

# Oregon Department of Forestry



*"Stewardship in Forestry"*

## **Oregon Board of Forestry 2019-2021 Agency Request Biennial Budget Approval Tuesday, July 24, 2018**

**Oregon Department of Forestry  
2019-2021 Agency Request Biennial Budget Summary**

***I. Executive Summary***

The Oregon Board of Forestry and Department of Forestry are working to complete the 2019-21 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 2017-19 Legislatively Approved Budget through February 2018 provides a stable basis for developing the 2019-21 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 \$379.2 million which is a \$120.5 million or 24% decrease from the 2017-19 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 five new investment packages, totaling \$50.5 million total funds, with an increase of 69.77 FTE.

The sum of an agency's CSL and policy packages comprise the ARB. The Department is proposing an ARB of \$429.8 million for a \$70 million or 14% decrease from the current biennium's Legislatively Approved Budget. The number of Department Full-time Equivalent (FTE) increases by 54.96 for a total of 922.26 FTE.

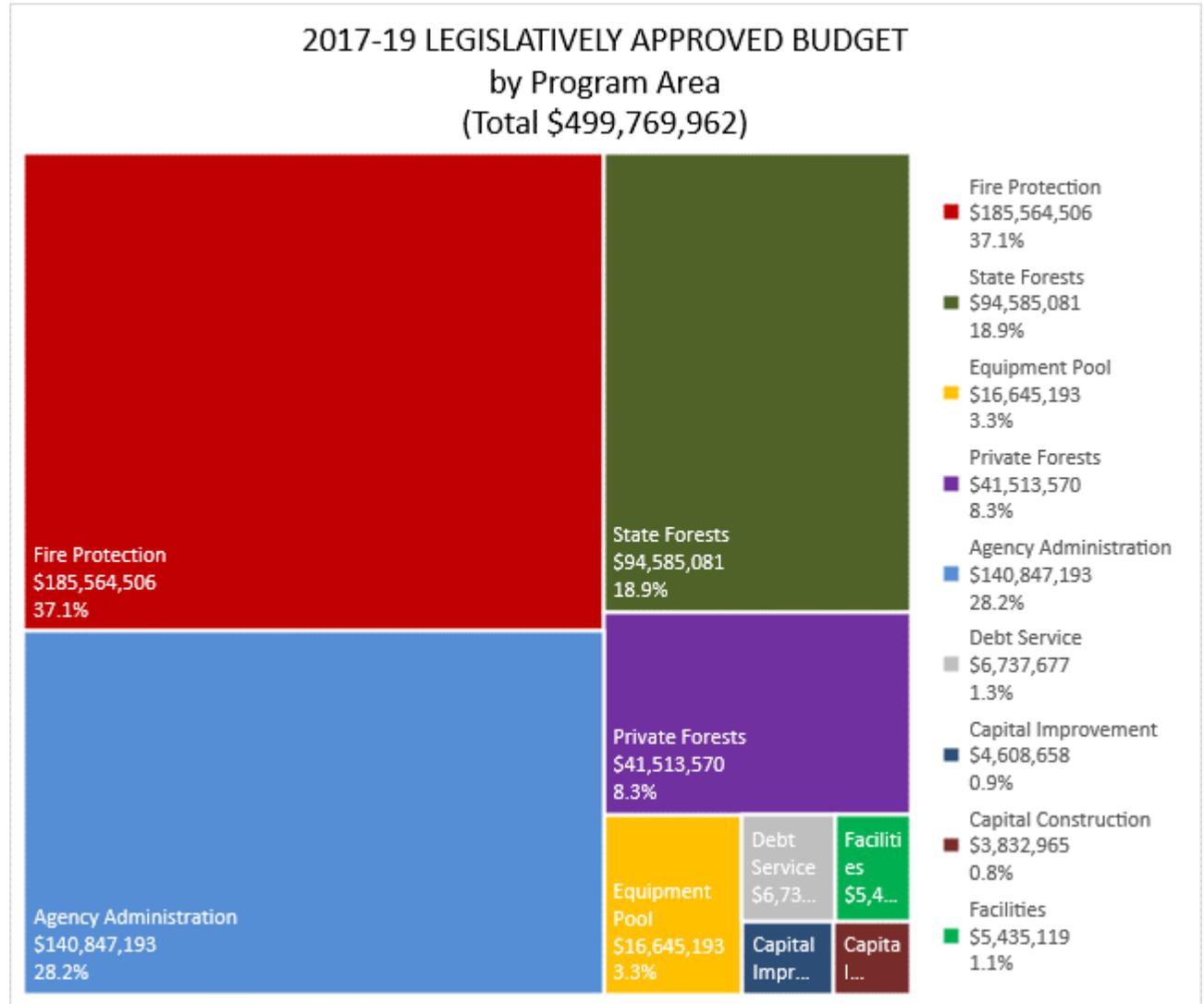
The Department will continue to involve stakeholders in the budget development process, and update the Board during regularly scheduled meetings, or more frequently as necessary, on any and all changes initiated by the Governor to the Department's Agency Request Budget.

**Oregon Department of Forestry  
2019-2021 Agency Request Biennial Budget Summary**

**II. 2019-2021 Biennial Budget Update – Status of Current Biennium’s Budget**

**Chart-1**

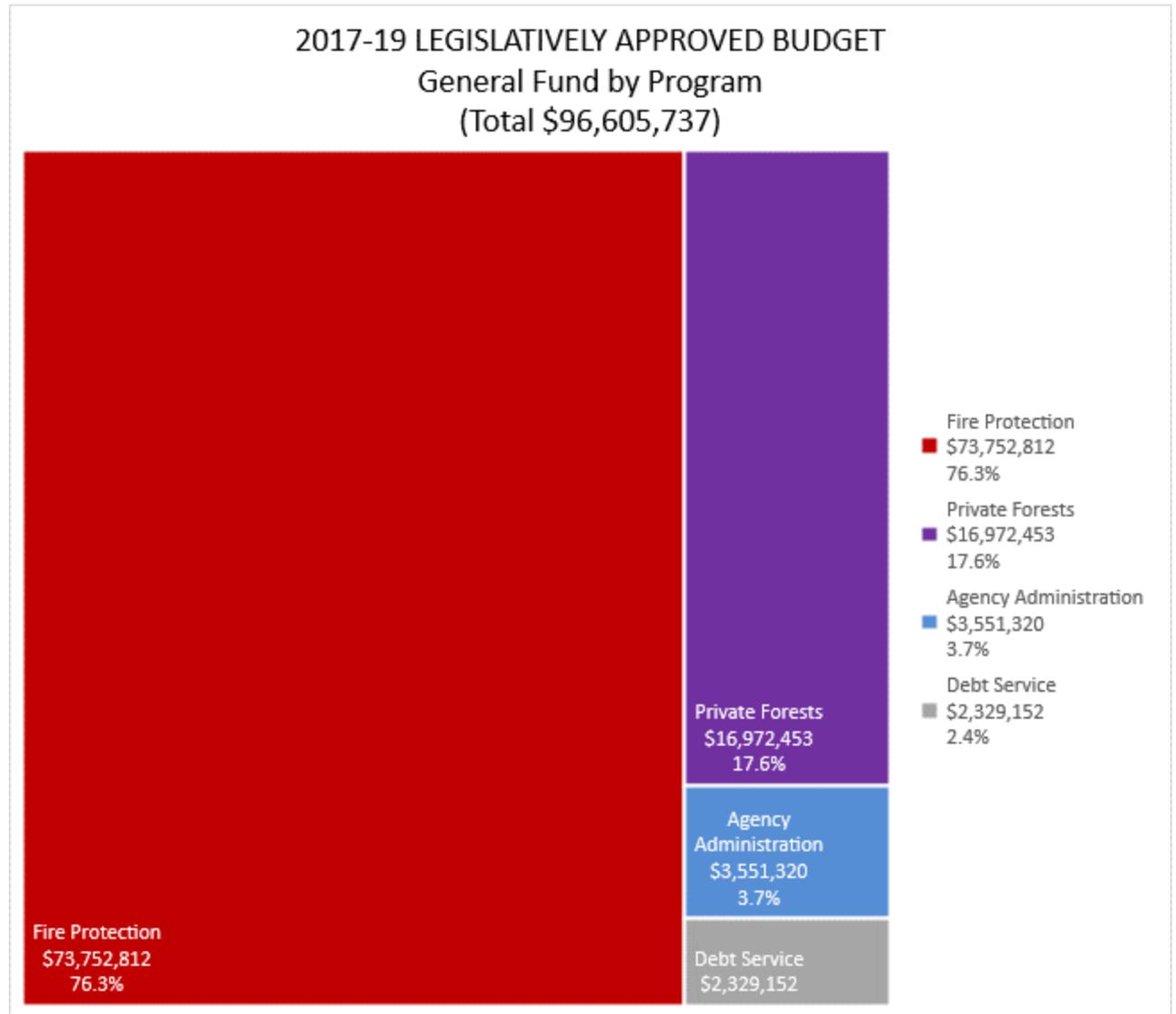
Chart-1 shows the agency’s 2017-19 Legislatively Approved Budget as of February 2018 by program area and percentage of the total budget.



**Oregon Department of Forestry  
2019-2021 Agency Request Biennial Budget Summary**

**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.



**Oregon Department of Forestry  
2019-2021 Agency Request Biennial Budget Summary**

**Result of Interim Legislative Actions**

The Department’s Legislatively Approved Budget through February 2018 provides a stable basis for developing the base budget for the 2019-21 biennium. As necessary, all other post-February 2018 Legislative Session & 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 2019-21 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.

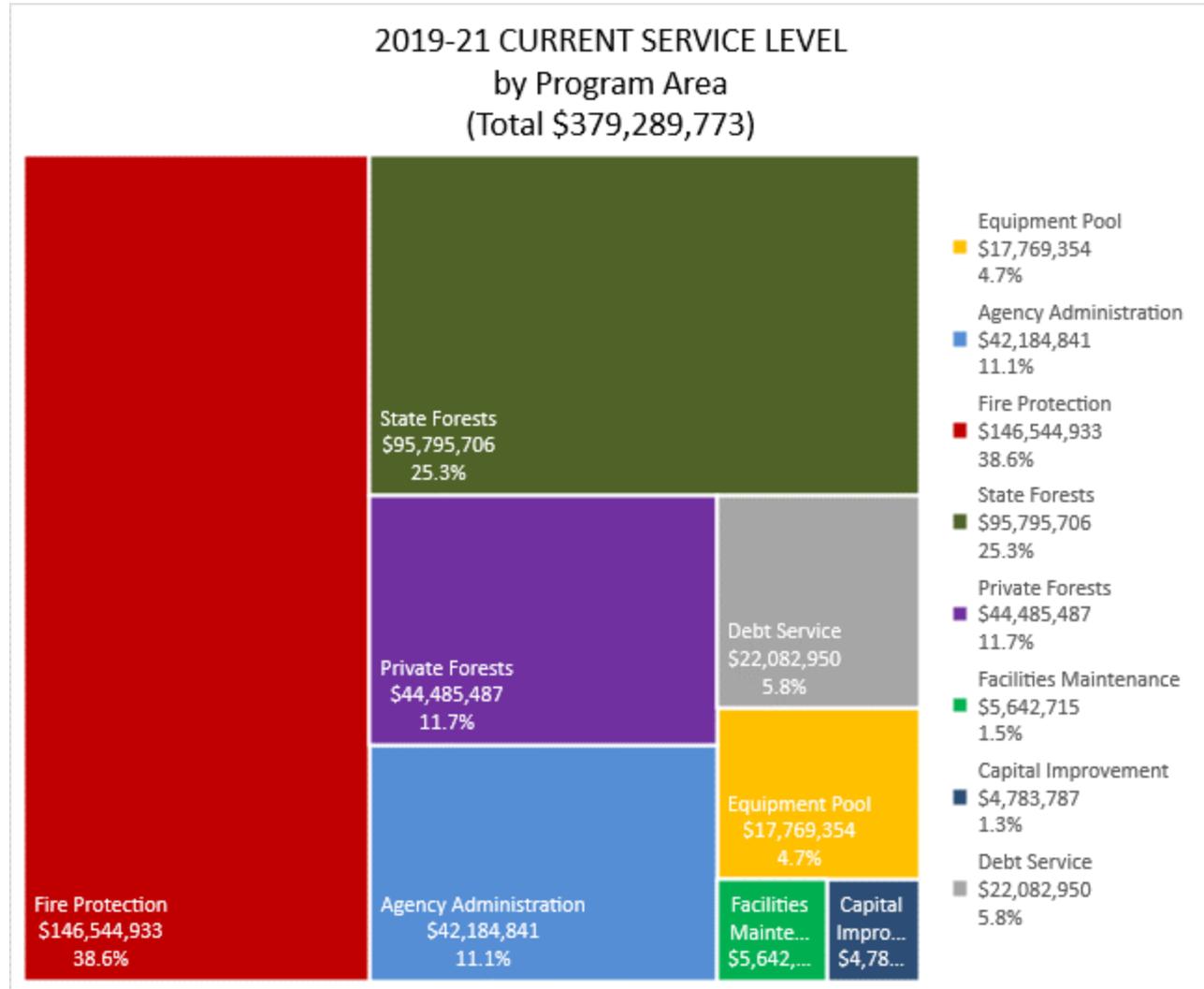
**Oregon Department of Forestry  
2019-2021 Agency Request Biennial Budget Summary**

**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 \$379.2 million which is a (\$120.5) million or 24% decrease from the 2017-19 Legislatively Approved Budget.

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



**Oregon Department of Forestry  
2019-2021 Agency Request Biennial Budget Summary**

**V. Policy Enhancement Packages**

**Table-2 Policy Enhancement Package Summary**

Priority Rank	Program - Activity	Policy Enhancement Package Description	Amount and Fund Type					Total	FTE
			General Fund	Lottery Funds	Other Funds	Federal Funds			
<b>1</b>	Fire Protection - 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	
<b>2</b>	Agencywide – Protecting Oregon's Forests & Communities	Proposes personal and training capacity needs, along with wildfire protection system investments that aim to respond to and mitigate the risk of large wildfires across Oregon's landscape. The increased severity, complexity and duration of its fire seasons, which has challenged ODF's ability to respond to the wildfire workload and sustain its other core businesses while proactively protecting Oregonians, forests and communities from wildfire. Fire protection demands have taxed all ODF programs, creating significant challenges and affecting the ability to accomplish core business functions in Fire, State Forests, Private Forests, Federal Forests and Agency Administration.	\$24,935,434	\$0	\$575,287	\$875,754	\$26,386,475	69.77	

**Oregon Department of Forestry  
2019-2021 Agency Request Biennial Budget Summary**

Priority Rank	Program - Activity	Policy Enhancement Package Description	Amount and Fund Type					Total	FTE
			General Fund	Lottery Funds	Other Funds	Federal Funds			
3	State Forests – Sort Sale Limitation	Proposes an Other Fund limitation increase to administer the sort sale method of timber sale contracts. In a traditional timber sale the Agency receives revenue for stumpage and the Purchaser is responsible to contract the associated activities. Under the sort sale method ODF would contract for these activities and receive revenue for logs delivered to a mill. The additional revenue for logs delivered to a mill will offset the costs of these activities. Business Unit of the Fire Protection Division to support FEMA claims, billings and district support for large fires.	\$0	\$0	\$12,000,000	\$0	\$12,000,000	0.00	
4	State Forests – Common School Lands Personal Svc Restoration	Proposes to restore OF limitation necessary to assure continued management of the Common School Forest Lands. During the 2017-19 biennium the Legislature imposed an “unspecified personal services” reduction to the Common School Lands.	\$0	\$0	\$534,435	\$0	\$534,435	0.00	
5	Agency Administration – Deferred Maintenance	Proposes a deferred maintenance package to address on-going deferred maintenance of the Agency’s infrastructure. The 2017 Legislature passed Senate Bill 1067 requiring all agency’s to include at least 2% of the current replacement value in the Agency Request Budget.	\$461,704	\$0	\$5,105,000	\$0	\$5,566,704	0.00	
<b>Net Policy Enhancement Packages</b>			<b>\$31,397,138</b>	<b>\$0</b>	<b>\$18,214,722</b>	<b>\$875,754</b>	<b>\$50,487,614</b>	<b>69.77</b>	

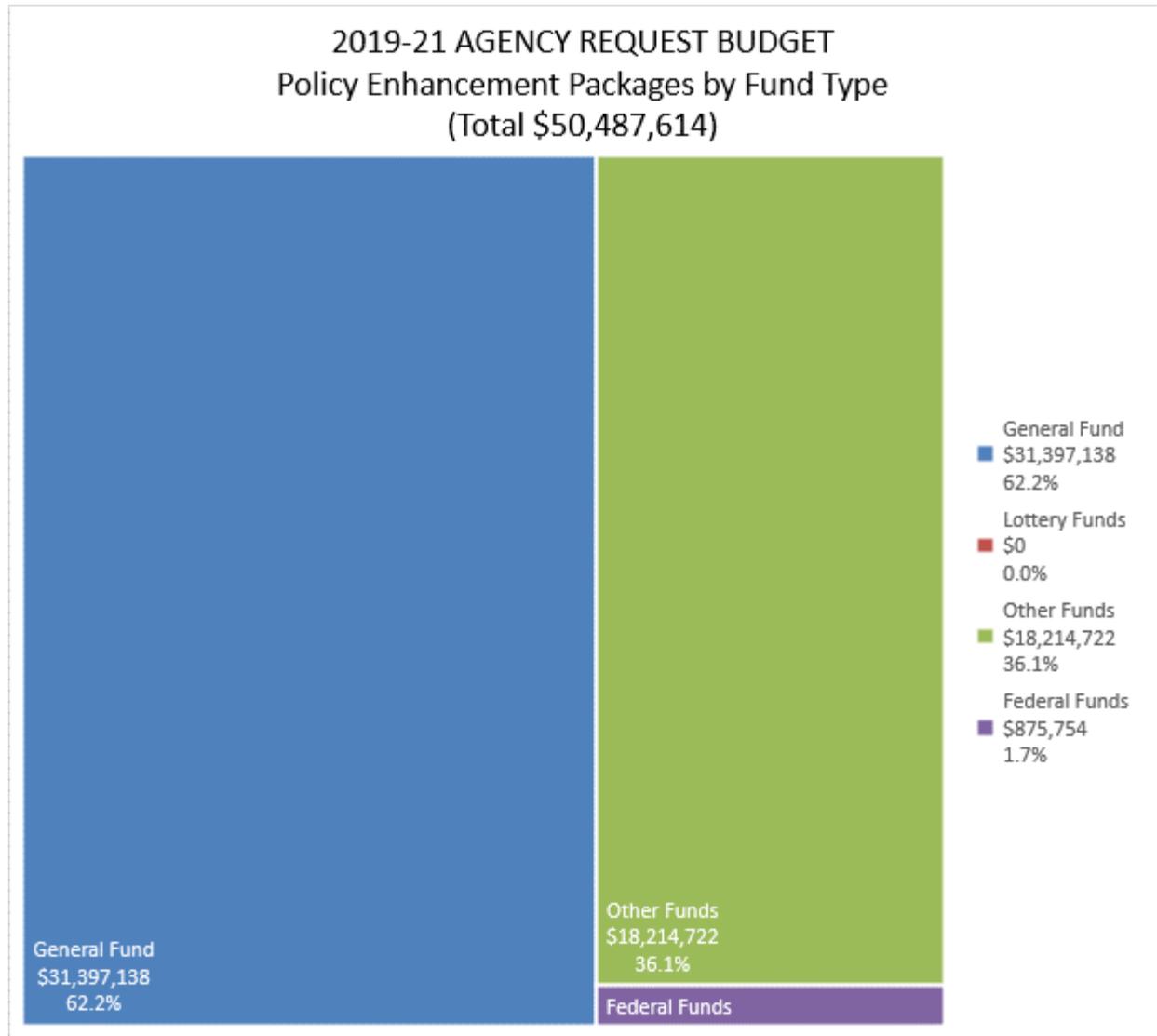
Oregon Department of Forestry  
2019-2021 Agency Request Biennial Budget Summary

**Chart-4**

Chart-4 graphically shows the Department's proposed policy packages by fund type. Of the \$50.5 million proposed, 62% is General Fund, 36% is Other Funds and 2% is Federal Funds

Other Fund sources of revenue include:

- Timber revenues
- Billings for services
- Grants and donations
- Miscellaneous sales

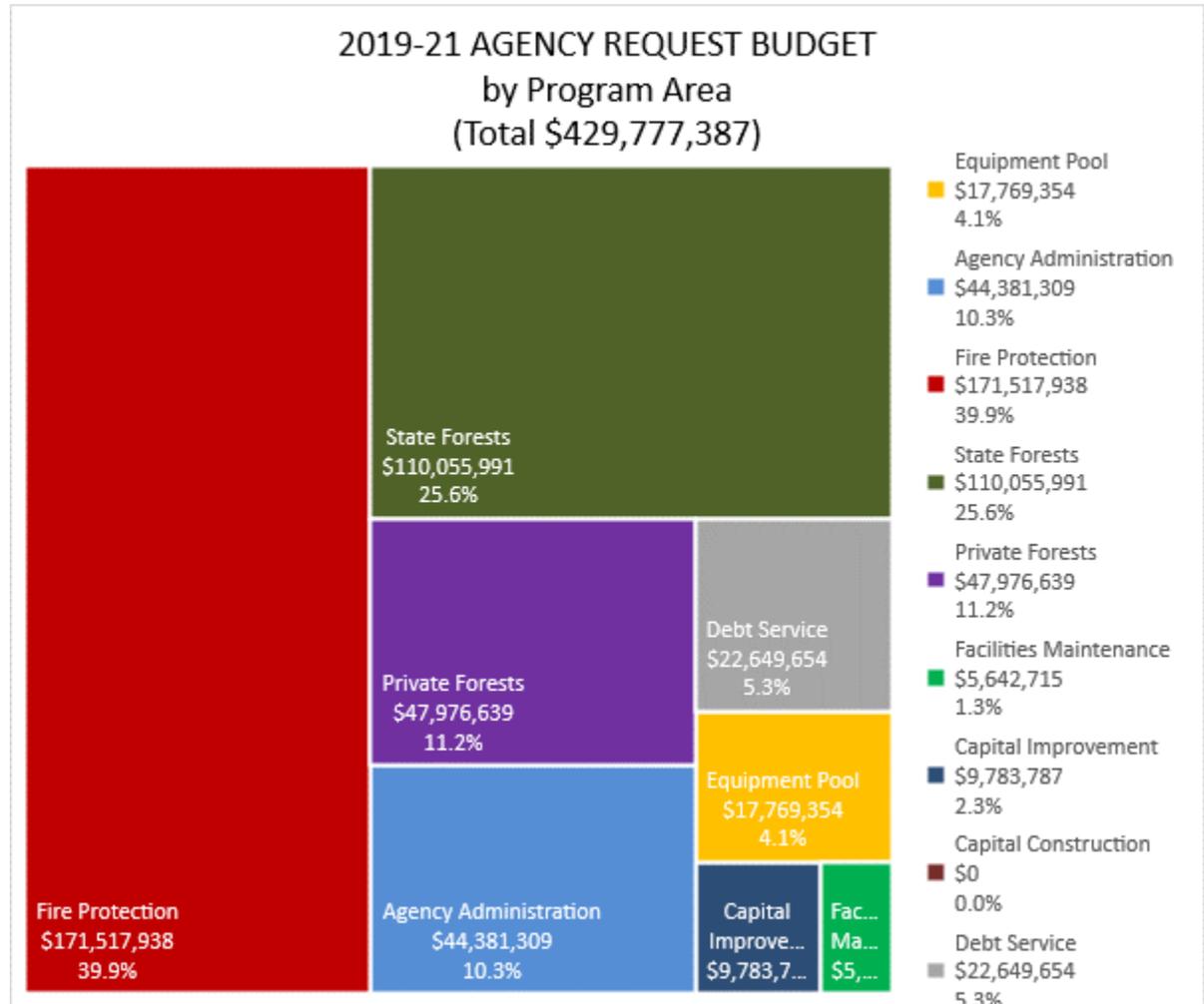


**Oregon Department of Forestry  
2019-2021 Agency Request Biennial Budget Summary**

**VI. 2019-2021 Agency Request Budget Summary**

**Chart-5**

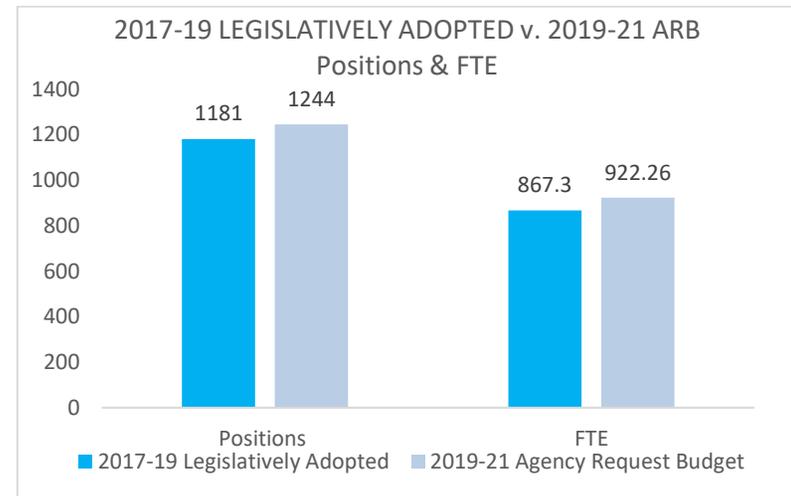
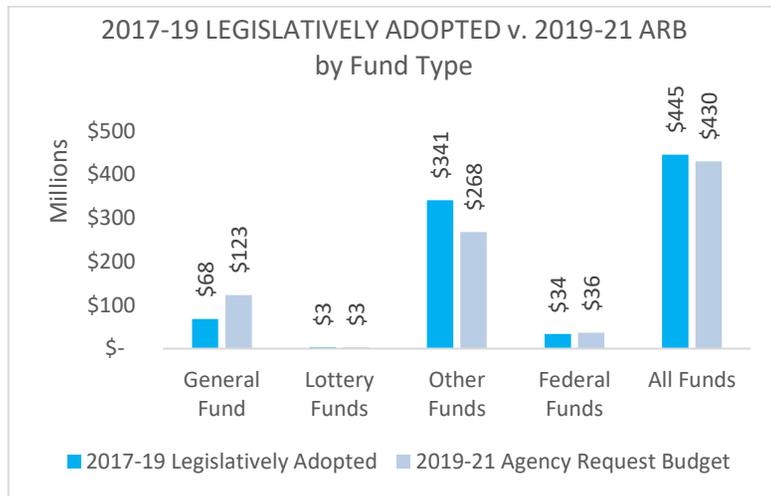
The sum of an agency's Current Service Level and policy packages comprise the Agency Request Budget (ARB). The Department is proposing an ARB of \$429.8 million for a \$70 million or 14% decrease from the current biennium's Legislatively Approved Budget. The number of Department positions increases by 63 positions.



**Oregon Department of Forestry  
2019-2021 Agency Request Biennial Budget Summary**

**Table-3** Compares the Department’s 2017-19 Legislatively Adopted Budget with the 2019-21 Agency Request Budget

Fund-Type	2017-19 Legislatively Adopted Budget In Million \$	2019-21 Agency Request Budget In Million \$	Difference In Million \$	Percentage Change
General Fund	\$68.2	\$123.1	\$54.9	80.49%
Lottery Fund	\$2.6	\$2.6	-\$0.0	0.00%
Other Funds	\$340.6	\$267.6	-\$73.0	-21.43%
Federal Funds	\$33.7	\$36.4	\$2.7	8.01%
All Funds	\$445.1	\$429.7	-\$15.4	-3.46%
Positions	1,181	1,244	63.0	5.33%
FTE	867.30	922.26	54.96	6.34%



**Oregon Department of Forestry  
2019-2021 Agency Request Biennial Budget Summary**

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

Pending Board approval, the Department will formally submit the 2019-21 Agency Request Budget to the Governor on or before August 31, 2018. 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 the following decisions to be made by the Governor:

- 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; and
- 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.