

Agenda Item No.:	2
Work Plan:	Administrative
Topic:	Ongoing Financial Status Check
Presentation Title:	Department of Forestry Fiscal Report
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SUMMARY

The purpose of this agenda item is to provide an update on the Department of Forestry's current fiscal status.

CONTEXT

The Board has requested regular updates on the Department's financial status. This report updates the information provided at the January 2016 meeting, including information regarding the 2015 Fire Season costs and actions taken by the 2016 Legislature.

BACKGROUND

The Department of Forestry's 2015-17 Legislatively Approved Budget as of April 2016 consists of \$417.5 million total funds and 878.04 full-time equivalent positions. 69 percent of the budget is funded with Other Fund revenues, including the state's share of timber sale proceeds, a variety of landowner assessments, and forest products harvest tax. 21 percent of the budget is funded with state General Fund dollars, 8 percent with federal revenues, and 2 percent with Lottery Funds.

Within the agency, the Fire Protection program has the largest budget with \$209.0 million total funds (50 percent of total budget) and 395.28 full-time equivalent positions. 59 percent of the budget is funded with revenues from a variety of landowner assessments, 33 percent is funded with state General Fund dollars, and 8 percent with federal revenues.

The State Forests program has the second largest budget with \$96.3 million total funds (23 percent of total budget) and 233.08 full-time equivalent positions. 96 percent of the budget is funded with dollars from the state's share of the revenue that is produced from timber sales, and the remaining 4 percent with federal revenues.

The Private Forests program budget is the third-largest, with \$41.4 million total funds (9 percent of total budget) and 112.43 full-time equivalent positions. 31 percent of the budget is funded

with federal revenues, 42 percent with state General Fund dollars, and 27 percent with other revenues mostly from forest products harvest tax.

The Agency Administration program has a budget of \$39.1 million total funds (9 percent of total budget) and 107.52 full-time equivalent positions. 81 percent of the budget is funded with revenues mainly from intra-fund transfers from the operating programs, 5 percent with federal revenues, 13 percent with Lottery Fund dollars, and 1 percent with state General Fund dollars.

The remaining \$31.7 million total funds budget and 29.73 full-time equivalent positions is for the equipment pool, facilities maintenance, capital improvements, and debt service.

Department staff continuously monitor the agency's revenues and expenditures for all programs. Staff also generate periodic projections for several major revenue sources. These projections include timber sale revenue (twice yearly), and forest products harvest tax revenue (quarterly). Agency expenditures are adjusted, if required, based on the revenue projections.

The attachment provides a financial "dashboard" with "gauges" that will update the Board on the Department's current fiscal situation.

Major updates since January 2016 are the actions taken by the 2016 Legislature in Senate Bill 5701 which include the following:

- \$23.1 million General Fund allocation and \$56.3 million Other Funds expenditure limitation increase to pay for the 2015 fire season.
- \$ 0.7 million General Fund allocation and \$0.8 million Other Funds expenditure limitation increase for a new Purchase Order System.
- \$1.4 million General Fund and \$5.4 million Other Funds expenditure limitation increase for compensation changes in the current biennium.

RECOMMENDATION

This agenda item is for information only.

ATTACHMENT

1. 2015-17 Financial Dashboard (*available before the Board meeting*)