

**HB 5019 BUDGET REPORT and MEASURE SUMMARY**

**Joint Committee On Ways and Means**

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**Reviewed By:** Matt Stayner, Legislative Fiscal Office

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**Department of Forestry  
2019-21**

**Emergency Board  
2019-21**

**Department of Forestry  
2017-19**

PRELIMINARY

**Budget Summary\***

	2017-19 Legislatively Approved Budget <sup>(1)</sup>	2019-21 Current Service Level	2019-21 Committee Recommendation	Committee Change from 2017-19 Leg. Approved	
				\$ Change	% Change
General Fund	\$ 98,764,502	\$ 72,766,983	\$ 72,773,862	\$ (25,990,640)	(26.3%)
General Fund Debt Service	\$ 2,329,152	\$ 18,959,910	\$ 18,959,910	\$ 16,630,758	714.0%
Lottery Funds Debt Service	\$ 2,601,001	\$ 2,605,450	\$ 2,605,450	\$ 4,449	0.2%
Other Funds Limited	\$ 440,656,624	\$ 244,123,801	\$ 255,967,359	\$ (184,689,265)	(41.9%)
Other Funds Capital Improvements	\$ 4,608,658	\$ 4,783,787	\$ 4,783,787	\$ 175,129	3.8%
Other Funds Debt Service	\$ 772,524	\$ 517,590	\$ 517,590	\$ (254,934)	(33.0%)
Federal Funds Limited	\$ 33,907,251	\$ 35,532,252	\$ 35,560,902	\$ 1,653,651	4.9%
<b>Total</b>	<b>\$ 583,639,712</b>	<b>\$ 379,289,773</b>	<b>\$ 391,168,860</b>	<b>\$ (192,470,852)</b>	<b>(33.0%)</b>

**Position Summary**

Authorized Positions	1,181	1,159	1,153	(28)
Full-time Equivalent (FTE) positions	867.89	852.49	848.99	(18.90)

<sup>(1)</sup> Includes adjustments through December 2018

\* Excludes Capital Construction expenditures

**Emergency Board**

	2017-19 Legislatively Approved Budget <sup>(1)</sup>	2019-21 Current Service Level	2019-21 Committee Recommendation	Committee Change from 2017-19 Leg. Approved	
				\$ Change	% Change
General Fund	\$ -	\$ -	\$ 8,000,000	\$ 8,000,000	100.0%
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,000,000</b>	<b>\$ 8,000,000</b>	<b>100.0%</b>

**2017-19 Budget Actions**

	2017-19 Legislatively Approved Budget	2017-19 Committee Recommendation	Committee Change from 2017-19 Leg. Approved	
			\$ Change	% Change
General Fund	\$ 98,764,502	\$ 101,965,755	\$ 3,201,253	3.3%
General Fund Debt Service	\$ 2,329,152	\$ 2,329,152	\$ -	0.0%
Lottery Funds Debt Service	\$ 2,601,001	\$ 2,601,001	\$ -	0.0%
Other Funds Limited	\$ 440,656,624	\$ 441,189,371	\$ 532,747	0.1%
Other Funds Capital Improvements	\$ 4,608,658	\$ 4,608,658	\$ -	0.0%
Other Funds Debt Service	\$ 772,524	\$ 772,524	\$ -	0.0%
Federal Funds Limited	\$ 33,907,251	\$ 33,907,251	\$ -	0.0%
<b>Total</b>	<b>\$ 583,639,712</b>	<b>\$ 587,373,712</b>	<b>\$ 3,734,000</b>	<b>0.6%</b>

## **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 including Other Funds revenue from timber sales, Other Funds fire protection assessments paid by private forest landowners and Federal Funds revenue received for fire protection services on federal lands. Lottery Funds support debt service.

The 2019-21 budget assumes passage of House Bill 2073, which would set the Forest Products Harvest Tax rates for calendar years 2020 and 2021. Revenue from the tax fund the Forest Practices program, along with large fire protection funding through the Oregon Forest Land Protection Fund (OFLPF). Primary sources of Other Funds revenue for the Department's 2019-21 budget include \$53.9 million from Forest Protection Taxes, \$39.7 million from charges for services, \$234.4 million from timber sales on State Forest Lands, and \$7.8 million from timber sales on Common School Lands.

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

The mission of ODF is to serve the people of Oregon by protecting, managing, and promoting stewardship of Oregon's forests to enhance environmental, economic, and community sustainability. For budgetary purposes, ODF is organized into nine program units: Agency Administration, Fire Protection, Equipment Pool, State Forests, Private Forests, Facility Maintenance, Debt Service, Capital Improvement, and Capital Construction.

The Subcommittee recommended a budget of \$91,733,772 General Fund, \$2,605,450 Lottery Funds, \$261,268,736 Other Funds expenditure limitation, and \$35,560,902 Federal Funds expenditure limitation for the 2019-21 biennium. The total funds budget of \$391,168,860 is 3.1 percent higher than the 2019-21 current service level.

In addition to establishing the 2019-21 budget for ODF, House Bill 5019 establishes a special purpose appropriation of \$8.0 million General Fund to the Emergency Board. This appropriation to the Emergency Board is for ODF for the purpose of fire severity resources (\$4.0 million), anticipated catastrophic wildfire insurance premium costs (\$2.0 million) and supplemental Fire Protection program personnel costs due to extended fire seasons (\$2.0 million). The Subcommittee approved the following Budget Note:

### **Budget Note: Supplemental Fire Program personnel costs**

The special purpose appropriation made to the Emergency Board for supplemental Fire Program personnel costs due to extended fire seasons is intended to only be allocated to ODF in the event that an early fire season, or an extended fire season warrants the need for additional or extended employment of personnel that the agency cannot accommodate with budgetary resources otherwise.

## **Agency Administration**

The purpose of the Agency Administration program is to assess and report on the condition of Oregon's forest resources; increase Oregonians' understanding of forests, forestry, and the Board of Forestry; preserve the forestland base by promoting sound land use planning; manage the agency's business, accounting, and technical units; and provide sufficient levels of support to the Board of Forestry. The Subcommittee recommended a budget of \$42,243,578 total funds and 111 positions (108.76 FTE). The Subcommittee recommended the following packages:

Package 802, Agency Administration Reorganization. This package recognizes a reorganization of the Administrative Services Division within Agency Administration. The package moves the Administrative Services Division chief to a Deputy Director of Administration position that continues management of the Administrative Services Division and adds supervision of Public Affairs, Human Resources, and Internal Auditing functions. The remaining operational divisions including Fire Protection, State Forests, and Private Forests remain under the Deputy Director for Operations (Deputy State Forester). The former Administrative Services manager position is utilized as an Assistant Deputy Director for Administration. Six additional positions repurposed in the package include the elimination of redundant managerial positions in favor of the creation of two accounting positions directly working on FEMA claims processing. An additional permanent Information Specialist position (1.00 FTE) is also established. The Department believes that by clearly bifurcating the operational and administrative functions of the Department that they can more effectively and efficiently manage the organization. The net budgetary result of the reorganization is a reduction of \$4,924 Other Funds expenditure limitation and the addition of one position (1.27 FTE).

Package 803, State Forests Reorganization. This package provides \$35,011 General Fund and \$28,650 Federal Funds expenditure limitation and reduces position authority by 0.14 FTE in the Agency Administration program. The program recognizes a workforce restructuring in the State Forests division that also had ancillary impacts on the workload and allocation of duties in other operating divisions of the Department, primarily resulting from the elimination of positions with redundant functions in multiple operating divisions, which allowed the Department to repurpose those positions. The agency-wide net budget impact of this package is a reduction of \$650,424 total funds, the elimination of seven positions, and reduction of 4.77 FTE.

## **Fire Protection**

The Fire Protection program delivers fire protection through a complete and coordinated system with federal agencies, forest landowner operators and contractors, local structural fire agencies, and nearby states. Program services include fire prevention, detection and suppression, equipment cache, communications, weather and smoke management services, mapping, federal grants utilization, central and field program administration, and Emergency Fire Cost management. The Subcommittee recommended a budget of \$146,500,178 total funds and 675 positions (390.59 FTE). The Subcommittee recommended the following package:

Package 803, State Forests Reorganization. This package reduces General Fund by \$26,913, reduces Other Funds expenditure limitation by 17,842 and eliminates two positions, reduces FTE by 0.08 from the Fire Protection Division. This package recognizes a workforce restructuring in the State Forests division, which also had ancillary impacts on the workload and allocation of duties in other operating divisions of the agency,

primarily resulting from the elimination of positions with redundant functions in multiple operating divisions which allowed the agency to repurpose those positions. The agency-wide net budget impact is a reduction of \$650,424 total funds, the elimination of seven positions, and reduction of 4.77 FTE.

### **Equipment Pool**

The Equipment Pool provides ODF with the equipment necessary to meet its mission. The program contains two sections: the Central Motor Pool (CMP) and the Wireless Radio Communications (WRC program). The CMP has approximately 900 pieces of equipment and six fleets decentralized across Salem and field operations. The WRC has approximately 5,600 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 recommended a budget of \$17,769,354 total funds and 29 positions (29.73 FTE). The Subcommittee recommended the following package:

Package 803, State Forests Reorganization. This package includes position adjustments that net to no change in position authority or costs in the Equipment Pool program. This package recognizes a workforce restructuring in the State Forests division that also had ancillary impacts on the workload and allocation of duties in other operating divisions of the agency, primarily resulting from the elimination of positions with redundant functions in multiple operating divisions which allowed the agency to repurpose those positions. The agency-wide net budget impact is a reduction of \$650,424 total funds, the elimination of seven positions, and a reduction of 4.77 FTE.

### **State Forests**

The State Forests program manages forestland for the Board of Forestry and the State Land Board. Included in this management is six state forests. The primary goal of the program is the production of timber on a sustainable basis taking into consideration other forest uses and values including soil, water, air, recreation, and fish and wildlife benefits. The Subcommittee approved a budget of \$107,686,477 total funds and 216 positions (205.92 FTE). The Subcommittee recommended the following packages:

Package 131, Sort Sale Limitation. This package adds an additional \$12,000,000 Other Funds expenditure limitation for the State Forests program and works in tandem with the technical adjustment in Package 060 that moves authority between expenditure categories by increasing contracted services and decreasing capital expenditures. The additional expenditure authority allows ODF to independently contract for activities that are associated with a log sale such as building roads, replanting, etc. Previously these activities would have been netted out of log sales. The new methodology results in recognition of larger up-front revenue, but a larger expenditure limitation is required to account for the cost of contracting out the individual activities.

Package 132, Common School Lands Personal Service Restoration. This package re-establishes \$534,435 Other Funds expenditure limitation in the State Forests Division to restore an ongoing personal services reduction that was taken in the agency's base budget in error. The reduction has been taken to align the State Forests budget with anticipated ongoing resources, however that reduction was duplicated by a personal

services reconciliation adjustment resulting from a permanent finance plan that had been approved, but not accounted for at the time of budget development.

Package 803, State Forests Reorganization. This package includes a reduction of \$643,664 Other Funds expenditure limitation, the elimination of four positions, and reduction of 4.90 FTE in the State Forests division. This package recognizes a workforce restructuring in the State Forests division. The package is a result of a multi-year effort to create a sustainable organization through a combination of business improvements and organizational structure changes. The reorganization involves 55 individual positions with an agency-wide net budget reduction of \$650,424 total funds, the elimination of seven positions, and reduction of 4.77 FTE.

### **Private Forests**

The Private Forests program delivers a range of services to industrial, family-forest, state, local government and some federal landowners. These services seek to maintain and enhance the economic, social, and environmental benefits derived from Oregon's forests. The program administers the Oregon Forest Practices Act, provides technical and financial assistance to forest landowners, develops and implements innovative programs relevant to private forestry in Oregon, and provides early detection and response to forest health threats. The Subcommittee recommended a total funds budget of \$44,459,821 and 122 positions (113.99 FTE). The Subcommittee recommended the following package:

Package 803, State Forests Reorganization. This package reduces General Fund by \$1,219, reduces Other Funds expenditure limitation by \$24,447, eliminates one position and adds 0.35 FTE in the Private Forests division. This package recognizes a workforce restructuring in the State Forests division that also had ancillary impacts on the workload and allocation of duties in other operating divisions of the Department, primarily resulting from the elimination of positions with redundant functions in multiple operating divisions which allowed the agency to repurpose those positions. The agency-wide net budget impact is a reduction of \$650,424 total funds, the elimination of seven positions, and reduction of 4.77 FTE.

### **Facilities Maintenance and Management**

The Facilities Maintenance and Management program is solely focused on facilities maintenance activities of ODF structures throughout the state. The Subcommittee recommended a total funds budget of \$5,642,715. No positions or FTE exist within the program.

### **Debt Service**

The Debt Service program funds the repayment of Certificates of Participation (COPs) issued by the agency to fund Capital Improvement and Capital Construction projects. The Subcommittee recommended a total funds budget of \$22,082,950. No positions or FTE exist within the program.

**Capital Improvement**

The Capital Improvement program supports the Department by maintaining investments in capital assets, improving the functionality of buildings, and renewing obsolete facility and system components. Capital improvement projects are those capitalized, have a cost of less than \$1,000,000 and increase the value, extend the life, or adapt a capital asset to a different use. The Subcommittee approved a total funds budget of \$4,783,787. No positions or FTE exist within the program.

**Summary of Maximum Supervisory Ratio**

The Subcommittee reviewed the agency's proposed Maximum Supervisory Ratio of 1:7.

**Summary of Performance Measure Action**

See attached "Legislatively Approved 2019-2021 Key Performance Measures."

**2017-19 Expenditure Actions**

The Subcommittee approved a \$3,201,253 increase in the General Fund appropriation and a \$532,747 increase in the Other Funds expenditure limitation to pay for costs related to ODF's catastrophic wildfire insurance policy premium costs for the 2019 fire season.

PRELIMINARY

## DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Oregon Department of Forestry  
Ali Webb - 503-378-4588

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2017-19 Legislatively Approved Budget at Dec 2018 *	\$ 101,093,654	\$ 2,601,001	\$ 446,037,806	\$ -	\$ 33,907,251	\$ -	\$ 583,639,712	1,181	867.89
2019-21 Current Service Level (CSL)*	\$ 91,726,893	\$ 2,605,450	\$ 249,425,178	\$ -	\$ 35,532,252	\$ -	\$ 379,289,773	1,159	852.49
<b>SUBCOMMITTEE ADJUSTMENTS (from CSL)</b>									
<b>SCR 008 - Agency Administration</b>									
Package 802: Agency Administration Reorganization									
Personal Services	\$ -	\$ -	\$ (4,924)	\$ -	\$ -	\$ -	\$ (4,924)	1	1.27
Package 803: State Forests Reorganization									
Personal Services	\$ 35,011	\$ -	\$ -	\$ -	\$ 28,650	\$ -	\$ 63,661	0	(0.14)
<b>SCR 010 - Fire Protection</b>									
Package 803: State Forests Reorganization									
Personal Services	\$ (26,913)	\$ -	\$ (17,842)	\$ -	\$ -	\$ -	\$ (44,755)	(2)	(0.08)
<b>SCR 030 - State Forests</b>									
Package 131: Sort Sale Limitation									
Services and Supplies (Professional Services)	\$ -	\$ -	\$ 12,000,000	\$ -	\$ -	\$ -	\$ 12,000,000		
Package 132: Common School Lands Personal Service Restoration									
Personal Services	\$ -	\$ -	\$ 534,435	\$ -	\$ -	\$ -	\$ 534,435	0	0.00
Package 803: State Forests Reorganization									
Personal Services	\$ -	\$ -	\$ (643,664)	\$ -	\$ -	\$ -	\$ (643,664)	(4)	(4.90)
<b>SCR 050 - Private Forests</b>									
Package 803: State Forests Reorganization									
Personal Services	\$ (1,219)	\$ -	\$ (24,447)	\$ -	\$ -	\$ -	\$ (25,666)	(1)	0.35
<b>TOTAL ADJUSTMENTS</b>	<b>\$ 6,879</b>	<b>\$ -</b>	<b>\$ 11,843,558</b>	<b>\$ -</b>	<b>\$ 28,650</b>	<b>\$ -</b>	<b>\$ 11,879,087</b>	<b>(6)</b>	<b>(3.50)</b>
<b>SUBCOMMITTEE RECOMMENDATION *</b>	<b>\$ 91,733,772</b>	<b>\$ 2,605,450</b>	<b>\$ 261,268,736</b>	<b>\$ -</b>	<b>\$ 35,560,902</b>	<b>\$ -</b>	<b>\$ 391,168,860</b>	<b>1,153</b>	<b>848.99</b>
% Change from 2017-19 Leg Approved Budget	(9.3%)	0.2%	(41.4%)	0.0%	4.9%	0.0%	(33.0%)	(2.4%)	(2.2%)
% Change from 2019-21 Current Service Level	0.0%	0.0%	4.8%	0.0%	0.1%	0.0%	3.1%	(0.5%)	(0.4%)

\*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 Severity Resource Expenses	\$ 4,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,000,000		
Special Purpose Appropriation for Catastrophic Wildfire Insurance Premium Expenses	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000		
Special Purpose Appropriation for Supplemental Fire Program Personnel Costs Due to Extended Fire Seasons	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000		
<b>SUBCOMMITTEE RECOMMENDATION</b>	<b>\$ 8,000,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,000,000</b>		

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
<b>2017-19 BUDGET ACTIONS</b>									
<b>SCR 010 - Fire Protection</b>									
Services and Supplies	\$ 3,201,253	\$ -	\$ 532,747	\$ -	\$ -	\$ -	\$ 3,734,000		
<b>TOTAL ADJUSTMENTS</b>	<b>\$ 3,201,253</b>	<b>\$ -</b>	<b>\$ 532,747</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,734,000</b>		

PRELIMINARY

# Legislatively Approved 2019 - 2021 Key Performance Measures

Published: 6/18/2019 8:39:07 AM

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 2020	Target 2021
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	83%	95%	95%
	Overall		100%	95%	95%
	Helpfulness		100%	95%	95%
	Expertise		80%	95%	95%
	Timeliness		83%	95%	95%
	Accuracy		100%	95%	95%
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	97%	100%	100%
4. URBAN AND COMMUNITY FOREST MANAGEMENT - Percent of Oregon cities actively managing their urban and community forest resources.		Approved	39%	50%	50%
5. STATE FORESTS TOTAL REVENUE - Percent increase in total revenue produced by State Forests		Approved	-4%	2%	2%
6. AIR QUALITY PROTECTION - Total number of smoke intrusions into designated areas per total number of units burned.		Approved	0	0	0
7. PERCENTAGE OF PRIVATE FORESTLAND MANAGED AT OR ABOVE FOREST PRACTICES ACT STANDARDS. - Percentage of industrial private forestlands managed under an approved certification system, stewardship agreement, or other approved management plan including wildlife habitat conservation and management plans	Percentage of total industrial private forestlands managed under an approved system, agreement, or plan	Approved	No Data	90%	90%
	b) Percentage of non-industrial private forestlands managed under an approved system, agreement, or plan		No Data	25%	25%
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	49%	50%	50%
	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		74%	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	\$105.01	\$109.25	\$112.50

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2020	Target 2021
10. STATE FORESTS NORTH COAST HABITAT - Complex forest structure as a percent of the State Forests landscape.		Approved	10.30%	30%	30%
11. FIRE SUPPRESSION EFFECTIVENESS - Percent of wildland forest fires under ODF jurisdiction controlled at 10 acres or less.		Approved	94.73%	98%	98%
12. PREVENTION OF HUMAN-CAUSED WILDLAND FOREST FIRES - Number of Oregon residents per human-caused wildland forest fires. (population expressed in thousands of residents) This metric measures the ability to maintain or reduce the number of human-caused wildfires as the population of Oregon increases. An upward trend indicates a positive result.		Approved	No Data	5.200	5.300
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	98.34%	99%	99%
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	Legislatively Deleted	4,747,442	TBD	TBD
	b) Acres of non-industrial private forestlands managed under an approved system, agreement, or plan		430,394	TBD	TBD
12. PREVENTION OF HUMAN-CAUSED WILDLAND FOREST FIRES - Number of human-caused wildland forest fires per 100,000 Oregon residents (lower is better).		Legislatively Deleted	19.25	TBD	TBD

**LFO Recommendation:**

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

**SubCommittee Action:**

The subcommittee approved the LFO recommendation on Key Performance Measures

PRELIMINARY