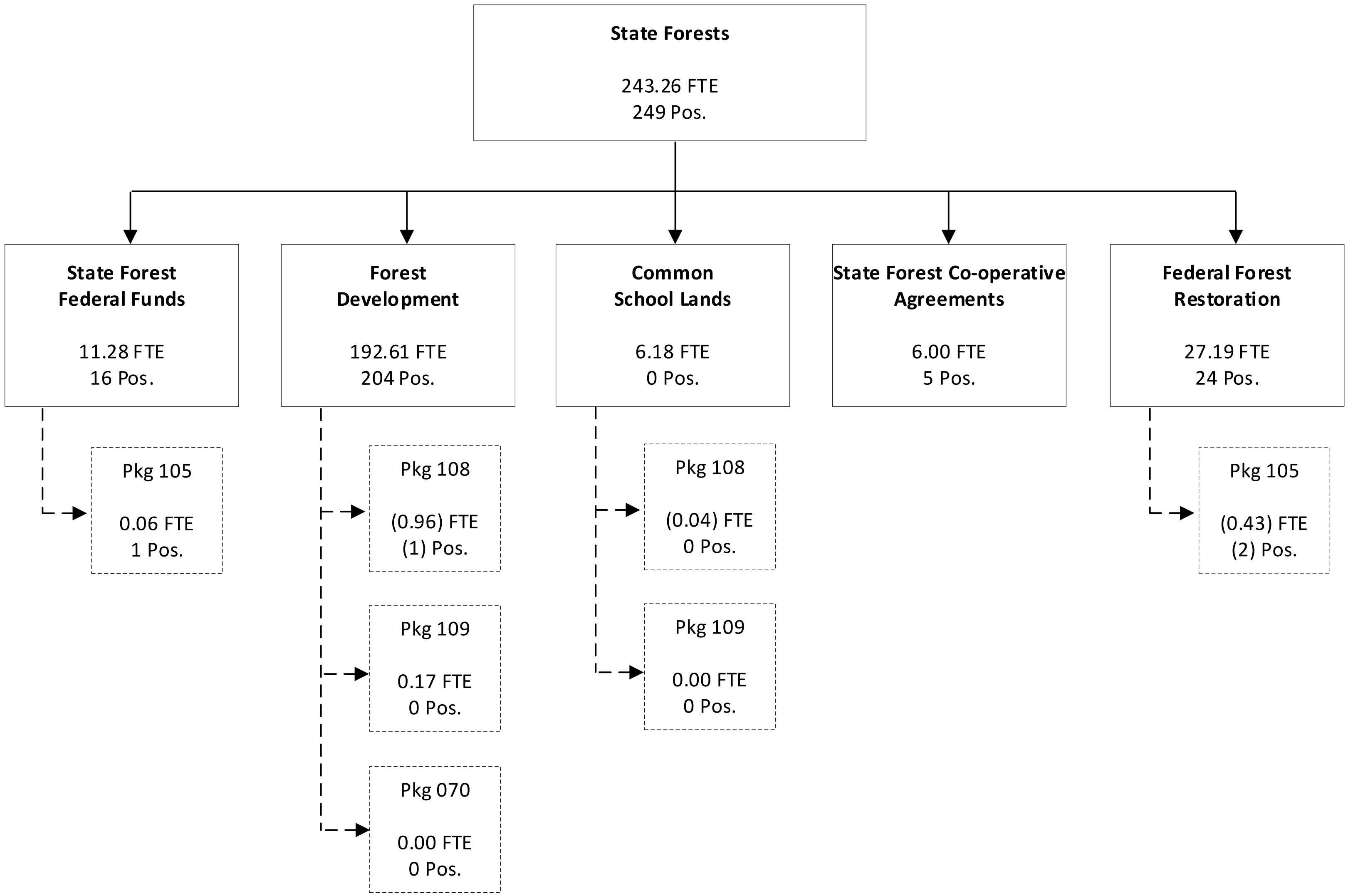
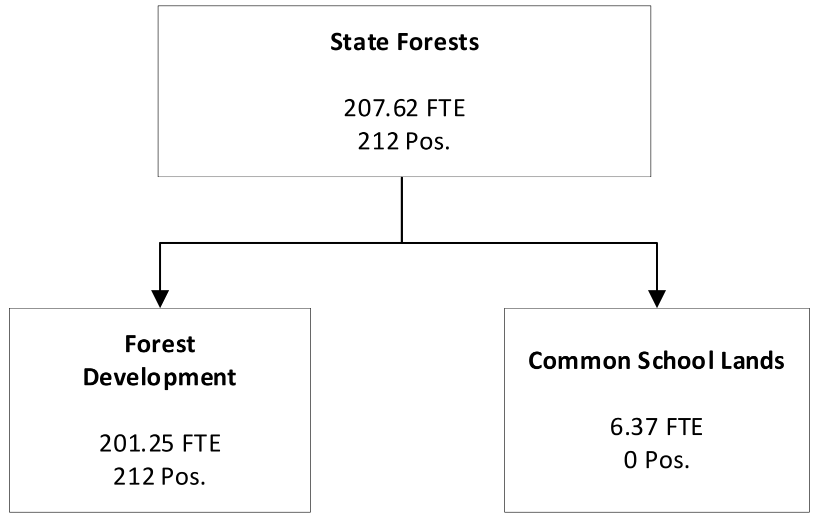
Organization Charts



Proposed 2027-2029 Structure



Prior 2025-2027 Structure

Executive Summary

Long-term focus areas impacted by the program

The State Forests Division carries out management of state forestlands to maintain resilient forests that provide social, economic and environmental benefits to the people of the State of Oregon. The division utilizes a tiered planning process of forest management plans, implementation plans and operations plans to conduct and communicate management goals, objectives, and projects. As of January 2026, the division also oversees the Federal Forest Restoration Program (FFRP), which works with federal agencies and other partners to plan, implement, and monitor restoration projects on federal lands that make forests and communities more resilient. Both programs conduct management in alignment with the Board of Forestry and agency's strategic plan:

- Priority: Resilient forests

  The division's management utilizes a blend of active and passive management techniques to protect resources, promote forest growth, maintain and enhance habitat for native fish and wildlife, provide carbon sequestration and storage, and make forests more resilient to changing environmental conditions. FFRP supports projects that promote a diversity of species, forest structure, and successional stages, helping federal forests become more resilient to wildfire, drought, insects, disease, and other disturbances.
- Priority: Resilient communities

  Resilience of communities is supported through jobs created by timber harvests and related projects, economic benefits and access provided by recreation infrastructure and programs, availability of firewood and other gathering opportunities, clean drinking water, carbon sequestration and storage, educational and interpretive programs, and habitat for native fish and wildlife. FFRP prioritizes projects that reduce wildfire risk near communities, protect drinking water sources and critical infrastructure, and support local forest-sector jobs and contractor capacity.
- Priority: Addressing the wildfire crisis

  The division plans and implements activities that maintain healthy stand densities and forest fuel loads, in balance with protection measures that protect important habitat for native fish and wildlife. Division employees are an essential part of Oregon's complete and coordinated wildland fire suppression system, serving in a variety of roles, from initial attack efforts to staffing ODF's Complex Incident Management Teams. As a forest landowner, the division contributes financially towards a budget that provides a fully adequate level of protection. FFRP directly conducts fuels reduction, thinning, prescribed fire preparation, strategic fuel breaks, and other treatments intended to reduce wildfire severity, provide suppression opportunities, and increase the ability of forests and communities to withstand wildfire.
- Priority: Climate leadership

  The division's management of state forestlands and protects key aquatic and terrestrial refugia, creates and maintains diversity in regenerated forests, and sequesters and stores carbon both in the forest and in harvested wood products. The FFRP helps mitigate climate change by conducting activities that allow forests to persist, remain productive, and continue sequestering and storing carbon over time. The program also supports climate adaptation by encouraging the growth, regeneration, and planting of species better suited to hotter, drier future conditions. The division actively participates in breeding cooperatives to produce future generations of native trees that are resistant to the climate change effects, and partners with researchers to study new methods of responding to climate change, such as assisted migration of tree species.
- Priority: Organizational excellence

  The division maintains processes that foster engagement and transparency through meetings open to the public and comment periods associated with forest management plans, implementation plans and operations plans. Annual reports to the Council of Forest Trust Land Counties and State Land Board detail fiscal year accomplishments. The Recreation, Education and Interpretation Program actively engages and educates Oregonians of all ages on the management of their state forests. FFRP contributes to organizational excellence by strengthening partnerships with federal agencies, tribes, local governments, collaboratives, and contractors; improving project planning and delivery systems; using data and monitoring to guide investments; and increasing ODF's ability to deliver measurable outcomes on Oregon's priorities. The division regularly makes business process improvements and fosters a culture of innovation. Employee safety and well-being is paramount, including support for inclusivity and diversity in our workforce.

Primary program contact

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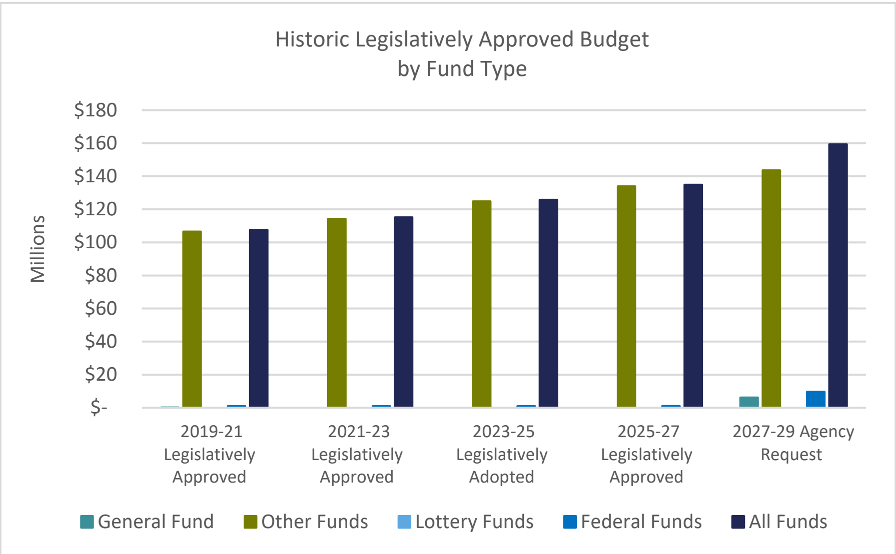
Graphical representation of the program unit's funds budget over time



Division overview

The State Forests Division manages 729,718 acres of Board of Forestry Lands and 26,093 acres of Common School Forest Lands to provide a range of sustainable public benefits to Oregonians. Management of state forests is almost entirely funded through the sale of timber, with 36.25 percent of revenues from Board of Forestry lands retained by ODF for management of the lands and delivery of services to the public. The remaining 63.75 percent of the revenues are shared with the counties and local taxing districts where timber harvest occurs and are used to support local schools and critical public services. Revenue derived from Common School Forest Lands is deposited into the Common School Fund and ODF is reimbursed for management costs. The division also houses the Federal Forest Restoration Program (FFRP) which exists to increase the pace, scale and quality of forest restoration to increase the resilience of Oregon's federal forests.

Division funding request

For 2027-29, the State Forests Division is requesting $159,361,422 ($6,151,1226 General Fund, $143,579,680 Other Funds, $9,630,616 Federal Funds). Estimated for 2029-31 is $613,706,930, and for 2031-33 are $650,633,201.

The division's management activities provide sustainable social, economic, and environmental benefits to Oregonians. In 2027-29, the division expects the following results:

- **Social Benefits:** State forests provide ecosystem services that enhance the quality of life for all Oregonians and attract visitors. In addition to direct local government revenue, active forest management helps sustain communities with family-wage jobs that further contribute to local and state economies. The division provides lasting and diverse outdoor recreational, interpretive, and educational experiences that inspire visitors to enjoy, respect, and connect with Oregon's state forests and support local and state economies through tourism. The Tillamook Forest Center provides hands-on education and interpretation activities in outdoor and classroom settings for thousands of visitors, school children, and educators to learn about forests and forestry each year. In partnership with the Department of Corrections, ODF provides a work program at South Fork Forest Camp to approximately 200 minimum security adults in custody (AIC) that performs a variety of fire suppression, forest management, and recreation maintenance tasks. This program teaches job skills to improve employment options and self-sufficiency which helps them to better reintegrate into society after release. FFRP activities promote forest resiliency of federal lands, provide family-wage jobs in local communities and generate revenue to be reinvested into the forests.
- **Economic Benefits:** Timber sales are expected to generate $138.6 million for counties in which state forests are managed by the division; $4.5 million for the Common School Fund; and $78.8 million for the department's management of Board of Forestry lands. State forest timber harvests support approximately 668 direct jobs and 1,842 total jobs. Timber revenues distributed to the counties support K-12 education, health and human services, public safety and other essential community functions. Indirect economic benefits associated with services such as

recreation, attracting visitors to rural communities, and maintaining healthy forests, habitats, and watersheds have not been quantified. FFR activities create and sustain jobs in local communities and contribute to the broader forest sector economy.

- **Environmental Benefits:** State forests are managed to create healthy and productive forests that are resilient in the face of natural disturbances such as wildfire, insect and disease, and wind and ice storms. They are managed, conserved, and restored to provide clean water, biodiversity, functional ecosystems, habitats for native fish and wildlife, and protect threatened and endangered species. The division promotes these benefits by actively managing forests, designating conservation areas, and reforesting after harvests with well-adapted native tree species. FFRP projects reduce fuel loads in federal forests, enhance habitat values, reforest burned areas and implement projects to improve watershed conditions.

Based on the standard inflation rate, the projected Total Funds budget to maintain these services is $159,361,422 in 2027-29, and is forecasted to be $172,716,158 in 2029-2031 and $185,567,736 in 2031-33.

Division description

The division consists of two distinct programs that carry out forest management activities and produce a suite of benefits for Oregonians: management of state forests and implementation of activities on federal lands.

State Forests management. Oregon's state forests are working forests that reflect a broad spectrum of shared values by integrating active timber management, high-value conservation areas, stream buffers, important wildlife areas, and recreation. The significance of state forestlands is demonstrated in ongoing and vigorous debates about the mix of benefits these forestlands provide. The division's success depends on open conversations and working with diverse interest groups to meet both legal requirements and the Board of Forestry's goals for managing state forestland.

State forests represent just three percent of Oregon's forestland base. The division manages two types of state forestland: 1) Board of Forestry Lands and 2) Common School Forest Lands (owned by the State Land Board).

Board of Forestry lands were primarily acquired in a degraded condition resulting from catastrophic fires and extractive logging during last century. Most lands were deeded to the state by counties after tax foreclosures, although significant tracts in Klamath County were purchased by the state. Through time and purposeful management, they have been, and can continue to be, restored to healthy, productive forests. These lands include the Tillamook, Clatsop, Santiam, Gilchrist and Sun Pass state forests, and parcels scattered throughout western Oregon. The State Forests Division manages these forestlands under ORS 530.050 to achieve "greatest permanent value" to the state, which is further defined in OAR 629-035-0010 as "healthy, productive and sustainable forest ecosystems that, over time and across the landscape, provide a full range of social, economic and environmental benefits for Oregonians." The Division's operational costs associated with achieving greatest permanent value are funded with a portion (36.25%) of timber harvest revenue on state forests. The Forest Trust Land Advisory Committee advises the Board of Forestry on the management of Board of Forestry lands, on behalf of the counties that originally deeded these lands to the state (ORS 526.156).

Public awareness, expectations, and demands of state forests have increased greatly over the past 30 years, including pressures from public use, the continued economic importance of timber harvest to rural communities, and litigation from competing interest groups. Legal constraints have increased, with additional species listed as threatened or endangered under the federal and state endangered species acts. The effects of climate change on forest resiliency are becoming greater. These factors necessitate a fresh look at policies and business practices.

Policy Changes: Forest management practices evolve as new science emerges and society's values change. The Board of Forestry approved a new forest management plan (FMP) for western Oregon state forests in July 2026 that would address these changes. Implementation of the new FMP is contingent on approval of a Habitat Conservation Plan (HCP) and issuance of Incidental Take Permits by the National Marine Fisheries Service and U.S. Fish and Wildlife Service. The HCP is a tool that provides legal assurances under the federal Endangered Species Act, allowing for more certain and cost-effective implementation of the FMP and the division's forest management activities in general into the future.

Business Improvements: The State Forests Division has implemented organizational changes to increase efficiency, contain costs, and modernize business practices. The use of new timber marketing strategies have increased economic outcomes, and technological improvements will increase efficiency of timber sale contracting, log tracking, purchaser invoicing, and revenue distribution. Increased use of mobile devices and geographic information systems has made data collection more efficient.

Diversifying Revenue Streams: The division continues to develop partnerships, collaborate with other agencies, and pursue grants to seek sources of revenue in addition to timber receipts.

Common School Fund Lands are managed by the State Land Board (Governor, State Treasurer and Secretary of State) "with the object of obtaining the greatest benefit for the people of this state, consistent with the conservation of this resource under sound techniques of land management" (Oregon Constitution, Article VIII, Section 5). The State Land Board works through the Department of State Lands to provide guidance for managing these lands. In turn, some of these lands, known as Common School Forest Lands are managed by the Department of Forestry, under a management agreement with the Department of State Lands. The Common School Fund receives the revenue generated from Common School Forest Lands, and the Department of Forestry is reimbursed for management expenses.

The designation and management of Common School Forest Lands are further described in ORS 530.460 through 530.520, specifically that the "State Forester shall manage, control and protect such forests and forestlands so as to secure the greatest permanent value of the lands to the whole people of the State of Oregon, particularly for the dedicated purposes of the lands and the common schools to which the resources of the lands are devoted."

Cost drivers. Factors putting pressure on the State Forests Division's economic sustainability include increased legal compliance that reduces acres available for harvest, public demands for State Forests' services, timber market fluctuations, international competition, legal costs associated with lawsuits, and escalating administrative and fire protection costs. The State Forests Division is interconnected with all ODF divisions to support the successful completion of the entire agency's mission.

Dependence on Timber Revenue: The State Forests Division relies almost entirely on the 36.25 percent retained by ODF from timber sales on Board of Forestry lands. The division faces short- and long-term funding challenges as increased costs threaten to outpace income earned from timber harvests. This funding model makes the division especially vulnerable to shifts in the timber market, or changes in forest conditions from disturbances such as fire, flood, insects, disease, and windstorms. A business model with greater flexibility and diverse income streams is needed to ensure that ODF can continue to produce social, economic and environmental benefits to Oregonians from state forestlands, and to ensure that division employees are available to respond to wildfire emergencies as part of ODF's Complex Incident Management Teams and other associated wildfire positions. As a public forestland manager, we serve a variety of public interests that hold competing interests and expectations. Litigation stemming from these interests strains both financial and staff resources.

Tillamook State Forest Restoration: The legacy of the 348,970-acre Tillamook State Forest began with four large catastrophic fires between 1933 and 1951 known as the Tillamook Burn. In the aftermath of the fires, ownership transferred to the counties through tax default and eventually deeded the lands to the state to rehabilitate and manage. Today, The Tillamook State Forest provides habitat for native fish and wildlife, recreation opportunities, and timber harvest for jobs and essential revenues to county governments; however, there is still much work to do. The intensity of the fires, coupled with subsequent salvage and management efforts, left poorly growing forests with few snags and other habitat components, legacy roads that threaten aquatic resources, and low tree species diversity. Large portions of the forest are affected by Swiss Needle Cast disease, and large swaths are dominated by red alder with little conifer tree species. This has resulted in severely reduced forest productivity for all forest values. The low monetary value of these stands, coupled with severe operational constraints like steep slopes, significantly impacts the ability to generate sufficient revenue to implement projects to restore resiliency to provide social, economic and environmental benefits for future generations.

Federal Forest Restoration

Federal forests are central to the ODF's mission to protect and promote the resilience of all 30 million acres of Oregon's forests for the benefit of all Oregonians. Approximately 18 million acres, or about 60 percent of Oregon's forestland, are federally owned. As a result, the condition and management of federal forests are critical to ODF's ability to achieve its mission.

The Federal Forest Restoration Program (FFRP) supports the health and resilience of Oregon's federal forests through partnerships with federal and state natural resource agencies, Tribes, counties, forest contractors, non-profits, and communities. The program uses tools such as Good Neighbor Authority (GNA), cooperative agreements, and grant agreements to increase the pace, scale, and quality of forest restoration. Oregon law (ORS 526.275, 2018), directs the program to prioritize projects that increase timber harvest volume, create jobs, reduce wildfire risk, improve wildlife habitat and watershed health, and stimulate local economies. The law also requires ODF's work to be additive, meaning it must accomplish more than federal agencies could achieve with existing federal capacity alone.

The program is a key contributor to Governor Kotek's Executive Order 25-26, particularly its direction to implement Oregon's 20-Year Landscape Resiliency Plan and maximize dedicated funding through Good Neighbor Authority to accomplish large-scale landscape resilience treatments. With many of Oregon's highest wildfire risk acres located on federal lands, FFRP is positioned to help reduce that risk by prioritizing restoration and fuels reduction work in the watersheds identified through the 20-Year Landscape Resiliency Plan.
Given the federal government's extensive ownership of Oregon's forests, the condition of these lands significantly impacts the overall health of the state's total forestlands. This influence impacts the department's ability to accomplish its mission, reduce the risk of wildfire through fuels management, and ensure that Oregonians continue to receive the environmental, economic, and social benefits our forests provide.

The FFRP delivers on its mission to accelerate the pace, scale, and quality of federal forest restoration and improve the resilience of Oregon's forests through four core program components:

1. Collaborative Support
2. Planning and Project Preparation
3. Implementation
4. Monitoring

1. Collaborative Support
This program component aims to increase the number, acreage, and complexity of collaboratively planned federal forest restoration projects in Oregon. A secondary objective is to strengthen the capacity of forest collaborative groups to support durable, broadly supported project outcomes.

The FFRP provides financial support to forest collaboratives for facilitation, technical assistance, and coordination among federal forest stakeholders. Program staff also contribute time to engage with and inform collaborative participants. These community-based groups bring together diverse perspectives to build consensus around restoration projects that promote positive ecological and economic outcomes on federal forestlands in Oregon. By supporting this work, the program helps build social license, improve project design, advance projects through the NEPA process, and reduce the risk of litigation.

2. Planning and Project Preparation
This program component supports restoration project planning through data collection, planning innovations, and contracted National Environmental Policy Act (NEPA) work, including categorical exclusions where appropriate.

Project planning is a critical and often time-consuming step in creating resilient landscapes. The availability of "NEPA-ready" acres is one of the key limiting factors in increasing the pace, scale, and quality of restoration. By investing in planning and project preparation, the FFRP helps move priority landscapes closer to implementation.

3. Implementation
Through Good Neighbor Authority, ODF implements landscape resilience treatments on federal lands using staff, contractors, or a combination of both. These treatments may include thinning, fuels reduction, prescribed fire, reforestation, road work, and other restoration activities designed to improve forest health and reduce wildfire risk.

Implementation projects may be commercial or non-commercial. Commercial projects generate value, often through the sale of forest products, that can help offset project costs or support future restoration work. Non-commercial projects do not generate sufficient revenue to cover costs but are often essential to achieving resilience, fuels reduction, watershed, habitat, or community protection objectives.

4. Monitoring
Monitoring is a key part of the adaptive management cycle. This program component evaluates whether treatments achieved the intended outcomes and whether project results are consistent with the objectives identified during planning. Monitoring helps the program assess effectiveness, improve future project design, demonstrate outcomes, and ensure investments are contributing to more resilient federal forests and communities.

Program challenges
Separately, the department's State Forests Division is almost entirely funded by an approximately one-third share of timber harvest revenues from state forestlands, with the remaining revenue distributed to counties and local special districts. This makes the division's finances especially vulnerable to the amount of timber available for sale and market fluctuations beyond its control, resulting in the cost of state forestland management outpacing revenues in 10 out of the last 18 fiscal years. This leads to consistent understaffing within the division and reduced opportunities for investments in state forestlands, challenging the division's ability to provide for the economic, environmental and social benefits required in state law. Additionally, understaffing within the division reduces the number of ODF personnel that are qualified and available to support the department's emergency wildfire response. There are several opportunities to bridge these gaps, but all would require some level of General Fund investment in the department.

The division derives most of its operating budget from 36.25% of the revenue from timber sales on Board of Forestry lands, with the remaining 64.75% distributed to counties and local taxing districts. This revenue distribution is based on gross revenues before accounting for the division's management costs. While the division generates gross revenues far in excess of management costs, the revenue retained by ODF is not enough to cover those costs generally. In addition, fluctuations in timber available for harvest and the price paid for timber result in unpredictable revenues over time.

The four top expenses for the State Forests Division are funding for the recreation, education and interpretation program, funding for the South Fork Forest Camp, the cost of fire protection, and costs of administrative overhead. The division can control costs associated with the first two but the latter two are fixed costs over which the division has no direct control.

The bulk of recreation assets are distributed primarily across northwest Oregon, on the Tillamook, Clatsop and Santiam State Forests. Off-highway vehicle recreation is largely funded through a grant from OPRD, and campground fees also contribute revenue to the program; however, program costs are more than revenue from those sources can cover. The education and interpretation program is administered from the Tillamook Forest Center (TFC), which sees 70,000 visitors a year, and hosts classrooms for approximately 8,000 school children. A gift shop at the TFC provides approximately 4% of the revenue needed to run the program every year. The division controls costs in recreation, education and interpretation by holding positions vacant and focusing on maintenance of existing infrastructure and only building new infrastructure that is supported by external grant opportunities. The TFC is also holding positions vacant and scaling back interpretive activities, prioritizing keeping the TFC open to the public and providing classroom curriculum. Without additional funding, the division will not be able to offer the full suite of program offerings in the future.

South Fork Forest Camp (SFFC) is jointly run by ODF and DOC. The base budget for ODF's portion of camp operations is also funded from state forest timber harvest revenue. SFFC is also holding some positions vacant, but this is a challenge because it is ODF Forest Inmate Crew Coordinators that supervise Adults in Custody in their work. Without additional funding, ODF may be forced to eliminate funding for its portion of SFFC, which would likely force closure of the facility.

As a public landowner, ODF pays the full cost of providing fire protection on Board of Forestry lands. This is a large, fixed cost that is also paid from the portion of timber harvest revenue that comprises operating funds for the Division. There are no measures that the division can take independently to reduce this cost.

The Division also pays for administrative services provided internally by ODF (IT, HR, etc.) and by DAS (State Government Service Charges), via a pro-rata share. This fixed cost is also paid from division operating funds derived from timber harvest. There are no measures that the division can take independently to reduce this cost.

Program justification
The State Forests Division contributes to the agency's strategic plan priorities in the following ways.

Resilient Forests. The division's management of state forestlands utilizes a blend of active and passive management techniques to protect resources, promote forest growth, maintain and enhance habitat for native fish and wildlife, and provide carbon sequestration and storage. FFRP activities contribute to resiliency through the restoration and enhancement of conditions that promote properly functioning forest ecosystems on federal lands.

Resilient communities. Policy and management decisions foster healthy relationships between humans and forests, so that forests support resilient human communities through social, economic, and ecological change.

State forest management provides timber revenue flows to counties, local taxing districts, and the Common School Fund, supporting schools and other public services. Management of federal lands provides revenues that are reinvested in those forests to further enhance ecosystem protection and function. Harvest of timber and other management activities on both state and federal lands support direct and indirect jobs in the forest sector, supporting family wage jobs and forest sector infrastructure necessary to continue active management in Oregon's forests.

The Tillamook Forest Center provides forestry education experiences to about 55,000 visitors per year. Of these visitors about 15,000 people participate in hands-on education and interpretation programming opportunities that increase Oregonians' outdoor education outcomes.

Recreation facilities, trails and public access provide Oregonians with opportunities to connect with state forests and contribute to social well-being. Recreational activities help support the tourism economy.

In partnership with the Department of Corrections, ODF provides a program at South Fork Forest Camp to approximately 200 minimum security adults in custody who perform work that supports forest management, recreation facilities and trail maintenance, and fire suppression. This program teaches jobs skills that provide options for employment and successful integration back into society.

Addressing the wildfire crisis. The division plans and implements management activities that maintain healthy stand densities and forest fuel loads on both state and federal lands. Division employees are an essential part of Oregon's complete and coordinated wildland fire suppression system, filling positions on ODF's Complex Incident Management Teams and supporting roles. The division contributes financially to ensuring a fully adequate level of protection through its landowner fire patrol assessment for state forestlands.

Climate Leadership. The division's management of state forestlands demonstrates climate leadership through active management to maintain healthy forests, protection of key aquatic and terrestrial habitats, and creating diversity in regenerated forests. Management activities on federal lands help maintain forest conditions that are more resilient to the effects of climate change. The division actively participates in research cooperatives that use breeding techniques to produce future generations of native trees that are more resilient to the effects of climate change, and partners with other entities to study new methods of responding to climate change, such as assisted migration.

Organizational excellence. The division strengthens the public trust and confidence in ODF's ability to effectively accomplish its mission and provide excellent service to Oregonians.

The division maintains and improves systems and business processes that ensure accountability and transparency associated with the sale of timber and collection and distribution of revenues, forest health and inventory, and its planning processes. The division manages many forms of complex data and takes every opportunity to increase efficiency and consistency in monitoring and reporting by integrating systems and avoiding information silos.

During the 2021-23 biennium, the division implemented a new organizational structure that is adapted to the modern-day era of public land management and allows more efficient delivery of public services. This structure improves workflows, reduces costs, and provides career pathways for employees.

Improved workflows serve to clarify decision points and create consistency, while maintaining local communication and engagement.

Division performance

State forests provide a full range of economic, environmental and social benefits, many of which are difficult to directly measure. Timber harvest and income provide one metric for measuring program performance. The table below shows recent performance.

Timber harvests and revenue (five-year annual averages FY21-FY25)

Land type	Total Net Timber Harvest Revenue	Revenue Distributed to Counties / Net Income to Common School Fund	ODF Revenue Retained / Reimbursed for CSFL costs	Harvest (millions of board feet)
Board of Forestry Lands	$100 million	$64 million	$36 million	210
Common School Forest Lands	$2.7 million	$1.3 million	$1.4 million	6.2

In recent years, harvest has declined somewhat as the division pursues a Habitat Conservation Plan and new forest management plan. Under the new plans, harvest is expected to increase over the first 10-year implementation plan. Revenues associated with harvest are dependent on lumber market conditions.

Other outcomes and areas of program performance that support long-term focus areas:

- Models from the Bureau of Business and Economic Research on Oregon's operations indicate that State Forests five-year average timber harvests provide approximately 668 direct jobs and 1,842 total jobs and adds $147 million in labor income directly to the state economy.
- Daily visitation at the Tillamook Forest Center has returned to near pre-Covid pandemic levels, providing approximately 65,000 visitors including 2,472 visitors from local schools with educational and interpretive engagement.
- Timber harvest on Common School Forest Lands has generated an average of 6.2 mmbf and $1.3 million in net operating income for the Common School Fund over the last five years.
- Since 2010, the division has restored nearly 130 miles of fish access and removed or improved 134 barriers to fish passage.
- The division protects over 88,000 acres of northern spotted owl habitat and 18,560 acres of marbled murrelet habitat.
- Recreational users on state forests total more than 1,500,000 per year, and nearly 32,000 people use designated campgrounds. The State Forests Division provides about 510 miles of trails for motorized use and 146 miles for non-motorized use.
- In FY26, South Fork crews spent over 285 crew days maintaining recreation facilities, 200 crew days working on recreation trails, developing, and maintaining over 58 miles of trails. South Fork crews planted 135,000 trees, manually released over 700 acres of young trees, installed tree protection on over 51,000 seedlings, and brushed over 100 miles of road. South Fork Crews worked 65 crew days on 19 fires, and over 170 Adults in Custody were trained as firefighters.

From 2016-2026, the FFRP supported measurable restoration outcomes on Oregon's federal forests, including:

- 29,765 acres of non-commercial fuels reduction, thinning or forest health treatments
- 51 sold timber sales, treating 31,750 acres and generating 149.8 million board feet of timber volume to local mills
- 16 complete or in-progress comprehensive NEPA planning projects, permitting 127,975 acres for resilience treatments.

In addition, between FY 2020 and FY 2025, FFRP investments and GNA timber sales contributed an average of $30.4 million per year to Oregon's economy and sustained an average of 372.5 jobs annually.

Enabling legislation/program authorization

ORS 530.010 – 530.280 describes the acquisition and management of Board of Forestry Lands.

ORS 530.460 – 530.520 describes the designation and management of Common School Forest Lands.

ORS 526.271 – 526.276 describes the intent and range of activities carried out under GNA agreements by the FFRP.

Funding streams

Management of Board of Forestry lands is mostly funded by revenues that are derived from those management activities. These are primarily timber sales

(99.15%) but also include revenue from lease agreements (.5%), recreation fees (.1%), and the sale of miscellaneous forest products (.25%). On Board of Forestry lands, the law requires the department to retain 36.25 percent of income for program operations, land management, and fire protection. The remaining 63.75 percent is distributed to counties and local taxing districts within which the forests are managed. Staff and infrastructure to support motorized recreation is funded through OHV permit revenue from OPRD. Reliance on revenues from a dynamic timber market often creates the need for austerity measures, hampering the division's ability to accomplish core work and support ODF's complete and coordinated wildfire suppression system.

The Department of State Lands reimburses ODF for all operating and management expenses on Common School Forest Lands from the Common School Fund. The Oregon Parks and Recreation Department provides funds to help manage off-highway vehicle programs on state forests. The State Forests Division earns limited income from recreation activities and minor forest products sales.

FFRP activities are funded by a combination of general fund, direct federal funds for non-timber sale projects, and cost reimbursements from timber sales conducted by the program on federal lands.

Program Narrative

Further explanation: The department relies on all employees to carry out wildland fire protection, particularly during high fire activity. This includes both direct fire assignments and covering core business functions in the absence of deployed individuals. This is a highly efficient way of providing specialized, intermittently needed services to suppression effort. However, it can have a negative impact on accomplishing core business within the State Forests Division. Increased large fire frequency on the landscape has resulted in fatigue and strain on the state forests staff and created challenges in accomplishing core State Forests Division business functions.

Important background for decision makers

Due to increased costs of management activities on state-owned forestland, the division is comprehensively re-examining its business model and has initiated several strategies to create positive, lasting change. Long-term projected revenues are not expected to fully cover all management and fixed costs to enable these lands to produce the broad range of benefits expected by Oregonians and required by state and federal law. Strong timber markets and rapid harvest of timber volume on contract during fiscal years 2018 - 2019 improved short-term financial outcomes that allowed for renewed forest investments such as young stand management, recreation services, and data collection. However, lower delivered timber volume over the last four fiscal years, coupled with projected future reduced timber harvest, will hamper the viability of state forests management and require reductions in services under the current business model, including the division's ability to fill critical wildfire suppression roles.

Revenue

Operating and administrative costs for managing state-owned forests are supported almost entirely by timber sale revenue (98 percent). On Board of Forestry lands, the law requires about 63.75 percent of the income to go to counties, which in turn distribute funds to local taxing districts. The department retains the remaining 36.25 percent in the Forest Development Operating Fund for all aspects of managing the lands, including forest management, resource protection, and recreation, education and interpretation.

The Oregon Parks and Recreation Department transfers revenue for managing off-highway vehicle recreation facilities on state forest lands. Besides revenue from timber sales, recreation activities and minor forest products sales earn limited income.

On Common School Forest Lands, the Common School Fund pays operating and managing expenses. The Department of State Lands reimburses Forestry for these costs via transfers.

In addition, when federal grants are available to support our mission and mandates, we go through the application process and occasionally receive minor amounts of federal funding.

Proposed new laws

None.

Essential Packages

Pkg 010-Vacancy Factor and Non-ORPICS Personal Services

This package includes standard inflation of 4.9% on non-ORPICS items such as temporaries, overtime, shift differential, all other differentials, and unemployment compensation, including the OPE associated with them. Additionally, vacancy savings is computed as a 5% reduction to position costs for anticipated savings from staffing turnover, reducing Personal Services limitation by ($168,292) Other Funds.

Pkg 031-Standard Inflation
The purpose of this package is to include a set of standardized inflation rates for all agencies, increasing their budgets above their final base amounts for all non-personal-services expenditure accounts. These rates are 4.9% for standard or "generic" accounts, and then larger rates for "Price List Accounts," specifically 9.3% for Professional Services charges. There is no change to position counts or FTE.

Pkg 060-Technical Adjustments
The purpose of this package is to make technical budget adjustments and corrections. The department is making multiple structure changes this biennium due to internal re-organization efforts. These actions are net-zero at the Agency-wide and Fund Type level, but not at the SCR level, resulting in the State Forests program in an increase of $22,993,713, the net of $6,151,126 General Fund, $8,350,328 Other Funds, and $8,492,259 Federal Funds, along with the addition of 41 Position Counts and 38.84 FTE.

Pkg 070-Revenue Reduction
The purpose of this package is to reduce expenditure limitation to match forecasted revenue shortfalls. The State Forests program is reducing Services & Supplies and Capital Outlay limitation by ($6,000,000).

Policy Packages

Package Numbers	Component Title	All Funds	Positions / FTEs
105	FFR Technical Adjustments	$245,925	(1) / (0.37)
108	Centralized Services Technical Adjustments	($311,370)	(1) / (1.00)
109	Technical Position Adjustments	$55,529	0 / 0.17
	Total Packages:	**($9,916)**	**(2) / (1.20)**

Package 105 – Federal Forest Restoration Program Capacity Realignment
Purpose: Federal forests are central to the Oregon Department of Forestry's (ODF) mission to protect and promote the resilience of all 30 million acres of Oregon's forests for the benefit of all Oregonians. Approximately 18 million acres, or about 60 percent of Oregon's forestland, are federally owned. As a result, the condition and management of federal forests are critical to ODF's ability to accomplish its mission.

The Federal Forest Restoration (FFR) Program supports the health and resilience of Oregon's federal forests through partnerships with federal and state natural resource agencies, Tribes, counties, forest contractors, non-profits, and communities. The program uses tools such as Good Neighbor Authority (GNA), cooperative agreements, and grant agreements to increase the pace, scale, and quality of forest restoration. Oregon law (ORS 526.275, 2018), directs the program to prioritize projects that increase timber harvest volume, create jobs, reduce wildfire risk, improve wildlife habitat and watershed health, and stimulate local economies. The law also requires ODF's work to be additive, meaning it must accomplish more than federal agencies could achieve with existing federal capacity alone.

This Policy Option Package is General Fund neutral and is intended to strengthen ODF's capacity to independently manage and implement restoration work on federal forests. It abolishes Forest Management Technician positions and creates Natural Resource Specialist positions, allowing the agency to complete a higher level of work with a more appropriately classified workforce. It also includes a fund shift for two existing NRS 3 positions. Together, these changes raise the classification level of certain field staff so they can perform more advanced work without increasing the General Fund request.

These personnel changes better position the FFR Program to implement Governor Kotek's Executive Order 25-26, particularly the direction to implement Oregon's 20-Year Landscape Resiliency Plan and to maximize dedicated funding through Good Neighbor Authority to accomplish large-scale landscape resilience treatments. This package supports that direction by expanding ODF's ability to maintain and restore resilient landscapes and reduce the risk of catastrophic wildfire across Oregon.

This package also improves ODF's ability to use available federal funding to carry out restoration work under GNA and related authorities.

In addition, this package supports Executive Order 20-04 and the goals of ODF's Climate Change and Carbon Plan, including the objective to accelerate the pace, scale, and quality of climate-smart forest restoration. Improving the ecological resilience of federal forests can help reduce the risk of stand-replacing wildfire while also supporting carbon storage in long-lived wood products.

In areas with lower wildfire risk, active forest restoration and management remain essential. These efforts improve fish and wildlife habitat, watershed conditions, recreation opportunities, and other social and environmental values for both rural and urban communities. Increased restoration, stewardship, and management supported by this package will provide ecological, economic, and social benefits statewide, while also supporting rural, forest-dependent communities where the forest sector remains a primary economic driver.

How achieved: To meet the direction in Executive Order 25-26, the goals of Executive Order 20-04 and ODF's Climate Change and Carbon Plan, and the increased workload related to federal investments, ODF conducted a capacity needs assessment. That assessment identified the staffing structure necessary to expand the pace and scale of federal forest restoration work and forms the basis of this package.

The proposal will have a net neutral impact on General Fund appropriation for the 2027-29 biennium. This is achieved through shifts in existing fund distributions and is supported by available Federal Funds, including IIJA, other congressional appropriations, and federal trust funds, as well as Other Funds from GNA timber sale revenue.

New Positions:
<u>Natural Resource Specialist 2 positions, FFR Foresters, 50% FF / 50% OF</u>
Five additional NRS 2 forester positions are proposed to increase the program's ability to prepare, administer, and implement restoration work. These positions would expand ODF's impact in dry forest landscapes, including the Malheur, Wallowa-Whitman, and eastern Mt. Hood National Forests. They would also support expanded habitat restoration work on the Siuslaw and Rogue River-Siskiyou National Forests.

<u>Natural Resource Specialist 1 positions, FFR Foresters, 50% FF / 50% OF</u>
Four additional NRS 1 forester positions are proposed to support a career ladder within the program, complete important field-based work, and expand the program's restoration capacity.

Existing Positions:
<u>Natural Resource Specialist 3 positions</u>
Two existing NRS 3 positions would be shifted from a 50% Federal Fund / 50% Other Fund split to 100% General Fund support. A substantial portion of the work performed by these positions is not eligible for reimbursement under GNA agreements, including management of state-funded and grant-funded programs, coordination with collaboratives, development of agreements and partnerships, and integration of cross-boundary and non-federal work. Because these duties span multiple jurisdictions and agreement types, it is not practical to charge this work to federal fund sources. Funding these positions entirely with General Fund better aligns their funding source with their actual responsibilities. The resulting increase in General Fund support is offset by reductions in General Fund support elsewhere in this package.

<u>Forest Management Technicians</u>
This package abolishes six permanent Forest Management Technician positions and four seasonal Forest Management Technician positions in order to create additional positions in the Natural Resource Specialist classification.

All of the above changes described in the narrative above are reflected in the Revenue Source portion below.

Staffing Impact:

- Creates 5 Natural Resource Specialist 2 positions
- Creates 4 Natural Resource Specialist 1 positions
- Abolishes 10 Forest Management Technician positions
- Shifts fund support for 2 existing Natural Resource Specialist 3 positions

Quantifying results: ODF will continue the third-party monitoring framework that has been in place for the FFR Program since its inception in 2013. This monitoring allows ODF to measure program outcomes against a 2012 baseline and demonstrate results across economic, ecological, and social categories.

Economic

- Increased timber supply measured as number of sales and volume sold for planned and complete timber sales
- Average annual Gross Regional Product (GRP) and jobs supported; generated as a derivative of active forest management and watershed health projects

Ecological

- Increased size, diversity and/or complexity of collaboratively developed projects
- Increase in NEPA-ready acres and amount of contracted NEPA Categorical Exclusions (CE) projects
- Increased number of acres and watershed health projects completed

Social

- Increased diversity in collaborative participation and support
- Reduction in appeals/litigation related to collaboratively developed projects

Revenue source: While the General Fund portion is net zero, the Other and Federal Funds are being increased.

	Agency Request Budget	Governor's Budget	Legislatively Adopted Budget
General Fund	$0		
Other Funds	$186,862		
Federal Funds	$59,063		
All Funds	**$245,925**		
Position/FTE	**(1) / (0.37)**		

Package 108 – Centralized Services Technical Adjustments
Purpose: The Department of Forestry is resolving long standing reclassification needs initially identified in 2023 to better align with other state agencies of similar complexity and structure. These reclassifications have been long pending and have Department of Administrative Services (DAS) Chief Human Resources Office (CHRO) approval memos nearing expiration.

How achieved: This initiative resolves the misalignment in several position classifications through a net neutral fiscal impact statement for the following programs within Centralized Services.

Staffing Impact: The State Forests program is reducing by 1 position count and 1.00 FTE.

Quantifying results: All resolved positions will continue to fulfill their current duties. Only change is that the positions will then be appropriately compensated and classified. Any additional technical correction needs will be monitored and tracked to be included in a net neutral policy option package for the 2029-2031 Agency Request Budget.

Revenue source:

	Agency Request Budget	Governor's Budget	Legislatively Adopted Budget
General Fund	$0		
Other Funds	($311,370)		
Federal Funds	$0		
All Funds	**($311,370)**		
Position/FTE	**(1)/(1.00)**		

Package 109 – Technical Position Adjustments
Purpose: This package proposes several actions amongst the Forest Resources, Protection, State Forests, Business Services. and Administration divisions to better align the biennial budget with execution and is revenue neutral. Actions in this proposal include:

- Fund shifts to correct the funding of two (2) positions that were transferred from the Forest Resources Division to the Federal Grants Unit in the Administration Division through a 2025-27 technical adjustment.
- Modification of the funding mix of four (4) other Forest Resources Division positions to more accurately reflect the work being done and the correlating funding sources.
- The reclassification of a Forest Resources position that was erroneously down classed at the biennial budget level in a prior biennium to match implementation.
- Moves a position from the Administration Division to the Forest Resources Division to align with implementation and organizational structure.
- The reclassification of ten (10) Business Operation Supervisor 1 positions to Business Operation Supervisor 2 positions following the

results of a Chief Human Resource Office classification review. These field positions are funded by all three operating divisions; Forest Resources, Protection and State Forests.

- The reclassification of a State Forest Division Natural Resource Protection & Sustainability Manager 1 position to a Forest Manager 2 position and the addition of four (4) months to a Forest Management Technician position to better match the needs of the Recreation, Education and Interpretation Program.

This proposal is consistent with the Vision for Oregon's Forests, the shared strategic plan for the department and the Board of Forestry. The strategic plan commits to working within state government budgeting and policy processes to promote and implement the vision, which identifies organizational excellence as a priority. The goal of organizational excellence is to strengthen trust and confidence in ODF's ability to effectively accomplish its mission and provide excellent service to Oregonians. In this context, the vision recognizes state agencies have an obligation to the Oregonians they serve to continually improve business processes to promote organizational efficiency and effectiveness in their delivery of services. It also recognizes that achieving organizational excellence requires alignment: internally at all levels; with the direction provided by the Board of Forestry, Executive Branch and Legislature; with our partners; and with the public we serve. This package is a tangible step forward in improving budget alignment and achieving efficiencies in business processes.

How achieved: This package was developed collaboratively amongst all impacted parts of the department including the Forest Resources Division, Administration Division, State Forests Division, Protection Division and Business Services Division. If implemented these actions will occur as part of 2027-29 budget implementation following the 2027 Legislative Session. Additional implementation actions such as organizational or supervisory changes will not be needed as this package aligns the biennial budget with current execution.

Staffing impact: This proposal corrects the classification of a Forest Resources Division position at the biennial budget level to match execution, reclasses ten (10) field-based positions impacting all three operating divisions, reclasses a State Forests Division position and adds four (4) months to another State Forests Division position. All other adjustments are technical in nature and align with current implementation.

Quantifying results: If implemented, the proposed actions will be taken in preparing to implement the 2027-29 budget.

Revenue source: Existing funding, this is a revenue-neutral proposal.

	Agency Request Budget	Governor's Budget	Legislatively Adopted Budget
General Fund	$0		
Other Funds	$55,529		
Federal Funds	$0		
All Funds	**$55,529**		
Position/FTE	**0 / 0.17**		

Detail of Revenue 107BF07

Source	Fund	ORBITS Revenue Acct	2023-2025 Actuals	2025-27 Legislatively Adopted	2025-27 Estimated	2027-29 Agency Request	2027-29 Governor's	2027-29 Legislatively Adopted
Park User Fees	3400	0255	$297,657	$326,200	$326,200	$326,200		
Charges for Services	3400	0410	$4,222	$134,470	$2,805,000	$2,805,000		
Admin and Service Charges	3400	0415	$0	$165,100	$165,100	$0		
Fines & Forfeitures	3400	0505	$0	$0	$0	$0		
Rents and Royalties	3400	0510	$23,874	$96,250	$96,250	$25,000		
Sales Income	3400	0705	$529,830	$497,300	$497,300	$2,690,000		
State Forest Lands Sales	3400	0730	$216,407,988	$225,035,289	$225,035,289	$218,505,000		
Common School Lands Sales	3400	0735	$5,490,609	$2,702,004	$2,702,004	$4,607,041		
Donations	3400	0905	$33,291	$960,530	$960,530	$36,620		
Grants (non-Fed)	3400	0910	$43,136			$47,500		
Other Revenues	3400	0975	$199,784	$55,397,155	$57,858,603	$1,907,530		
Federal Funds	6400	0995	$0	$1,028,879	$1,028,879	$9,630,616		
Transfer In-Intrafund	3400	1010	$9,696,989	$0	$0	$0		
Transfer In-Intrafund	6400	1010	$0	$0	$0	$0		
Tsfr From Lands, Dept of State	3400	1141	$2,760,868	$5,424,732	$5,424,732	$3,702,887		
Tsfr From Military Dept, Or	3400	1248	$0	$0	$0	$0		
Tsfr from Emergency Mgmt Dept	3400	1258	$418,644			$0		
Tsfr From Parks and Rec Dept	3400	1634	$2,142,950	$2,683,497	$2,683,497	$2,695,287		
Tsfr From Fish/Wildlife, Dept of	3400	1635	$82,868			$0		
Tsfr From Fish/Wildlife, Dept of	6400	1635	$323,127	$0	$0	$0		
Transfer Out-Intrafund	3400	2010	($28,337,663)	($17,167,999)	($17,211,910)	($7,611,100)		
Transfer to Counties	3400	2080	($125,059,561)	($140,009,213)	($140,009,213)	($70,632,768)		
Transfer to Dept. State Lands	3400	2141	($4,705,986)	($2,702,004)	($2,702,004)	($4,457,041)		