

SB 5519 BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

Prepared By: Cathleen Connolly, Department of Administrative Services

Reviewed By: Matt Stayner, Legislative Fiscal Office

Department of Forestry

2017-19

Emergency Board

2017-19

PRELIMINARY

Budget Summary*

	2015-17 Legislatively Approved Budget ⁽¹⁾	2017-19 Current Service Level	2017-19 Committee Recommendation	Committee Change from 2015-17 Leg. Approved	
				\$ Change	% Change
General Fund	\$ 90,234,168	\$ 66,976,601	\$ 67,114,678	\$ (23,119,490)	(25.6%)
General Fund Debt Service	\$ 2,357,872	\$ 2,740,071	\$ 2,740,071	\$ 382,199	16.2%
Lottery Funds	\$ 5,072,136	\$ -	\$ -	\$ (5,072,136)	(100.0%)
Lottery Funds Debt Service	\$ 2,481,960	\$ 2,606,595	\$ 2,606,595	\$ 124,635	5.0%
Other Funds Limited	\$ 291,333,218	\$ 236,982,231	\$ 234,502,991	\$ (56,830,227)	(19.5%)
Other Funds Capital Improvements	\$ 4,444,222	\$ 4,608,658	\$ 4,608,658	\$ 164,436	3.7%
Other Funds Debt Service	\$ 1,201,883	\$ 692,528	\$ 692,528	\$ (509,355)	(42.4%)
Other Funds Nonlimited	\$ 790	\$ -	\$ -	\$ (790)	(100.0%)
Other Funds Debt Service Nonlimited	\$ 260,229	\$ -	\$ -	\$ (260,229)	(100.0%)
Federal Funds Limited	\$ 35,066,180	\$ 33,515,674	\$ 34,152,566	\$ (913,614)	(2.6%)
Total	\$ 432,452,658	\$ 348,122,358	\$ 346,418,087	\$ (86,034,571)	(19.9%)

Position Summary

Authorized Positions	1,201	1,182	1,177	(24)
Full-time Equivalent (FTE) positions	878.04	864.13	863.80	(14.24)

⁽¹⁾ Includes adjustments through December 2016

* Excludes Capital Construction expenditures

Emergency Board

	2015-17 Legislatively Approved Budget ⁽¹⁾	2017-19 Current Service Level	2017-19 Committee Recommendation	Committee Change from 2015-17 Leg. Approved	
				\$ Change	% Change
General Fund	\$ -	\$ -	\$ 6,000,000	\$ 6,000,000	0.0%
Total	\$ -	\$ -	\$ 6,000,000	\$ 6,000,000	0.0%

Summary of Revenue Changes

The Oregon Department of Forestry (ODF) is funded with General Fund, Lottery Funds, Other Funds and Federal Funds. ODF's programs are funded through a network of public and private sources, such as timber sale revenues on state lands, harvest taxes paid by all timber harvesters in Oregon, and fire protection assessments paid by private forest landowners. Other revenue sources are seed cooperative assessments camping fees on state forest lands, a portion of all-terrain vehicle license fees, Federal Funds for fire protection services on federal lands, and General Fund support for parts of the Fire, Private Forests, and Agency Administration programs. Lottery Funds support debt service.

The budget assumes passage of House Bill 2270, which would set the Forest Products Harvest Tax rates for calendar years 2018 and 2019. This tax helps fund the Forest Practices program. Major Other Funds revenue sources in the upcoming biennia include \$190.3 million from timber sales on State Forest Land, \$49.3 million from Forest Protection Taxes, \$39.4 million from charges for services, and \$190.3 million from timber sales on Common School Land.

Summary of Natural Resources Subcommittee Action

ODF 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; and,
- Works with partners on practical solutions for salmon habitat restoration and encroaching urbanization of wild land areas.

The Subcommittee recommended a budget of \$69,854,749 General Fund, \$2,606,595 Lottery Funds, \$239,804,177 Other Funds expenditure limitation and \$34,152,566 Federal Funds expenditure limitation for 2017-19, which is 19.9 percent lower than the legislatively approved spending level for the 2015-17 biennium. The recommended 2017-19 budget is lower than the previous biennium, due to the phase out of expenditure authority and appropriations for emergency fire costs during the 2015 fire season.

The budget includes funding to continue the federal forest restoration program, the addition of an aviation coordinator position, expansion of the rangeland protection program and additional funding for the treatment of Sudden Oak Death disease.

In addition to establishing the 2017-19 budget for ODF, Senate Bill 5519, as approved by the Subcommittee, establishes an appropriation of \$6,000,000 General Fund to the Emergency Board. This appropriation to the Emergency Board is for allocation to ODF for severity resources (\$4.0 million) and anticipated catastrophic fire insurance premium costs (\$2.0 million).

Agency Administration

The Agency Administration program is responsible for: assessing and reporting on the condition of Oregon's forest resources; increasing Oregonians' understanding of forests, forestry and the Board of Forestry; preserving the forestland base by promoting sound land use planning;

managing the agency's business, accounting and technical units; and providing sufficient levels of support to the Board of Forestry and the Federal Forest Restoration Program. The Subcommittee approved a budget of \$41,262,333 total funds and 103 positions (107.82 FTE).

The Subcommittee approved the following packages:

Package 381, Federal Forest Restoration Program. This package continues the federal forest health program at ODF directly supporting activities intended to increase the pace, scale and quality of active forest management on federal lands. The bill appropriates \$3.0 million General Fund, \$692,070 Other Funds limitation and \$510,798 Federal Funds limitation. Total funding in the package of \$4.2 million is split between collaborative group support, state/federal partnerships and program administration. Federal Funds and Other Funds limitation is provided to the department to implement projects using the Good Neighbor Authority. The Other Funds revenue is from anticipated sales of federal timber; the Federal Funds revenues are from cooperative agreements with the U.S. Forest Service (USFS). Up to \$500,000 General Fund will be used to provide grants to collaborative groups administered by the Oregon Watershed Enhancement Board. Five new, permanent positions are established in the program (4.83 FTE); an Operations and Policy Analyst 4 position to function as the Program Manager and four Natural Resources Specialist 2 positions to coordinate program activities at the field level. Twelve existing seasonal positions are to be extended by eight months each (4.84 FTE)

Package 801, LFO Analyst Adjustments. This package includes the reversal of Package 060; an adjustment in Other Funds limitation for the e-procurement system; and an Other Funds limitation reduction to correspond to the General Fund reduction for administrative support in Fire and Private Forests included in the Co-Chair framework.

During the budget formation process, a technical adjustment increasing General Fund ongoing support for the agency's planned implementation of a new purchase order and procurement system, was added to the budget in error. The ongoing General Fund budgetary support for the system was already included in the base budget of both the Fire Protection and Private Forest Divisions of the agency. This package includes reversal of the Package 060; reducing the General Fund by \$520,750.

Additionally, the Other Funds expenditure limitation in the Agency Administration program associated with the purchase order and procurement system is increased by \$1,115,249 to provide a total Other Funds limitation of \$1,928,843 (\$813,594 is already included in the base budget) to pay the anticipated costs of the initial statewide implementation of the e-procurement system. Of this amount \$1,228,843 is anticipated to be received by ODF from the other participating agencies (Department of Administrative Services, Department of Consumer and Business Services, Department of Human Services/Oregon Health Authority, Department of Revenue, Oregon Department of Education, Oregon Department of Fish and Wildlife, Oregon Judicial Department and Secretary of State) for their portion of the one-time costs of the statewide implementation and the 2017-19 biennium maintenance costs. Of the total amount, at least \$1,090,827 is anticipated to be one-time expenditures. Additional adjustments are likely to be included in the next biennial budget, once ongoing costs are finalized.

A reduction in Other Funds limitation of \$1,320,395 is include in the package to reflect the reduction in General Fund support for Agency Administration in the Private Forests and Fire Protection divisions.

Fire Protection

The Fire Protection program provides fire protection on approximately 16 million acres of forest and rangeland and is responsible for fire prevention, fire suppression, and treatment of forest fuels. The program delivers fire protection through a complete and coordinated system with federal agencies, forest landowners, contractors, local structural fire agencies and nearby states and providences. Program services includes fire prevention, detection and suppression, equipment cache, communications, weather and smoke management services, mapping, federal grant utilization, central and field program administration and Emergency Fire Cost management. The program's Emergency Fire Cost Committee is responsible for the Oregon Forestland Protection Fund, 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 \$137,190,527 total funds and 689 positions (394.66 FTE).

The Subcommittee approved the following packages:

Package 313, Program Capacity. This package establishes one permanent Natural Resources Specialist 3 position (1.00 FTE) to act as an aviation coordinator.

Package 314, Rangeland Protection Association. This package expands the Rangeland Fire Protection program providing project management and support to the Rangeland Protection Associations. The package converts half of the funding for one of the permanent full-time positions from Federal Funds to General Fund. This change is to stabilize the funding support for the position, since the Federal Funds have historically been received via competitive grants. Additionally, \$66,000 Federal Funds limitation for Services and Supplies is supplanted with General Fund and an additional \$200,000 General Fund is added to subsidize the liability insurance costs of the Rangeland Protection Associations.

The program supports rangeland owners in forming Rangeland Protection Associations, providing mapping support, Basic and Annual Refresher firefighter training, fire equipment acquisition through the Federal Excess Property Program and the Department of Defense Fire Fighter Program, acquiring funding through various grants, reimbursement of insurance and administrative costs, technical support for the operation of the Rangeland Protection Associations, administrative support and coordination of association budgets, coordination with federal partners, technical support and liaison during large fire operations.

Package 801, LFO Analyst Adjustments. This package includes three General Fund reductions. These reductions are to align the agency's budget with currently available resources, as presented in the Co-Chair Budget Framework. General Fund support for agency administration from the Fire Protection Division is reduced by \$1,084,910. A reduction in current service level funding for implementation and ongoing costs of the

agency's procurement and payment system of \$290,882 General Fund, is also included. The final adjustment includes a 25 percent reduction in the General Fund subsidy of forest patrol assessments for east-side, low productivity woodlands. This includes a \$500,000 General Fund reduction and a corresponding increase of \$500,000 Other Funds limitation.

Package 802, Reduction in Common School Lands Management. This package includes a reduction in the Other Funds revenue transfer from the State Forests Division to the Fire Protection Division of \$347,016 for Forest Patrol assessments related to the Common School Lands, due to the reduced number of acres of Common School Lands under contract with the Department of State Lands. This is a revenue only change for the Fire Protection program.

Equipment Pool

The Equipment Pool provides the agency with the equipment necessary to meet its mission. The program contains two sections: the Transportation Pool and the Radio Communications Pool. The Transportation Pool has approximately 900 pieces of equipment and manages additional equipment directly owned by districts, forest protection associations or the Federal government. The Radio Pool has approximately 5,654 pieces of major radio equipment and provides support and engineering, not only for the department's radio systems, but for other agencies as well. The Subcommittee approved a budget of \$16,653,089 total funds and 29 positions (29.73 FTE).

The Subcommittee recommended funding this program at current service level.

State Forests

The State Forests program manages more than 740,000 acres of forestland for the Board of Forestry and the State Land Board. Included in this management are five state forests: Tillamook, Clatsop, Santiam, Sun Pass and Gilchrist, plus some scattered smaller tracts. Roughly 99 percent of the state forest acreage is owned by the Board of Forestry and the remaining acres are owned by the State Land Board for the benefit of the Common School Fund. The program also includes the J.E. Schroeder Seed Orchard developing and preserving the genetic quality of state and private forestlands and increasing the yield and quality of future forests planted for harvest. The Subcommittee approved a budget of \$93,834,544 total funds and 244 positions (221.27 FTE).

The Subcommittee approved the following packages:

Package 802, Reduction in Common School Lands Management. This package makes revenue and expenditure adjustments in the State Forests program to align the program's budget with anticipated revenues due to a reduction in the total number of acres of Common School Fund forest lands managed by ODF. The package eliminates a total of 11 positions (11.00 FTE) funded from the Common School Lands program, \$1,494,194 Other Funds limitation, and the Board of Forestry Lands program, \$641,193 Other Funds limitation. An additional \$917,089 Other Funds limitation for 27 fractional positions (3.94 FTE) is shifted to the Board of Forestry Lands program from the Common School Lands program. An additional unspecified Personal Services reduction of \$1,143,770 is included in the Common School Lands program for a total Personal Services

reduction of \$3,555,053. In addition, \$1,920,002 in Services and Supplies Other Funds expenditure limitation is eliminated from the Common School Lands program.

An increase in Services and Supplies limitation of \$1,739,948, is established in the Board of Forestry Lands program for the purpose of managing log sort sale contracts. The net result of these changes produces an overall reduction of Other Funds limitation in the amount of \$3,415,382, in the State Forests division.

The Other Funds revenue transfer from the State Forests division to the Fire Protection division for Forest Patrol assessments related to the Common School Lands is also reduced by \$347,016, due to the reduced number of acres under contract.

Private Forests

The Private Forests program administers the Oregon Forest Practices Act and delivers a range of services to industrial, family-forest, state, local government and some federal landowners. These services include technical and financial assistance, developing and implementing innovative programs relevant to private forestry in Oregon, and early detection and response to forest health threats. The Subcommittee approved a budget of \$41,394,177 total funds and 112 positions (110.32 FTE).

The Subcommittee recommended the following packages:

Package 801, LFO Analyst Adjustments. This package includes a number of General Fund reductions to align the ODF budget with the Joint Committee on Ways and Means Co-Chair Budget framework. Four of these reductions were included in the Governor's budget proposal: a forty percent reduction in funding for the Oregon Plan for Salmon and Watersheds administration totals \$325,000 General Fund; reduction of funding for Forest Practices Act compliance audits (this reduction of \$150,000 General Fund and \$100,000 Other Funds limitation will allow the compliance audit to be completed every two years); reduction of support for the Watershed Research Cooperative, Trask Watershed Study (includes a reduction of pass-through funding for cooperative partners totaling \$309,000 General Fund); and a reduction in General Fund support for agency administration of \$235,485 from the Private Forests Division.

The package also includes a reduction in current service level funding for implementation and ongoing costs of the agency's procurement and payment system of \$61,138 General Fund. Funding for two positions and an aerial survey coordinator and a stewardship forester is shifted to Federal Funds \$285,017 from General Fund (\$244,240) and Other Funds (\$40,777).

Package 803, Sudden Oak Death. This package provides a General Fund appropriation of \$450,000 for Sudden Oak Death (*Phytophthora ramorum*) eradication treatments. The additional funding is to be prioritized for the treatment of the European clonal lineage sites on State and private lands.

Facility Maintenance & Management

The Facilities Maintenance and Development program is solely focused on facilities maintenance activities. ODF owns 390 structures situated throughout the state including mountain-top lookouts, radio communication sites, remote forest guard stations, district offices, shops and warehouses etc. The Subcommittee approved a budget of \$5,435,565 total funds.

The Subcommittee recommended funding this program at current service level.

Debt Service

The Debt Service program funds the payment of the agency's debt service obligations. The Subcommittee approved a budget of \$6,039,194 total funds.

Capital Improvement

The Capital Improvement program supports ODF by maintaining investments in capital assets, improving the functionality of buildings, and renewing obsolete facility and system components. The Subcommittee approved a budget of \$4,608,658 total funds.

The Subcommittee recommended funding this program at current service level.

Summary of Performance Measure Action

See attached Legislatively Adopted 2017-19 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Oregon Department of Forestry
 Cathleen Connolly -- 503-373-0083

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2015-17 Legislatively Approved Budget at Dec 2016 *	\$ 92,592,040	\$ 7,554,096	\$ 296,979,323	\$ 261,019	\$ 35,066,180	\$ -	432,452,658	1,201	878.04
2017-19 Current Service Level (CSL)*	\$ 69,716,672	\$ 2,606,595	\$ 242,283,417	\$ -	\$ 33,515,674	\$ -	348,122,358	1,182	864.13
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 008 - Agency Administration									
Package 381: Federal Forest Restoration Program									
Personal Services	\$ 1,040,025	\$ -	\$ 292,070	\$ -	\$ 110,798	\$ -	1,442,893	5	9.67
Services and Supplies	\$ 1,459,975	\$ -	\$ 400,000	\$ -	\$ 400,000	\$ -	2,259,975		
Special Payments (Dist. to Watershed Enhancement Board)	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ -	500,000		
Package 801: LFO Analyst Adjustments									
Services and Supplies	\$ (128,603)	\$ -	\$ (205,146)	\$ -	\$ -	\$ -	(333,749)		
Capital Outlay	\$ (392,147)	\$ -	\$ -	\$ -	\$ -	\$ -	(392,147)		
SCR 010 - Fire Protection									
Package 313: Program Capacity									
Personal Services	\$ 50,572	\$ -	\$ 120,783	\$ -	\$ -	\$ -	171,355	1	1.00
Services and Supplies	\$ 16,428	\$ -	\$ 13,041	\$ -	\$ -	\$ -	29,469		
Package 314: Rangeland Protection Associations									
Personal Services	\$ 76,482	\$ -	\$ -	\$ -	\$ (92,923)	\$ -	(16,441)	0	0.00
Services and Supplies	\$ 266,000	\$ -	\$ -	\$ -	\$ (66,000)	\$ -	200,000		
Package 801: LFO Analyst Adjustments									
Services and Supplies	\$ (500,000)	\$ -	\$ 500,000	\$ -	\$ -	\$ -	-		
Special Payments (Intra-Agency Gen Fund Transfer)	\$ (1,375,792)	\$ -	\$ -	\$ -	\$ -	\$ -	(1,375,792)		
SCR 030 - State Forests									
Package 802: Reduction in Common School Lands									
Personal Services	\$ -	\$ -	\$ (3,279,157)	\$ -	\$ -	\$ -	(3,279,157)	(11)	(11.00)
Services and Supplies	\$ -	\$ -	\$ (180,054)	\$ -	\$ -	\$ -	(180,054)		
SCR 050 - Private Forests									
Package 801: LFO Analyst Adjustments									
Personal Services	\$ (244,240)	\$ -	\$ (40,777)	\$ -	\$ 285,017	\$ -	-	0	0.00
Services and Supplies	\$ (475,000)	\$ -	\$ (100,000)	\$ -	\$ -	\$ -	(575,000)		
Special Payments	\$ (309,000)	\$ -	\$ -	\$ -	\$ -	\$ -	(309,000)		
Special Payments (Intra-Agency Gen Fund Transfer)	\$ (296,623)	\$ -	\$ -	\$ -	\$ -	\$ -	(296,623)		
Package 803: Sudden Oak Death									
Services and Supplies	\$ 450,000	\$ -	\$ -	\$ -	\$ -	\$ -	450,000		
TOTAL ADJUSTMENTS	\$ 138,077	\$ -	\$ (2,479,240)	\$ -	\$ 636,892	\$ -	(1,704,271)	(5)	(0.33)
SUBCOMMITTEE RECOMMENDATION *	\$ 69,854,749	\$ 2,606,595	\$ 239,804,177	\$ -	\$ 34,152,566	\$ -	346,418,087	1,177	863.80
% Change from 2015-17 Leg Approved Budget	(24.6%)	(65.5%)	(19.3%)	(100.0%)	(2.6%)	0.0%	(19.9%)	(2.0%)	(1.6%)
% Change from 2017-19 Current Service Level	0.2%	0.0%	(1.0%)	0.0%	1.9%	0.0%	(0.5%)	(0.4%)	(0.0%)

*Excludes Capital Construction Expenditures

EMERGENCY BOARD

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
Special Purpose Appropriation for Fire Protection Expenses	\$ 6,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	6,000,000		

Legislatively Approved 2017 - 2019 Key Performance Measures

Published: 6/29/2017 6:15:10 PM

Agency: Forestry, Department of

Mission Statement:

To serve the people of Oregon by protecting, managing, and promoting stewardship of Oregon's forests to enhance environmental, economic, and community sustainability.

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2018	Target 2019
1. CUSTOMER SERVICE TO COUNTY 'GOVERNMENTS AND FOREST LANDOWNERS - Percent of Oregon's forested counties and forest protective associations rating that ODF programs collectively provide "good" or "excellent" customer service: overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Availability of Information	Approved	100%	100%	100%
	Overall		100%	100%	100%
	Helpfulness		100%	100%	100%
	Expertise		100%	100%	100%
	Timeliness		100%	100%	100%
	Accuracy		100%	100%	100%
2. BOARD OF FORESTRY PERFORMANCE - Percent of total best practices met by the Board of Forestry.		Approved	100%	100%	100%
3. FOREST PRACTICES ACT COMPLIANCE - Percent of forest operations that are in compliance with the Forest Practices Act		Approved	96%	100%	100%
4. URBAN AND COMMUNITY FOREST MANAGEMENT - Percent of Oregon cities actively managing their urban and community forest resources.		Approved	36%	50%	50%
5. STATE FORESTS TOTAL REVENUE - Percent increase in total revenue produced by State Forests		Approved	14.20%	3%	3%
6. AIR QUALITY PROTECTION - Total number of smoke intrusions into designated areas per total number of units burned.		Approved	No Data	0	0
7. PRIVATE FORESTLAND MANAGED AT OR ABOVE FOREST PRACTICES ACT STANDARDS. - Acres of industrial private forestlands managed under an approved certification system, stewardship agreement, or other approved management plan including wildlife habitat conservation and management plans	a) Acres of industrial private forestlands managed under an approved system, agreement, or plan	Approved	5,684,581	6,000,000	6,000,000
	b) Acres of non-industrial private forestlands managed under an approved system, agreement, or plan		439,742	900,000	900,000
8. FOREST STREAM WATER QUALITY - Percent of monitored stream sites associated predominately with forestland with significantly increasing trends in water quality.	a) Percent of monitored forested stream sites with significantly increasing trends in water quality	Approved	18%	25%	25%
	b) Percent of monitored forested stream sites with significantly decreasing trends in water quality		5%	5%	5%
	c) Percent of monitored forested stream sites with water quality in good to excellent condition		77%	80%	80%
9. VOLUNTARY PUBLIC AND PRIVATE INVESTMENTS MADE TO CREATE HEALTHY FORESTS - Cumulative public and private forest landowner investments made in voluntary projects for the Oregon Plan for Salmon and Watersheds or for the Oregon Conservation Strategy.		Approved	\$101.70	\$103.03	\$104.06

Legislatively Approved KPMS	Metrics	Agency Request	Last Reported Result	Target 2018	Target 2019
10. STATE FORESTS NORTH COAST HABITAT - Complex forest structure as a percent of the State Forests landscape.		Approved	17.01%	30%	30%
11. FIRE SUPPRESSION EFFECTIVENESS - Percent of wildland forest fires under ODF jurisdiction controlled at 10 acres or less.		Approved	94.90%	98%	98%
12. PREVENTION OF HUMAN-CAUSED WILDLAND FOREST FIRES - Number of human-caused wildland forest fires per 100,000 Oregon residents (lower is better).		Approved	20.11	14	14
13. DAMAGE TO OREGON FORESTS FROM INSECTS, DISEASES, AND OTHER AGENTS - Percent of forest lands without significant damage mortality as assessed by aerial surveys.		Approved	98.01%	96%	98%

LFO Recommendation:

LFO Recommends the approval of the Key Performance Measures as presented.

SubCommittee Action:

The subcommittee approved the Key Performance Measures as recommended by LFO