

**75<sup>th</sup> OREGON LEGISLATIVE ASSEMBLY – 2009 Regular Session  
BUDGET REPORT AND MEASURE SUMMARY**

**MEASURE: SB 5522-A**

**JOINT COMMITTEE ON WAYS AND MEANS**

**Carrier – House: Rep. Jenson  
Carrier – Senate: Sen. Walker**

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**Action:** Do Pass as Amended and Be Printed A-Engrossed

**Vote:** 21 – 0 – 1

House – Yeas: Buckley, C. Edwards, D. Edwards, Galizio, Garrard, Gilman, Jenson, Kotek, Nathanson, Richardson, Shields, G. Smith

– Nays:

– Exc:

Senate – Yeas: Bates, Carter, Girod, Johnson, Monroe, Nelson, Verger, Walker, Whitsett

– Nays:

– Exc: Winters

**Prepared By:** Satish Upadhyay, Department of Administrative Services

**Reviewed By:** Susie Jordan, Legislative Fiscal Office

**Meeting Date:** June 22, 2009

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**Agency**

State Forestry Department

Emergency Board

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**LFO Analysis Page**

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**Biennium**

2009-11

## **Budget Summary\***

	<b>2007-09 Legislatively Approved Budget (1)</b>	<b>2009-11 Essential Budget Level</b>	<b>2009-11 Committee Recommendation</b>	<b>Committee Change from 2007-09 Leg. Approved</b>	
				<b>\$\$ Change</b>	<b>% Change</b>
General Fund	\$ 48,702,605	\$ 44,963,795	\$ 41,372,603	\$ -7,330,002	-15.1%
Other Funds	\$ 245,863,893	\$ 170,400,142	\$ 188,404,013	\$ -57,459,880	-23.4%
Other Funds Nonlimited	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000	\$ 0	0.00%
Federal Funds	\$ 26,483,943	\$ 26,816,820	\$ 46,827,279	\$ 20,343,336	76.8%
<b>Total</b>	<b>\$ 336,050,441</b>	<b>\$ 257,180,757</b>	<b>\$ 291,603,895</b>	<b>\$ -44,446,546</b>	<b>-13.2%</b>

## **Position Summary**

Authorized Positions	1,311	1,251	1,227	-84
Full-time Equivalent (FTE) positions	920.96	893.41	864.07	-56.89

(1) Includes adjustments through the December 2008 meeting of the Emergency Board

\* Excludes Capital Construction expenditures

## **Emergency Board**

General Fund – Special Purpose Appropriation

Fire protection expenses	\$ 0	\$ 0	\$ 4,722,321	\$ 4,722,321	100%
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## **Summary of Revenue Changes**

The State Forestry Department is funded with General Fund, Other Funds, and Federal Funds. Other Funds revenue sources include the harvest tax, landowner assessments, and sale of timber on forestlands managed by the department. The budget assumes passage of House Bill 2214, which would set the Forest Products Harvest Tax rates for calendar years 2010 and 2011. This tax helps fund the Forest Practices program. The agency receives Federal Funds for a variety of fire program activities, and for rule effectiveness monitoring projects, forest insect and disease activities, and for landowner assistance in the Private Forests and Urban Forests programs. Federal dollars are sometimes budgeted as Other Funds. The agency pays for its administrative functions via intra-fund transfers from the program units.

The budget approved by the Subcommittee reflects adjustments to align revenues and expenditures with revenue projections which are lower than the 2009-11 Essential Budget Level revenues based on an economic forecast prepared by the agency in May 2009.

## **Summary of Natural Resources Subcommittee Action**

The State Forestry Department works to serve the people of Oregon by protecting, managing, and promoting stewardship of Oregon's forests to enhance environmental, economic, and community sustainability. The agency:

- provides forest fire protection services.
- provides forest management and conservation technical assistance to landowners and communities.
- develops plans for habitat conservation, forest health, and timber production on state forestland.
- provides high quality seedlings for reforestation.
- works with partners on practical solutions for salmon habitat restoration and encroaching urbanization of wild land areas.

The Subcommittee approved an agency total funds budget of \$291,603,895 and 1,227 positions (864.07 FTE) and the establishment of a \$4,722,321 special purpose appropriation in the Emergency Fund for fire protection expenses. This is a 13.4 percent increase from the 2009-11 Essential Budget Level.

### Agency Administration

The Agency Administration program is responsible for policy development, forest resource analysis and planning, information systems support, financial services, personnel, safety and training, central word processing, administration of log branding activities, public affairs coordination, and air operations. The Subcommittee approved a budget of \$4,032,065 General Fund, \$22,646,169 Other Funds, \$820,971 Federal Funds, and 83 positions (83.22 FTE).

The Subcommittee approved Package 801 – LFO Analyst Technical Changes. This package includes the following actions:

- Shifts administrative expenditures from the State Forests and Private Forests programs into Agency Administration, resulting in an additional \$640,186 Other Funds expenditure limitation and addition of three positions (4.48 FTE).
- Provides \$900,000 Other Funds expenditure limitation from Certificate of Participation (COP) proceeds to carry forward an Information Technology project approved in the 2007-09 biennium that will not be completed until the 2009-11 biennium.
- Increases COP revenues for the 2009-11 biennium by \$1,765,000 Other Funds and decreases Transfer in Other revenues by \$865,000 Other Funds.

### Protection From Fire

The Protection From Fire program is responsible for fire prevention, fire suppression, and treatment of forest fuels. The agency provides fire protection on approximately 15.7 million acres of public and private forestlands. Through the Cooperative Fire subprogram, the department maintains trained fire fighting crews and facilitates the sharing of interagency resources. The program's Emergency Fire Cost Committee is responsible for the Oregon Forestland Protection Fund (OFLPF), which equalizes firefighting costs across the state and supports the purchase of

insurance to protect Oregon against disastrous fire costs. Fire program revenues come from the General Fund and a variety of other sources, including landowner assessments and federal dollars. The Subcommittee approved a budget of \$29,168,497 General Fund, \$48,892,097 Other Funds, \$18,426,185 Federal Funds, \$15,000,000 Other Funds Non-limited, and 727 positions (412.44 FTE) and the establishment of a \$4,722,321 special purpose appropriation in the Emergency Fund for fire protection expenses.

The Subcommittee approved five packages and one budget note:

Package 081: June 2008 E-Board provides \$2,339,261 General Fund to continue the resources provided by the Emergency Board at its June 2008 meeting for fire protection activities.

Package 211: Fire Protection Operations Support provides \$139,712 Other Funds to establish one permanent, full-time Natural Resources Specialist 2 position (1.00 FTE) to work as a rangeland coordinator. This position is needed to provide guidance and mentoring of private landowners through developing and implementing rangeland protective associations in areas of unprotected lands where no other means of initial attack and suppression of wildfires exists.

Package 213: Fire Protection Contracting Effectiveness provides \$305,856 Other Funds and establishes two limited-duration, full-time positions (2.00 FTE), consisting of one Procurement and Contract Specialist 2 and one Compliance Specialist 2, for development, implementation and compliance monitoring of the Pacific Northwest Wildfire Coordinating Group Interagency Crew Agreement. The package provides for greater monitoring and accountability of contract resources that perform wildfire suppression duties.

Package 801: LFO Analyst Technical Changes reduces intra-agency Other Funds Transfer Out by \$325,391 due to the decreased the transfer into the Administration program for the 2009-11 biennium and increased COP proceeds revenue. The package also moves \$2,915,575 Federal Funds from Services and Supplies and Capital Outlay to Personal Services to accommodate federal stimulus grant funding in appropriate expenditure categories (net zero impact).

Package 810: Public (GF) Fire Cost Share provides \$814,117 General Fund and \$1,617,364 Other Funds for fire protection. It retains the essential budget level of General Fund by maintaining 50 percent General Fund cost share for initial attack fire suppression expenses and 50 percent private land-owner cost share. It provides an increase of \$1,773,763 Other Funds revenue from public land owners for 25 percent of agency administration expenses; with the remaining 75 percent paid from General Fund resources. The package provides a special purpose appropriation of \$4,722,321 in the Emergency Fund for severity cost (\$4,268,337) and for one-half of the cost of the fire insurance premium for the second year of the biennium (\$453,984).

The Subcommittee approved the following budget note:

### **Budget Note**

The Forest Fire Protection budget is approved with a \$10 million annual expenditure limit on the Forest Land Protection Fund. The Department of Forestry is directed to report to the Legislature during the special session planned for February 2010, the actual costs of the

2009 Fire Season and liability for the General Fund. If costs appear to exceed the availability of General Fund resources, the Legislature may revisit the annual expenditure limit on the Oregon Forest Land Protection Fund.

### Equipment Pool

The agency has over 3,500 pieces of equipment in its motor and radio pools. These assets include cars, airplanes, trucks, trailers, heavy equipment, and radios. The department provides radio communication services for several other state agencies. The Subcommittee approved a budget of \$14,458,252 Other Funds and 30 positions (30.56 FTE).

The Subcommittee approved Package 801: LFO Analyst Technical Changes. This package reduces the transfer out of revenue by \$51,767 Other Funds as a result of a decreased transfer into the Administration program for COPs.

### State Forest Lands

The State Forest Lands program manages state-owned public forests, including the Tillamook, Clatsop, and Elliott forests. The program manages approximately 790,000 acres of land, with the Board of Forestry owning about 656,000 of these acres and the Common School Fund owning the remainder. The program supports itself with timber sale revenues. The Subcommittee approved a budget of \$84,367,594 Other Funds, \$7,313,336 Federal Funds, and 288 positions (253.16 FTE).

The Subcommittee approved six packages:

Package 232: Timber Sale Accounting Process Revision provides \$25,000,000 Other Funds expenditure limitation to implement a technical accounting adjustment to comply with the Generally Accepted Accounting Principles (GAAP). Expenditure limitation is needed to “book” this project work as it occurs so that the program revenues and expenditures are accurately recorded. Currently, only “net” revenues are recorded. This package would record “gross” revenues resulting in the increased expenditure limitation.

Package 801: LFO Analyst Technical Changes decreases \$360,706 Other Funds and eliminates one position (2.48 FTE) to shift administrative costs and positions to the Agency Administration program budget. It also reduces the transfer out of revenue by \$258,833 Other Funds as a result of a decreased transfer into the Agency Administration program for COPs.

Package 812: State Forest Revenue Shortfall decreases \$14,898,922 Other Funds and eliminates 45 positions (39.01 FTE) to bring expenditures in alignment with projected State Forest timber sales revenue for the 2009-11 biennium.

Package 813: Tillamook Forest OHV Operations & Maintenance provides \$1,019,790 Other Funds and establishes six positions (6.10 FTE). The package shifts costs from the state share of timber harvest revenues to the All Terrain Vehicle (ATV) account via a revenue transfer from the Oregon Parks and Recreation Department (OPRD). The Subcommittee believes that use of the ATV account is an appropriate and legal use of the funds and the State Forestry Department should not have to apply for a grant from another agency to operate and maintain the ATV/ Off Highway Vehicle trails in the Tillamook State Forest. This is expected to be an ongoing transfer to the State Forestry Department from OPRD for this purpose.

Package 814: Federal Stimulus provides \$3,229,688 Other Funds and \$7,313,336 Federal Funds and establishes 12 positions (12.00 FTE) for the agency to expend American Recovery and Reinvestment Act (ARRA) dollars it expects to receive through the U.S. Forest Service and the National Oceanic and Atmospheric Administration (NOAA). The Subcommittee approved this package with the understanding that the Department of Administrative Services will unschedule the expenditure limitation until the grant agreements are appropriately executed.

Package 815: IPA-Cooperative Agreements package provides \$2,877,008 Other Funds and establishes 17 positions (16.50 FTE) for the agency to utilize interagency personnel agreements with the U.S. Forest Service and the Bureau of Land Management to allow state employees to work for and be paid by those agencies, but retain state employee status. The Subcommittee approved this package with the understanding that the Department of Administrative Services will unschedule the expenditure limitation until the interagency personnel agreements are appropriately executed.

### Urban Forestry

The Urban Forestry program is responsible for on-site technical, educational, and financial assistance for municipal governments, other public agencies, non-profit groups and civic organizations. The program provides technical information on tree risk assessment, ordinances, inventories, tree care, planting, tree selection, and urban forest management. The Subcommittee approved a budget of \$264,153 Other Funds, \$884,718 Federal Funds, and three positions (3.00 FTE).

### Private Forests

The Private Forests program (the integration of the Forest Practices and Forestry Assistance programs) administers the Oregon Forest Practices Act, provides technical and financial assistance to forest landowners, provides insect and disease surveys and technical assistance statewide, and conducts effectiveness and compliance monitoring. The Forest Practices Act authorizes the Board of Forestry to develop comprehensive administrative rules that encourage economically efficient forest practices on privately owned land, while encouraging resource protection. The Subcommittee approved a budget of \$5,365,459 General Fund, \$7,081,835 Other Funds, and \$19,382,069 Federal Funds and 95 positions (80.74 FTE).

The Subcommittee approved five packages:

Package 252: Sudden Oak Death Monitoring Effort, with a modification provides \$3,994,080 Federal Funds and establishes four positions (4.00 FTE) to continue the aerial and ground surveying program that monitors the spread of the Sudden Oak Death disease. The Subcommittee approved this package with the understanding that the Department of Administrative Services will unschedule the expenditure limitation until the grant agreements are appropriately executed.

Package 801: LFO Analyst Technical Changes decreases \$177,909 General Fund and \$576,720 Other Funds, and eliminates two positions (2.00 FTE) to remove expenditure limitation not supported by revenue and to shift administrative functions to Agency Administration. It also reduces the transfer out of revenue by \$103,533 Other Funds as a result of a decreased transfer into the Agency Administration program for COPs.

Package 811: Co-Chair Reductions in Private Forests decreases \$6,566,661 General Fund and \$3,414,861 Other Funds, and increases \$266,043 Federal Funds to implement a 15 percent reduction in Private Forests to address the statewide General Fund revenue shortfall. The reduction results in elimination of 23 positions (47.70 FTE). Approximately 20 percent of the state supported forest health program will remain. The program will focus efforts to ensure continued receipt of federal funds for the Sudden Oak Death disease eradication and minimal insect and disease monitoring. The program will also provide monitoring of reforestation compliance once a biennium. Approximately 50 percent of the Forest Practices administration program remains intact. About 45 percent of the current stewardship foresters (23 of 57) are retained. The program will continue to provide family forestland stewardship support funded by the federal stewardship program.

Package 814: Federal Stimulus provides \$8,437,000 Federal Funds expenditure limitation and establishes 9.25 FTE for the agency to expend the ARRA dollars it expects to receive through the U.S. Forest Service for forest management projects. The Subcommittee approved this package with the understanding that the Department of Administrative Services will un-schedule the expenditure limitation until the grant agreements are appropriately executed.

Package 816: Maintenance of Harvest Tax Rate provides \$1,400,000 Other Funds expenditure limitation and establishes two positions (6.52 FTE) to expend the revenues generated by maintaining the current harvest tax rate. This will change the participation ratio from 60 percent General Fund/ 40 percent Harvest Tax to 48 percent General Fund/ 52 percent Harvest Tax for the 2009-11 biennium.

#### Facilities Maintenance & Development Program

Facilities Maintenance & Development Program is solely focused on facilities maintenance activities. The Subcommittee approved a budget of \$4,841,063 Other Funds and one position (0.95 FTE).

#### Debt Service

This program unit contains the agency's debt service obligations. The Subcommittee approved a budget of \$2,806,582 General Fund and \$1,737,957 Other Funds; there are no positions attached to the program.

The Subcommittee approved Package 801: LFO Analyst Technical Changes. This package provides \$125,476 Other Funds to adjust COP issuance costs.

#### Capital Improvements

This program maintains 400 structures statewide, many of which were built over 40 years ago. The Subcommittee approved a budget of \$4,114,893 Other Funds; there are no positions attached to the program.

### **Summary of Performance Measure Action**

See attached Legislatively Adopted 2009-11 Key Performance Measures form.