects the Governor’s priorities and the policies set in statute. It includes data on statewide revenue and expenditures and on all agencies’ budgets. Each agency prepares a Governor’s Budget document to show the changes the Governor made to the Agency Request Budget. Presentation materials for the legislative process are developed based on the Governor’s Budget.
Legislatively Adopted Budget	The Governor’s Budget is presented to the legislature as it convenes at the start of the next year. Legislative committees review the proposed revenues and expenditures. They hold public hearings to hear from each agency and the public. The committee recommendations are presented in budget reports for each budget bill. Votes on each bill produce the Legislatively Adopted Budget. It sets out General Fund appropriations; Lottery Funds allocations and expenditure limitations; Other Funds and Federal Funds expenditure limitations; and position authority for agencies. Each agency prepares a Legislatively Adopted Budget document to show the changes the legislature made to the Governor’s Budget.
Legislatively Approved Budget	As a biennium progresses, the Legislative Emergency Board can make certain changes to the budget between legislative sessions. Special sessions may also be called to deal with budget issues. Any such change(s) to the Legislatively Adopted Budget result in a Legislatively Approved Budget. This is the budget agencies implement, or execute over the course of the biennium.

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**Table-2** Compares the Department’s 2015-17 Legislatively Approved Budget with the 2017-19 Current Service Level (in millions \$)

<b>Fund-Type</b>	<b>2015-17 Legislatively Approved Budget</b>	<b>2017-19 Current Service Level</b>	<b>Difference</b>	<b>Percentage Change</b>
General Fund	\$90.8	\$69.7	-\$21.1	-23.23%
Lottery Fund	\$7.5	\$2.6	-\$4.9	-65.33%
Other Funds	\$287.3	\$242.3	-\$45.0	-15.66%
Federal Funds	\$35.1	\$33.5	-\$1.6	-4.55%
All Funds	\$420	\$348.1	-\$71.9	-17.11%
Positions	1,201	1,182	-19.0	-1.58%
FTE	878.04	864.13	-13.91	-1.58%

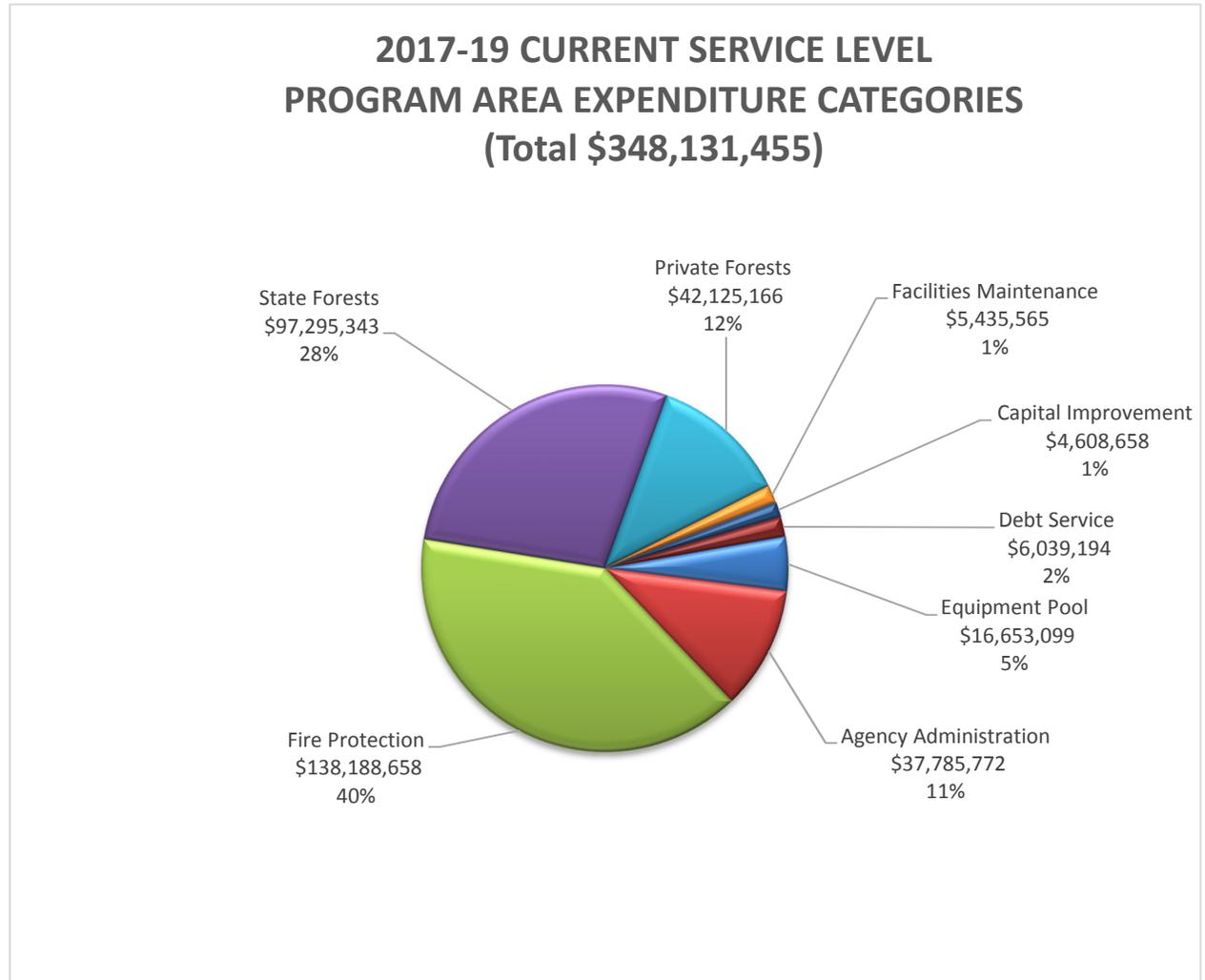
Oregon Department of Forestry  
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**IV. Current Service Level Budget**

**Chart-3**

The Current Service Level (CSL) is the estimated cost of continuing current programs into the next biennium, as required by law. The Department's CSL is calculated based on specific budget instructions provided by the Department of Administrative Services. The CSL totals approximately \$348.1 million which is a (-\$71.9) million or a 17% decrease from the 2015-17 Legislatively Approved Budget.

Chart-3 graphically shows the CSL by program area and percentage of the total budget.



**Oregon Department of Forestry  
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**V. Enhancement Packages**

**Table-3 Policy Package Summary**

Priority Rank	Program - Activity	Enhancement Package Description	Amount and Fund Type					Total	FTE
			General Fund	Lottery Fund	Other Fund	Federal Fund			
1	Fire Season Severity Program	Proposes General Fund dollars for supplemental firefighting resources for use during high fire danger periods. The funds will not reside in ODF's budget, but rather would appear as a Special Purpose Appropriation (SPA) in the Governor's Budget. This item will be moved to the Emergency Board budget later in the process.	\$6,000,000	\$0	\$0	\$0	\$6,000,000	0.00	
2	Additional Severity Resources	Proposes to expand the existing fire severity program based on the 2016 Fire Program Review.	\$1,500,000	\$0	\$0	\$0	\$1,500,000	0.00	
3	Fire Protection Program Capacity	Proposes additional capacity in aviation operations for the Fire Protection Division to support the requested Special Purpose Appropriation (SPA) severity resources. Also provides additional capacity in the Fire Business Unit of the Fire Protection Division to support FEMA claims, billings and district support for large fires.	\$112,063	\$0	\$267,648	\$0	\$379,711	2.00	
4	Recreation, Education & Interpretation	Proposes public funding for some public benefits that are provided by State Forests. State Forests' recreation, education and interpretation programs benefit Oregonians. This package will provide for investments in resources needed to administer these programs, including personnel, trail systems, campgrounds and infrastructure.	\$5,653,733	\$0	(\$5,668,692)	\$0	(\$14,959)	0.00	

**Oregon Department of Forestry  
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Priority Rank	Program - Activity	Enhancement Package Description	Amount and Fund Type					FTE
			General Fund	Lottery Fund	Other Fund	Federal Fund	Total	
5	Federal Forest Restoration Program	Proposes to transition Oregon's unique investment in federal forest restoration to ODF's base budget. Based on the success of the previous two biennia, the FFRP will support local collaborative efforts and establish ODF as an implementation partner to restore Oregon's federal forests. The FFRP will maintain capacity for ODF in eastern Oregon and build additional capacity west of the Cascades to coordinate project implementation locally. Activation of the Good Neighbor Authority (GNA) will significantly expand ODF's role to achieve forest restoration goals. The FFRP will leverage state funding with additional federal funds to activate the GNA in Oregon.	\$0	\$5,968,031	\$1,114,224	\$417,745	\$7,500,000	17.39
6	Human Resources Capacity	Proposes to address long-term workload issues in support of employee Police and Fire benefits, Family Medical Leave Act/Oregon Family Leave Act, classification, policy development and recruitment, and seasonal firefighting.	\$83,495	\$0	\$174,362	\$0	\$257,857	1.00
7	Coos District Reorganization	Proposes full funding and associated services and supplies for a Forest Manager 2 on the Coos District. As of July 1, 2017, there will no longer be State Forests' staff on the Coos District. This change is associated with the Elliott Land Transfer. The remaining organization in the Coos District will only include the Private Forests program administration.	\$144,444	\$0	(\$147,483)	\$0	(\$3,039)	0.00

**Oregon Department of Forestry  
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Priority Rank	Program - Activity	Enhancement Package Description	Amount and Fund Type					FTE
			General Fund	Lottery Fund	Other Fund	Federal Fund	Total	
8	Sustainable Family and Community Forestry	Proposes new capacity to meet forestry challenges across ownerships and land uses in wildland/urban interface areas and communities. ODF field foresters will provide technical assistance to landowners and communities, deliver and administer incentive programs for clean water and sound forestry practices, implement the Oregon Plan for Salmon and Watersheds, promote voluntary conservation measures, address current and emerging invasive species problems, and administer the Forest Practices Act.	\$2,668,535	\$0	\$456,745	(\$801,818)	\$2,323,462	8.00
9	Water Quality, Forest Roads, and Landslide Areas	Proposes additional capacity in the Forest Practices monitoring program to ensure effectiveness of rules and best-management practices in protecting water quality related to forest roads and landslide-prone terrain, and to address associated scientific and policy issues.	\$971,447	\$0	\$647,652	\$0	\$1,619,099	3.17
10	Rangeland Protection Association	Proposes to continue the \$1.2 million General Fund investment from the 2015 Legislature to the Rangeland Protection Associations (RPAs) as an agency budget pass-through. These dollars are targeted to increase the effectiveness of RPAs in the execution of their rangeland fire-suppression response, protect sage grouse habitat and strengthen rural community viability. The proposal also requests fund shift of 0.5 FTE for the rangeland coordinator position from Federal Funds to General Fund.	\$1,342,482	\$0	\$0	(\$158,923)	\$1,183,559	0.00
11	State Forester's Office Building	Proposes to fund restoration of the State Forester's Office building in Salem to ensure business operations for key staff.	\$486,717	\$0	\$7,949,117	\$0	\$8,435,834	0.00

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Priority Rank	Program - Activity	Enhancement Package Description	Amount and Fund Type					Total	FTE
			General Fund	Lottery Fund	Other Fund	Federal Fund			
12	West Oregon District: Toledo Facility Replacement FPA Effectiveness	Proposes to replace the aging ODF Unit Office Facilities Compound located in Toledo. This project is currently under evaluation for inclusion in a larger co-locate project with the Oregon Department of Transportation. issues.	\$57,568	\$0	\$3,962,956	\$0	\$4,020,524	0.00	
<b>Net Policy Enhancement Packages</b>			<b>\$19,020,484</b>	<b>\$5,968,031</b>	<b>\$8,756,529</b>	<b>(\$542,996)</b>	<b>\$33,202,048</b>	<b>31.56</b>	

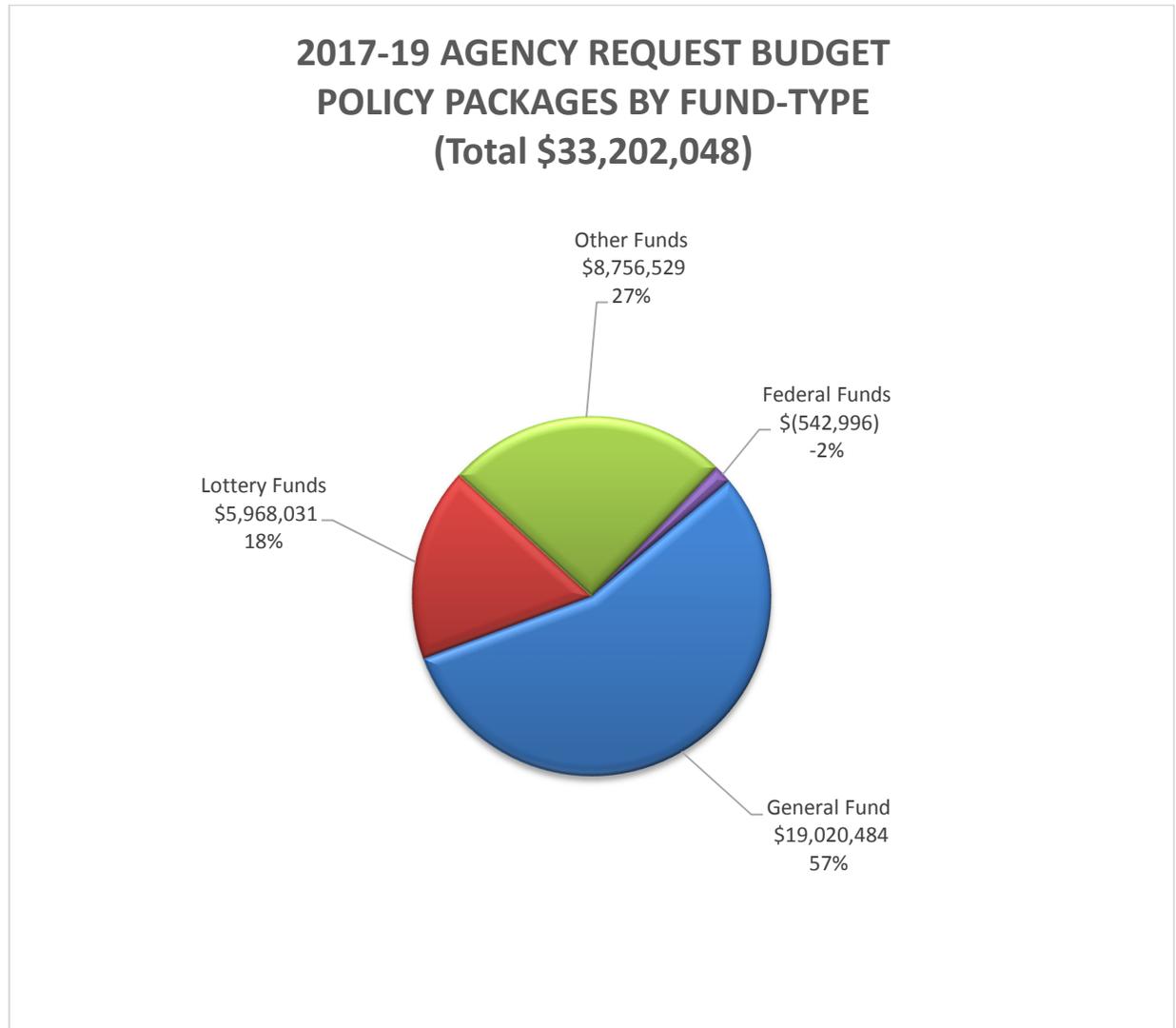
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**Chart-4**

Chart-4 graphically shows the Department's proposed policy packages by fund type. Of the \$33.2 million proposed, 57% is General Fund and 18% is Lottery Fund, while 27% is Other Funds and (-2%) is Federal Funds

Other Fund sources of revenue include:

- Forest patrol assessments
- Forests products harvest tax
- Timber revenues
- Billings for services
- Grants and donations
- Miscellaneous sales

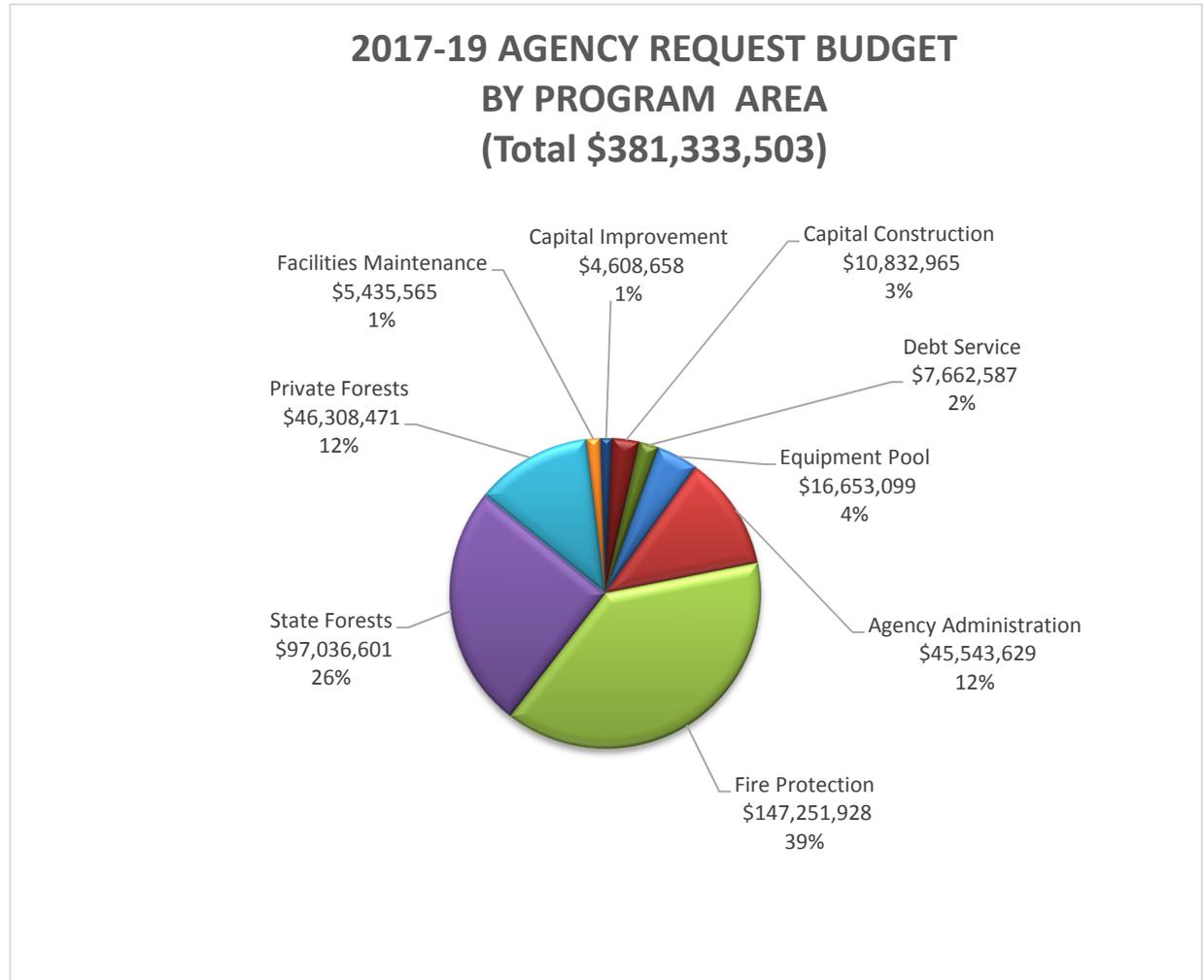


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**VI. 2017-2019 Agency Request Budget Summary**

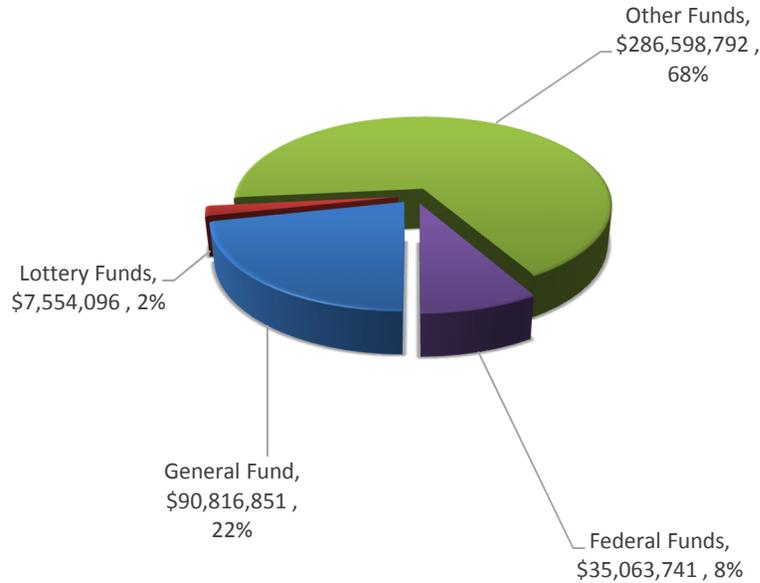
**Chart-5**

The sum of an agency's Current Service Level and policy packages comprise the Agency Request Budget (ARB). The Department is proposing an ARB of \$381.3 million for \$38.7 million or 9% decrease from the current biennium's Legislatively Approved Budget. The number of Department positions increases by 44 positions.

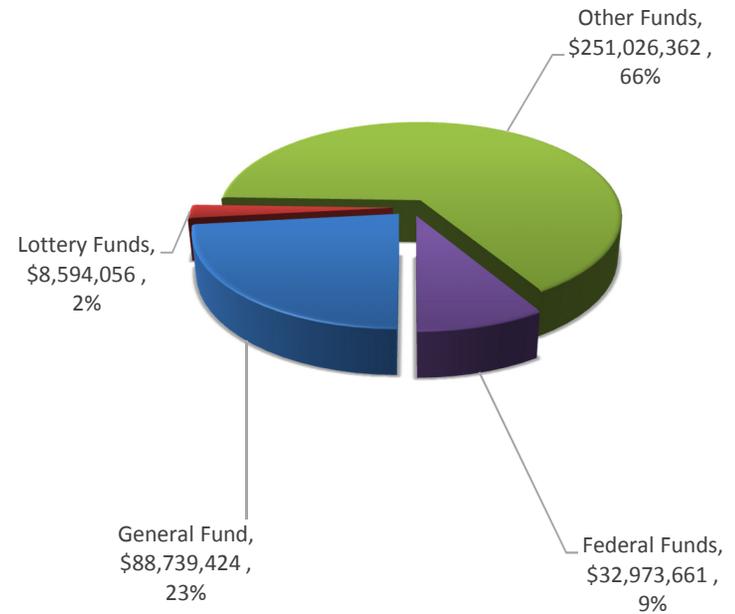


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**2015-17 LEGISLATIVELY  
APPROVED BUDGET  
by Fund Type  
(Total \$420,033,480)**



**2017-19 AGENCY REQUEST  
BUDGET  
by Fund Type  
(Total \$381,333,503)**



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***VII. Governor's Budget***

Pending Board approval, the Department will formally submit the 2017-19 Agency Request Budget to the Governor on or before September 1, 2016. The Governor and her budget analysts will then analyze the request and make changes based on the Governor's priorities which will be constrained by the projected amount of available General Fund resources.

The Board and Department can anticipate at least two decisions to be made the Governor. They are:

- In order to achieve a balanced budget, the Governor may require the Board and Department to undertake a certain level of General Fund budget reductions.
- The Governor may choose not to fund all proposed policy enhancement packages put forth by the Board and Department in the Agency Request Budget.

The Department will continue to update the Board during regularly scheduled meetings or more frequently as necessary on any and all changes initiated by the Governor to the Department's Agency Request Budget. The Department will also continue to work closely with stakeholders on key budget issues.