

~Final~
Committee for Family Forestlands
Minutes
May 21, 2009

A meeting of the Committee for Family Forestlands (CFF) was held in the Old Board Room at ODF's Salem compound.

Committee members present:

Rex Storm	Craig Shinn, by phone
Susan Watkins	Rick Barnes
Sarah Deumling	Ned Livingston
Brad Withrow-Robinson	

Staff present:

Julie Welp	Kevin Weeks
Peter Daugherty	Clark Seely

Agenda Items:

1. Approval of Minutes from April Meeting
2. May Revenue Forecast, Ways and Means Budget, Stimulus Update
3. CFF and Family Forestland Owners in the New ODF, the Budget and the Issue Scan
4. CFF Annual Report to the Board of Forestry
5. CFF Input to Issue Scan Topics
6. Communications/Other Business

Approve minutes from April 16, 2009, meeting

Approved, subject to input from Gary Springer's possible corrections.

May Revenue Forecast

Peter gave a presentation on highlights of the State's May revenue forecast. It was not as bad as it could have been. Nationally, this has been the deepest and longest downturn since the 1930s, but for the first time, the global economy is greatly affected, not just the US economy. The Consumer Price Index is expected to decrease in 2009. The fiscal stimulus is slowly starting to kick in, and the recovery nationally is expected to begin late this year. The pessimistic view, of which there is a 20% chance of happening, includes home prices, sales, and construction falling sharply. The optimistic view, again a 20% chance of occurring, includes financial rescue and fiscal stimulus plans gaining traction, robust growth, and a housing rebound. The US economy, in general, will likely start a somewhat slow recovery by the end of this year. Oregon's recovery will probably be even slower.

The State budget shortfall for the 07-09 biennium is expected to be \$351 million. The 09-11 biennium shortfall is estimated to be \$3.4 billion, which is less than the initial prediction of \$4 to \$5 billion. In some ways, the outlook is less gloomy than first thought.

Ways and Means Co-Chairs Budget Committee

Clark Seely updated the committee on the most recent budget news. The Ways and Means Committee is the State budget writing committee. The co-chairs develop a framework for the State's budget from the legislature perspective. The framework usually comes out late February-early March, but the co-chairs wanted to have more up-to-date information before

drawing up a framework. To fill the gap between expected revenue and the base budget for the next biennium, the legislature has three options. They can rely on some level of reserves, such as the Rainy Day Fund, the Education Stability Fund or federal surplus funds. The second possibility is for the State to raise additional revenue, usually through more taxation and/or the raising of fees or fines. The third option is budget cuts. The co-chairs have combined the shortfall in general funds and lottery funds from both the 07-09 and 09-11 biennia. The estimated total gap for the two biennia is \$4.2 billion. Most of that is in general funds. To close the gap, the co-chairs are proposing to use parts of all three options. They want to use federal stimulus dollars, about half of the Rainy Day Fund and the Education Stability Fund, reductions in agency budgets, and some likely increase in State income tax and other revenue. Budget reductions will account for making up almost half of the budget shortfall. The co-chairs focused almost entirely on other natural resource agencies' priorities as they considered the natural resources budget. The Ways and Means Natural Resources Sub-committee, though, has several members that appreciate and value ODF's contributions to Oregon's quality of life and are working hard to make ODF a high priority. With the uncertainty of future revenue, the legislature is expected to meet again in early 2010 to consider new revenue information from September and December 2009.

With the latest State economic forecast and the preliminary draft of the co-chairs' budget, it appears that ODF will likely take a 15% reduction, and that will come out of the Private Forests Program. There was a possibility of a 30% reduction for the agency with 23% coming out of the Private Forests Program and 7% coming out of Protection from Fire. There will also likely be a funding shift within the Protection from Fire budget, which would include a 45/55 cost-share with forestland owners picking up 55%, rather than the current 50/50 cost-share. Landowner funds and general funds will split administrative costs, which in the past were always covered by general funds only. These types of fund shifts require a statutory change. Rick commented that with timber values down 80-85%, that cost-share will be a hardship for many landowners. Rex pointed out that fire protection costs in other western states are almost entirely funded by each state. Oregon has the highest landowner contribution, so this fund-shift is a slap in the face to the forestland owner community from the legislature.

When asked how the CFF could be most effective, Clark replied that commentary to the Board of Forestry was a good approach. The committee could also make a statement to the Natural Resources Sub-committee, but it would be a good idea for Craig to talk to the Board of Forestry Chair, John Blackwell, first since the CFF is an advisory committee to the Board. Peter offered to draft a letter to send around to the CFF members for suggestions and approvals. The letter should open with a concern that the co-chairs' budget does not reflect Forestry as a high priority, and relate that to what Sarah had said earlier about co-chairs' listed priorities being dependent upon healthy forests. Several points should be made in the letter: 1). Concern about the decrease in landowner services at the 15% reduction level in the Private Forests Program. 2). Reiteration of CFF's December letter about priorities, such as the Protection from Fire Program, then Private Forests. 3). A statement about the Fire fund-shift and the financial consequences to family forestland owners in a depressed economy. Include the fact that forestland owners in other western states do not contribute funding to fire fighting. 4). Compliment the department on how good of a job the agency is doing, and include the economic, social, and environmental benefits of having healthy, well-managed forests.

Issue Scan

Discussion turned to the topic of the Board's Issue Scan and Craig has drafted a letter to Board regarding CFF's recommended priorities, and how they came out of the symposium in 2007. The letter will include the committee's concern of the reduction in services to private forestland owners. He also wants to emphasize the importance of keeping forestland in forests, and the public benefits that arise from family forestlands; the fund payment question and the 50/50 cost share issue; the need to make sure there is adequate information and education to ensure the transition between landowner generations; social license; and the nexus of the FPA. The deadline for issue scan input is May 22. The committee can submit a draft document, then revise it before it goes before the Board. Other topics the committee would like added to the letter include developing financial incentives, and training foresters to talk to family forestland owners about planned succession. The committee went on to discuss possible sources of revenue, including fees on water. Ned reiterated that the department/program is on the wrong track when it comes to fire fighting. The Board needs to examine the amount of money spent on fuels reduction and forest health treatment to lower the future risk and resulting costs of wildfire protection.

CFF Annual Report

Peter reminded the group about the CFF's annual report to the Board of Forestry, summarizing what the committee has accomplished over the last 12 months and what the goals are for the coming year. He handed out a draft outline. He suggested adding the issue scan to the report. He wanted the group's feedback on the committee's work products and what achievements he may have missed. Craig suggested including something about how the committee created a set of principles and priorities for the budget reduction work from the perspective of the CFF. Also, the committee received Mike Cloughesy's OFRI training on making presentations to various groups about forest issues. Peter brought up that the committee worked on developing financial incentives, including conservation easements, the BPA pilot program, the Safe Harbor Agreement, the Healthy Forests Reserve Program, and improving the land use planning process. Susan pointed out that most of the committee's time in the last several months has been spent discussing the budget. It hasn't left much time to tackle other important issues, such as keeping forestlands in forests. Rick wanted to add something about forest health issues and Peter thought the committee had covered LEEDS certification.

In Summary

Craig will draft a letter about the issue scan and send it to Peter for review. Peter will draft a letter to the Ways and Means Committee and forward it tomorrow to the other committee members for review. The members will need to provide feedback to Peter by Tuesday afternoon. The committee also needs to get changes and suggestions regarding the annual report to Peter by next Friday morning.

Next Meeting

June 17 from 9 AM to 12 PM.