

2017 – 2019

# GOVERNOR'S BUDGET

Oregon Department of Forestry



**DAS**  
DEPARTMENT OF  
ADMINISTRATIVE  
SERVICES

Cathleen Connolly  
Chief Financial Office  
April 3, 2017



# Oregon Department of Forestry

## 2017-19 Governor's Budget Overview

2

- Governor's priorities:
  - Ensure Oregonians have clean air and water
- The Governor's Budget for the Department of Forestry invests in federal forest restoration, rangeland protection associations and aviation management capacity.
  - Control of forest fires, and healthy forests and rangeland are an important component in achieving clean air and water.

# Oregon Department of Forestry

## Agency Overview

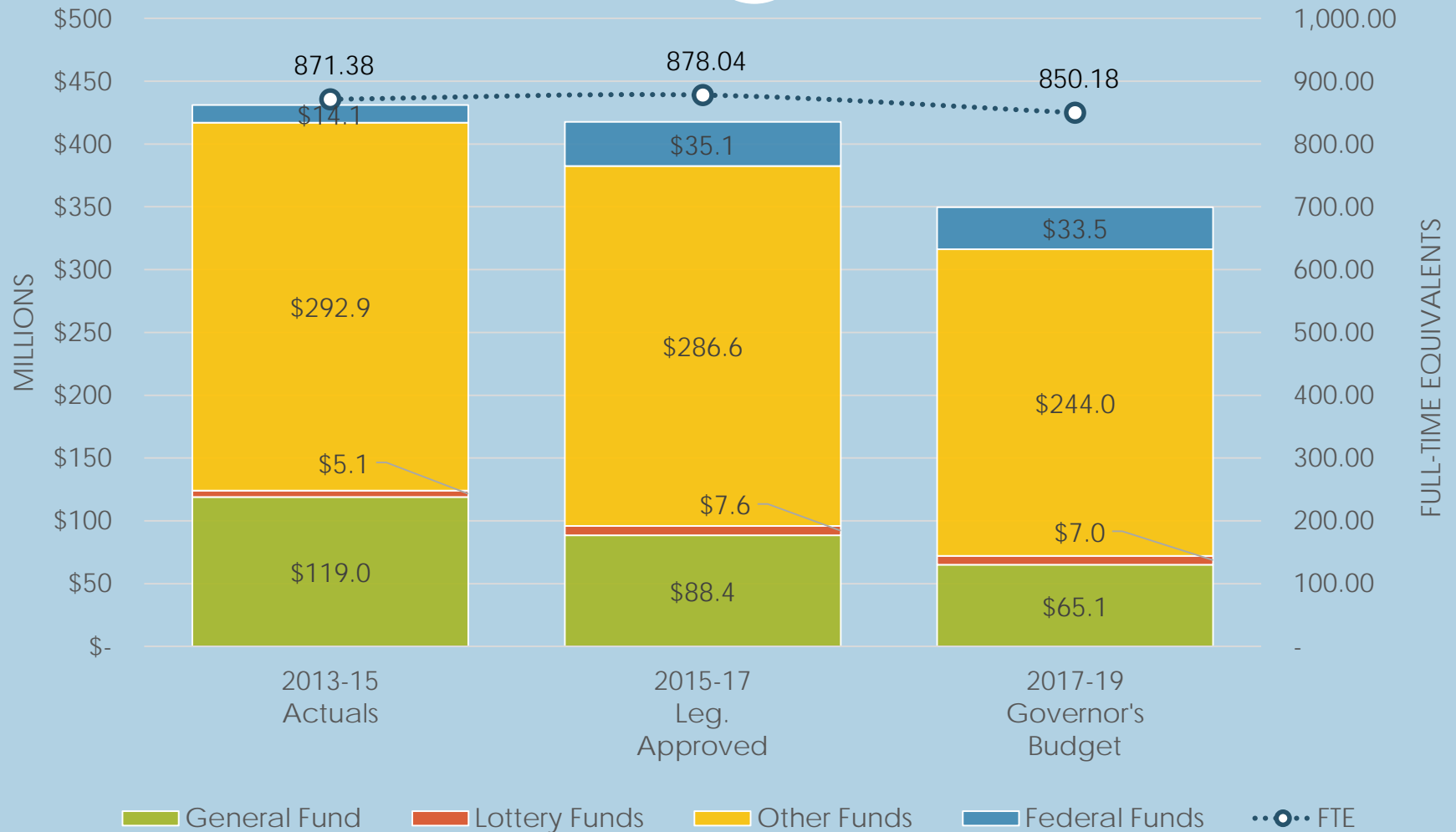
3

- Agency's emerging issues
  - Sustaining state forest operations financially
  - Sustaining agency operations in severe fire years
  - Fire conditions
  - Federal Forest management

# Oregon Department of Forestry

## Expenditure History + 2017-19 Governor's Budget

4



# Oregon Department of Forestry

## 2017-19 Governor's Budget

5

Funding structure for large fire costs in the 2017-19 biennium:

	Cumulative Total Funds (in millions)	General Fund	Oregon Forest Land Protection Fund	Commercial Insurer
First \$10.0 million	\$10.0	50%	50%	0%
Next \$10.0 million	\$20.0	50%	50%	0%
Next \$30.0 million	\$50.0	100%	0%	0%
Next \$25.0 million	\$75.0	0%	0%	100%
Above \$75.0 million	No Set Limit	100%	0%	0%

# Oregon Department of Forestry

2017-19 Governor's Budget

6

Despite three severe fire seasons, two of which caused the insurers to pay out the limits of the policy, the agency is still able to purchase catastrophic fire insurance. However, the deductible has risen to \$50 million from \$20 million in 2014. That leaves a gap of \$30 million dollars between the \$20 million shared by the General Fund and the Oregon Forest Land Protection Fund and the insurance policy activating.

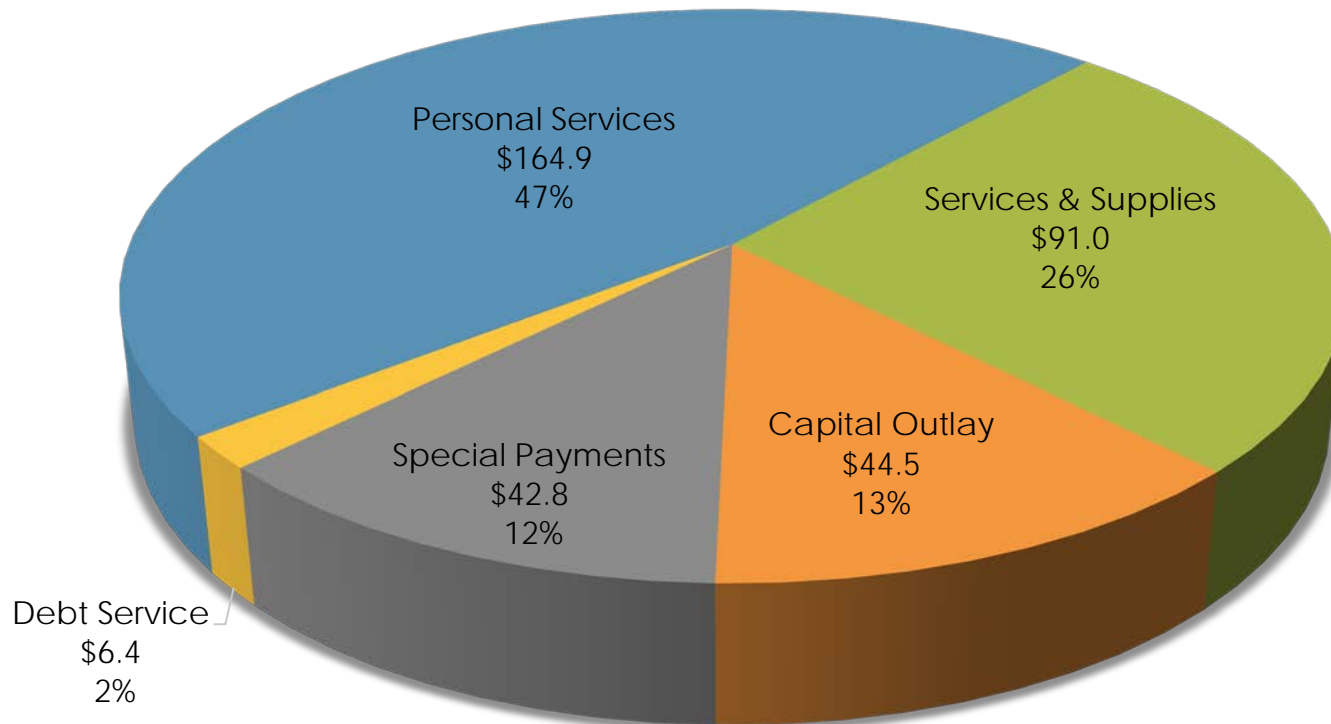
Currently, the General Fund is solely responsible if large fire costs exceed \$20 million but are less than \$50 million. It is also solely responsible if costs exceed \$75 million in a single fire year.

# Oregon Department of Forestry

## 2017-19 Governor's Budget

7

### Agency Budget by Expenditure Category (in millions)

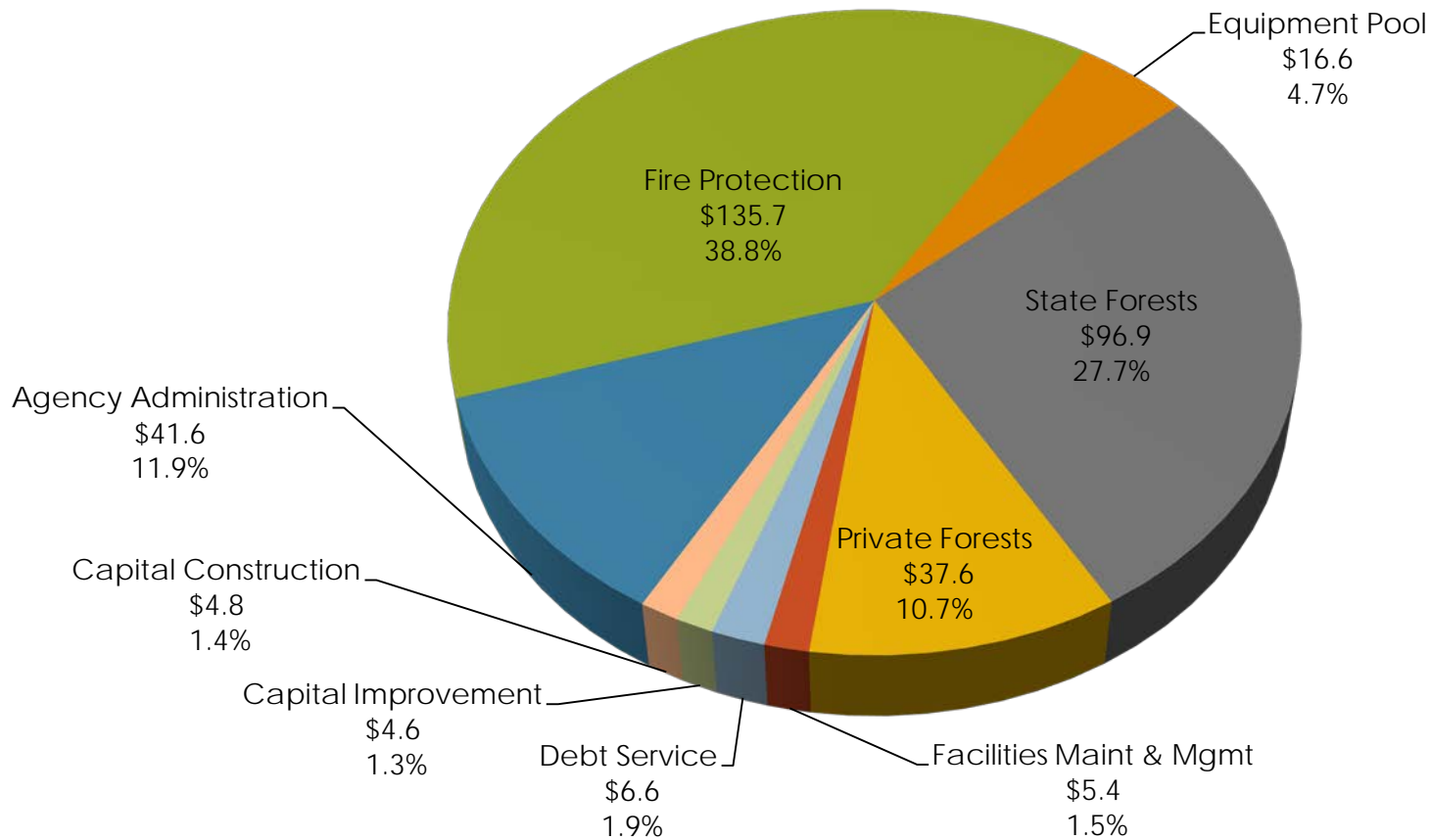


# Oregon Department of Forestry

## 2017-19 Governor's Budget

8

### Forestry Expenditures by Program (in millions)

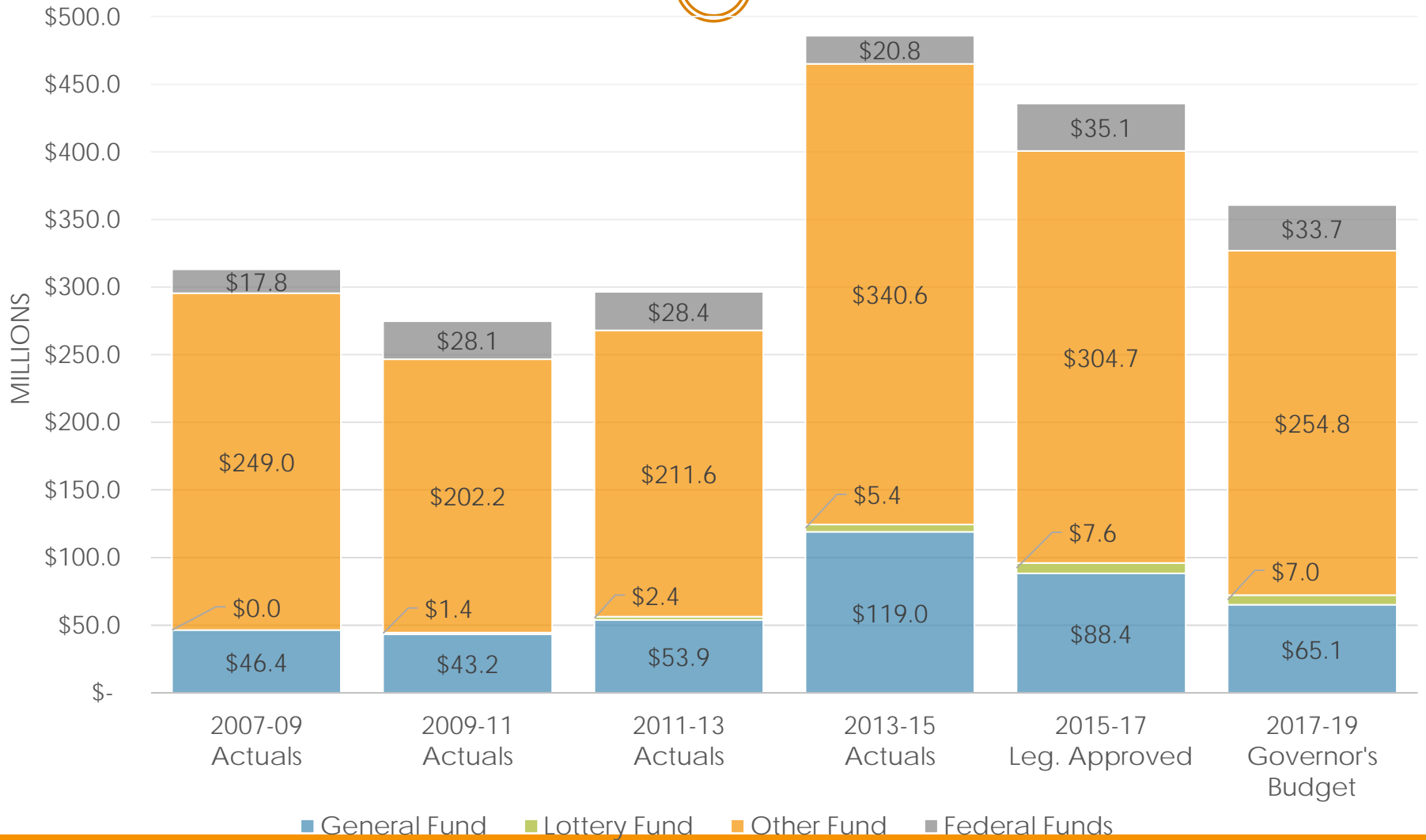




# Oregon Department of Forestry

## Revenue History

9



- Investments

- Package 313 Program Capacity
- Package 314 Rangeland Protection Association
- Package 351 Coos District Reorganization - **withdrawn**
- Package 381 Federal Forest Restoration Program
- Package 383 State Forester's Office Building – Bonding
- Package 384 West Oregon: Toledo Unit Facility Replacement – Bonding

## Reductions and Changes

- Package 090 Reductions
  - ✦ Total Reductions \$5.4 million General Fund and 27.37 FTE
  - ✦ Significant reductions are in Private Forests and Administrative Services
- Special Purpose Appropriation - \$6.0 million General Fund held in the Emergency Fund (Requested in Package 311)
- Statewide adjustments
  - ✦ Updates to the DAS Price List and State Government Services Charges

- Legislation – House Bill 2270 amends ORS 321.015 to the Forest Products Harvest Tax rate for 2018 and 2019.
- Correction to the agency's budget bill (Senate Bill 5519) and the Capital Construction bill (Senate Bill 5506) to correctly identify the total project cost for the Toledo Unit Facility Replacement and the restoration of the State Forester's Office Building.