



Oregon

John A. Kitzhaber, MD, Governor

Department of Forestry

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November 14, 2011

Susan C. Jordan, Principal Analyst
Legislative Fiscal Office
900 Court St. NE
State Capitol, Room H-178
Salem, OR 97301-4048



"STEWARDSHIP IN FORESTRY"

Dear Susie:

Attached are 2011-2013 reduction options from the Department of Forestry, in response to Ken Rocco's September 15 request to agency directors.

At Forestry, as we have done in the past, we have adopted a strategic approach to reduction planning, focusing initially on our Private Forests and Agency Administration programs before moving to our Fire Protection program.

With regard to Private Forests, the 2011 Legislature provided resources to restore much of the capacity lost in that program during 2009-2011, with direction to enhance program efficiency, effectiveness and modernization. The attached reduction options provide for continued progress in these areas, but with prudent delays or suspensions of some aspects of the work.

Further, although we did focus our reduction planning first on the Private Forests and Agency Administration programs, it was necessary also to identify reductions in Fire Protection. With the accompanying reduction in matching funds, the overall effect for the program would be 15 percent reduction, a significant decrease in the agency's capacity for initial attack.

Beyond the attached options, we continue to look closely at our businesses, in collaboration with other agencies, the Enterprise Leadership Team and Chief Operating Officer Michael Jordan, to identify broader efficiencies and savings. We look forward to continued work to determine if there are statewide reduction options that could be considered in concert with the agency reductions we have identified here.

Please don't hesitate to contact me if we can be of further assistance in any way.

Sincerely,

Satish Upadhyay, Chief
Administrative Services Division
Department of Forestry

c: Art Ayre, DAS Budget and Management
Agency Executive Team
Jill Neely, ODF Budget and Payroll Director

Attachment

OREGON DEPARTMENT OF FORESTRY

2011 - 2013 Biennium

Agency Number:

62900

Detail of 10.5% Reduction to 2011-13 Legislatively Adopted Budget Level (plus 3.5% Supplemental Ending Balance Adjustment)

1	2	3	4	5	6	7	8	12	13	14	15
Priority (ranked with highest priority first)	Dept. Initials	Prgm. or Activity Initials	Program Unit/Activity Description	GF	LF	OF	TOTAL FUNDS	Pos.	FTE	Impact of Reduction on Services and Outcomes	
Dept	Prgm/ Div										
1st 3.5% contained in 11-13 Legislatively Adopted Budget											
1	1	ODF	Pvt Forests	Implement the rebuilding of the forest practices in a prudent, phased approach. The Private Forests budget implementation plan phases in capacity in three stages. This approach recognizes concern regarding efficiency/effectiveness, while addressing immediate capacity needs and freeing up resources for contracting out program services. The plan creates vacancy savings that could be used for implementing recommendations of the efficiency /effectiveness analysis (Budget Note 2). Medium priority recommendations will be deferred until additional resources are identified. The plan also includes savings from implementing only one year of compliance audit, due to need to develop plan for compliance audit contract.	(806,353)		(454,073)	\$ (1,260,426)	0	0.00	This approach limits implementation of medium priority recommendations on cost savings, efficiencies, and cost avoidance strategies that could prove effective for the administration of the Forest Practices Act (FPA). For example, creating a single geographic information system (GIS) platform and developing a spatially-based notification system (linking GIS to notification database) have been identified as high impact, but medium priority actions. These reductions are one-time vacancy savings.
2	2	ODF	Pvt Forests	Reduce the Private Forests program's share of Agency Administration program's funding.	(292,838)			\$ (292,838)			Delays the filling of critical positions in the Agency Administration Program. These are one-time vacancy savings.
3	3	ODF	Pvt Forests	Delay implementation of second phase of the Private Forests budget implementation plan until after 2012 legislative session . Delay hiring eight stewardship foresters, one field supervisor, three technical specialists, and two effectiveness monitoring staff.	(143,156)		(89,865)	\$ (233,021)	0	0.00	Delays increased capacity in field Stewardship Foresters. The delay reduces ability to administer Oregon's current regulatory approach towards resource protection on private forestlands under the FPA. The program's reduced number of inspections results in continued reliance on voluntary compliance with best management practices. Delays increased capacity in technical specialist to address resource protection issues and effectiveness monitoring. These reductions are one-time vacancy savings.
4	4	ODF	Pvt Forests	Suspend implementation of the third phase of the Private Forests budget implementation plan. Suspending the third phase limits stewardship forester capacity to 50 positions.	(119,961)		(71,067)	\$ (191,028)	0	0.00	Limits field forester capacity to 50 positions, a 12 % reduction below pre-2009 levels. The reduction reduces ability to administer Oregon's current regulatory approach towards resource protection on private forestlands under the FPA. These reductions are one-time vacancy savings.
5	5	ODF	Pvt Forests	Cancel independent third-party contractor's recommended additional "Kaisen" event to assess cost savings, efficiencies, and cost avoidance strategies that could prove effective for the administration of the FPA (Budget Note 2). Cancel contractor's recommended pilot project for implementing high priority recommendations.	(120,000)		(80,000)	\$ (200,000)	0	0.00	Limits ability to effectively implement recommendations on cost savings, efficiencies, and cost avoidance strategies that could prove effective for the administration of the FPA. The forest practices program will act on recommendations as resources allow. These reductions are one-time vacancy savings.

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Dept	Prgm/ Div										
6	6	ODF	Pvt Forests	Delay implementation of second phase of the Private Forests budget implementation plan for one fiscal year . Delay hiring eight stewardship foresters, one field supervisor, three technical specialists, and two effectiveness monitoring staff.	(119,182)		(77,132)	\$ (196,314)	0	0.00	Delays increased capacity in field Stewardship Foresters for one fiscal year . The delay reduces ability to administer Oregon's current regulatory approach towards resource protection on private forestlands under the FPA. The program's reduced number of inspections results in continued reliance on voluntary compliance with best management practices. Delays increased capacity in technical specialist to address resource protection issues and effectiveness monitoring. These reductions are one-time vacancy savings.
7	1	ODF	DS	Debt Service		(82,000)	\$ (82,000)	0	0.00	The agency's only LF are in the Debt Service category. Reduction of any amount will prohibit the agency from meeting it's debt repayment obligations	
2nd 3.5%											
8	7	ODF	Pvt Forests	Reduce the Private Forests program's share of Agency Administration program's funding.	(120,000)		\$ (120,000)				Additional delay of filling of critical positions in the Agency Administration Program, as well as a reduction of already minimal S&S budget. These are one-time vacancy savings.
9	8	ODF	Pvt Forests	Delay implementation of second phase of the Private Forests budget implementation plan for one and a half fiscal years . Delay hiring eight stewardship foresters, one field supervisor, three technical specialists, and two effectiveness monitoring staff.	(323,788)		(204,750)	\$ (528,538)	0	0.00	Delays increased capacity in field Stewardship Foresters for an addition six months (one and a half fiscal years) . The delay reduces ability to administer Oregon's current regulatory approach towards resource protection on private forestlands under the FPA. The program's reduced number of inspections results in continued reliance on voluntary compliance with best management practices. Delays increased capacity in technical specialist to address resource protection issues and effectiveness monitoring. These reductions are one-time vacancy savings.
10	9	ODF	Pvt Forests	Suspend implementation of second phase of the Private Forests budget implementation plan until the next biennium . Suspend hiring eight stewardship foresters, one field supervisor, three technical specialists, and two effectiveness monitoring staff until the next biennium.	(323,774)		(204,764)	\$ (528,538)	0	0.00	Delays increased capacity in field Stewardship Foresters until the next biennium . Limits field forester capacity to 42 positions, a 26 % reduction below pre-2009 levels. The delay reduces ability to administer Oregon's current regulatory approach towards resource protection on private forestlands under the FPA. The program's reduced number of inspections results in continued reliance on voluntary compliance with best management practices. Delays increased capacity in technical specialist to address resource protection issues and effectiveness monitoring. These reductions are one-time vacancy savings.

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11	10	ODF	Pvt Forests	Cancel implementation of Lean Information Technology development for efficiency and effectiveness improvements to the administration of the FPA (Budget Note 2). Cancel technology project to develop of electronic data transfer / web-based date entry of notification information by forestland owners and operators.	(210,000)		(140,000)	\$ (350,000)	0	0.00	Limit ability to improve the effectiveness of administering the notification process of the FPA. Reduce ability to implement technology project for cost savings, efficiencies, and cost avoidance strategies (electronic data transfer / web-based date entry of notification information). These reductions are one-time vacancy savings.
12	11	ODF	Pvt Forests	Suspend implementation of first phase of the Private Forests budget implementation plan to hire Natural resource Specialist 4, water quality specialist, until the next biennium.	(77,447)		(51,742)	\$ (129,189)	0	0.00	Delay increased technical capacity to address water quality policy topics until the next biennium. The delay reduces ability to respond to policy issues such as the forest roads lawsuit (NEDC v. Decker) and ability to cooperate with Department of Environmental Quality on their Coastal Zone management plan.
13	1	ODF	Fire Prot	Reduce the Fire Protection program's share of Agency Administration program's funding.	(207,481)			\$ (207,481)	0	0.00	Do not fill several key Agency Administration positions this biennium. There will be no one to do fiscal budgets and operations plan coordination, Key Performance Measures, agency directives, special studies, Business Continuity Planning. Unable to meet training and other HR needs of the programs and field offices. Unable to meet communication/ outreach needs of the programs and field offices, including dissemination of public information about fires and community threat awareness. Severe program impact as Services & Supplies budget is already bare minimum. Loss of valuable support to Executive Team, Negatively impacts moving forward with the FBII project, severely impacts Resource Planning work. These are one-time savings.
14	2	ODF	Fire Prot	Fire Protection	(534,149)		(917,067)	\$ (1,451,216)	0	0.00	Due to matching funds, this reduction translates into a 4% total reduction in initial attack capacity. It eliminates funding in 47 front line fire fighters, and fire prevention positions. Reductions also include service and supply dollars for fire fighting and safety equipment. Funding is also eliminated for short term aircraft detection, dozer and engine contracts needed for high risk periods such as lightning events in the middle of summer. Additionally, funding is eliminated that support the Department's 3 Type 1 Incident Management Teams that manage large fires. Impacts from this reduction will reduce the Department's ability to stop fires at the smallest possible size leading to more large costly fires exposing the state's General Fund, the landowners' large fire fund, and ODF's \$25 million insurance policy.

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Dept	Prgm/ Div										
15	2	ODF	DS	Debt Service		(92,137)		\$ (92,137)	0	0.00	The agency's only LF are in the Debt Service category. Reduction of any amount will prohibit the agency from meeting it's debt repayment obligations
				3rd 3.5%							
16	3	ODF	Fire Prot	Reduce the Fire Protection program's share of Agency Administration program's funding.	(207,481)			\$ (207,481)	0	0.00	Extreme program impact to Agency Administration as Services and Supplies budget is already bare minimum. Possible impacts to State Forester and Deputy's travel budget, Board of Forestry expenses among others. Increased risk of financial errors & fraud, slow payment of bills & possibility of increased financial errors, as the filling of critical positions would be further delayed. Slows response to IT problems & availability of valuable information.

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Dept	Prgm/ Div										
17	4	ODF	Fire Prot	Fire Protection	(1,589,068)		(2,728,227)	\$ (4,317,295)	0	0.00	Due to matching funds, this reduction translates into an 11.5% total reduction significantly impacting the Department's statewide complete and coordinated protection system and its ability to effectively initial attack fires. It eliminates funding in an additional 140 front line fire fighters, and fire prevention positions. Funding would also be eliminated for vital resources like Type 2 helicopter contracts at this level. Further funding is eliminated for short term aircraft detection, dozer and engine contracts needed for high risk periods like lightning events in the middle of summer. Impacts from this reduction will significantly reduce the Department's ability to respond and stop fires at the smallest possible size which will directly translate into more large costly fires exposing the state's General Fund and forest landowners to significant costs and resource loss. Further compounding the issues of more large costly fires at this level further funding is eliminated that support the Department's 3 Type 1 incident management teams that manage large fires. The combination of reductions in initial attack that will lead to more large fires and reductions that limit the Department's large fire management capability to respond would be costly. If fully implemented, the total reduction in the fire program translates into a 15% reduction due to matching funds. The magnitude of these reductions will also jeopardize an annual \$6 million dollar BLM Westside protection contract. If cancelled the costs to forest landowners and the state General Fund will significantly increase. Of equal concern is this level of reduction places the state's \$25 million large fire insurance policy at risk for significant increases in premium costs along with potential risk of cancellation. The overall impact of these reductions will lead to significantly higher risks for Oregon's communities located in forestlands and has the real potential to increase costs for both the state's General Fund and forest landowners in the short and long term.
18	3	ODF	DS	Debt Service		(92,137)		\$ (92,137)	0	0.00	The agency's only LF are in the Debt Service category. Reduction of any amount will prohibit the agency from meeting it's debt repayment obligations
					(5,194,678)	(266,274)	(5,018,687)	(10,479,639)	0	0.00	

Private Forests
Fire Protection
Agency Admin

(2,243,661)
(2,123,217)
(827,800)

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Total (5,194,678)