



### **Cutting a two-year budget over a few months amplifies the reductions**

The economic crisis continues to reduce state government's General Fund (GF) revenue. The most recent state revenue forecast, in November 2008, predicted a shortfall of \$142 million across state government for the current budget period, which ends next June 30. The March 2009 forecast may show that the gap has widened by another \$300-\$400 million, about 3-4 percent of GF across state government. **In light of the deteriorating outlook, the Legislative Fiscal Office has asked agencies to prepare scenarios for reducing 2007-2009 GF spending by 5 percent.**

The 5 percent target for the Oregon Department of Forestry (ODF) is about \$2.4 million. **However, with three-quarters of the biennium already past, this amounts to about 25 percent of remaining GF.**

It's unclear whether a 5 percent reduction as outlined here will be implemented. Continued monitoring of the economic situation, and action by the 2009 Legislature and the Governor, will ultimately determine how ODF and other agencies adjust budgets for the remainder of this biennium.

### **Accumulated savings account for half of the 5 percent scenario; program reductions are also needed**

ODF's reduction scenario relies first on **savings generated by reduced operating costs through the biennium, keeping some Private Forests Program positions vacant, delaying recruitment for most positions, restructuring debt, and reducing costs in information technology system maintenance.** The plan also includes returning about \$164,500 allocated by the Legislature's Emergency Board in June 2008 for unbudgeted costs incurred in responding to storm damage in northwestern Oregon in December 2007.

Generating the remainder of the savings target requires reductions in the Fire and Private Forests programs, the only other places in the ODF budget where GF occurs.

### **Fire program: Cuts include firefighter safety equipment, fitness testing and training; arson investigations, fire prevention and operational efficiencies**

Under the plan, a budgeted distribution of \$500,000 in GF to forest protection districts would be withheld. Although other funds are available on a one-time basis to replace the GF, projects for which those funds were intended would be eliminated or severely limited. These include:

- **Purchase of firefighter safety equipment and supplies**, including one-person emergency fire shelters that meet new federal requirements on size and durability.
- **Training**, ranging from basic firefighter safety to advanced firefighting leadership.
- **Fitness tests** that help ensure that firefighters can safely perform arduous work.
- A cooperative program with the Oregon State Police that uses retired troopers to conduct **arson investigations and patrols**.
- **Fire prevention and education activities**, including funding for the PNW Prevention Workshop.
- **Evaluations that determine which parts of the state are at greatest immediate risk during high fire-danger periods**, so that crews and equipment can be pre-positioned accordingly.
- **Initiatives to help homeowners in forested areas** increase their property's resistance to wildfire.
- Training in implementation of a new **Resource Ordering and Tracking System** that supports large firefighting operations.

### **Private Forests: Sudden Oak Death eradication effort suspended pending federal funding; other cuts are possible**

The remaining \$265,400 of \$427,500 allocated by the Emergency Board in June 2008 to combat Sudden Oak Death (SOD) would be returned. As a result, **newly detected infestation sites would not receive treatment, and treatments at other sites would cease.**

The E-Board funds were intended to slow the spread of SOD while ODF, the Oregon Department of Agriculture, and stakeholders pursue federal funding in the much larger quantities needed to fully eradicate this disease. Caused by a non-native organism, SOD kills tanoak trees and, through the potential for quarantines or other regulations, threatens the timber, nursery, floral-greens and Christmas tree industries statewide.

Beyond the suspension of SOD treatment, **an additional \$229,000 in GF would be needed to meet a 5 percent reduction target.** Position reductions indentified for the 2009-2011 Governor's Recommended Budget may need to be started several weeks earlier to achieve this savings. Short-term furloughs during the remaining months of the 2007-2009 budget period may also be considered for some employees. Agency leaders continue to assess options for carrying out budget-reduction direction from the Governor and Legislature.

#### **For more information:**

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