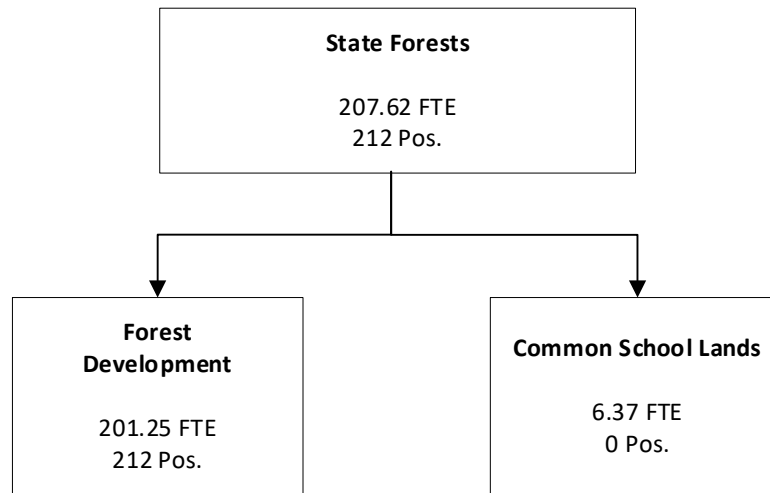


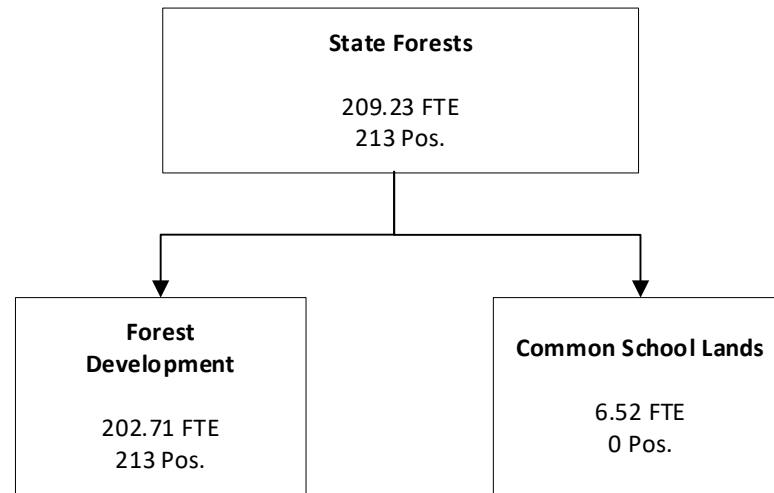
State Forests Division Narrative

Organization Charts



Proposed 2025-2027 Structure

State Forests Division Narrative



Prior 2023-25 Structure

State Forests Division Narrative

Executive Summary

Long-term focus areas impacted by the program

The State Forests Division carries out the management of state forestlands to maintain resilient forests that provide social, economic and environmental benefits to the people of the State of Oregon. The division utilizes a tiered planning process of Forest Management Plans, Implementation Plans and Operations Plans to conduct and communicate management goals, objectives, and projects, in alignment with the Board of Forestry and Agency's strategic plan:

- **Priority: Resilient forests**
The division's management of state forestlands utilizes a blend of active and passive management techniques to protect resources, promote forest growth, maintain and enhance habitat for native fish and wildlife, and provide carbon sequestration and storage.
- **Priority: Resilient communities**
State forests contribute to the resilience of communities through jobs created by timber harvests and related projects, access for recreation and renewal, availability of firewood and other gathering opportunities, clean drinking water, carbon sequestration and storage, educational and interpretive programs, and habitat for native fish and wildlife.
- **Priority: Addressing the wildfire crisis**
The division plans and implements activities that maintain healthy stand densities and forest fuel loads, in balance with protection measures that protect important habitat for native fish and wildlife. Division employees are an essential part of Oregon's complete and coordinated wildland fire suppression system, serving in a variety of roles, from initial attack efforts to staffing ODF's Incident Management Teams. As a forest landowner, the division contributes financially towards a budget that provides a fully adequate level of protection.
- **Priority: Climate leadership**
The division's management of state forestlands protects key aquatic and terrestrial refugia, creates and maintains diversity in regenerated forests, and sequesters and stores carbon both in the forest and in harvested wood products. The division actively participates in breeding cooperatives to produce future generations of native trees

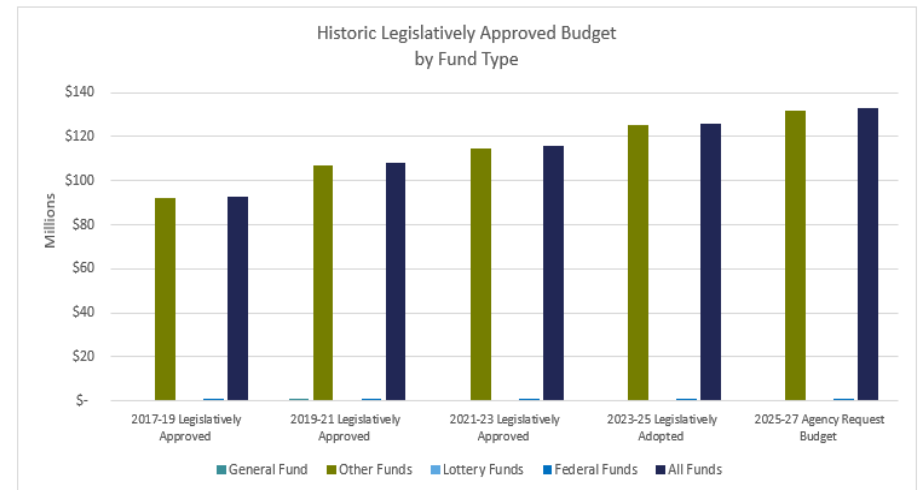
that are resistant to the climate change effects, and partners with researchers to study new methods of responding to climate change, such as assisted migration of tree species.

- **Priority: Organizational excellence**
The division maintains processes that foster engagement and transparency through meetings open to the public and comment periods associated with Forest Management Plans, Implementation Plans and Operations Plans. Annual reports to the Council of Forest Trust Land Counties and State Land Board detail fiscal year accomplishments. The Recreation, Education and Interpretation program actively engages and educates Oregonians of all ages on the management of their state forests. The division regularly makes business process improvements and fosters a culture of innovation. Employee safety and well-being is paramount, including support for inclusivity and diversity in our workforce.

Primary program contact

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Graphical representation of the program unit's funds budget over time



State Forests Division Narrative

Division overview

The State Forests Division manages 729,718 acres of Board of Forestry Forest Lands and 26,173 Common School Forest Lands to provide a range of sustainable public benefits to Oregonians. The Division is almost entirely funded through the sale of timber, with 36.25 percent of revenues from Board of Forestry Lands retained by ODF for management of the lands and delivery of services to the public. The remaining 63.75 percent of the revenues are shared with the counties and local taxing districts where timber harvest occurs and are used to support local schools and critical public services. Revenue derived from Common School Forest Lands is deposited into the Common School Fund and ODF is reimbursed for management costs.

Division funding request

For 2025-27, the State Forests Division is requesting \$132,337,805 (\$131,308,926 Other Funds, \$1,028,879 Federal Funds).

The Division's management practices provide sustainable social, economic, and environmental benefits to Oregonians. In 2025-27, the Division expects the following results:

- **Social Benefits:** State forests provide ecosystem services that enhance the quality of life for all Oregonians and attract visitors. In addition to direct local government revenue, active forest management helps sustain communities with family-wage jobs that further contribute to local and state economies. The Division provides lasting and diverse outdoor recreational, interpretive, and educational experiences that inspire visitors to enjoy, respect, and connect with Oregon's state forests. The Tillamook Forest Center provides hands-on education and interpretation activities in outdoor and classroom settings for thousands of visitors, school children, and educators to learn about forests and forestry each year. In partnership with the Department of Corrections, ODF provides a work program at South Fork Forest Camp to approximately 200 minimum security adults in custody (AIC) that performs a variety of fire suppression, forest management, and recreation maintenance tasks. This program teaches job skills to improve employment options and self-sufficiency which helps them to better reintegrate into society after release.

- **Economic Benefits:** Timber sales are expected to generate \$140 million for counties in which state forests are managed by the division; \$2.7 million for the Common School Fund; and \$79.6 million for the Department's management of Board of Forestry lands. State forest timber harvests support approximately 675 direct jobs and 1861 total jobs. Timber revenues distributed to the counties support K-12 education, health and human services, public safety and other essential community functions. Indirect economic benefits associated with services such as recreation, attracting visitors to rural communities, and maintaining healthy forests, habitats, and watersheds have not been quantified.
- **Environmental Benefits:** State forests are managed to create healthy and productive forests that are resilient in the face of natural disturbances such as wildfire, insect and disease, and wind and ice storms. They are managed, conserved, and restored to provide clean water, biodiversity, functional ecosystems, habitats for native fish and wildlife, and protect threatened and endangered species. The Division promotes these benefits by actively managing forests, designating conservation areas, and reforestation after harvests with well-adapted native tree species.

Based on the standard inflation rate, the projected Total Funds budget to maintain these services is \$141,427,834 in 2027-29 and \$151,247,800 in 2029-2031.

Division description

State forests represent just three percent of Oregon's forestland base. The Division manages two land bases: 1) Board of Forestry Lands and 2) Common School Forest Lands (owned by the State Land Board).

Oregon's state forests are working forests. They reflect a broad spectrum of shared values by integrating active timber management, high-value conservation areas, stream buffers, important wildlife areas, and recreation. The significance of state forestlands is demonstrated in ongoing and vigorous debates about the mix of benefits these forestlands provide. The Division's success depends on open conversations and working with diverse interest groups to meet both legal requirements and the Board of Forestry's goals for managing state forestland.

State Forests Division Narrative

Board of Forestry lands were primarily acquired in a degraded condition resulting from catastrophic fires and extractive logging during last century. Most lands were deeded to the state by counties after tax foreclosures, although significant tracts in Klamath County were purchased by the state. Through time and purposeful management, they have been, and can continue to be, restored to healthy, productive forests. These lands include the Tillamook, Clatsop, Santiam, Gilchrist and Sun Pass state forests, and parcels scattered throughout western Oregon. The State Forests Division manages these forestlands under ORS 530.050 to achieve “greatest permanent value” to the state, which is further defined in OAR 629-035-0010 as “healthy, productive and sustainable forest ecosystems that, over time and across the landscape, provide a full range of social, economic and environmental benefits for Oregonians.” The Division’s operational costs associated with achieving greatest permanent value are funded with a portion (36.25%) of timber harvest revenue on state forests. The Forest Trust Land Advisory Committee advises the Board of Forestry on the management of Board of Forestry Lands, on behalf of the counties that that originally deeded these lands to the state (ORS 526.156).

Public awareness, expectations, and demands of state forests have increased greatly over the past 30 years, including pressures from public use, the continued economic importance of timber harvest to rural communities, and litigation from competing interest groups. Legal constraints have increased, with additional species listed as threatened or endangered under the federal and state endangered species acts. The effects of climate change on forest resiliency are becoming greater. These factors necessitate a fresh look at policies and business practices.

Policy Changes: Forest management practices evolve as new science emerges and society’s values change. The division is working at the direction of the Board of Forestry on a new Forest Management Plan for western Oregon that would address these changes. The Board of Forestry also directed the division to obtain a Habitat Conservation Plan (HCP), a tool that provides legal assurances under the federal Endangered Species Act and certainty for the division’s forest management activities now and in the future.

Business Improvements: The State Forests Division has implemented organizational changes to increase efficiency, contain costs, and modernize business practices. The use of new timber marketing strategies have increased economic outcomes,

and technological improvements will increase efficiency of timber sale contracting, log tracking, purchaser invoicing, and revenue distribution. Increased use of mobile devices and Geographic Information Systems has made data collection more efficient.

Diversifying Revenue Streams: The division continues to develop partnerships, collaborate with other agencies, and pursue grants to seek sources of revenue in addition to timber receipts.

Common School Fund Lands are managed by the State Land Board (Governor, State Treasurer and Secretary of State) “with the object of obtaining the greatest benefit for the people of this state, consistent with the conservation of this resource under sound techniques of land management” (Oregon Constitution, Article VIII, Section 5). The State Land Board works through the Department of State Lands to provide guidance for managing these lands. In turn, some of these lands, known as Common School Forest Lands are managed by the Department of Forestry, under a management agreement with the Department of State Lands. The Common School Fund receives the revenue generated from Common School Forest Lands, and the Department of Forestry is reimbursed for management expenses.

The designation and management of Common School Forest Lands are further described in ORS 530.460 through 530.520, specifically that the “State Forester shall manage, control and protect such forests and forestlands so as to secure the greatest permanent value of the lands to the whole people of the State of Oregon, particularly for the dedicated purposes of the lands and the common schools to which the resources of the lands are devoted.”

Cost drivers. Factors putting pressure on the State Forests Division’s economic sustainability include increased legal compliance that reduces acres available for harvest, public demands for State Forests’ services, timber market fluctuations, international competition, legal costs associated with lawsuits, and escalating administrative and fire protection costs. The State Forests Division is interconnected with all ODF Divisions to support the successful completion of the entire agency’s mission.

Dependence on Timber Revenue: The State Forests Division relies almost entirely on the 36.25 percent retained by ODF from timber sales on Board of Forestry

State Forests Division Narrative

Lands. The division faces short- and long-term funding challenges as increased costs threaten to outpace income earned from timber harvests. This funding model makes the division vulnerable to litigation, shifts in the timber market, or changes in forest conditions from disturbances such as fire, flood, insects, disease, and windstorms. A business model with greater flexibility and diverse income streams is needed to ensure that ODF can continue to produce social, economic and environmental benefits to Oregonians from state forestlands. Litigation: As a public forestland manager, we serve a variety of public interests. Often stakeholders hold competing interests and expectations. A challenging litigious environment taxes both financial and staff resources.

Tillamook State Forest Restoration: The legacy of the 348,970-acre Tillamook State Forest began with four large catastrophic fires between 1933 and 1951 known as the Tillamook Burn. In the aftermath of the fires, ownership transferred to the counties through tax default, and eventually deeded the lands to the state to rehabilitate and manage. Today, The Tillamook State Forest provides habitat for native fish and wildlife, recreation opportunities, and timber harvest for jobs and essential revenues to county governments; however, there is still much work to do. The intensity of the fires, coupled with subsequent salvage and management efforts left poorly growing forests with few snags and other habitat components, legacy roads that threaten aquatic resources, and low tree species diversity. Large portions of the forest are affected by Swiss Needle Cast disease, and large swaths are dominated by red alder with little conifer tree species. This has resulted in severely reduced forest productivity for all forest values. The low monetary value of these stands, coupled with severe operational constraints like steep slopes, significantly impact the ability to generate sufficient revenue to implement projects to restore resiliency to provide social, economic and environmental benefits future generations.

Program justification

The State Forests Division contributes to the agency's strategic plan priorities in the following ways.

Resilient Forests. The division's management of state forestlands utilizes a blend of active and passive management techniques to protect resources, promote forest growth, maintain and enhance habitat for native fish and wildlife, and provide carbon sequestration and storage.

Resilient communities. Policy and management decisions foster healthy relationships between humans and forests, so that forests support resilient human communities through social, economic, and ecological change.

Timber revenue flows to counties, local taxing districts, and the Common School Fund, supporting schools and other public services. Harvest of timber supports direct and indirect jobs in the forest sector.

The Tillamook Forest Center provides forestry education experiences to about 55,000 visitors per year. Of these visitors about 15,000 people participate in hands-on education and interpretation programming opportunities that increase Oregonians' outdoor education outcomes.

Recreation facilities, trails and public access provide Oregonians with opportunities to connect with state forests and contribute to social well-being. Recreational activities help support the tourism economy.

In partnership with the Department of Corrections, ODF provides a program at South Fork Forest Camp to approximately 200 minimum security adults in custody who perform work that supports forest management, recreation facilities and trail maintenance, and fire suppression. This program teaches jobs skills that provide options for employment and successful integration back into society.

Addressing the wildfire crisis. The division plans and implements management activities that maintain healthy stand densities and forest fuel loads. Division employees are an essential part of Oregon's complete and coordinated wildland fire suppression system. The division contributes financially towards a budget that provides a fully adequate level of protection.

Climate Leadership. The division's management of state forestlands demonstrates climate leadership through active management to maintain healthy forests, protection of key aquatic and terrestrial habitats, and creating diversity in regenerated forests. The division actively participates in research cooperatives that use breeding techniques to produce future generations of native trees that are more resilient to the effects of climate change, and partners with other entities to study new methods of responding to climate change, such as assisted migration.

State Forests Division Narrative

Organizational excellence. The division strengthens the public trust and confidence in ODF’s ability to effectively accomplish its mission and provide excellent service to Oregonians.

The division maintains and improves systems and business processes that ensure accountability and transparency associated with the sale of timber and collection and distribution of revenues, forest health and inventory, and its planning processes. The division manages many forms of complex data and takes every opportunity to increase efficiency and consistency in monitoring and reporting by integrating systems and avoiding information silos.

During the 2021-23 biennium, State Forests implemented a new organizational structure that is adapted to the modern-day era of public land management and allows more efficient delivery of public services. This structure improves workflows, reduces costs, and provides career pathways for employees. Improved workflows serve to clarify decision points and create consistency, while maintaining local communication and engagement.

Division performance

State forests provide a full range of economic, environmental and social benefits, many of which are difficult to directly measure. Timber harvest and income provide one metric for measuring program performance. The table below shows the current performance.

Timber harvests and revenue (five-year annual averages FY19-FY23)

Land type	Total Revenue (net revenue generated from timber harvest)	Distributed Revenue (counties, schools, local taxing districts)	Retained Revenue (ODF share for forest management)	Harvest (millions of board feet)
Board of Forestry	\$111 Million	\$70 Million	\$41 Million	240

Once approved, future harvest levels under a Habitat Conservation Plan and new Forest Management Plan are expected to range from 162 to 181 million board feet (mmbf) on Board of Forestry Lands and from 5.5 to 6 mmbf for Common School Fund lands. Harvest from the Klamath-Lake District is not affected by these future plans.

Other outcomes and areas of program performance that support long-term focus areas:

- Models from the Bureau of Business and Economic Research on Oregon’s operations indicate that State Forests five-year average timber harvests provide approximately 675 direct jobs and 1,861 total jobs and adds \$168 million in labor income directly to the state economy.
- Daily visitation at the Tillamook Forest Center has returned to near pre-Covid pandemic levels, providing an average of 237 people per day in 2023 with educational and interpretive engagement.
- Timber harvest on Common School Forest Lands has generated an average of 6.3 mmbf and \$2.8 million in gross revenue for the Common School Fund over the last five years.
- Since 2010, the division has restored nearly 130 miles of fish access and removed or improved 134 barriers to fish passage.
- The division protects over 91,000 acres of northern spotted owl habitat and 19,541 acres of marbled murrelet habitat.
- Recreational users on state forests total more than 1,500,000 per year, and nearly 25,000 people use designated campgrounds. The State Forests Division provides about 510 miles of trails for motorized use and 137.5 miles for non-motorized use.
- In 2023, South Fork crews spent over 360 crew days maintaining existing recreation trails and also developed and maintained over 43 miles of trails. Crews planted nearly 31,000 trees, manually released over 500 young trees, installed tree protection on over 225,000 seedlings, and packed over 1400 bags of trees for reforestation.

Enabling legislation/program authorization

ORS 530 describes the acquisition and management of state-owned forestlands.

Funding streams

The division and state forest operations are about 98 percent funded by timber revenue. On Board of Forestry lands, the law requires the department to retain 36.25 percent of income for program operations, land management, and fire protection. The remainder is distributed to counties and local taxing districts within which the forests are managed.

State Forests Division Narrative

The Department of State Lands reimburses Forestry for all operating and management expenses on Common School Forest Lands from the Common School Fund. The Oregon Parks and Recreation Department provides funds to help manage off-highway vehicle programs on state forests. The State Forests Division earns limited income from recreation activities and minor forest products sales.

Program Narrative

Further explanation: The department relies on all employees to carry out wildland fire protection, particularly during high fire activity. This includes both direct fire assignments and covering core business functions in the absence of deployed individuals. This is a highly efficient way of providing specialized, intermittently needed services to suppression effort. However, it can have a negative impact on accomplishing core business within the State Forests Division. Increased large fire frequency on the landscape has resulted in fatigue and strain on the state forests staff and created challenges in accomplishing core State Forests Division business functions.

Important background for decision makers

Due to increased costs of management activities on state-owned forestland, the division is comprehensively re-examining its business model and has initiated several strategies to create positive, lasting change. As described previously, long-term projected revenues are not expected to cover management costs for these lands to produce the broad range of benefits expected by Oregonians and required by state and federal law. Over the last 3 biennia, a strong timber market has improved the near-term financial outcome and allowed for renewed forest investments such as young stand management, recreation services, and data collection. However, lower delivered timber volume over the last 3 fiscal years, coupled with projected future reduced timber harvest, will hamper the viability of state forests management and require reductions in services under the current business model.

Revenue

Operating and administrative costs for managing state-owned forests are supported almost entirely by timber sale revenue (98 percent). On Board of Forestry lands, the law requires about 63.75 percent of the income to go to counties, which in turn distribute funds to local taxing districts. The Department retains the remaining 36.25 percent in the Forest Development

Operating Fund for all aspects of managing the lands, including forest management, resource protection, and recreation, education and interpretation.

The Oregon Parks and Recreation Department transfers revenue for managing off-highway vehicle recreation facilities on state forest lands. Besides revenue from timber sales, recreation activities and minor forest products sales earn limited income.

On Common School Forest Lands, the Common School Fund pays operating and managing expenses. The Department of State Lands reimburses Forestry for these costs via transfers.

In addition, when federal grants are available to support our mission and mandates, we go through the application process and occasionally receive minor amounts of federal funding.

Proposed new laws

None.

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 differential, all other differentials, and unemployment compensation, including the OPE associated with them.

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.

Policy Packages

The State Forests program has no Policy Option Packages for 2025-27.

State Forests Division Narrative

Detail of Revenue 107BF07

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
Park User Fees	3400	0255	\$313,051	\$0	\$325,000	\$326,200		
Charges for Services	3400	0410	\$129,090	\$0	\$140,000	\$134,470		
Admin and Service Charges	3400	0415	\$158,556	\$0	\$160,000	\$165,100		
Fines & Forfeitures	3400	0505	\$1,127	\$0	\$0	\$0		
Rents and Royalties	3400	0510	\$92,370	\$0	\$90,000	\$96,250		
Sales Income	3400	0705	\$487,328	\$0	\$490,000	\$497,300		
State Forest Lands Sales	3400	0730	\$208,289,395	\$259,237,647	\$258,032,647	\$225,035,289		
Common School Lands Sales	3400	0735	\$5,962,676	\$8,276,508	\$8,276,508	\$2,702,004		
Donations	3400	0905	\$921,812	\$0	\$0	\$960,530		
Other Revenues	3400	0975	\$26,644,315	\$26,644,315	\$31,329,419	\$55,397,155		
Federal Funds	6400	0995	\$987,406	\$987,406	\$987,406	\$1,028,879		
Transfer In-Intrafund	3400	1010	\$0	\$0	\$0	\$0		
Transfer In-Intrafund	6400	1010	\$0	\$0	\$0	\$0		
Tsfr From Lands, Dept of State	3400	1141	\$4,819,961	\$4,819,961	\$4,819,961	\$5,424,732		
Tsfr From Military Dept, Or	3400	1248	\$0	\$0	\$0	\$0		
Tsfr From Parks and Rec Dept	3400	1634	\$2,251,097	\$2,251,097	\$2,251,097	\$2,683,497		
Tsfr From Fish/Wildlife, Dept of	6400	1635	\$0	\$0	\$0	\$0		
Transfer Out-Intrafund	3400	2010	(\$16,528,741)	(\$16,528,741)	(\$17,087,886)	(\$19,402,384)		
Transfer to Counties	3400	2080	(\$155,956,991)	(\$155,956,991)	(\$155,956,991)	(\$140,009,213)		
Transfer to Dept. State Lands	3400	2141	(\$7,500,000)	(\$7,500,000)	(\$7,500,000)	(\$2,702,004)		