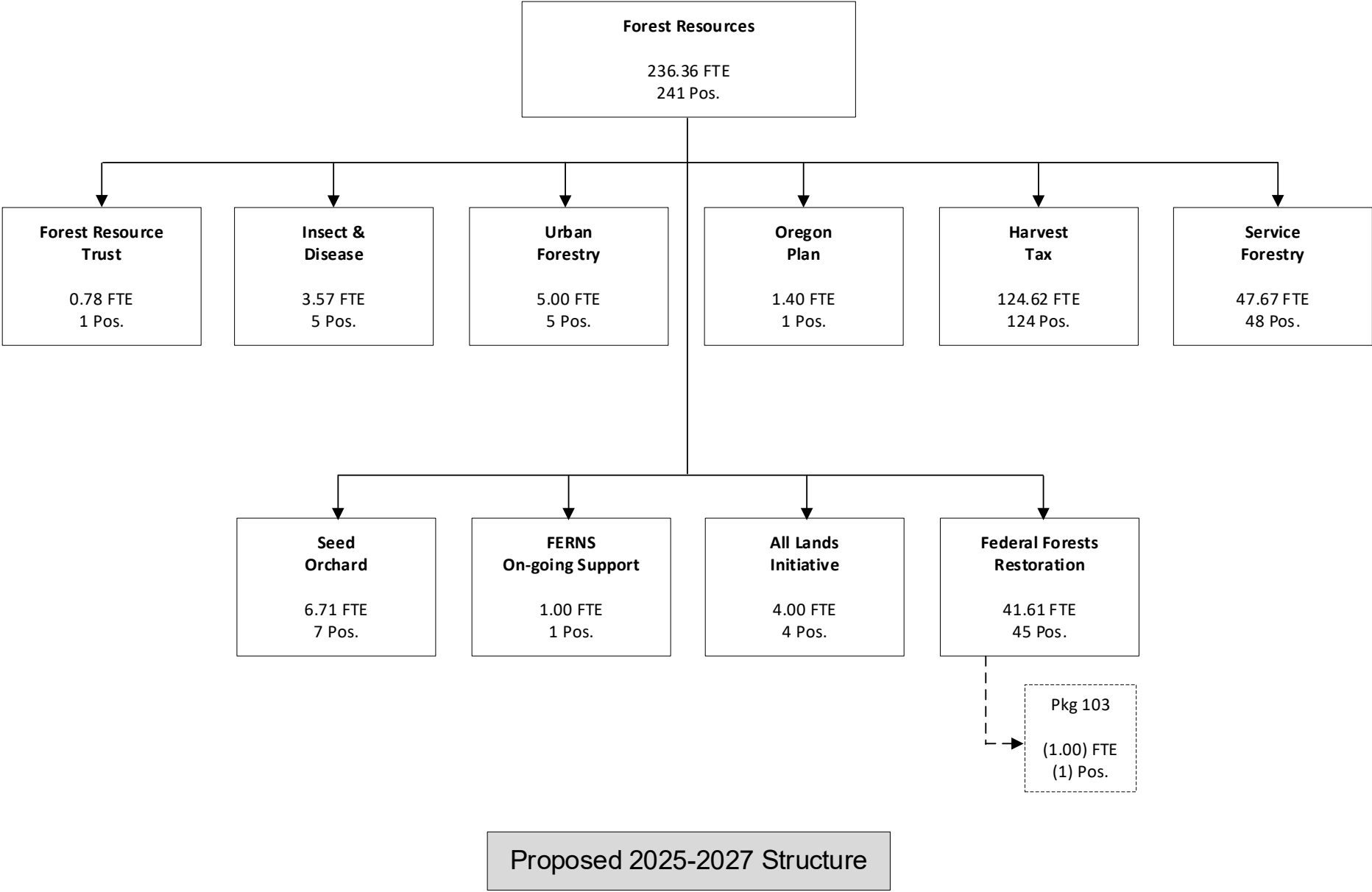
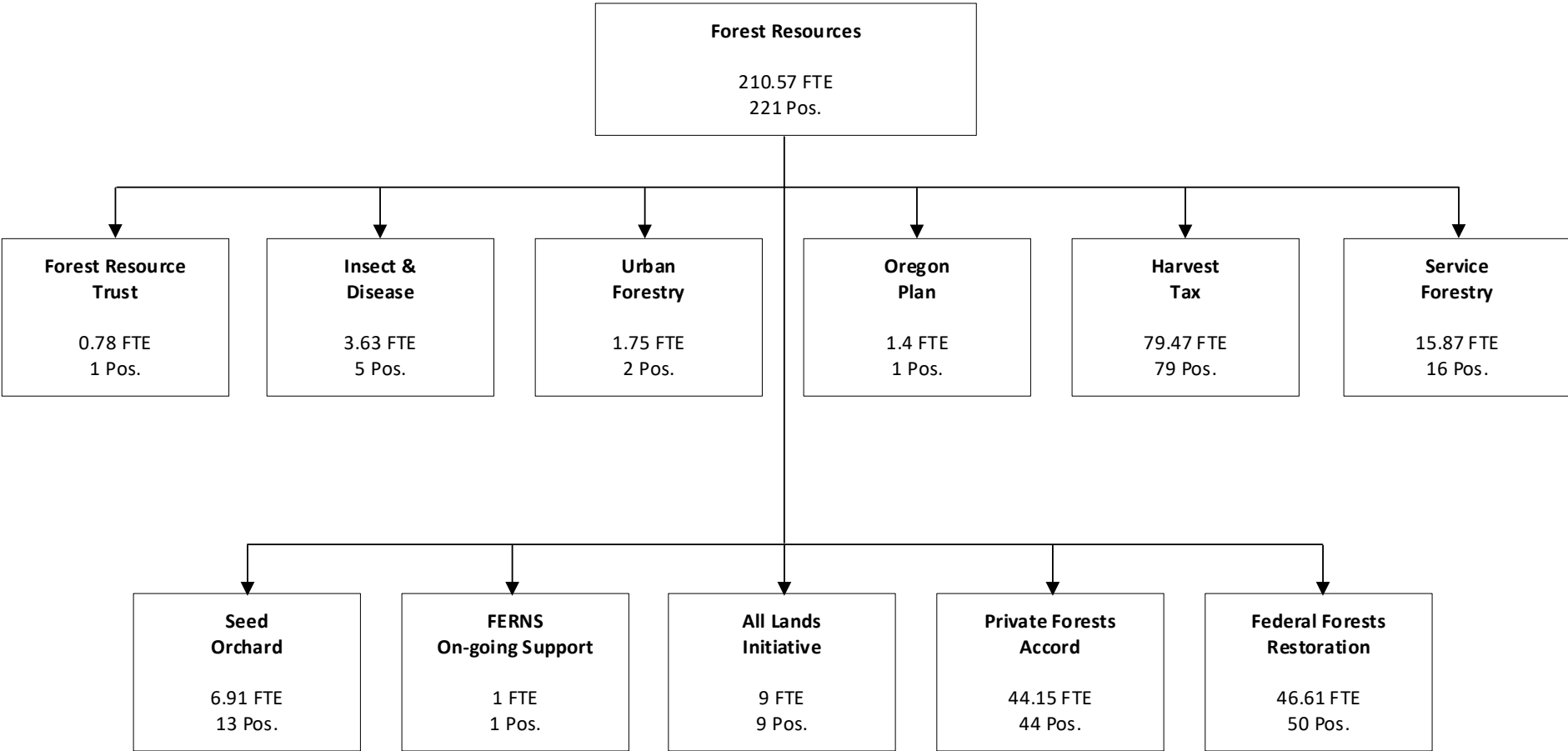


Forest Resources Division Narrative

Organization Charts



Forest Resources Division Narrative



Prior 2023-25 Structure

*February 2024 Legislative Session Forest Resources Division received 19 FTE and 38 positions.

Forest Resources Division Narrative

Executive Summary

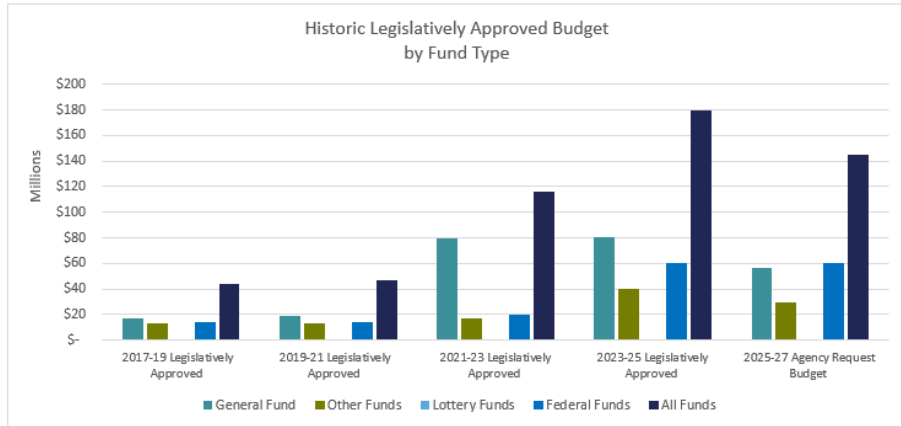
Long-term focus areas of the division

The division's work contributes to all five priorities of the Vision for Oregon's Forests, the strategic plan for the department and the Board of Forestry. The vision prioritizes promoting resilient forests, supporting resilient communities, addressing the wildfire crisis, providing climate leadership, and striving for organizational excellence.

Primary contact

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Graphical representation of the division's budget over time



Division overview

Nearly half of Oregon is forestland, the division works with landowners, the timber industry, the conservation community, and other organizations to keep these forests healthy and productive. The division's work is twofold- to protect and preserve fish and wildlife habitat, soil, air, and water resources while encouraging economically efficient forest practices that ensure the continuous growing and harvesting of forest tree species. This provides many long-term environmental, economic, and social benefits.

On non-federal forestlands, where 86% of timber harvests in Oregon occur, the division does this by administering the Forest Practice Act to ensure the sound management of soil, air, water, fish and wildlife and scenic resources for

future generations of Oregonians. Across all landownership types including federal forestlands which account for 61% of Oregon's forested acres, the division works to increase the pace and scale of forest restoration and improve the resilience of Oregon's forests by protecting, managing, and promoting stewardship to enhance environmental, economic and community sustainability and providing technical and financial assistance through a variety of programs.

Division funding request

For 2025-27, the Forest Resources Division is requesting \$144,507,651 Total Funds (\$55,948,287 General, \$28,647,271 Other, and \$59,912,093 Federal Funds) enabling the division to leverage federal funding opportunities and maintaining the division's ability to:

- Protect the environment and sustain healthy forests by training and educating staff, forest workers, landowners, urban and community forestry programs and the public.
- Inspect and monitor forest work to ensure high compliance rates with the forest practice rules.
- Improve and check forest health by detecting harmful insects and diseases early; preventing, suppressing, and eradicating them; and diligently researching forest health strategies.
- Leverage federal and other funds to maximize Oregon's investments and conserve forestlands at risk of conversion to other uses.
- Partner with federal agencies and local communities to provide technical assistance and incentives, particularly to small forestland owners, urban and community forestry programs and after disasters.
- Work on federal forestlands to restore them to healthy forests reducing the risk of high severity wildfire, recovering degraded fish and wildlife habitat, and creating employment opportunities in rural communities.

Based on the standard inflation rate, the projected Total Funds budget to maintain these services is \$153,957,682 in 2027-29 and \$164,129,240 in 2029-2031.

Division description

Oregon's forests are the backbone to healthy living, climate-change mitigation and adaptation, and a strong economy. The division provides programs and services to ensure these long-term benefits of healthy, well-managed forests.

Forest Resources Division Narrative

With the proper investments, the division can keep delivering and improving these benefits.

The work of the Forest Resources Division is accomplished by staff organized into two operating categories in Salem and the field staff who deliver those programs directly in the forests and with landowners. Forest Practices Act and Monitoring programs make up one portion of the division while the remaining programs fall within the All Lands Initiative.

The Forest Practices Act (FPA) applies to all non-federal forestlands and encourages economically efficient forest practices to ensure the continuous growing and harvesting of forest tree species and the maintenance of forestlands consistent with sound management of soil, air, water, fish and wildlife resources and scenic resources to ensure the continuous benefits of those resources for future generations of Oregonians.

The division, conservation community, landowners, and timber industry work together to protect natural resources. To achieve this, the division:

- Educates, trains and gives technical advice related to forest practice rules and forest management.
- Inspects before, during, and after operations.
- Enforces civil and other penalties and responds to complaints.
- Conducts compliance audits and research to measure how well the FPA works. This is done in conjunction with the Adaptive Management Program Committee (AMPC), Independent Research and Science Team (IRST), and Compliance Monitoring Committee.
- Maintains and continually improves the electronic notification system (FERNS) which increases administrative and enforcement efficiencies allowing foresters to invest more time directly helping landowners.

Additionally, the monitoring and forest health programs partner with universities and federal agencies to survey 28-40 million acres each year to detect and monitor insect and disease damage. This work, combined with specialized surveys, provides data to prevent and manage insects, diseases, and invasive plants.

The All Lands Initiative encompasses several diverse programs designed to increase the pace and scale of forest restoration and improve the resilience of

Oregon's forests by protecting, managing, and promoting stewardship to enhance environmental, economic and community sustainability. The initiative administers programs spanning all ownership types; private, family, or small forestlands, private industrial forestlands, urban and community forestlands, tribal forestlands, state public lands and federal forestlands. The initiative contains:

- The Small Forestland Owner Office provides outreach, technical assistance and financial assistance to small forestland owners and administers related programs including the Forest Conservation Tax Credit (FCTC) program and the Small Forestland Investment in Stream Habitat (SFISH) grant program.
- The Incentives program administers federal and state grant and incentive programs for the benefit of a variety of landowner types and partners in collaboration with field staff. This includes but is not limited to the Forest Legacy Program, the Small Forestland Grant Program and in the 2021-23 and 2023-25 biennia the Landscape Resiliency Program.
- The Urban and Community Forestry program helps Oregon's 241 cities, other local governments, and community organizations with many natural resource issues that include resource management, hazard trees, and climate-change mitigation. One of the ways they do this is dispersing and administering grant dollars.
- The Federal Forest Restoration (FFR) program exists to increase the pace, scale, and quality of forest restoration to increase the resilience of Oregon's federal forests, in a manner that leverages collaborative efforts and contributes to the long-term vitality of regional economies and rural communities.
- The J.E. Schroeder Seed Orchard improves forest productivity, health, and economic sustainability by producing high-quality tree seed. The orchard uses an innovative, long-term, public-private cooperative business model to benefit members.
- The Oregon Seed Bank is housed at the orchard and acquires climatically adapted tree seed to make available for family forest landowners.

Division justification

The division's functions fulfill various statutory obligations of the Department of Forestry, the State Forester, and the Board of Forestry. The work of the division is authorized by the related Oregon Revised Statutes (ORS) and where necessary,

Forest Resources Division Narrative

federal authorities. More detailed information is in the “Enabling legislation/program authorization” section of the Executive Summary.

The division’s responsibilities reflect Oregon’s long-term land use planning goal 4 which was established in 1973. Goal 4 relates to forest lands and its purpose is “To conserve forest lands by maintaining the forest land base and to protect the state's forest economy by making possible economically efficient forest practices that assure the continuous growing and harvesting of forest tree species as the leading use on forest land consistent with sound management of soil, air, water, and fish and wildlife resources and to provide for recreational opportunities and agriculture.”

The division’s work also makes significant contributions to the following priorities and goals of the Vision for Oregon’s Forests:

- **Priority: Promoting Resilient Forests**
Goal: To reduce the vulnerability of Oregon’s forests from a myriad of catastrophic climate driven disturbances, ODF will direct its policy management and educational actions to enable and promote all forestland managers to make intentional decisions that increase adaptive capacity of forest ecosystems.
- **Priority: Supporting Resilient Communities**
Goal: Policy and management decisions foster healthy relationships between humans and forests, so that forests support resilient human communities through social, economic, and ecological change.
- **Priority: Addressing the Wildfire Crisis**
Goal: Prevent, suppress, and mitigate wildfire to protect communities and expedite forest resilience activities that promote the adaptive capacity of Oregon's forests.
- **Priority: Providing Climate Leadership**
Goal: The Board and Department will build capacity for climate-smart leadership.
- **Priority: Striving for Organizational Excellence**
Goal: Strengthen trust and confidence in ODF’s ability to effectively accomplish its mission and provide excellent service to Oregonians.

Division performance

The division is responsible for the following department 2023-25 Key Performance Measures (KPM) which are covered in detail in the “Special Reports” section of the Agency Request Budget:

- #3 Forest Practices Act Compliance- Percent of forest operations that are in compliance with the FPA.
- #4 Urban and Community Forest Management- Percent of Oregon cities actively managing their urban and community forest resources.
- #7 Percentage of Private a) total industrial and b) non-industrial forestland managed at or above Forest Practices Act standards- determined by percentage of private forestlands managed under an approved certification system, stewardship agreement, or other approved management plan including wildlife habitat conservation and management plans.
- #8 Forest Stream Water Quality- Percent of monitored stream sites associated predominantly with forestland with a) significantly increasing trends in water quality b) significantly decreasing trends in water quality and c) water quality in good to excellent condition.
- #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.
- #13 Damage to Oregon Forests from insects, diseases, and other agents- percent of forest lands without significant damage mortality as assessed by aerial surveys.

The table below shows the division’s yearly performance as KPM results against the specific target set for that reporting year. Results in green indicate the target was met, exceeded or the division was within 5% of doing so, results in yellow indicate the division was within 6-15% of meeting the target while red results indicate the target was not met by more than 15%. If a result box is blank, data is unavailable for that specific year and KPM.

KPM	2018	2019	2020	2021	2022	2023	24-25 Targets
#3							100%
#4							50%
#7a							90%
#7b							25%
#8a							25%
#8b							5%
#8c							80%
#9							\$112.72/115.5M
#13							99%

Forest Resources Division Narrative

Enabling legislation/program authorization

The division works to meet the statutory obligations of the Department of Forestry, the State Forester, and the Board of Forestry as authorized and directed by several state laws, most notably:

- ORS Chapter 527- Pest Control, outlines the following division responsibilities: surveying and monitoring for forest health threats, administering and enforcing the Forest Practices Act, establishing regulations for forest practices to maintain water quality, and maintaining an electronic forest activity reporting system.
- ORS Chapter 526- Forestry Administration, intersects with the following aspects of the division's work: cooperation with federal agencies, participation in federal forest management, urban and community forestry, and the seed bank and seed orchard which are elements of the Woodland Management Act of 1979 within ORS Chapter 526.
- ORS Chapter 477- Fire Protection of Forests and Vegetation, directly connects to the division's work through ORS 477.503 which tasks the department with implementing a program to reduce wildfire risk through the restoration of landscape resiliency and the reduction of hazardous fuels (in prior biennia this was funded and delivered as the Landscape Resiliency Program) and ORS 477.748 which tasks the department with administering the Small Forestland Grant program to provide competitive grants for the benefit of specific landowners to restore landscape resiliency and reduce hazardous fuels.

Funding streams

The division receives funds from several sources, including:

- General Fund which is utilized much like other executive branch agencies. Per ORS 321.015, the General Fund is responsible for contributing 60% of the costs to administer the Forest Practices Act.
- Federal Funds are received from several federal agencies but predominately from the United States Department of Agriculture's (USDA) U.S. Forest Service (USFS) and Natural Resource Conservation Service (NRCS) and the Bureau of Land Management (BLM). Per ORS 526.273 the department is to cooperate with federal agencies to increase the effectiveness of activities to restore the health, diversity, and resilience of federal forests.

- Depending on the specific federal funding stream, matching funds up to 50% can be required, however they can also be waived. Some funds are received as part of a competitive process while the division serves as Oregon's dedicated pass-through entity for specific federal funding streams.
- Other Funds include Oregon Forest Products Harvest Tax, cooperative projects, revenues from FFR Program Good Neighbor Authority (GNA) timber sales, private donations, and other receipts and fees.
 - Per ORS 321.015, the Oregon Forest Products Harvest Tax contributes 40% of the costs to administer the Forest Practices Act while the General Fund covers the other 60%.
 - Cooperative project partners include but are not limited to Oregon State University, the Oregon Departments of Agriculture, Fish and Wildlife, and Environmental Quality, the Oregon Watershed Enhancement Board, the Oregon Forest & Industries Council, and the federal NRCS, USFS and BLM.
 - Any revenues from FFR Program GNA timber sales are considered other funds. GNA was first permanently enacted in 2014 through the federal Farm Bill and ORS 526.275 authorizes and makes it the policy of the state to actively pursue GNA activities.
 - Private donations can be received by the Urban and Community Forestry program, but this rarely occurs.
 - Other receipts and fees include seed sales for family forestland owners, and document request fees.

Funding proposal comparison

The division's 2025-27 funding proposal is a 1% Total Funds increase over Current Service Level (CSL). This increase is attributed to Policy Option Package (POP) 105- *Leveraging Federal Funds to Strengthen & Preserve Oregon's Forests*, which requests \$28 million in Federal Funds limitation authority and does not have a General Fund or staffing impact. It's important to note that critical investments made by the Legislature as one-time allocations in the two prior biennia are not captured within CSL and carried into 2025-27. Please refer to the "Important background for decision makers" section of the Program Narrative for more information.

Forest Resources Division Narrative

Program Narrative

The work of the Forest Resources Division is accomplished by 241 positions and 236.36 full-time equivalents organized into two operating categories in Salem (Forest Practices Act & Monitoring and the All Lands Initiative) and the field staff who deliver those programs directly in the forests and with landowners.

The division makes use of multiple funding sources. The 2025-27 budget is comprised of 39% General Fund, 41% Federal Funds and 20% Other Funds.

Through Policy Option Package (POP) 105, the division is requesting a \$28 Million increase in Federal Funds limitation authority to enable these funds to be more efficiently leveraged to strengthen and preserve Oregon's forests. POP 105 does not have a General Fund or staffing impact and is discussed at length in the division's Policy Package Narrative section.

Additionally, the division has put forward a legislative concept to establish the Oregon Forest Products Harvest Tax rate for the 2026 and 2027 calendar years. The concept continues the historical approach to setting the tax rate and maintains the concept that funding the division's Forest Practices Act administration work is the shared responsibility of the public (General Fund) and those harvesting forest products (Harvest Tax funds).

Important background for decision makers

It's important to note that critical investments made by the Legislature as one-time allocations in the two prior biennia are not captured within Current Service Level and carried into 2025-27. They fall into two categories: Private Forest Accord Commitments and Landscape Resiliency to Reduce Wildfire Risk.

Private Forest Accord Commitments. In 2020, the Legislature passed Senate Bill 1602 which amongst other things, required former Governor Brown to facilitate mediated sessions between representatives of the forest industry and representatives of environmental interests. As a product of this collaborative process the 2022 Private Forest Accord Report was drafted and released by an author group comprised of representatives from those discussions. During the 2022 Legislative Session, Senate Bills 1501 and 1502 were passed making substantial changes to the Forest Practices Act (FPA) and requiring the recommendations of the Private Forest Accord Report be incorporated into the forest practice rules.

SB 1501 (2022) directed these actions to support the development of the Private Forest Accord (PFA) Habitat Conservation Plan (HCP) and the pursuit of incidental take permits (ITPs). However, the Legislature has not provided permanent funding for the Adaptive Management Program Committee (AMPC) and Independent Research and Science Team (IRST) activities or Small Forestland Investment in Stream Habitat (SFISH) grants which are key strategies in the PFA HCP.

The AMPC and IRST are integral to the Adaptive Management Program and help ensure resource objectives are met and the best available science is applied to decision making. The AMPC sets the research agenda, assesses scientific findings, assists the Board of Forestry in identifying and modifying resource objectives, and submits recommendations to the Board related to forest practice rules, guidance and training. The IRST conducts and oversees research and reports scientific findings to AMPC and the Board. Funds are needed to support the research agenda as well as participation grants. SFISH grants are made available to qualified small forestland owners to replace fish stream culverts, repair abandoned roads and improve or relocate roads that pose hazards to fish-bearing streams. Failure to provide SFISH grant funding will dramatically decrease the likelihood of fish habitat improvement on these lands.

To be successful in its endeavor to secure approval of the PFA HCP and associated ITPs for landowners, Oregon will need to demonstrate stable funding for the programs and strategies necessary to support the HCP. Per SB 1501 (2022), if ITPs are not secured by December 31, 2027, the revisions to the FPA and forest practice rules are to be repealed per the specified protocol. Biennially, \$6 Million is needed to fund the AMPC and IRST activities and \$10 Million is needed to fund SFISH grants to fulfill Oregon's PFA commitments.

Landscape Resiliency to Reduce Wildfire Risk. In 2021, the Legislature passed Senate Bill 762, which amongst other things, established Oregon Revised Statute (ORS) 477.503 which tasks the department with implementing a program to reduce wildfire risk through the restoration of landscape resiliency and the reduction of hazardous fuels (implemented as the Landscape Resiliency Program), established ORS 477.748 which tasks the department with administering the Small Forestland Grant program and required the development and implementation of a 20-year strategic plan that prioritizes restoration actions and geographies for wildfire reduction now known as the 20-Year Landscape Resiliency Strategy.

Forest Resources Division Narrative

While the department was tasked with implementing the Landscape Resiliency Program and selecting and administering projects on a biennial basis, the Legislature has not provided permanent project funding. The department was provided \$20 Million in the 2021-23 biennium and \$10 Million in the 2023-25 biennium through one-time allocations and unless action is taken, there will not be project funding in the 2025-27 biennium. An investment of at least \$10 Million is needed each biennium to support these projects.

The Small Forestland Grant Program provides competitive grants to support the reduction of wildfire risk for landowners with up to 160 acres west of the crest of the Cascade Mountains or up to 640 acres east of the crest of the Cascade Mountains. The program was first funded at \$5 Million in the 2021-23 biennium as a one-time appropriation and now has permanent grant funding of \$2.5 Million per biennium, however an additional \$2.5 Million is needed each biennium to meet the need.

The 20-Year Landscape Resiliency Strategy is a plan developed with private, local, state, and federal partners to target high-risk acres of forest and range lands to reduce wildfire risk. The plan is used to strategically focus investments and activities on the landscape and aims to help economic development and steward lands that can endure extreme fire, drought, and pests.

The strategy utilizes a shared stewardship model which involves many partners, with large scale, cross-boundary, joint priorities working to align federal, state, and private investments. It will require a long-term commitment in both effort and investment to succeed. Two positions/full-time equivalents at the Natural Resource Specialist 3 level are needed to further this work.

Biennially, \$13 Million and 2 positions/full-time equivalents are needed to fully fund the division's landscape resiliency work to reduce wildfire risk and advance the Vision for Oregon's Forests priority of addressing the wildfire crisis.

Further information on the Division's work

The **Forest Practices Act and Monitoring** portion of the division is responsible for carrying out the following aspects of the division's work:

Forest Practices Act Administration and Enforcement. The division protects Oregon's natural resources through landowner and operator education, the monitoring and evaluation of forest practice rules and the enforcement of

the Forests Practices Act (FPA). The division's continued success builds on the shared responsibility and partnership among operators, landowners, volunteers who serve an advisory role to the division or the Board of Forestry and division field Stewardship and Small Forestland Owner Foresters and division staff in several working units considered to be Salem including Field Support, Adaptive Management, Civil Penalties, Training, Monitoring, and the Small Forestland Owner Office. Roles of division staff considered to be Salem, include but are not limited to Wildlife Biologists, Geotechnical Specialists, Roads Specialists, FPA Field Coordinators, FPA Enforcement & Civil Penalties Coordinators, Training Specialists, Natural Resource Specialists, Monitoring Specialists, Water Quality Specialists, Information Systems Specialists, and Policy Analysts. Key functions of division staff include:

- Ensure compliance with rules for harvesting timber, constructing and maintaining roads, treating slash, using chemicals, and re-planting forests.
- Protect special resources including significant wetlands; sensitive bird nesting, roosting, and watering sites; and sites used by threatened and endangered species.
- Encourage the use of non-regulatory measures, such as stewardship agreements and cost-share programs, to support sustainable and healthy forests.
- Effectively manage data on land ownership, beneficial use, sensitive resource sites, reforestation compliance, and activity tracking and reporting.
- Maintain frequent contact with landowners and operators to help consistently apply best management practices.
- Provide effective education, guidance and technical assistance to landowners, operators, and field staff.
- Recognize performance of operators that perform above and beyond the FPA standard protections.
- Through effective enforcement, create accountability for activities not in compliance with the FPA, and correct or mitigate resource damage.
- Address public safety related to rapidly moving landslides that may come from forestlands.
- Protect scenic values along specified highways.
- Conduct monitoring on the effectiveness of rules and report the findings.
- Monitor rule compliance and utilize findings to target internal and external training.

Forest Resources Division Narrative

- Maintain and continually improve the electronic notification system (FERNS) as well as resource layers needed for effective application of the FPA and administration of the forest practice rules.

Volunteer members on the Regional Forest Practice Committees, Committee for Family Forestlands, Compliance Monitoring Committee, the Adaptive Management Program Committee (AMPC) and the Independent Research and Science Team (IRST) are also critical to informing this work. While each of these entities has a distinct role, the purpose is the same- to utilize their unique perspective and knowledge to evaluate if resources are adequately protected and regulations are operational feasible, and how to enhance the division's work and at times protection either through outreach, education, policy, or enforcement. Please refer to the "Important background for decision makers" section of the Program Narrative to learn more about AMPC and IRST and the impact of not funding these critical activities.

Water Quality. Oregon forestlands provide a critical source of clean water and fish habitat. The division serves a critical role in ensuring high water quality by implementing and enforcing rules that protect drinking water and fish habitat from unnecessary human-caused impacts. The division supports the implementation and reporting of voluntary measures to protect and maintain water quality and fish habitat. The division also embraces its statutory requirement to conduct research and monitoring to verify that current forest management practices are indeed protective and develop new rules or policies where needed to maintain water quality and fish habitat.

The division works with other state natural resource agencies to plan for a secure and resilient future by protecting water resources. This work recognizes that Oregon's local economies and communities are vulnerable to drought, fires, and floods. To address these challenges, including climate change and urban growth, the division is working to include forestlands as key contributors to supporting a resilient natural infrastructure and maintaining ecosystem services for long-term benefits. Within Salem, subject matter experts such as Riparian & Aquatic and Water Specialists and leadership collaborate with the Department of Environmental Quality to maintain and improve water quality throughout Oregon forestlands through the ODF-DEQ Memorandum of Understanding, a cooperative interagency policy that guides technical efforts.

Additionally, the division's Stewardship Foresters in the field play a significant role in implementing the Oregon Plan for Salmon and Watersheds, which seeks to restore salmon runs to a sustainable level and improve water quality. The Oregon Plan voluntary restoration measures are Oregon's home-grown response to listings of some salmon species under the federal Endangered Species Act. Stewardship Foresters help forestland owners identify opportunities for improving riparian function and stream habitat, such as large wood placement, and work with local watershed councils to implement restoration projects and conduct monitoring.

Forest Health and Monitoring. Insects, diseases, and invasive species kill many trees and reduce forest growth, damaging the economic and ecological roles of forests. These disturbances also contribute to hazardous wildfire conditions.

The division invests millions of dollars in federal grant funds to respond to, control, and prevent pest problems. The program educates, trains, and helps the public, including delivery of cost-share funding, particularly in the wildland-urban interface areas. To deliver on these priorities the program:

- Conducts aerial and ground surveys on about 28 to 40 million forested acres each year to detect and monitor abiotic, insect, disease, and damage. Oregon and Washington lead the nation with the longest consecutive record of annual aerial surveys, started in 1947.
- Provides technical help and training to forest owners, foresters, and agencies about forest health and pest management.
- Slows the spread of the sudden oak death pathogen through intensive treatments.
- Performs surveys to detect forest health threats including diseases like Swiss needle cast and sudden oak death, invasive pests like the emerald ash borer, mediterranean oak borer, and gypsy moth, and damage from bears and other threats.
- Analyzes the state's insect and disease trends. For example, in 2023, the state observed 2.6 million acres with tree damage and mortality due to abiotic, insects and disease agents. Drought stress was a primary contributor to this second, sequential year of historic damage.

The damage caused by these insects and diseases, when unchecked, exacerbates the wildfire risk across the state. Forest health is one of the first steps in

Forest Resources Division Narrative

proactively preventing wildfire and reducing risks of catastrophic wildfires. This work is done collaboratively amongst subject matter experts in Salem including pathologists, invasive species specialists, entomologists, aerial surveyors, monitoring specialists, and forest management technicians and the Stewardship and Small Forestland Owner Foresters in the field as well as subject matter experts across various state and federal agencies and universities.

The **All Lands Initiative** encompasses several diverse programs that span the array of ownership types and contributes to the division's efforts through the following programs and work:

Small Forestland Owner Office. The mission of the office is to help small forestland owners reach their economic, ecological and stewardship goals for their forests through compassionate, responsible, and transparent assistance. For the purposes of the Forest Practices Act (FPA), small forestland owners are landowners who certify that they own 5,000 acres of Oregon forestland, have harvested an average of less than 2 million board feet of timber from that land during the past three years and do not expect to harvest more than an average of 2 million board feet per year from those lands during the next 10 years.

This work is accomplished through collaborative efforts between the office's Salem staff, Small Forestland Owner Foresters, and Stewardship Foresters in the field. Staff conduct outreach, provide education to support compliance with the FPA, and provide technical assistance and financial assistance to small forestland owners. Additionally, Salem staff administer related programs including the Small Forestland Investment in Stream Habitat (SFISH) grant program and the Forest Conservation Tax Credit (FCTC) program and inform policymaking specific to small forestland owners. Please refer to the "Important background for decision makers" section of the Program Narrative to learn more about the SFISH grant program and the impact of not funding these critical grants.

Incentives. Forestland owners often face pressure to convert forestland to non-forest uses because the land value exceeds the timber value and often need information and technical assistance to properly manage their lands for multiple resources. These forestlands produce important social, ecological, and economic value. The division aims to protect and enhance the value of these forestlands value by partnering with landowners to meet their management goals.

Often landowners turn to the department for assistance with drafting forest management plans, fire and fuels management, post-fire restoration, disaster recovery and response to forest health threats caused by drought, insects, and diseases. Through partnerships with entities such as the USDA Forest Service State & Private Forestry (USFS), the USDA Natural Resources Conservation Service (NRCS) and USDA Farm Service Agency (FSA) the division can provide technical assistance and connect forestland owners with funding to meet their management goals. This work is accomplished collaboratively amongst funding partners, landowners, Stewardship and Small Forestland Owner Foresters in the field and Salem staff who administer and coordinate programs at the state level.

Additional incentive programs include the state funded Small Forestland Grant program, which provides competitive grants to support the reduction of wildfire risk for landowners with up to 160 acres west of the crest of the Cascade Mountains or up to 640 acres east of the crest of the Cascade Mountains, the Forest Legacy Program and in prior biennia has included the Landscape Resiliency Program. Please refer to the "Important background for decision makers" section of the Program Narrative to learn more about the Small Forestland Grant and Landscape Resiliency Programs and the impact of not funding these critical programs.

The Forest Legacy Program is a partnership with the USFS that addresses privately-owned forestlands that face threats of conversion to non-forest use by development pressures. The program provides funds for eligible private forestlands for the purchase of development rights through either conservation easement or fee-title acquisition into public ownership. Please refer to the "Policy Package Narrative" section to learn more about this program and how POP 105, which proposes an increase in federal funds limitation, would advance this work and enable the division to more efficiently leverage federal funds to strengthen and preserve Oregon's forests.

Urban and Community Forestry. Oregon cities face many challenges when balancing competing social demands with the economic and environmental benefits their urban forests provide. There is a large and growing need for proactive urban forestry management. However, most cities – especially rural communities with less than 30,000 people – lack the urban forestry technical knowledge and organizational capacity to address forest management issues or build on the benefits of urban forests. Day-to-day urban forest management

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involves managing tree risk in public areas, scheduling pruning, and other tree maintenance, anticipating, and preparing for invasive insects and extreme weather, and selecting proper trees to augment city infrastructure rather than damage it. The division's Urban and Community Forestry staff help cities of all sizes learn these proactive and planning-based urban forestry management skills.

Further, the ways urban trees can augment economic, environmental, and social well-being are not well understood by the public. In the rush to address the lack of housing in Oregon, some factions pit the need to provide more housing capacity against the importance of retaining and creating healthy tree canopy. There are risks in land development processes, that allow the total removal of mature trees, as they can often impact water quality, increase flooding and stormwater runoff, reduce air quality, diminish wildlife habitat, reduce community livability, and raise social justice concerns. Increased development in the wildland-urban interface may also fragment forested lands and boost the risk of catastrophic wildfire. Well-informed planning and development can include retaining and increasing tree canopy while addressing housing pressure and improving livability. For example, in downtown areas, trees can stimulate economic health, reduce the heat-island effect, and make streets more attractive to shoppers, workers, and residents. Community and neighborhood parks with generous tree canopy contribute to the improved physical and mental health of the people who use them. An additional area of this program's work is helping cities and the public understand development trade-offs, urban forestry best management practices, and the importance of investing in urban forests for their many benefits.

Additionally, the program received \$26.6 Million in federal Inflation Reduction Act (IRA) grant funding which the division is using to stand up and administer two grant programs; one devoted specifically to Federally recognized Tribes and Tribal organizations, and one that will also be available to local government entities, public and state-controlled institutions of higher education, non-profit and community-based organization—to promote urban and community forest investment and tree equity for overburdened and underserved communities. Please refer to the "Policy Package Narrative" section to learn more about these grant funds and how POP 105, which proposes an increase in federal funds limitation, would advance this work and enable the division to more efficiently leverage federal funds to strengthen and preserve Oregon's urban forests.

Seed Orchard & Oregon Seed Bank. The J.E. Schroeder Seed Orchard furthers the productivity, health, and economic sustainability of Oregon's forests by growing high-quality tree seed. The Orchard helps ensure an ongoing supply of high-quality seed adapted to forest environments. The seed has highly desirable ecological traits, such as improved growth potential, wood quality, and disease tolerance. The Orchard makes these enhancements using conventional plant-breeding methods without genetic engineering or molecular technologies.

The Orchard uses an innovative, long-term, public-private cooperative business model to benefit members. Currently, the Orchard has 43 cooperative orchards with 25 different cooperative members, including but not limited to state and federal agencies, and industrial forest companies. Orchards include Douglas-fir from Oregon and Washington, western hemlock, western redcedar, eastern Oregon Ponderosa pine, western larch, and Willamette Valley ponderosa pine. Yields of cone crops are consistently high and predictable. The 2023 harvest produced 2,508 pounds of Douglas-fir seed and over 67 pounds of western hemlock seed. Combined, that's enough to reforest over 100,000 acres.

Given the structure of the Orchard, the business model depends on recruiting and retaining cooperators. The Orchard complex relies upon the repayment of services by the cooperators, receiving no outside state or federal funding support.

The Oregon Seed Bank assures appropriate, climatically adapted tree seed is available for family forest landowners throughout Oregon. The Seed Bank can purchase up to 6 percent of each harvest from the Orchard and makes it available to purchase at cost for family forest landowners, conservation programs, and tree seedling nurseries.

In fiscal year 2023, the Seed Bank distributed more than 447 pounds of seed capable of producing more than 5.7 million seedlings. This seed, comprised of eleven important species, is enough to reforest over 13,000 acres. The seeds have improved genes and can produce trees with greater growth. This has the potential to increase profitability for family forest landowners and is consistent with department goals of maintaining a productive forest land base. Ecologically adapted seed is an asset that may further benefit the forestry sector and stimulate Oregon's timber economy.

Forest Resources Division Narrative

Federal Forest Restoration. The FFR Program is key to achieving the department's mission "to serve the people of Oregon by protecting, managing and promoting stewardship of Oregon's forests" on federal lands by:

- Reducing the risk of high severity wildfire to forest ecosystems and communities
- Recovering degraded fish and wildlife habitat
- Creating employment opportunities in rural communities

The federal government owns 61 percent of Oregon's forests. The forests managed by the U.S. Forest Service and Bureau of Land Management play a crucial role in the economic, environmental, and community wellbeing of Oregon. Many of these forests are in the drier climates of Eastern and Southwest Oregon, where they face significant forest health challenges and increased wildfire risk.

Given the federal government's extensive ownership of Oregon's forests, the condition of these lands significantly impacts the overall health of the state's total forestlands. This influence impacts the department's ability to accomplish its mission, reduce the risk of wildfire through fuels management, and ensure that Oregonians continue to receive the environmental, economic, and social benefits our forests provide.

This work is conducted collaboratively by division staff in Salem who provide strategy, guidance and priority setting for the department's federal forest activities and field FFR staff including FFR Unit Foresters and FFR Foresters who are responsible for project planning, implementation, quality control and complying with applicable laws, policy and guidance. The FFR Program's work is conducted in partnership and close coordination with federal land management agencies.

Essential Packages

Pkg 010-Vacancy Factor and Non-ORPICS Personal Services

This package includes standard inflation of 4.2% on non-ORPICS items such as temporaries, overtime, shift differentials, all other differentials, and unemployment compensation, including the OPE associated with them.

Pkg 022-Phase-out Program & One-time Costs

The purpose of this package is to Phase Out one-time budget increases remaining from prior biennia. In Forest Resources there were eight Phase Outs: (1) Landscape Resiliency of \$9,500,000 OF and \$10,000,000 GF; (2) Private Forests Accord of \$6,000,000 GF; (3) Stream Habitat related S&S of \$6,670,000 GF, (4) Adaptive Management related S&S of \$4,010,940 GF, (5) Sudden Oak Death related S&S of \$1,700,000 GF, (6) New vehicle purchases of \$90,000 GF, (7) S&S related to grants in the Forestry Assistance and Urban Forests sub-programs of \$31,000,000 FF, and (8) Climate Change transfer from OWEB of \$3,250,000 OF. The net result is a decrease to the 2025-27 budget of (\$28,470,940) General Fund, (\$12,750,000) Other Funds, and (\$31,000,000) Federal Funds. There was no change to Position Counts or FTE.

Pkg 031-Standard Inflation

The purpose of this package is to include a set of standardized inflation rates for all agencies, increasing their budgets above their final base amounts for all non-personal-services expenditure accounts. These rates are 4.2% for standard or "generic" accounts, and then larger rates for "Price List Accounts," specifically 6.8% for Professional Services charges. There is no change to position counts or FTE.

Pkg 033-Exceptional Inflation

The purpose of this package is to record increases to the budget which exceed the standard inflation rate. In Agency Administration package 032 records the increased State Government Services charges from the DAS Price List, in the amount of \$7,011,546 Other Funds. This drives an increase to the Admin Prorate, which in the operating programs drives increases to Special Payments. In the Forest Resources program there is an increase of \$1,468,863 General Fund. There is no change to Position Counts or FTE.

Pkg 060-Technical Adjustments

The purpose of this package is to make technical budget adjustments and corrections. The department is making multiple structure changes this biennium due to internal re-organization efforts. These actions are net-zero at the Agency-wide and Fund Type level, but not at the SCR level, resulting is a decrease to Forest Resources of (\$470,709) General Fund, (\$174,485) Other Funds, and (\$1,942,371) Federal Funds, a reduction of (6) Position Counts, and a reduction of (6.20) FTE.

Forest Resources Division Narrative

Policy Packages

Package Number	Component Title	Total Funds	Positions / FTEs
103	Administration Capacity Reprioritization	(\$214,056)	1/(1.00)
105	Leveraging Federal Funds to Strengthen & Preserve Oregon's Forests	\$28,000,000	0/0.00
106	Payroll Transfer to DAS	\$60,431	0/0.00
Total Packages:		\$27,846,375	(1) / (1.00)

Policy Package Narratives

Package 103 Administration Capacity Reprioritization

Purpose: The Facilities Capital Management Program supports the Department of Forestry's mission through an integrated facilities management plan that protects the health and safety of the public and personnel, protects and preserves the department's capabilities, capital investments, and minimizes life-cycle facilities costs.

How achieved: In Forest Resources one position is being fund shifted out of FRD and into Agency Administration.

Staffing impact: The program is reducing by 1 Position Count and 1.00 FTE, for a position being moved out of the Forest Resources program and into Agency Administration.

Revenue source:

	<u>Agency Request Budget</u>	<u>Governor's Budget</u>	<u>Legislatively Adopted Budget</u>
General Fund	\$0		
Other Funds	(\$107,224)		
Federal Funds	(\$106,832)		
All Funds	(\$214,056)		
Position/FTE	(1)/(1.00)		

Package 105 Leveraging Federal Funds to Strengthen & Preserve Oregon's Forests

Purpose: POP 105 requests a \$28 million increase in Federal Funds limitation authority for the increase in Federal Funds to enable the Forest Resources Division to more efficiently leverage federal funds received through the Urban and Community Forestry and Forest Legacy Programs to strengthen and preserve Oregon's forests. This proposal utilizes existing division programs and federal funding sources from the United States Department of Agriculture's (USDA) United States Forest Service (USFS) to solve two critical issues, advance the Vision for Oregon's Forests priorities and goals listed below and implement strategies under the Vision's priorities of providing climate leadership and striving for organizational excellence.

- **Priority: Promoting Resilient Forests**
Goal: To reduce the vulnerability of Oregon's forests from a myriad of catastrophic climate driven disturbances, ODF will direct its policy management and educational actions to enable and promote all forestland managers to make intentional decisions that increase adaptive capacity of forest ecosystems.
- **Priority: Supporting Resilient Communities**
Goal: Policy and management decisions foster healthy relationships between humans and forests, so that forests support resilient human communities through social, economic, and ecological change.

Issue One - Oregon cities face many challenges when balancing competing social demands with the economic and environmental benefits their urban forests provide. Most cities – especially rural communities with less than 30,000 people – lack the urban forestry technical knowledge and organizational capacity to address these issues or build on these benefits. Day-to-day urban forest management involves managing tree risk in public areas, scheduling pruning and other tree maintenance, anticipating and preparing for invasive insects and extreme weather, and selecting proper trees to augment city infrastructure rather than damage it. Cities often respond to tree-related problems rather than prevent them.

Further, the ways urban trees can augment economic, environmental, and social well-being are not well understood by the public. Particularly when there is an urgent need to address the lack of housing, the importance of retaining healthy tree canopy and avoiding risks such as degraded water quality, increased

Forest Resources Division Narrative

flooding and storm water runoff, reduced air quality, diminished wildlife habitat, reduced community livability, and environmental and social justice concerns can be overlooked. Increased development in the wildland-urban interface may also fragment forested lands and boost the risk of catastrophic wildfire.

The division’s Urban and Community Forestry Program has been awarded \$26.6 million in federal Inflation Reduction Act (IRA) grant funding from the USDA’s USFS to stand up and administer two grant programs; one devoted specifically to Federally recognized Tribes and Tribal organizations, and one that is available to additional entities including local government entities, public and state-controlled institutions of higher education, and non-profit and community-based organizations. These grants are to promote urban and community forest investments and tree equity for overburdened and underserved communities. Grantees can use grant funds to advance:

- Urban and community forestry planning and monitoring
- Nature-based education, recreation, and engagement
- Network development and relationship building
- Workforce diversification and development
- Nursery capacity building and tree production
- Tree planting and maintenance
- Adaptive management and lesson sharing throughout Oregon

Issue Two - Forestland owners often face pressure to convert forestland to non-forest uses because the land value exceeds the timber value. These forestlands produce important social, ecological, and economic value for Oregon. The Forest Legacy Program is a national USDA USFS program that addresses privately-owned forestlands that face threats of conversion to non-forest use by development pressures. The goal of the Forest Legacy Program is to promote stewardship and sustainable management of private forest lands by maintaining working forests that conserve important commodity and non-commodity forest resource and conservation values including water flows and quality, fish and wildlife habitat, stores of carbon, public access and biodiversity.

The federal program provides funds for eligible private forestlands for the purchase of development rights through either conservation easement or fee-title acquisition into public ownership through a competitive, merit-based process. In Oregon, the division’s Forest Legacy Program assists project

partners with due diligence and prepares submitted applications for review by the Forest Legacy Stewardship Committee. The committee reviews the applications against the federal scoring criteria and makes recommendations to the division regarding which projects should be prioritized and submitted to the USFS for funding consideration. The division’s Forest Legacy Program is Oregon’s dedicated pass-through entity for these federal dollars.

How achieved: This proposal utilizes existing division programs and USDA USFS federal funding sources to address two critical issues and deploy the identified solutions, to strengthen and preserve Oregon’s forests and help bring the Vision for Oregon’s Forests to fruition. POP 105 requests a permanent, biennial \$28 Million increase in Federal Funds limitation authority to enable the division to leverage increased federal funds more efficiently.

Staffing impact: None.

Quantifying results: The division’s Urban and Community Forestry Program has already been awarded \$26.6 Million in federal Inflation Reduction Act (IRA) grant funding to stand up and administer two grant programs and has been engaged in extensive planning and design work to launch the grants which will continue to disperse funds through September 2028. Impacts of these funds will be captured in grantee reporting and the collective efforts will be captured within the program’s required reports to the USFS.

The division’s Forest Legacy Program will submit reports to the Joint Ways & Means Committee and the legislative committees related to forestry on or before January 15, 2027, and 2029 per Oregon Revised Statute (ORS) 526.065 reflecting program activities in the 25-27 biennium. This will include the number and monetary amounts of grants applied for and awarded as well as the location and disposition of areas affected by the program.

Revenue source: Federal Funds

	<u>Agency Request</u> <u>Budget</u>	<u>Governor’s</u> <u>Budget</u>	<u>Legislatively</u> <u>Adopted Budget</u>
General Fund	\$		
Other Funds	\$		
Federal Funds	\$28,000,000		
All Funds	\$28,000,000		
Position/FTE	0/0.00		

Forest Resources Division Narrative

Package 106 Payroll Transfer to DAS

Purpose: By moving the payroll function to DAS, whose staff have the most expertise in the Workday payroll system, our employees will benefit from quicker issue resolution and getting paid timely and accurately. Long term, this helps the agency better focus on its core mission of protecting Oregon’s forests.

How achieved: Positions being moved are in the Agency Administration program. Due to the Admin Prorate process, Special Payments in the Forest Resources budget will be impacted in the amount of \$60,431.

Staffing impact: There is no staffing impact in the Forest Resources program.

Quantifying results: The agency transitioned its payroll function to DAS on May 1, 2024. There have been little to no issues with the transfer. It has almost been seamless.

Revenue source: General Fund

	<u>Agency Reques Budget</u>	<u>Governor’s Budget</u>	<u>Legislatively Adopted Budget</u>
General Fund	\$60,431		
Other Funds	\$0		
Federal Funds	\$0		
All Funds	\$60,431		
Position/FTE	0/0.00		

Forest Resources Division Narrative

Detail of Revenue

Source	Fund	ORBITS Revenue Acct	2021-2023 Actuals	2023-25 Legislatively Adopted	2023-25 Estimated	2025-27 Agency Request	2025-27 Governor's	2025-27 Legislatively Adopted
Charges for Services	3400	0410	\$1,170,342	\$2,549,819	\$2,664,650	\$2,193,893		
Admin and Service Charges	3400	0415	\$741	\$0	\$0	\$0		
Rents and Royalties	3400	0510	\$47,100	\$0	\$0	\$49,080		
Interest Income	3400	0605	\$32,957	\$0	\$0	\$33,420		
Sales Income	3400	0705	\$840,280	\$469,970	\$469,970	\$674,862		
Donations	3400	0905	\$0	\$423,751	\$423,751	\$0		
Loan Repayment	3400	0925	\$0	\$1,758,119	\$1,758,119	\$0		
Other Revenues	3400	0975	\$880	\$10,701,543	\$12,550,710	\$10,589,914		
Federal Funds	6400	0995	\$14,034,299	\$26,625,472	\$62,696,802	\$74,618,625		
Transfer In-Other Funds	3400	1010	\$240,763	\$2,907,991	\$3,109,896	\$150,447		
Transfer In-General Fund	3400	1060	\$0	\$0	\$10,000,000	\$0		
Tsfr From Revenue, Dept of	3400	1150	\$13,329,884	\$15,869,057	\$15,869,057	\$26,864,965		
Transfer In from OWEB	3400	1691	\$0	\$0	\$3,250,000	\$0		
Transfer Out-Other Funds	3400	2010	(\$2,815,352)	(\$9,161,645)	(\$10,086,292)	(\$8,714,565)		