

STAFF REPORT

Agenda Item No.:	B
Work Plan:	Administrative
Topic:	Agency Budget Development
Presentation Title:	2025-2027 Agency Budget Request
Date of Presentation:	June 6, 2024
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SUMMARY

Department seeking approval of the 2025-2027 Agency Request Budget (ARB) and submission of the agency budget to the Department of Administrative Services (DAS).

BACKGROUND AND ANALYSIS

Strategic thinking and planning drive the Board and agency's budget development process. The strategic framework within which legislative concepts and budget development and implementation occur includes:

- The missions and statutory policy, responsibilities and obligations of the Board, the State Forester, and the Department;
- The Board and Department strategic planning efforts;
- The Department's core operational and support functions, which represent the essence of the agency and our fundamental "reason for being" as an organization; and

The budget development process is then structured around the following elements:

- Instruction and direction from the Governor's office and the Department of Administrative Services;
- The identification of agency legislative concepts and budget focus areas which address current and projected issues, needs, opportunities and outcomes; and
- Board and stakeholder involvement and input at various stages of the process.

The primary budget building blocks include (1) the current service level (which reflects the delivery of current services), and (2) the adjustments or enhancements to the current service level in the form of Policy Packages (POPs).

This Agency Request Budget seeks to maintain critical core business while solidifying and fully operationalizing the significant investments that were made through the 2023-25 biennium. Attachment 1 summarizes this budget and will be the review and discussion document on June 5, 2024.

RECOMMENDATION

At the June 5, 2024 meeting, the Department recommends that the Board approve the 2025-2027 Agency Request Budget and direct the Department to submit the required documents to the Department of Administrative Services by the August 31, 2024 deadline.

NEXT STEPS

Following Board approval and inclusion of any Board input at the June 5, 2024 meeting, the Agency Request Budget will be submitted to the Department of Administrative Services by August 31, 2024.

ATTACHMENT

1. 2025-27 ODF Agency Request Biennial Budget Summary
2. 2025-27 ODF Agency Request Budget - Policy Option Packages

Oregon Department of Forestry



"Stewardship in Forestry"

Oregon Board of Forestry 2025-2027 Agency Request Biennial Budget Approval Thursday, June 6, 2024

Oregon Department of Forestry
2025-2027 Agency Request Biennial Budget Summary

I. Executive Summary

The Oregon Board of Forestry and Department of Forestry are working to complete the 2025-27 Agency Request Biennial Budget (ARB). The biennial budget development process is a long, iterative, and often changing process dependent upon a number of internal and external relationships, inputs and analyses. The ARB is the first phase of that process. The ARB proposed by the Department was developed in accordance with the Board's and the Department's missions, legal responsibilities, obligations, and strategic and operational plans as well as a set of principles outlined by the Governor.

The Department's current 2023-25 Legislatively Approved Budget through April 2024 provides a stable basis for developing the 2025-27 biennial budget.

The Current Service Level (CSL) is the estimated cost of continuing current programs into the next biennium, as required by law. The Department's CSL is calculated based on specific budget instructions provided by the Department of Administrative Services (DAS). The CSL totals approximately \$606.4 million which is a \$123.8 million or 17% decrease from the 2023-25 Legislatively Approved Budget.

In order to meet Board and Department goals and objectives, support Board work plans, meet statutory and rule obligations and responsibilities, manage risk and increase efficiency in the delivery of services, the Department is proposing a total of 13 new investment packages, totaling \$106.2 million total funds, with an increase of 20.83 Full-time Equivalent (FTE).

The sum of an agency's CSL and policy packages comprise the ARB. The Department is proposing an ARB of \$712.6 million for a \$17.6 million or 2% decrease from the current biennium's Legislatively Approved Budget. The number of Department FTE increases by 31.05 for a total of 1,106.07 FTE.

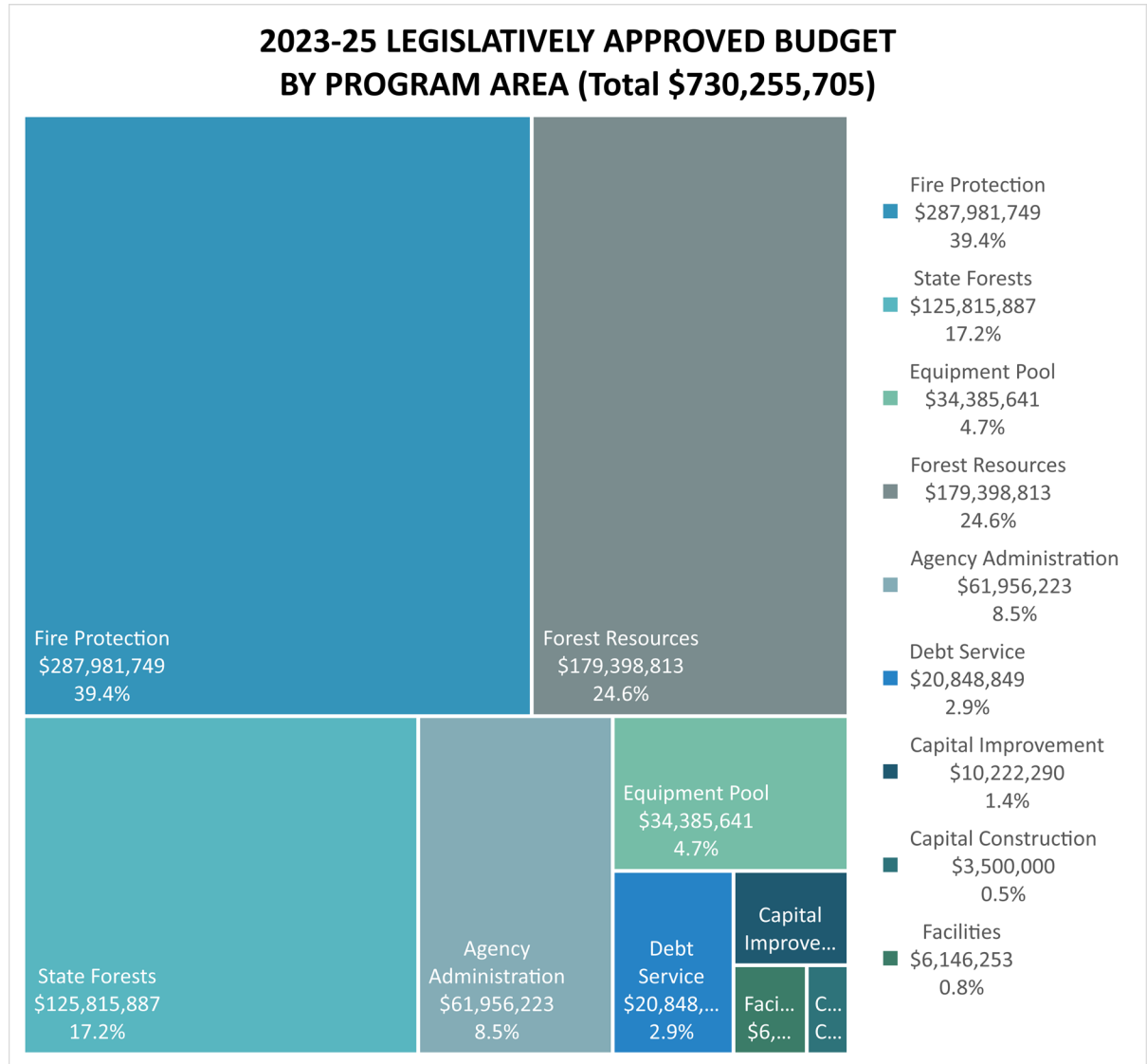
The Department will continue to involve stakeholders in the budget development process, and update the Board during regularly scheduled meetings, or more frequently as necessary, on any and all changes initiated by the Governor to the Department's Agency Request Budget.

**Oregon Department of Forestry
2025-2027 Agency Request Biennial Budget Summary**

II. 2023-2025 Biennial Budget Update – Status of Current Biennium’s Budget

Chart-1

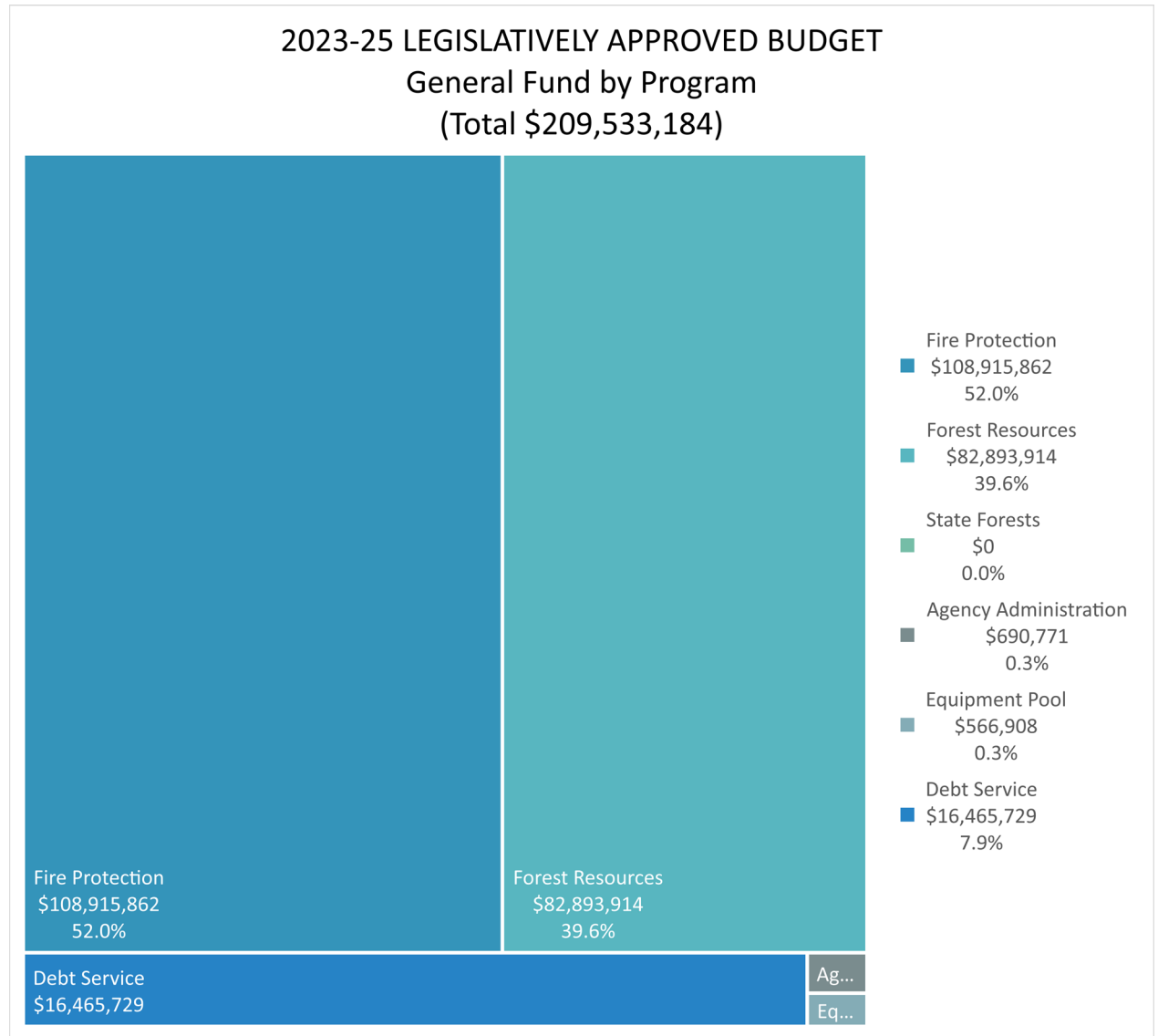
Chart-1 shows the agency’s 2023-25 Legislatively Approved Budget as of April 2024 by program area and percentage of the total budget.



**Oregon Department of Forestry
2025-2027 Agency Request Biennial Budget Summary**

Chart-2

Five of the Department’s eight program areas currently have state General Fund dollars: Fire Protection, State Forests, Private Forests, Debt Service, and Agency Administration. General Fund in these programs leverages both Other and Federal Fund dollars.



**Oregon Department of Forestry
2025-2027 Agency Request Biennial Budget Summary**

Result of Interim Legislative Actions

The Department’s Legislatively Approved Budget through April 2024 provides a stable basis for developing the base budget for the 2025-27 biennium. As necessary, all other post-April 2024 Legislative Session & Emergency Board actions for the current biennium will be incorporated into the budget process for consideration during either the Governor’s Budget or Legislatively Adopted Budget phases.

III. The Biennial Budget Development Process

The 2025-27 budget process has four major phases. The Board and Department are currently in the Agency Request Budget phase.

Table-1

Agency Request Budget	Agencies start the budget process early in even-numbered years. The agency request budget is first. It lays out the policies and finances the agency asks the Governor to recommend to the legislature. It is prepared under guidelines set by the Department of Administrative Services (DAS). It consists of descriptive narratives, budget forms, and audited Oregon Budget Information Tracking System (ORBITS) reports.
Governor’s Budget	The Governor and Chief Financial Office (CFO) of DAS review agency request budgets to compile the Governor’s Budget. That budget reflects the Governor’s priorities and the policies set in statute. It includes data on statewide revenue and expenditures and on all agencies’ budgets. Each agency prepares a Governor’s Budget document to show the changes the Governor made to the Agency Request Budget. Presentation materials for the legislative process are developed based on the Governor’s Budget.
Legislatively Adopted Budget	The Governor’s Budget is presented to the legislature as it convenes at the start of the next year. Legislative committees review the proposed revenues and expenditures. They hold public hearings to hear from each agency and the public. The committee recommendations are presented in budget reports for each budget bill. Votes on each bill produce the Legislatively Adopted Budget. It sets out General Fund appropriations; Lottery Funds allocations and expenditure limitations; Other Funds and Federal Funds expenditure limitations; and position authority for agencies. Each agency prepares a Legislatively Adopted Budget document to show the changes the legislature made to the Governor’s Budget.
Legislatively Approved Budget	As a biennium progresses, the Legislative Emergency Board can make certain changes to the budget between legislative sessions. Special sessions may also be called to deal with budget issues. Any such change(s) to the Legislatively Adopted Budget result in a Legislatively Approved Budget. This is the budget agencies implement, or execute over the course of the biennium.

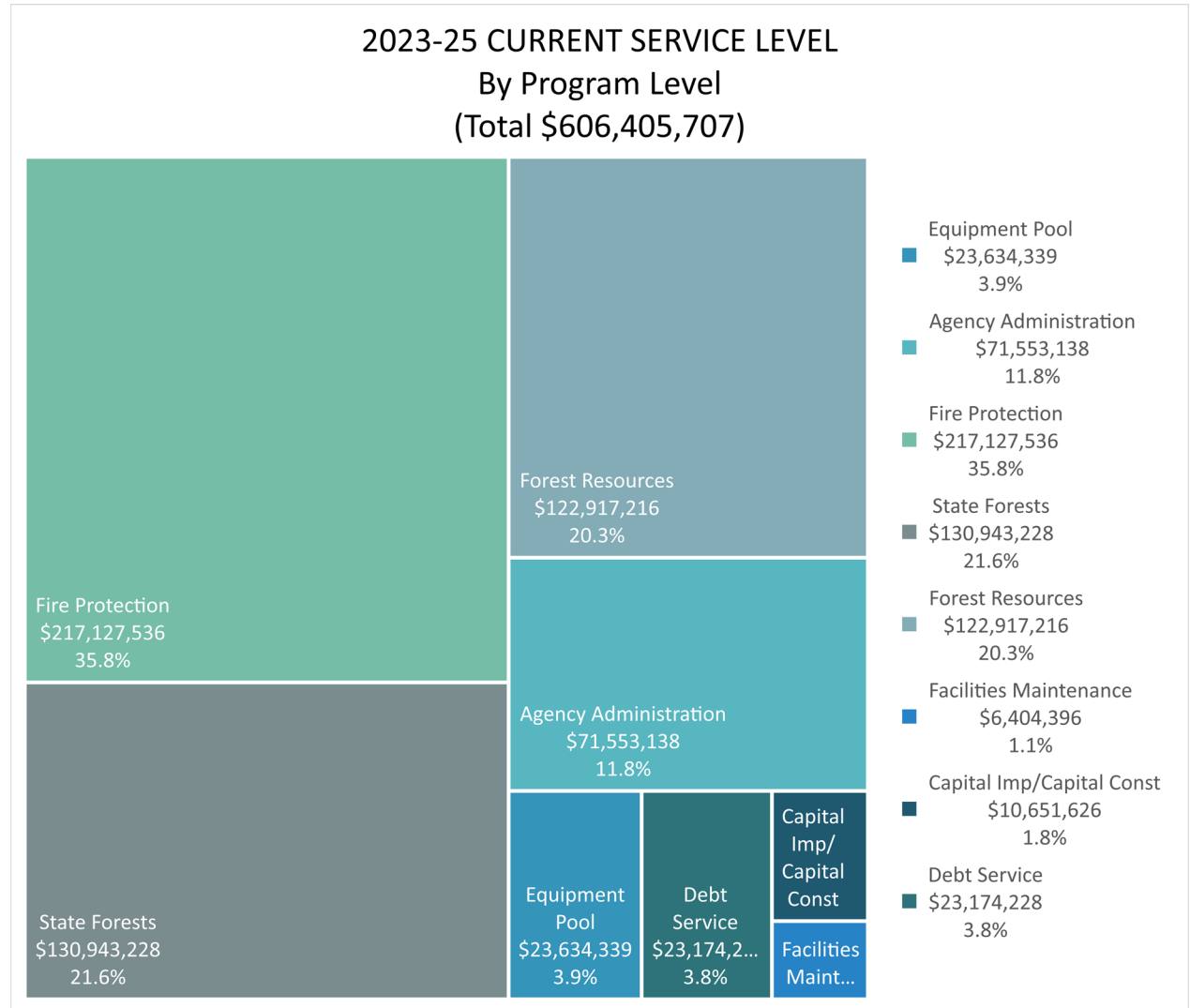
**Oregon Department of Forestry
2025-2027 Agency Request Biennial Budget Summary**

IV. Current Service Level Budget

Chart-3

The Current Service Level (CSL) is the estimated cost of continuing current programs into the next biennium, as required by law. The Department’s CSL is calculated based on specific budget instructions provided by the Department of Administrative Services. The CSL totals approximately \$606.4 million which is a (\$123.8) million or 17% decrease from the 2023-25 Legislatively Approved Budget.

Chart-3 graphically shows the CSL by program area and percentage of the total budget.



**Oregon Department of Forestry
2025-2027 Agency Request Biennial Budget Summary**

V. Policy Enhancement Packages

Priority	Package	Program	Title	Agency Request Budget						
				General Fund	Lottery Funds	Other Funds	Federal Funds	Total	Positions	FTE
1	101	Fire Protection	Severity Fire	\$16,000,000				\$16,000,000		
2	102a	Agency Administration	Safety / Risk Mitigation	\$1,889,008		(\$608,117)		\$1,280,891	4	3.33
2	102b	Fire Protection	Safety / Risk Mitigation	(\$220,275)				(\$220,275)		
2	102c	Equipment Pool	Safety / Risk Mitigation	\$401,116		\$4,706		\$405,822		(0.33)
2	102d	Forest Resources	Safety / Risk Mitigation	(\$110,931)				(\$110,931)		
3	103a	Agency Administration	Facilities Capacity			(\$34,993)		(\$34,993)	2	0.83
3	103b	Fire Protection	Facilities Capacity	(\$12,774)				(\$12,774)		
3	103c	Forest Resources	Facilities Capacity	(\$6,641)				(\$6,641)		
4	104a	Agency Administration	Workforce Development Capacity			\$268,367		\$268,367	1	0.50
4	104b	Fire Protection	Workforce Development Capacity	\$97,967				\$97,967		
4	104c	Forest Resources	Workforce Development Capacity	\$50,930				\$50,930		
5	105	Forest Resources	Urban & Community Forests Limitation				\$28,000,000	\$28,000,000		
6	106	Agency Administration	Payroll Move to DAS			(\$500,586)		(\$500,586)	-2	-2.00
7	107	Fire Protection	Severity Position Request			\$4,000,000		\$4,000,000	37	18.50
8	108	Capital Construction	Toledo Phase 3			\$6,000,000		\$6,000,000		
9	109	Capital Construction	Santiam Building Replacement			\$5,000,000		\$5,000,000		
10	110	Capital Construction	Fire Cache Replacement, Klamath Lake			\$5,000,000		\$5,000,000		
11	111	Capital Construction	State Foresters Building Remodel			\$20,000,000		\$20,000,000		
12	112	Capital Construction	Veneta Campus Remodel, Western Lane Dist.			\$15,000,000		\$15,000,000		
13	113	Capital Improvement	Deferred Maintenance Projects			\$6,000,000		\$6,000,000		
				\$18,088,400	\$0	\$60,129,377	\$28,000,000	\$106,217,777	42	20.83

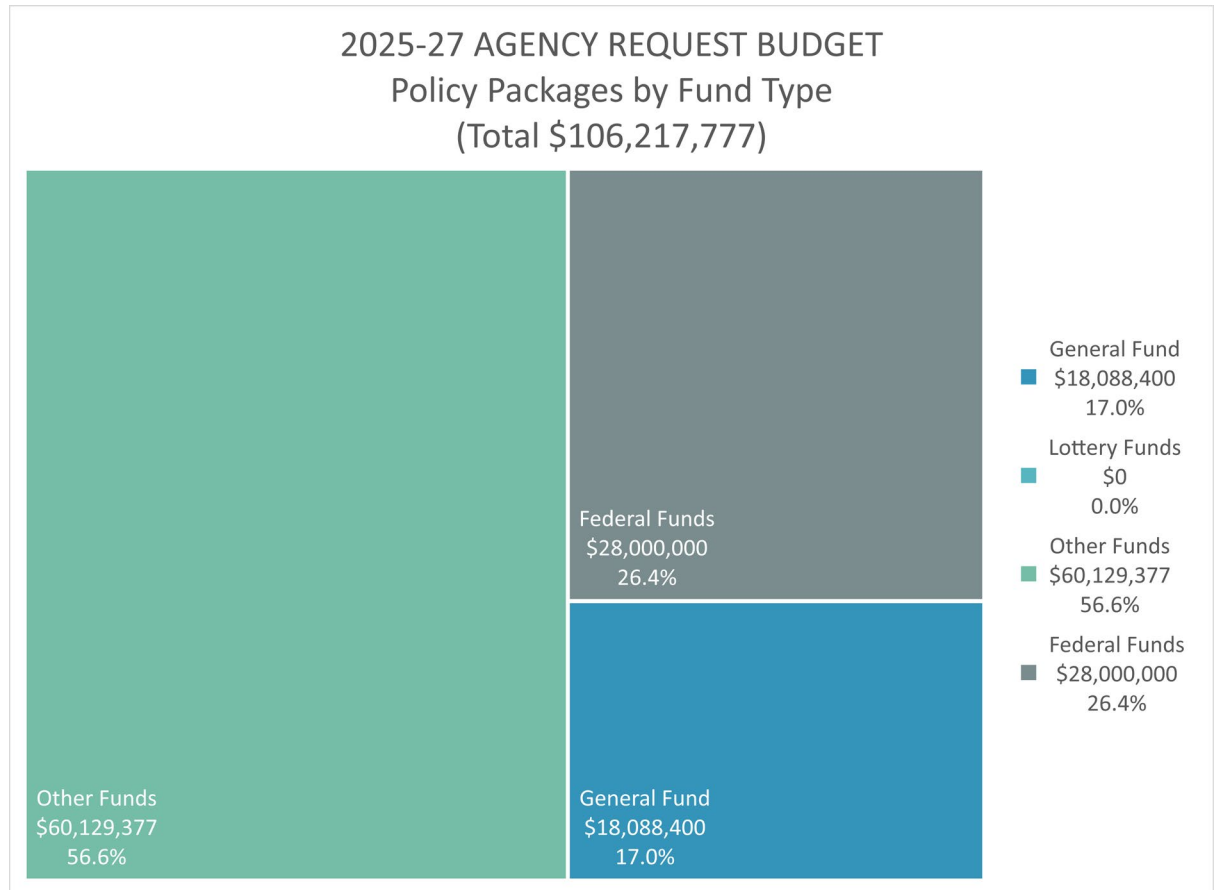
**Oregon Department of Forestry
2025-2027 Agency Request Biennial Budget Summary**

Chart-4

Chart-4 graphically shows the Department’s proposed policy packages by fund type. Of the \$106.2 million proposed, 17% is General Fund, 57% is Other Funds and 26% is Federal Funds

Other Fund sources of revenue include:

- Timber revenues
- Billings for services
- Grants and donations
- Fire Protection Assessments
- Miscellaneous sales

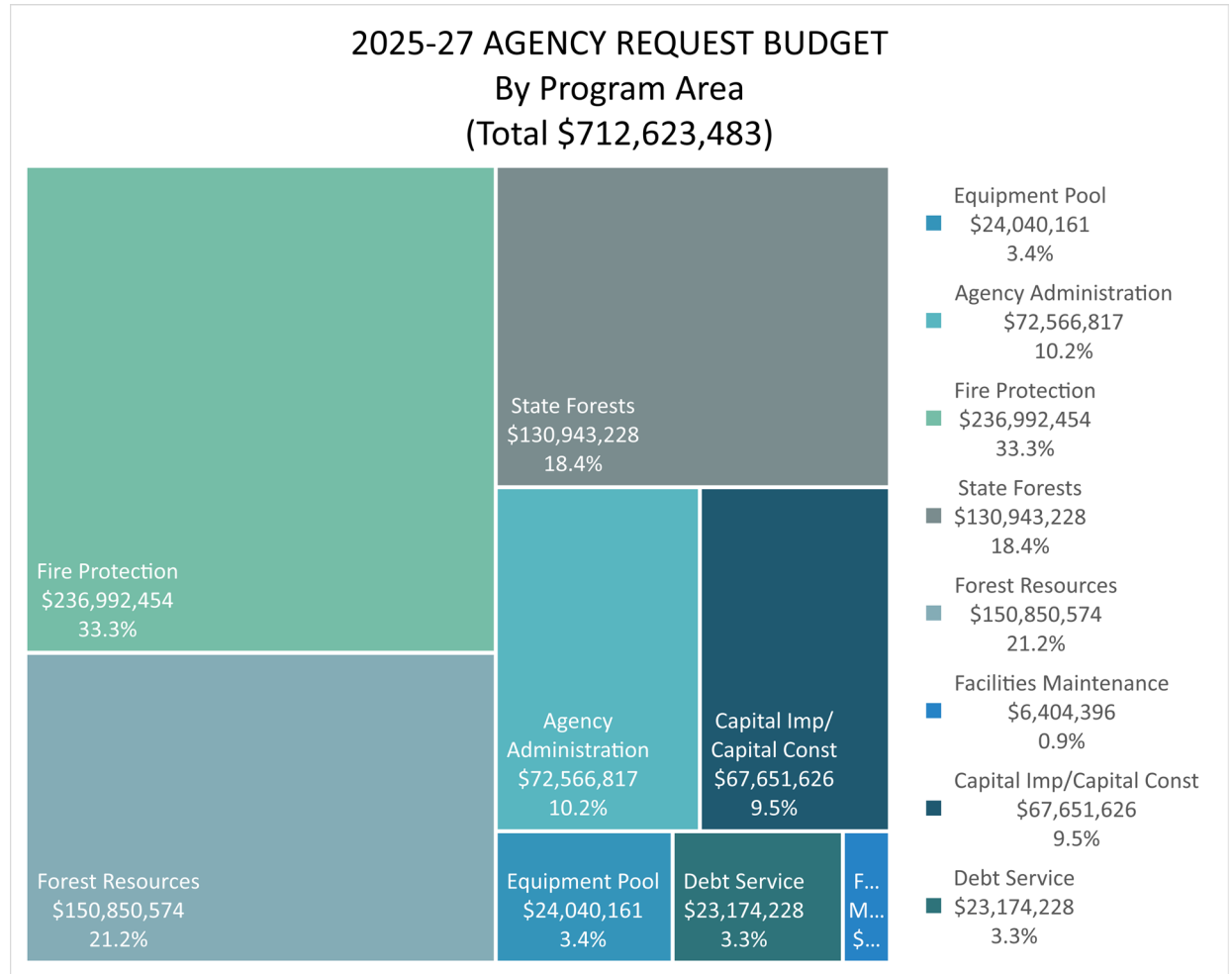


**Oregon Department of Forestry
2025-2027 Agency Request Biennial Budget Summary**

VI. 2025-2027 Agency Request Budget Summary

Chart-5

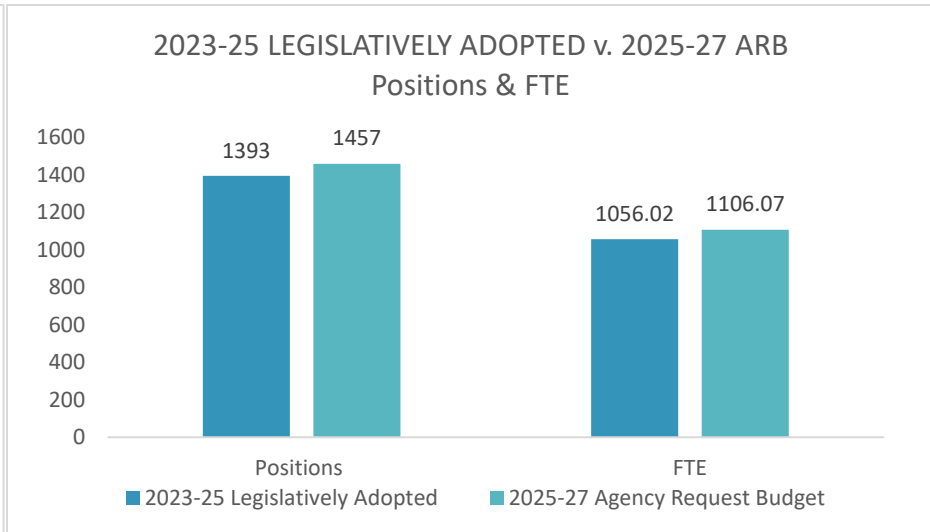
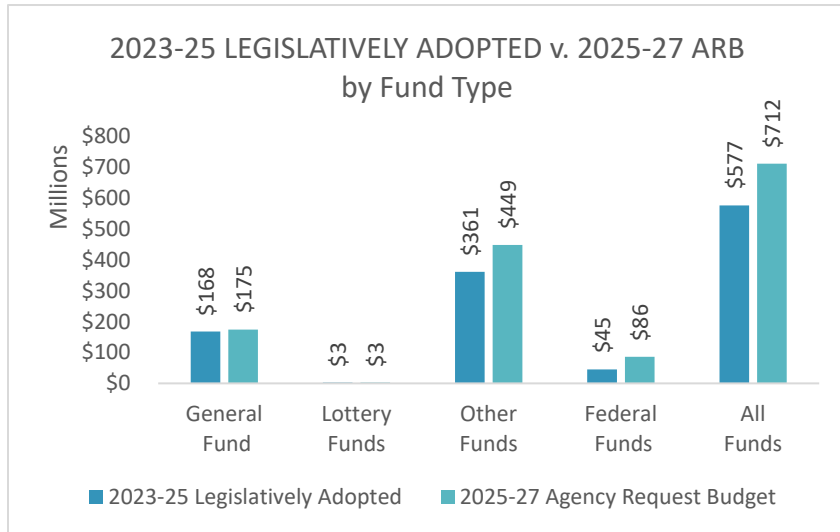
The sum of an agency's Current Service Level and policy packages comprise the Agency Request Budget (ARB). The Department is proposing an ARB of \$712 million for a \$17.6 million or 2% decrease from the current biennium's Legislatively Approved Budget. The number of Department positions increases by 64 positions.



**Oregon Department of Forestry
2025-2027 Agency Request Biennial Budget Summary**

Table-3 Compares the Department's 2023-25 Legislatively Adopted Budget with the 2025-27 Agency Request Budget

Fund-Type	2023-25 Legislatively Adopted Budget In Million \$	2025-27 Agency Request Budget In Million \$	Difference In Million \$	Percentage Change
General Fund	167.8	\$174.5	\$6.7	4%
Lottery Fund	\$2.5	\$2.5	\$0.0	0%
Other Funds	\$361.0	\$449.5	\$88.4	24%
Federal Funds	\$45.3	\$85.9	\$40.6	90%
All Funds	\$576.8	\$712.5	\$135.7	24%
Positions	1,393	1,457	64	5%
FTE	1,056.02	1,106.07	50.05	5%



**Oregon Department of Forestry
2025-2027 Agency Request Biennial Budget Summary**

VII. Governor's Budget

Pending Board approval, the Department will formally submit the 2025-27 Agency Request Budget to the Governor on or before August 29, 2024. The Governor and her budget analysts will then analyze the request and make changes based on the Governor's priorities which will be constrained by the projected amount of available General Fund resources.

The Board and Department can anticipate the following decisions to be made by the Governor:

- In order to achieve a balanced budget the Governor may require the Board and Department to undertake a certain level of General Fund budget reductions; and
- The Governor may choose not to fund all proposed policy enhancement packages put forth by the Board and Department in the Agency Request Budget.

The Department will continue to update the Board during regularly scheduled meetings or more frequently as necessary on any and all changes initiated by the Governor to the Department's Agency Request Budget. The Department will also continue to work closely with the stakeholders on key budget issues.

Oregon Department of Forestry

2025-27 Agency Request Budget



	2023-25 Legislatively Adopted Budget	2023-25 Legislatively Approved Budget	2025-27 Current Service Level	2025-27 Agency Request Budget
General Fund	\$167,803,283	\$209,533,184	\$156,449,798	\$174,538,198
Lottery Fund	\$2,557,080	\$2,557,080	\$2,558,120	\$2,558,120
Other Funds	\$361,175,877	\$436,253,895	\$389,406,591	\$449,535,968
Federal Funds	\$45,278,229	\$81,911,546	\$57,991,197	\$85,991,197
Total Funds	\$576,814,469	\$730,255,705	\$606,405,706	\$712,623,483
Positions	1,393	1,431	1,415	1,457
Full-Time Equivalent	1,056.02	1,075.02	1,085.24	1,106.07

Agency Requested Budget Highlights – Policy Option Packages

Fire Protection: Special Purpose Appropriation – Package 101

Appropriate CPI inflationary factor to be included that applies to aircraft contracts, associated contracting, staffing, and legal increases. This would be moved out of the department’s budget and into the Emergency Board Budget during the Governor’s Budget cycle.

This policy option package is a request to continue the appropriation of General Fund with CPI Inflationary factor applied from the state Emergency Fund as a Special Purpose Appropriation. The appropriation does not add an additional financial burden to landowners – either private or public. Resources purchased with these funds are used to suppress fires while they are still small, most often during and after multiple lightning events, and at times of severe fire conditions, effectively limiting large fires expenses. Additionally, resources purchased with these funds are dedicated to the protection of natural resources, enhanced public safety, and reductions in the smoke impacts of large wildfires. Efficient utilization of these funds and resources enables the Department of Forestry to protect natural resources, enhance public safety, and reduce the level of carbon and other emissions that affect air quality.

Fiscal Impact: \$16,000,000 General Fund

Agency Administration & Equipment Pool: Safety Risk Mitigation – Package 102

The Department of Forestry values, above all else, the safety of employees. The agency recognizes the staffing to provide the appropriate level of safety training and response agency-wide, specifically to our incident management teams are not sufficient. The agency has re-organized elevating safety and risk management as an agency priority.

This initiative is to establish a robust team to provide safety specialists within our districts and Salem headquarter and are available to be on incident response teams for fire protection.

Agency Requested Budget Highlights – Policy Option Packages

The current radio communications network has capacity limitations in both equipment and personnel impacting statewide operations. Modernization to improve the capacity and the resiliency of the network is required. Our defined objective is to have a unified communication network working in a common operating environment.

Fiscal Impact: \$1,958,918 General Fund, (\$603,411) Other Funds, 3.00 FTE, 4 Position Counts

Agency Administration: Facilities Capacity – Package 103

Support for capacity and a stable workforce within the Facilities Program. To consistently support the department's maintenance, major maintenance, capital improvement, and capital construction needs additional position capacity.

The Facilities Program is requesting a combination of permanent financing for multiple existing/current LDs and one reclassification to better serve the facilities capacity problem.

Fiscal Impact: (\$19,415) General Fund, (\$34,993) Other Funds, 0.83 FTE, 2 Position Counts

Human Resources: Workforce Development Capacity – Package 104

The agency workforce training needs have not kept pace with the growing number new FTE to the agency. Establishing a Workforce Development Unit aligns with the State Foresters priorities.

Establishing a Workforce Development Unit within HR to focus on the training, development, productivity, engagement, and retention of new and current employees to align with the Foresters priorities. This is being accomplished by utilizing and realigning existing workloads and positions to ensure appropriate classifications of work performed to be more efficient and streamlined. This is a self-funded package that reallocates existing resources within the Human Resources program to meet the needs of the agency.

Fiscal Impact: \$148,897 General Fund, \$268,367 Funds, 0.50 FTE, 1 Position Count

Forest Resources: Federal Funds Limitation – Package 105

The Urban and Community Forestry program was awarded grants by the US Forest Services to invest in green space and tree cover for Oregon's disadvantage communities during the 2023-25 biennium. The agency received a total of \$23 million for the UCF projects around the state and requests an additional \$8.0 million in one-time Federal Funds limitation increase to complete these projects. In addition, this package increases Federal Funds limitation by \$20.0 million for the Forestry Legacy program.

Fiscal Impact: \$28,000,000 Federal Funds

Human Resources: Payroll Move to DAS – Package 106

The agency became a client of DAS Shared Financial Services Payroll client during the 2023-35 biennium. This package transfers two FTE payroll positions to DAS Shared Financial Services as part of the agency transfer of payroll responsibilities to DAS Shared Services beginning July 1, 2024. DAS will have a corresponding package to establish two FTE in the 2025-27 ARB.

Fiscal Impact: (\$500,586) Other Funds, (2.00) FTE, (2) Position Counts

Agency Requested Budget Highlights – Policy Option Packages

Fire Protection: Severity Positions Request – Package 107

This package requests additional position authority to address the staffing of the Fire Protection Severity Program. The Severity Special Purpose Appropriation Policy Option (Agency #1 Priority) consists of funds for the solicitation of Fire Season aircraft, contracting, and agency staffing. The package does not provide appropriate seasonal full time position authority to staff the fire hand crews, heli-tack crews, and the required aircraft administrators to implement the supported actions. This package seeks Other Funds position authority and related Service and Supplies to implement the Fire Protection Severity program.

Fiscal Impact: \$6,000,000 Other Funds, 18.50 FTE, 37 Position Counts

Capital Construction: Toledo Phase 3 – Package 108

This is the final phase of the Toledo office relocation. Prior phases included purchasing the property, site due diligence review, and completing the design & construction documents. Construction is planned to begin in FY24. Additional funding is needed to support inflationary cost escalation.

Fiscal Impact: \$5,000,000 Other Funds

Capital Construction: Santiam Building Replacement – Package 109

The North Cascade District's Santiam Unit office building was destroyed in the 2020 Labor Day fire. Phase two of replacing the building and adding additional facilities, utilities, site systems, and traffic circulation improvements are being made to meet operational needs.

Fiscal Impact: \$5,000,000 Other Funds

Capital Construction: Klamath Fire Cache Replacement – Package 110

The ODF Klamath/Lake District HQ suffered a catastrophic loss of its Fire Cache facility due to fire in 2021. This replaces the building and provides other facility and site system improvements to meet operational needs.

Fiscal Impact: \$5,000,000 Other Funds

Capital Construction: State Foresters Building Remodel – Package 111

The goal is to maintain and improve the Department's longest held and occupied facility while preserving a historic resource. Designed and built in 1935 and enrolled in both State and National registries of historic buildings. Significant deferred maintenance is needed to limit future significant acute response-driven expenditures.

Fiscal Impact: \$20,000,000 Other Funds

Capital Construction: Veneta Campus Remodel – Package 112

The Western Lane District is requesting multiple structures that have exceeded their useful life service and functionality to meet operational needs, including utilities, site systems and traffic circulation improvements.

Fiscal Impact: \$15,000,000 Other Funds

Agency Requested Budget Highlights – Policy Option Packages

Capital Improvement: Deferred Maintenance Projects – Package 113

The Facilities program had developed a state-wide strategy to reduce its backlog of deferred maintenance and capital improvement projects. These projects are funded through bond issuances.

Fiscal Impact: \$6,000,000 Other Funds