



Oregon Department of Forestry 2009-11 Legislatively Adopted Budget Summary

Economic conditions in Oregon present significant challenges for state services and financing in the 2009-11 biennium. Budget decisions made by the 2009 Oregon Legislature reflect those challenges, and agency General Fund budgets have been reduced to meet the balanced budget requirement. For the Department, major revenue challenges also exist in the State Forests Program with the significant decline in wood products markets due to the national economic downturn over the past 18 months.

Excluding an increase in spending limitation in the State Forests program for accounting purposes and land acquisition, the total 2009-11 Legislatively Adopted Budget of approximately \$262 million is a 1.2% increase over the current service budget level, due primarily to a \$20 million increase in federal funds authority to support federal economic stimulus activities. Without this increased authority, the budget actually represents a reduction of \$17.5 million or -6.7% from the current service level.

The General Fund portion of the budget is decreased 10% overall from the current service level, with the majority of this reduction being taken in the **Private Forests Program**. This produces a reduction of about 50% in the administration of the Oregon Forest Practices Act, with a reduction of nearly half of the field stewardship forester and staff positions, as well as impacts to program monitoring and insect and disease work. This will mean significant changes in the administration of the Forest Practices Act and services to landowners. The reduction in Private Forests is somewhat tempered by maintaining the Forest Products Harvest Tax at its current level, providing revenue to retain some of the affected field positions.

On the **Fire Protection** side, the level of protection across the state remains the same. In addition, the 50/50% General Fund/Landowner split is retained for basic fire protection, the Fire Program's share of agency administration is covered by General Fund and public land assessments/federal grant administration funding, fire season severity funding is covered by General Fund, and the initial segment of the fire suppression insurance deductible, paid by landowners, is capped at \$10 million per year, rather than the previous \$15 million. The budget provides General Fund for fire season severity and insurance as a special purpose appropriation in the state's emergency fund. Personnel reductions in the Private Forests and State Forests programs will in turn reduce the "standing militia" of employees used on large fire responses. A budget note directs the agency to report to the Legislature at the February 2010 session on the actual costs of the 2009 fire season and liability for the General Fund. The note indicates that the Legislature, at that session, may revisit the annual expenditure limits on the Oregon Forest Land Protection Fund.

The **State Forests Program** budget was reduced to align with anticipated revenues over the next two years. This includes an overall reduction of \$15 million and 45 positions. If the revenue situation stabilizes and returns positive during the biennium, the agency would be able to return to the Legislature and restore positions and funding to match increased revenues. On the positive side, funding and authorization is provided to move forward on land acquisition in Central Oregon if a purchase can be negotiated.

Some of the position reductions in both the Private Forests and State Forests Programs were shifted to federal funds or other funds with federal stimulus or off highway vehicle program funding. This will allow some positions to be retained that would otherwise have been lost, and in some cases, will provide a bridge over the next two years to a more positive future revenue situation.

Other agency programs including **Urban Forestry**, **Agency Administration**, and the **Equipment and Facilities Funds** were maintained at essentially current service levels.

Finally, all of the recommended changes to the agency's Key Performance Measures were adopted, paring the total number of measures from 22 to 14, and more directly and effectively linking performance to the Board of Forestry's strategic planning framework.