



Secretary of State **Oregon Audits Division**



Oregon Forest Resources Institute **OFRI's Statute Undermines its Public Benefit and the State Agency is Not Transparent About its Statutory Mandate to Support the Industry**

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Executive Summary

Oregon Forest Resources Institute

OFRI's Statute Undermines its Public Benefit and the State Agency is Not Transparent About its Statutory Mandate to Support the Industry

Why This Audit is Important

» The Oregon Forest Resources Institute (OFRI) is a small state agency established to support and enhance the forest products industry. OFRI is funded through tax dollars levied on the industry.

» OFRI is governed by the forest products industry and has some similarities to commodity commissions but meets the definition of a state agency.

» In August 2020, the Governor's Office requested the Oregon Audits Division conduct a performance audit of the agency following critical media coverage.

» In the spring of 2021, the Oregon Legislature considered various reforms of OFRI. A bill containing changes for the agency passed the House, but not the Senate.

What We Found

OFRI presents itself as an objective, educational entity, yet the agency is not transparent about its statutory mandate to support the forest products industry. In accordance with statute, OFRI's messaging efforts support industry interests. However, the agency at times presents a biased view of forestry to the public. Prohibitions against influencing legislation have created compliance risks for OFRI.

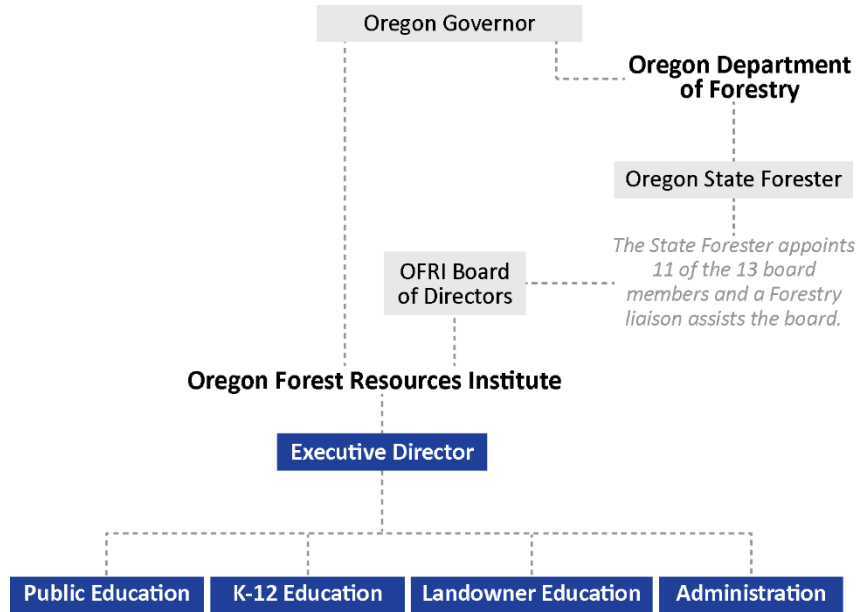
1. OFRI's statute contains provisions that grant broad authority with limited external oversight. The agency has inconsistent mission statements, outdated strategic plans, and per statute its board is mostly comprised of industry representatives. These issues do not align with leading practices in public sector governance and undermine the agency's ability to serve the public interest and to promote public trust in government. ([pg. 11](#))
2. OFRI presents itself as objective, but at times oversimplifies complex forestry topics to the point of being misleading. The agency lacks quality standards and a documented and robust internal review process to ensure the production of complete and accurate public information. ([pg. 18](#))
3. Prohibitions against influencing legislative decisions and a lack of formal internal guidance have created compliance risks for OFRI. The agency has engaged in activities that may fall outside statutory authority and should develop guidance to reduce the risk of noncompliance in the future. ([pg. 28](#))
4. In accordance with statute, OFRI's messaging efforts support industry interests. The agency works closely with industry stakeholders and shares a large amount of forestry information with the public that is favorable to the forest products industry. ([pg. 9](#))

What We Recommend

We made five recommendations: one to the Legislature and four to OFRI. OFRI agreed with all of our recommendations. The response can be found at the end of the report.

Introduction

The Oregon Forest Resources Institute (OFRI) is a small state agency that is statutorily mandated to support and enhance Oregon's forest products industry. OFRI is governed by representatives of the industry and the State of Oregon levies taxes on the industry to fund OFRI. The agency provides forest and forest management education programs for landowners, students in kindergarten through 12th grade, and the general public. OFRI was created in 1991 following controversy around the northern spotted owl and concerns about the impacts of logging in wildlife habitat. After media reports in August 2020 alleged OFRI engaged in activities prohibited under statute, the Governor requested a comprehensive audit of the agency.



Forestry and forest management laws have a long history in Oregon

Forestry has long been important to Oregonians. The practice of forestry and the forest products industry are key components of Oregon's cultural identity, dating back to the 1800s. Oregon had become a major timber producer by the end of that century and timber remains an important commodity for the state to this day.

After World War II, timberland ownership began to concentrate among a few large, private corporations. Foresters in Oregon harvested at increasing rates due to technological advancements and the conversion of old growth stands to new growth with shorter harvesting rotations.¹ Clearcutting and the use of chemicals to manage undergrowth became an increasingly common practice.



Source: Oregon Department of Forestry, Rick Balfour.
(CC BY 2.0)

In 1971, the Oregon Legislature adopted the Forest Practices Act, which set standards for maintaining forest roads, harvesting and replanting trees, and applying pesticide during replanting.

¹ There is no single definition for an old growth forest. According to the U.S. Forest Service's [Pacific Northwest Research Station](#), most scientists agree that the term "old-growth forests" includes forests in many stages of development and forests that differ widely in character with age, geographic location, and disturbance history.

Updates to the act since 1971 have introduced further regulations to protect streams, water quality, and fish and animal habitat. The federal Endangered Species Act was passed in 1973, allowing for more protections to be put in place to preserve habitat for threatened and endangered species.

In the 1970s and 1980s, ongoing pressure from environmental groups and changing public sentiment led to greater consideration of the impacts of forest practices on wildlife, water quality, and forest health. By the early 1990s, legal action was taken to protect the northern spotted owl, a threatened species native to the old growth forests of western Oregon, whose habitat was under threat from logging in federally owned forests. Concerns over the habitat and the logging of native old growth forests became a fiercely debated topic that led to extensive scientific review and litigation.

These concerns also led to changes in state and federal forest management practices, including the development of the Northwest Forest Plan that decreased timber harvests in national forests. By the mid-1990s, several million acres of federal forest had been deemed off-limits to logging activity. While employment levels had already begun to decline, the industry harvest declined following new federal regulations.

Forests in Oregon are abundant and serve many uses, but face environmental duress

About half of Oregon — almost 30 million acres — is covered in forestland. Of that, about 80%, or around 23.7 million acres, is classified as timberland. The other approximately 20% includes reserve areas that cannot be commercially harvested, such as wilderness and national parks.

The federal government manages most of the forestland in Oregon, approximately 60%, while private landowners and tribes own about 36%. The State of Oregon holds only 3% of the forestland. About 75% of the timber harvest is from land owned or managed by private landowners; mostly large, private corporations.

In addition to harvesting and processing wood, forests in Oregon serve many purposes. Oregon's forests are now known to be critical habitat for numerous fish and animal species. Forests are also an important part of watersheds that help filter and clean drinking water, while trees help filter and clean our air. Millions of people recreate in Oregon's forests and backcountry throughout the year. Trees and forest soil provide a means to sequester and store carbon dioxide, a growing concern in our changing climate. The public's interest in preserving Oregon's forests to serve multiple

purposes has grown, including as a means to help mitigate the worst effects of climate change and species loss.

There are numerous threats facing Oregon's forests. Forests across the state are increasingly fire prone with the onset of climate change and lengthy droughts that contribute to more severe fire conditions. The unprecedented fires in September 2020 destroyed over 1 million acres of forestland, burned over 5,000 homes and commercial properties, displaced thousands of Oregonians, and killed nine people. The wildfires also worsened air quality conditions, impacting the health of millions of Oregonians. The wildfire response is estimated to have cost over \$1 billion. Another concern is the impact of the mountain pine beetle, which has



A Red Cross volunteer surveys damage after Oregon's Labor Day fires in 2020.

Source: American Red Cross of Illinois.

contributed to more tree mortality than any other bark beetle in Oregon and has been estimated to impact 380,000 acres a year between 2007 and 2016. Fragmentation,² which includes the conversion of parcels of forestland to other uses, negatively affects wildlife habitat and forest health and increases risks for people buying and developing land in fire-prone areas. These issues can affect all Oregonians.

There is fierce controversy over the role of forest management in mitigating or exacerbating fire conditions. Industry proponents have advocated for years to regain access to off-limits federal forests, arguing that a lack of active management has created unhealthy, fire-prone forests that endanger communities. Environmental and conservation groups have argued that efforts to do so are motivated by business needs and would adversely affect fish and wildlife and native ecosystems. Though there is rampant disagreement on how best to respond to a changing climate and continue to serve the needs of a growing population, finding solutions that meet Oregon's environmental, recreational, and economic needs is critical.

The Forest Practices Act sets standards to regulate forest management activities in Oregon

Forest management is broadly defined as the ways in which people manage forest resources, such as harvesting and replanting. The Oregon Forest Practices Act provides the regulatory base for forest management activities in Oregon. The act outlines key elements of forest management practice, including rules that address:

- reforestation;
- water and stream protection;
- wildlife habitat protection;
- clearcutting; and
- chemical applications.

These regulations address a number of complex and sometimes controversial issues associated with forest management, such as the impacts of logging and chemical application on soil and water quality and loss of habitat for endangered species. For example, as of January 2021, forest operations spraying herbicides by aircraft must leave a minimum 300-foot unsprayed buffer around inhabited buildings and schools.

Oregon's forest management regulations apply to non-federal public lands and privately owned forestlands. Foresters must work under a complex web of laws and rules designed to mitigate the potential impacts of timber harvesting.

Portions of the Forest Practices Act are updated every so often by the Oregon Legislature. The Board of Forestry develops rules to implement the Forest Practices Act. The audit team was only able to identify a few non-comprehensive, limited scope reviews that have been performed comparing the overall effectiveness of Oregon laws to sufficiently protect wildlife and fish habitat and water quality with laws in other states, such as Washington, California, or Idaho.

Concerns about the inability of the Forest Practices Act to meet federal standards have come to light in recent years. Two federal agencies have withheld funds from Oregon due to inadequate water quality protections under the act. Some stakeholders have also voiced concerns about whether the act is being adequately enforced by the Oregon Department of Forestry (ODF) and to what extent landowners may be in compliance; this is discussed in greater detail in the Audit Results section of this report.

² Fragmentation is the breaking up of large, contiguous, natural areas (such as forests) into smaller isolated patches, typically through human development. When habitats are fragmented, it can undermine the integrity and health of whole ecosystems and threaten biodiversity.

Given the diverse ownership represented among Oregon’s forests, the regulation and oversight of forest management requires input from several different state and federal entities, as depicted in Figure 1.

Figure 1: Entities involved in forestry and forest management range from private landowners to the federal government

Level	Agency	Function
Federal	United States Forest Service	Manages national forests and grasslands
Federal	Bureau of Land Management	Manages public land for multiple uses, including recreation and timber harvesting
State	ODF/Board of Forestry	Regulates public and private forestland in Oregon and manages state forestland
State	Oregon State University College of Forestry	Provides forestry education and research programming
State	Oregon Forest Resources Institute	Supports forest products industry and creates forestry education programs and materials
Private	Oregon Forest & Industries Council	Lobbies for the forest products industry in Oregon
Private	Landowners	Manage privately owned forestlands

Note: This is only a small sampling of the numerous federal, state, local, and private entities involved in forest management.

Forest products is an important industry, but employment in Oregon has declined for decades

The forest products industry in Oregon produces an array of products, including engineered products like cross-laminated timber (used for large construction projects), plywood, dimension lumber and paneling; composite products like particle board, pulp, and paper products; and heating products like wood pellets. Oregon produces about 10% of the growing stock volume in the country.

Oregon harvests total almost 4 billion board feet per year. While this is about half the level of peak harvests in the past that have exceeded 8 billion board feet, harvest levels have generally held steady for the past 25 years, with some market-based fluctuations. Historically, high harvest levels were dependent on federal forestland, which has had harvest restrictions since the early 1990s.

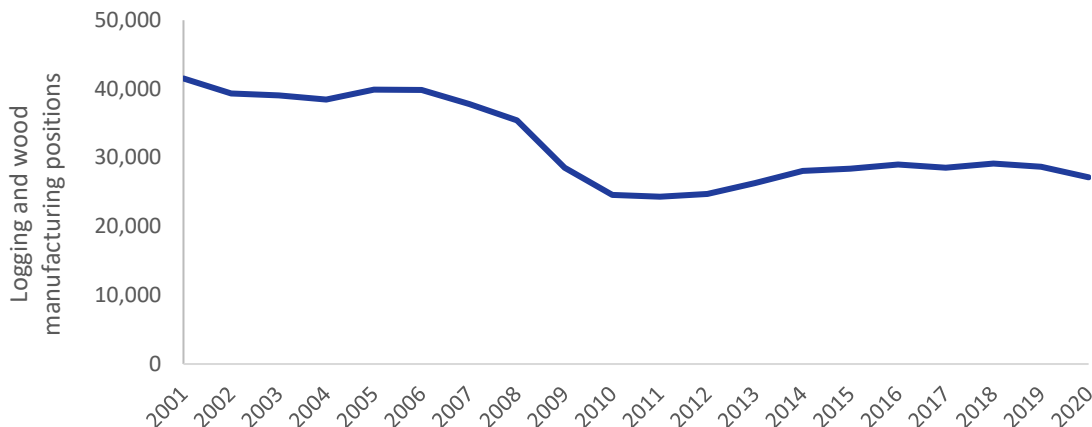


Source: Bureau of Land Management, 2018.

Employment in Oregon’s wood products industry has declined for decades. According to data from the Oregon Employment Department, Oregon has lost about 35% of its direct positions in both the wood manufacturing and logging subsectors since 2001 (see Figure 2). According to data from the Oregon Office of Economic Analysis, employment in the wood products industry as a whole has fallen by over 50% since the late 1970s. By OFRI’s own reporting, Oregon lost about 25,000 direct and secondary forest products positions from 2000 to 2017 — dropping from about 85,000 to 60,000 total positions in that time.

Changes in federal law, industry restructuring, increased efficiencies, and automation in harvesting methods and mill work have all contributed to the overall decline in forest products employment.

Figure 2: Oregon's logging and wood manufacturing subsectors have lost approximately 14,000 direct positions since 2001



Source: Oregon Employment Department.

Since the 1970s, Oregon's economy has increasingly diversified beyond agricultural and natural resource dependent industries. New industries, such as high tech's Silicon Forest, have become increasingly important sources of jobs for Oregonians. However, these newer industries tend to be located in urban population centers, while rural counties continue to rely more on traditional industries. The forest products industry also overlaps with and contributes to other important industries in Oregon, like construction and manufacturing. In the 1970s, the forest products industry made up around 12% of the state's gross domestic product; that has declined to about 2%. Forest products is now one of many economic engines upon which the state relies.

OFRI was created in the wake of new state and federal laws impacting forest management in Oregon

In 1991, members of the forest products industry backed a bill, which became law, to create OFRI. Backers of the bill said that their intent was to set up an entity that could provide "broad-based" forestry education and information to the public.

OFRI is governed and funded by the forest products industry

OFRI is overseen by a 13-person board of directors, primarily comprised of forest products industry representatives that pay the Forest Products Harvest Tax. The OFRI board of directors is responsible for directing OFRI's work, approving the use of funds, and assists with setting OFRI's Harvest Tax rate every year. More detailed information on the board of directors is covered later in this report.

OFRI employs eight full-time staff, including an executive director, a director of forestry, and a director of K-12 education. OFRI staff reported they come from different professional backgrounds and collectively have experience and training in forestry, K-12 and natural resource education, communications, journalism, publication development, and public relations. Due to OFRI's small size, ODF provides some administrative, human resource, and financial management assistance under an intergovernmental agreement.

OFRI funding comes almost exclusively from the Harvest Tax

OFRI is mostly funded through the Harvest Tax,³ a privilege tax the State of Oregon levies off the harvesting of timber that typically occurs on privately owned land for forestry related programs. This tax does not pay into the state's General Fund but is still considered public money as it is managed by the Oregon State Treasurer.

Figure 3: Taxation creates public money

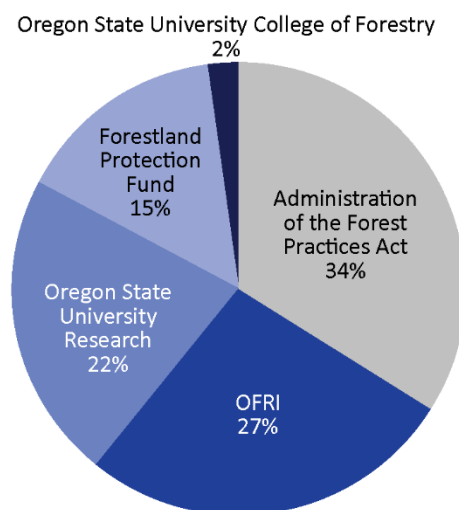


Harvesters are exempted from paying the tax on amounts smaller than 25,000 board feet per year. Forest landowners can opt out of the portion of their rate that would go toward the agency's informational programs and receive a refund upon request. OFRI expects about \$3 to \$4 million in tax revenue per year based on the actual annual timber harvested.⁴

The OFRI board establishes the annual rate at the beginning of each year for the portion of the Harvest Tax set aside for the agency. The tax was first established in 1991 when OFRI was created, and by statute, the rate maximum is adjusted annually for inflation based on the Consumer Price Index at the discretion of the board.

Other portions of the Harvest Tax are biannually set by the Legislature for the Oregon Forestland Protection Fund, ODF's administration of the Forest Practices Act, and Oregon State University's research and College of Forestry.

Figure 4: OFRI receives a portion of Oregon's Harvest Tax distribution levied through an additional privilege tax



Source: Oregon Department of Revenue and ORS 321.015 through 321.017, 2019 edition.

Note: The portions shown here are specific to 2019-20. Percentages can change from year to year.

³ Formally known as the Forest Products Harvest Tax, per ORS 321.005 through 321.185. No tax is owed on the first 25,000 board feet of timber harvested by an owner each year. The tax applies to timber harvested from both private and government lands. Most tribal lands are exempt from the tax.

⁴ OFRI also derives a minor amount of revenue from grants and interest, around 5% of its total revenue.

OFRI's statutory purpose is to support the forest products industry

Under statute, OFRI “shall enhance and provide support for Oregon’s forest products industry.”⁵ The agency may also increase public understanding of forestry practices and the benefits of forest products, support education and cooperative efforts among landowners and industry, conduct research and facilitate improvements in wood utilization and products manufacturing, and publish materials relating to these functions. To achieve their program goals, OFRI staff coordinate with academic, governmental, and industry stakeholders.

OFRI prioritizes outreach to the general public, with over 50% of agency funding going to support these public education initiatives, including annual advertising campaigns. OFRI is divided into three separate programs: Public Education, K-12 Education, and Landowner Education.

The **Public Education** program encompasses OFRI’s research reports, advertising campaigns, and live events and conferences. A substantial portion of OFRI’s budget goes to annual advertising campaigns. These campaigns are informed by OFRI’s key messages and communicate information to the general public about the Forest Practices Act and industry forest practices. OFRI also coordinates and releases research reports every year, covering topics like water quality in managed forests, carbon sequestration, wildfire, and forest sector economics.

OFRI monitors the engagement with these public materials and advertisements using Google analytics and surveys. The agency conducts a large public opinion survey every four to five years to gauge public opinion and awareness of forests and forest management in Oregon and conducts annual post-test surveys to gauge the effectiveness of these ad campaigns; these surveys are discussed in greater detail later in this report.

OFRI reports that **about 50% of its annual funding** goes to Public Education initiatives, such as advertising.

OFRI contracts for research in the form of literature reviews that summarize scientific literature on certain forestry topics. Staff said that they propose research topic suggestions to the board on an annual basis or as needed if a high-profile topic emerges in the forest products industry or that is of interest to the public.

According to OFRI, the **K-12 Education** program provides funding for teacher workshops around natural resource topics, creates educational materials for students and curriculum for teachers, hosts a natural resources education program for fourth- through sixth-grade students, and funds bus reimbursements for field trips to public and private forests across Oregon. OFRI also funds a classroom program that educates students about trees and forest products. Additionally, OFRI helped create the Oregon Forest Literacy Plan that provides educators with a conceptual framework for teaching Oregon’s K-12 students about forests. OFRI has conducted focus group research with K-12 teachers to inform development of its program materials.

The **Landowner Education** program provides funding through the Oregon State University Extension Service for forestry programs aimed at small woodland owners, informational materials for local forestry professionals, and support for online and other educational platforms. OFRI staff occasionally participate in hosting Extension workshops and tours. According to OFRI, the purpose of the Landowner Education program is to promote sustainable, active forest management. OFRI also coordinates with groups like the Society of American Foresters and Oregon State University to host educational conferences about forest practices. OFRI is a member of the Partnership for Forestry Education, which includes government, industry, and conservation groups and focuses on providing educational resources for forest landowners.

⁵ [ORS 526.640](#)

Controversy over forest management continues, but some reconciliation efforts are underway

Disagreements among the forest products industry and conservation and environmental groups over forest management and how to utilize our public resources intensified in the 1980s and 1990s and continue into the present day. The 2019 “carbon tax” bill, Oregon House Bill 2020, triggered protests and a walkout in the Legislature for the potential impact the legislation could have on certain industries, including timber.

Other bills have been introduced over the past several years that would have altered rules around the use of pesticides and other chemicals near forestland water sources that have drawn interest both for and against increased regulation.

Some efforts are being made to reconcile these wide-ranging perspectives and priorities. In February 2020, a coalition of forest industry and environmental groups reached agreement on a memorandum of understanding to cooperatively pursue forest policies for the 2020 legislative session rather than continue filing competing ballot initiatives. The ultimate goal of the agreement is to prepare a plan to create an approvable Habitat Conservation Plan through regulatory updates to the Forest Practices Act. Both sides compromised: the forest industry coalition agreed to changes in aerial pesticide notifications and drinking water source buffer requirements and the environmental coalition agreed to support the legislative package outlined in the memo.

State, federal, and local stakeholders with an interest in managing Oregon forests have also had recent success collaborating on reducing fire risk and creating local jobs through Good Neighbor Authority projects.⁶

Media criticism of OFRI prompted the Governor to request an audit

In August 2020, the Governor’s Office requested that the Secretary of State perform an audit of OFRI following a joint report from Oregon Public Broadcasting, the Oregonian, and ProPublica.⁷ The report alleged that OFRI acted as a public relations agency, engaged in lobbying activity on behalf of the forest products industry, and attempted to suppress scientific information that did not cast current forest management practices in a positive light.

The Governor specifically requested “... that the Secretary of State conduct a thorough performance audit of OFRI. An audit is necessary to bring transparency to whether OFRI conducts its mission in keeping with its statutory authority, including the clear prohibition on OFRI influencing, or attempting to influence state policy, but also to determine whether there is any public benefit to OFRI...” The Governor’s full request is included in Appendix A. Work began in September 2020 to fulfill this request.

⁶ [Good Neighbor Authority allows the USDA Forest Service to enter into agreements with state forestry agencies.](#)

⁷ [How a public institute in Oregon became a de facto lobbying arm of the timber industry.](#) Published by Oregon Public Broadcasting and the Oregonian and produced in partnership with the ProPublica Local Reporting Network, August 4, 2020.

Audit Results

The mission of the Oregon Audits Division is to protect the public interest and improve Oregon government. A key component of that mission is conducting performance audits in accordance with government auditing standards, which help ensure that auditors provide findings and recommendations based on unbiased, reliable, and sufficient information.

Auditors found OFRI has broad authority under the law; however, the agency has limited oversight and has not been publicly transparent about its mandate. OFRI presents itself as an independent, objective, and strictly educational entity. Yet per its statutory mandate to support the forest products industry in Oregon, the agency's messaging efforts — such as advertisements — favor industry interests. OFRI meets its mandate by working closely with industry stakeholders and sharing forestry information with the public that is favorable to the forest products industry. At times, that information presents a biased view of forestry. Prohibitions against influencing legislation have created compliance risks for OFRI.

These actions diminish the public benefit OFRI provides to Oregonians, draw negative attention to OFRI, and may not serve the long-term needs of the agency's primary stakeholder — the forest products industry.

OFRI meets its statutory mandate to support the forest products industry

Oregon statute requires OFRI to support the forest products industry.⁸ Other statutory provisions are optional and can be implemented based on the board's discretion. Statute also indicates many of the allowed responsibilities can occur only to the extent that they support the primary objective. Examples of these duties include increasing the public understanding of the practice of forestry and supporting education among forest landowners to practice good stewardship of the land.

In speaking with staff, board members, stakeholders, and reviewing materials from the website, we found OFRI is working to meet its statutory mandate by regularly collaborating with industry groups, disseminating a large amount of forestry information, and following the guidance of its board.

The makeup of OFRI's board of directors ensures the interests of the forest products industry are represented

OFRI's 13-member board of directors is mostly comprised of forest products industry representatives. The statute is specific and prescriptive on who those 13 members should be — 11 board members have voting rights and represent small, medium, and large timber producers, as well as small woodland owners and forest industry employees. Voting members are appointed by the State Forester and serve three-year terms. Producers are selected based on the quantity of board feet produced each year with a requirement for having worked in the industry at least five years.

The other two voting members represent small woodland owners and forest industry employees. The board also includes two non-voting roles: the Dean of the Oregon State University College of Forestry in an *ex officio* role and a public representative appointed by the Senate President and Speaker of the House of Representatives in the Oregon Legislature. According to the statute: "The public representative may not be a member of or significantly affiliated with any organization of or

⁸ [Oregon Revised Statute 526.640](#) states that "The Oregon Forest Resources Institute shall enhance and provide support for Oregon's forest products industry."

business in the forest products industry or any organization or business known to support or promote environmental or conservation issues.”⁹

OFRI coordinates with a number of forest sector and forest products industry stakeholders

To achieve their program goals, OFRI staff shared that they coordinate with academic, governmental, nonprofit, industry, and conservation stakeholders. Examples of these stakeholders include ODF, Oregon State University’s College of Forestry, the Society of American Foresters, Oregon Small Woodlands Association, the U.S. Forest Service, The Nature Conservancy, local schools, and private landowners. OFRI also works closely with the Oregon Forest & Industries Council.

OFRI provides funds and creates publications for stakeholder groups. The agency works with several entities to fund and occasionally host forestry based live events, workshops, and trainings. OFRI also provides funding for school bus reimbursement and creates curriculum materials for educators.

In past years, almost 150,000 students have participated annually in the agency-supported classroom program. OFRI also hosts or helps coordinate around 80 live events every year on the subject of forestry for landowners, foresters, and other stakeholders.

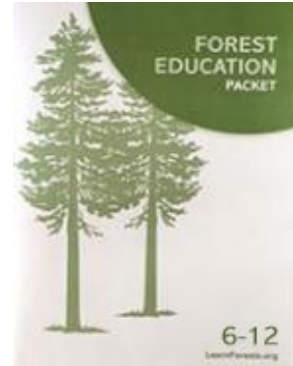
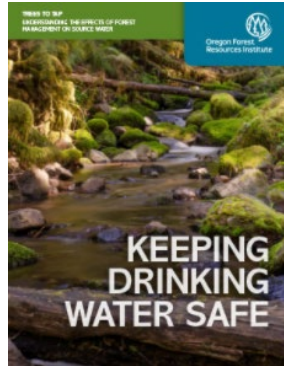
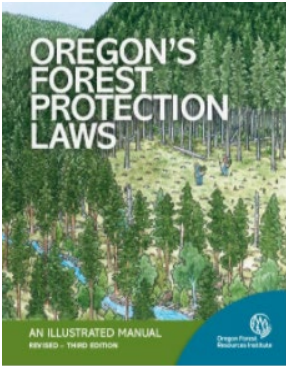
OFRI disseminates a large amount of forestry information to stakeholders and the public

OFRI has created a prolific body of work around forestry and forest management topics; according to OFRI staff, this includes approximately 80 publications on the website and over 100 YouTube videos. The agency’s online presence includes multiple websites, a blog, social media accounts and newsletters, and a substantial online library of research reports, topic sheets, summary documents, booklets, posters, and guidebooks. These publications are used to support the work performed in all three program areas. These programs and publications are considered valuable by stakeholders both within and outside the industry.

Figure 5: OFRI produces informational materials for the public, forest landowners, and K-12 students and teachers



⁹ [ORS 526.610](#)



OFRI tracks internal metrics and trend information for its various program areas, some of which has been publicly reported. The metrics show that the agency's outreach efforts reach a wide span of audiences. For example, in fiscal year 2019-20, agency content generated over 52 million total impressions,¹⁰ including TV educational advertising, digital media, online streaming, and trade print.

OFRI's core purpose under statute is clear, but there is confusion and concern over a state agency with broad authority and limited oversight promoting a private sector industry

Confusion and disagreement over OFRI's role in forest management policy dates back to the agency's creation in 1991 and continues to the present day. While OFRI was modeled after an agricultural commodity commission, there are several key differences in its structure, oversight, and funding. OFRI meets the definition of a state agency but may not be subject to administrative oversight to the same extent as most other state agencies. Portions of OFRI's statute are broad and vague, contributing to this ongoing lack of clarity as to what exactly OFRI is and what rules it is expected to follow.

It was not clearly established when the agency was created how OFRI would carry out its legislative mandate

The lack of clarity and understanding around how, specifically, OFRI would carry out its legislative mandate stems from the agency's development in 1991. Industry backers of the original bill proposed OFRI as an organization similar to an agricultural commodity commission and sometimes referred to it as such. The agency is funded through a privilege tax leveraged on timber harvests and is overseen by members of the industry through its board of directors. It also performs some of the same functions that a commodity commission would, such as research and education.

However, there was disagreement between some lawmakers and the bill's industry backers when the bill was being considered around what exactly OFRI was intended to be and what purpose it would serve. While one supporter said OFRI's structure was "not different than other commodity commissions," others questioned the comparison. One lawmaker stated that OFRI was not a commodity commission at all, but an institute. Another questioned the reasons why the industry wanted to leverage a tax to pay for the practice of explaining forest practices to the public, asking: "So, the issue is that some of your members don't voluntarily contribute, and you are requesting a bill that would require them to pay for a public information campaign?" He went on to say that

¹⁰ Impression total is an OFRI metric. According to the agency, impressions are counted when an advertising message is presented to one individual, one time. This can include views of a single online ad, a video via a video browser, a website banner, or outdoor message. The number is calculated by a media representative based on the estimated audience size and the number of presentations in a given time period.

setting up OFRI was “more than just membership in a commodity commission. You are talking about an educational process.”

OFRI has several key distinctions from commodity commissions. Oregon’s commodity commissions have an oversight mechanism by reporting to the Oregon Department of Agriculture, which reviews plans for advertising, promotional materials, and research proposals to ensure factuality and consistency with the law.¹¹ No such mechanism is in place for OFRI. Unlike Oregon’s 22 commodity commissions, OFRI was named the “forest resources institute” and not an industry “commission,” further distinguishing the agency and suggesting a more educational or research-based focus.

Oregon’s Agricultural Commodity Commissions

Oregon has 22 agricultural commodity commissions, which have three primary duties – promotion, research, and education about a specific commodity (such as wheat, blueberries, or beef). Commissioners are appointed by the Director of the Oregon Department of Agriculture and are generally producers or otherwise have a vested professional interest in and knowledge of the specific commodity they represent. Administrative rules have been adopted that define promotion and research. The rules also require oversight by the Oregon Department of Agriculture of promotion and research plans and projects.

Other key distinctions risk undermining OFRI’s very purpose. Commodity commissions are, within certain parameters, permitted to represent and protect the interests of their respective industry regarding any legislation;¹² OFRI is not. Other industry groups, including commodity commissions and semi-independent agencies like Travel Oregon, are allowed to conduct non-branded marketing and other promotional activities for the benefit of their respective industries. A key backer of the bill said they did not intend for the agency to engage in marketing activity. Their testimony states “the board of directors would decide what the institute does; communications is a key priority... The purposes and authorities are broad-based. The industry felt we should remove marketing and promotion.”

According to further testimony, industry representatives expected the institute to do things that go well beyond public relations, such as research, to try and find the

proper balance between managing the environment and timber production. In OFRI statute, there is no distinction between marketing and promotion and the creation of educational materials or other agency communications under its broad-based authority.

This confusion is further complicated by the fact that OFRI does not appear to have a direct parallel or equivalent in other states. Some similar functions are served by out-of-state agencies and nonprofit organizations, but the audit team did not identify another industry-governed and funded state agency centered primarily on forestry education. Additionally, while OFRI coordinates with many stakeholders, there appears to be some overlap between OFRI’s programs and those provided by other public entities, such as Oregon State University and ODF.

OFRI is a state agency with limited independent oversight, broad authority, and ongoing confusion about its role as a public entity

OFRI is a state agency, which is defined under state law as a “state officer, board, commission, department, institution, branch or agency of the state government, whose costs are paid wholly or in part from funds held in the State Treasury...”¹³ Unlike commodity commissions — which have independent funding mechanisms and are subject to oversight from the Department of Agriculture, which authorizes each commission’s annual budget — OFRI’s costs are paid from a fund levied as tax revenues and managed by the State Treasurer. Although levied specifically on forest products,

¹¹ OAR 603.042.0015

¹² ORS 576.304(7)

¹³ ORS 291.002(8)

harvest taxes are payable to the Oregon Department of Revenue and deposited in the State Treasury, making them public funds.

However, there is ongoing confusion over what exactly OFRI is, or ought to be. Most state agencies are subject to some oversight by the Department of Administrative Services (DAS), with few exceptions. OFRI is exempted from many financial administration provisions, but not exempted from others. The level of DAS oversight which should be applied to the agency has not been clarified. DAS leadership was unaware if there had been any kind of comprehensive review of the DAS statutes to determine which ones applied to OFRI. OFRI staff also shared that there were specific state policy requirements DAS had not asked them to meet. In emails to the agency, DAS described OFRI as a “unique entity” that was similar to commodity commissions, which are not subject to DAS oversight.

Per statute, the State Forester appoints members to OFRI’s board and certifies, but does not approve, the agency’s budget. The Deputy Forester also acts as an agency liaison to the board, though this is not a role outlined in statute. According to the liaison, their role is limited to reviewing specific OFRI materials and assisting with coordination between OFRI and ODF; their role is not to provide oversight of the agency. Apart from providing some administrative assistance and general input to OFRI, ODF and the State Forester lack the authority to provide direct oversight of OFRI’s programming, decisions, and budget.

It is unclear what degree of independent oversight has been exercised in OFRI’s case, if any at all.

Figure 6: OFRI has few similarities to commodity commissions and other state agencies

	Other State Agencies	Commodity Commissions	Oregon Forest Resources Institute
Publicly funded	✓		✓
Privately funded		✓	
Legislatively approved budget	✓		
Active external oversight	✓	✓	
Authority to inform legislation	✓	✓	
Prohibited from influencing legislation			✓

OFRI staff, board members, and stakeholders the audit team interviewed also expressed contrasting views of what they considered to be OFRI’s role in the realm of forestry. Board members and staff tended to view OFRI as an educational entity focused on forests and forest management, while occasionally comparing it to a commodity commission. Feedback from some researchers, conservation groups, and other stakeholders indicated that they considered the agency to be a voice for the industry. They were skeptical of OFRI — even after working directly with the agency. Others had some difficulty explaining the agency’s role.

Some of the confusion around OFRI’s role may stem from how the agency has implemented broad and vague provisions within its statute. The provisions focusing on the agency’s authority and objectives generally do not explain how the agency is expected to pursue its core mandate. Instead, the agency is provided broad discretion to increase public understanding of forestry and the use

and benefits of forest products, conduct research, publish materials, and enter into contracts to carry out its duties and functions.

This lack of statutory guardrails allows for a very broad interpretation of what is allowed and a high degree of latitude on the part of agency staff and board members. While OFRI's statute clearly states that the agency should enhance and support the forest products industry, the guidance on how it should achieve that objective is broad and vague. With the exception of supporting education for forest landowners and managers, the provisions outlining the agency's general authority and additional powers provide limited or no explanation on how certain objectives should be met.

While OFRI may not have been intended to conduct marketing, the statute also does not clarify that marketing is outside the scope of the agency's work. For several years, the agency hosted a marketing-oriented wood products program for architects and engineers using a combination of federal grant funding and matching agency funds. The program has since ended. As the statute is currently written, it is up to the agency's discretion how it chooses to enact the statute.

OFRI's board structure and statute do not align with good governance practices

In order for the agency to best serve the public interest, OFRI's statute and programming must align with and support good governance practices. OFRI's statute and board composition do not adhere to these practices and undermine the agency's stated efforts to disseminate objective forestry information to the public.

OFRI lacks a consistent mission statement tied to statutory requirements and a clear and defined strategic direction, particularly for its public education program. The agency's performance metrics are also not tied to an overarching agency strategy. Finally, OFRI's communications lack transparency — while the agency has portrayed itself as objective, its communications are slanted toward supporting the forest products industry.

OFRI's board composition undermines the agency's stated efforts to provide objective forestry information to the public

In accordance with statute, all voting members of OFRI's board are associated with the forest products industry. However, this board composition may not be structured appropriately to support the agency's claim of being an objective source of educational information. There is no requirement in statute for the agency to provide objective information in its materials.

The International Federation of Accountants calls for public sector governing bodies to "ensure that appropriate policies are in place so that members and staff take decisions objectively and steps are taken to avoid or deal with any conflicts of interest, whether actual or perceived." Other state agencies in Oregon that also work in natural resources have been established with more diverse governance structures to support a better balance of diverse stakeholders, as depicted in Figure 7. Yet OFRI's board composition, coupled with its mandate to support the industry and exclude conservation groups from public representation, challenges OFRI's ability to provide objective education to the public on forests.

Legislators discussed the risk of perceptions of a conflict of interest in 1991. For example, one of the bill sponsors was asked who would determine whether the agency's information was factual or propaganda. The sponsor responded that the board was responsible and that he hoped "it will be clear to the board that the key to this is credibility." A recommendation was made to make the board more diverse but was not adopted.

The OFRI statute specifically excludes representation of forest conservation or environmental affiliation for the OFRI board's public representative. As a result, the agency may be perceived by the public as lacking credibility, as exhibited in recent media reports about OFRI. This questioning

and the related allegations have created reputational risks for the agency and undermine public trust in state government.

Figure 7: OFRI's board structure is less diverse than other boards operating in the natural resources arena

Entity	Members	Functions and Programs
Oregon Watershed Enhancement Board	18 members: 11 voting (five public, one tribal, five state agency), and seven non-voting (six federal agencies and Oregon State University Extension Service).	<p>Implements grant programs to improve Oregon's clean water, native fish and wildlife habitat, and natural areas. Grants help community organizations coordinate with private landowners on science-based projects.</p> <p>Example OWEB program:</p> <ul style="list-style-type: none"> • Grant Management
Board of Forestry	Seven members: No more than three members can derive significant income from forestry and each forest region of the state must be represented.	<p>Adopts rules regulating forest practices and supervises Oregon forest policy and State Forester duties in managing ODF.</p> <p>Example ODF programs:</p> <ul style="list-style-type: none"> • Fire Protection • Private Forests • State Forests
OFRI Board of Directors	13 members: Eleven voting (nine forest products industry, one small woodlands, and one employee representative) and two non-voting (one public representative and the Dean of the College of Forestry). The non-voting public member is expressly prohibited from involvement with the forest products industry and environmental and conservation groups.	<p>Advances public understanding of forests, forest management and forest products, and encourages sustainable forestry through landowner education.</p> <p>External facing programs:</p> <ul style="list-style-type: none"> • Public Education • K-12 Education • Landowner Education

Note: OWEB's governance structure was designed to ensure balance between the interests of environmental groups and industry. The Board of Forestry's composition is designed to ensure that a majority of the board does not have a significant forest industry financial interest, or relationships which would interfere with representing the public.

OFRI's mission and strategic direction is not firmly established and is disconnected from its statutory mandate

Mission statements are intended to be formal summaries of the aims and values of an organization. They communicate why an entity exists; typically, organizations have one core statement that encompasses those points and clearly articulates what is distinct and important about an organization's purpose. According to a report from the University of Michigan,¹⁴ the choices that managers make in the content and rhetorical style of their mission statements can have consequences that facilitate or impair subsequent performance.

With vague statutory provisions guiding agency programming, OFRI has struggled to define its mission and strategic direction. Without a clear overarching strategic direction, organizations fail to

¹⁴ Weiss, Janet A. *The Value of Mission Statements in Public Agencies*. 1999. University of Michigan and Case Western Reserve University.

meet their full potential. In practice, OFRI's stated mission and strategic direction have not been consistent over the years and strategic plans have missed key components.

In recent years, OFRI has published multiple different mission statements. The existence of multiple mission statements indicates that the agency has not clearly defined its mission and purpose and may struggle to effectively pursue agency objectives. While OFRI's mandated purpose is to support and enhance the forest products industry, OFRI's mission statements do not communicate this critical element, but rather focus on optional agency duties. Although the different mission statements are often similar, they each provide distinct perspectives on the agency's role. For example, the statement published in OFRI's annual report indicates that its role is to educate the public about the benefits of forestry to Oregonians; the website statement indicates that its role is more general, aiming just to educate the public about forests, forestry practices, and forest products.

Annual report mission statement: "The Oregon Forest Resources Institute is dedicated to advancing the public's understanding of how forest stewardship meets the social, environmental and economic needs of both present and future generations."

Website mission statement (as of July 14, 2021): "The Oregon Forest Resources Institute is dedicated to advancing public understanding of forests, forest management and forest products, and encouraging sound forestry through landowner education."

The current strategic direction of OFRI is unclear. Past strategic plans have not defined a singular mission statement for OFRI or included its statutory mandate. The agency also has not updated its strategic plan since 2017, which was essentially a continuation of its 2012 plan. OFRI's program offerings and leadership have gone through significant changes in that time. According to OFRI, not all of the strategies from the 2017 plan are still in use for fiscal year 2021-22. The agency has recently completed limited strategic plans specific to OFRI's landowner and K-12 education initiatives, but these were not tied to a consistent agency-wide mission. Per the agency director, OFRI's fiscal year 2021-22 budget includes funding for hiring a consulting firm to develop a new agency-wide strategic plan and planning is tentatively scheduled to start in 2021.

Multiple indicators of purpose, uncertain role

Three major reports, released by OFRI in 2019 and 2020, indicate distinct roles and responsibilities.

2019 Forest Sector Economic Report: "The Oregon Forest Resources Institute (OFRI) was created by the Oregon Legislature in 1991 to improve public understanding of forest practices and products and to encourage sound forest management."

2020 Trees to Tap Science Review Final Report: "The institute was created to enhance collaboration among forest scientists, public agencies, community organizations, conservation groups and forest landowners; to provide objective information about responsible forest management; and to encourage environmentally sound forest practices through training and other educational programs."

2020 Carbon in Managed Forests Science Review: "The mission of the Oregon Forest Resources Institute (OFRI) is to educate Oregonians about forests and forest management, and to inform the forest sector about the public's expectations about forest management."

OFRI's public education program, the agency's largest expenditure at approximately half of the budget, is conspicuously absent from its 2017 strategic plan. The 2012 strategic plan listed only a single goal for public education and does not provide strategic direction for many of its activities,

including research and public opinion surveys; as such, it is not clear how the education program serves the agency's statutory mandate.

The U.S. Government Accountability Office's Standards for Internal Control recommend that mission and entity-wide objectives stem from legislative requirements, be supported by strategic plans, and connect to specific goals for each key agency activity. Those programmatic goals should then be tied to performance measures to monitor progress. Other public entities in Oregon that perform some similar functions have strategic plans which include a mission statement aligned with their legislative requirements:

Figure 8: Travel Oregon and Institute of Natural Resources mission statements are aligned with their legislative mandates

Entity	Statutory requirements and purposes	Mission statement
Travel Oregon	The commission is required to develop a marketing plan directed toward such purposes as maximizing return on investment in tourism and encouraging longer stays by visitors to Oregon.	Mission statement from 2019-2021 strategic plan: "We inspire travel that drives community enhancement and economic development. Through innovation and partnerships, we share the stories of Oregon's people and places, deliver world-class experiences, strengthen the industry, work to ensure all travelers feel welcome and preserve Oregon's way of life and its natural places."
Institute of Natural Resources	The statute's multi-part purpose calls for the coordinated provision of scientifically based, comprehensive natural resources information to the public and decision-makers.	Mission statement from 2018 strategic plan: "Our mission is to provide reliable, objective, relevant, and science-based integrated natural resource knowledge to facilitate long-term stewardship of Oregon's environments and natural resources."

The agency's performance metrics are not tied to an overarching strategic direction

The practice of strategic planning looks ahead toward achieving desired goals, with performance measurement tracking the organization's progress. Combined, strategic planning and performance measurement form a continuous process of results-based governing. Without an integrated strategic plan, OFRI's performance metrics do not assess the agency's progress in achieving clear desired outcomes for the public.

The agency tracks various metrics, which mostly assess the number of agency activities or the extent of its online and in-person engagement. The only measures used to assess effectiveness are for the agency's advertising campaign and gauge Oregonians' awareness of three basic forest protection activities:

- Does Oregon law require forest landowners to replant trees after harvest?
- Does Oregon law require forest landowners to protect forest streams and water resources during timber harvest?
- Does Oregon law require protection of fish and wildlife habitat in forests that are managed for timber production?

These measures were not included in OFRI's 2017 strategic plan, nor is it clear how these measures support the agency's mandate. While the agency's 2012 strategic plan included programmatic metrics, that plan did not mention OFRI's mandate or articulate a related mission statement. Without integrating the agency's overarching strategy with programmatic goals and performance measures, OFRI will have difficulty determining what information is needed to monitor and assess

its results. Performance-driven strategic planning would promote a common understanding of where OFRI is going and how it will measure agency progress to support accountability and transparency.

Good governance depends on clarity, transparency, appropriate leadership, and acting in the public interest

Good governance ensures public sector entities achieve their intended outcomes while always acting in the public interest. These leading practices apply broadly to all public sector entities. A clear vision must be used as the basis for the governing body's overall strategy, planning, and other decisions. The governing body should ensure its decisions further the entity's purpose and contribute to intended benefits and outcomes. To demonstrate they are acting in the public interest and to maintain public trust, entities should be as open and transparent as possible about their plans, decisions, actions, resource use, and outcomes.

To this end, organizations should have appropriate structures and leadership to guide operations and help achieve intended outcomes. Underlying governance structures should be evaluated on occasion to ensure they support the delivery of planned services. As a component of good governance, the governing body must balance the various public interests concerned to ensure that appropriate tradeoffs are made. An entity's stakeholder engagement efforts should be balanced and fair with no one group becoming too dominant.

OFRI's statute does not align with good governance standards and diminishes the agency's ability to serve the public interest. The agency operates in the highly contentious natural resources arena, where stakeholders can hold varying views of what constitutes the public interest. Taking steps to align OFRI's statute with good governance principles by increasing statutory clarity about the agency's roles and functions and introducing a balance of perspectives would help ensure the agency best serves the public interest.

OFRI maintains that it provides objective, science-based information to the public, but it is not transparent about primarily representing forest industry perspectives

The lack of clarity around OFRI's role is reflected in the disconnect between its statutory mandate and how the agency publicly presents itself. OFRI understands and achieves its purpose to support the forest products industry. Its messaging efforts and publications appear to be in service of this statutory mandate and have promoted industry perspectives. OFRI board members told the audit team that OFRI's statute does not require the agency to be objective; they reiterated that all their efforts, in alignment with statute, support the forest products industry.

However, the agency has not been transparent with the public about this messaging approach. Instead, OFRI represents itself as an objective source of information and education about forestry. Yet the agency lacks quality standards and documented and robust processes for developing objective information that would support messaging efforts, research, and advertising. The agency's public opinion research and advertising efforts suggest the agency may be working to shift public attitudes and opinions to favor the industry, rather than providing objective information.

OFRI has presented itself as an objective source of educational information, but has not adopted quality standards and stakeholder trust in the agency varies

OFRI's website states the agency was created to enhance collaboration among forest scientists, conservation groups, and others to provide "objective information about responsible forest

management, and to encourage environmentally sound forest practices through training and other education programs.”

In 2019 legislative testimony describing the agency’s work, OFRI’s current director and a board member told legislators the agency’s mission is “to educate Oregonians about the state’s forests and sustainable practices.” Staff made clear to auditors that they consider OFRI’s main purpose to be education using science-based information.

Sharing objective information requires adherence to certain standards. The federal Office of Management and Budget issued guidelines to ensure and maximize the quality of information disseminated by all federal agencies, including objectivity, utility, and integrity. The guidelines require federal agencies to perform the following:

- Adopt a basic standard of quality as a performance goal and take appropriate steps to incorporate information quality criteria into dissemination practices.
- Use specific standards of quality that are appropriate for the various categories of information shared.
- Develop a process for reviewing the quality of the information before it is disseminated.

However, OFRI has not adopted these leading practices. The agency also has not established or documented consistent processes for ensuring quality information is produced and shared.

According to OFRI, the agency has quality control processes to ensure its materials are objective, but those activities are not documented, and staff were unable to clearly explain what quality control processes they use.

The Oxford Dictionary of English defines **biased** as unfairly prejudiced for or against someone or something.

Furthermore, OFRI told auditors it defines “objective” as meaning “factual and science-based.” The agency’s definition of objective does not align with federal guidelines, which require information be presented in a complete and unbiased manner.

OFRI’s definition also differs from how objectivity is generally understood; per the Oxford Dictionary of English, objective is defined as “not influenced by personal feelings or opinions in considering and representing facts.” For OFRI’s work to be objective, the agency must strive toward impartiality and freedom from bias.

Objectivity is difficult to achieve under OFRI’s current statute. According to OFRI, the statutory directive does not require it provide information to the public about opposing positions, such as differing views on forest management practices not required by state law. As a result, statute may compel OFRI to issue biased information to Oregonians regarding a controversial topic.

Having a well-developed, transparent, and consistent review process can support and protect agencies as they produce and disseminate information to their stakeholders and the public. Once agency information quality standards have been defined and adopted, agencies can develop and follow internal processes to ensure the quality of their materials.

OFRI does engage with researchers and staff at Oregon State University, some state and federal agencies, and some conservation groups on certain projects. Yet to achieve objectivity, OFRI should expand its engagement with stakeholders representing a broad and diverse view of forest management. Despite stating in its employee handbook that OFRI “helps find common ground for fact-based discourse,” OFRI appears to have limited and occasionally troubled relationships with

Federal Information Guidelines

Per federal Office of Management and Budget guidelines, quality encompasses utility, objectivity, and integrity, and “‘Objectivity’ focuses on whether disseminated information is presented in an accurate, clear, complete and unbiased manner, and as a matter of substance, is accurate, reliable, and unbiased.”

- Federal Office of Management and Budget

some conservation and environmental groups and some members of the research community that the audit team spoke with.

OFRI's fraught relationship with some scientific stakeholders is an ongoing concern

2006: The former Dean of Oregon State University's College of Forestry, and *ex officio* member of OFRI's board at the time, was investigated for actions taken to discredit a research article published in the journal *Science*. The article was by an Oregon State graduate student studying the impacts of salvage logging in the aftermath of the 2002 Biscuit Fire. At the time the article was released, the dean was involved in promoting House Resolution 4200, a federal bill that would have expedited logging after forest disturbances and eliminated public involvement in such logging decisions. The dean and his industry liaisons considered the article a threat to the passage of the bill. He approved a letter from College of Forestry colleagues requesting that the article's further publication be delayed, then released a memo with input from industry liaisons questioning the article and its findings. OFRI was informed of these activities and a board member offered the dean the agency's assistance on outreach and damage control to protect the passage of HR 4200. OFRI staff also prepared talking points in support of the bill. Ultimately, the dean made a public apology for the impact his actions had on academic freedom and the federal bill died in the Senate.

That same year, OFRI released a report titled "Forests, Carbon and Climate Change." The report stated there was not scientific consensus on how human activities affect climate and included a chapter skeptical of the human-caused impacts on a changing climate. The author of that chapter was the Director of the Oregon Climate Service at the time, an individual known for controversial views on the impacts of human activity on climate change. Five years before OFRI released its report, the scientific community generally concluded that human activities were most likely a key driver of present-day climate change. The audit team heard from other scientists who said they pointed out inaccuracies in the report to OFRI that the agency never corrected. According to OFRI, the report is no longer in print. The agency has since released an updated carbon report acknowledging the role of human activities in climate change.

2014: A contractor working on OFRI's 2015-16 Forest Facts and Figures report reached out to the Department of Environmental Quality (DEQ) for more information on forestland water quality and the Oregon Water Quality Index. OFRI ultimately used the index to make the case that forestland water quality was superior to water sources elsewhere. The contractor was informed by DEQ that the index was not an ideal mechanism for evaluating water quality on agricultural or forestland and that forestry practices can have negative impacts on water quality. OFRI leadership stated they were not informed of this concern. The agency continued to reference the index as proof of higher water quality in forestland until 2020, with no mention of potential negative impacts from forestry practices or qualifying the limitations of the index as a tool. The Oregon Water Quality Index was not referenced in OFRI's 2021-22 Oregon Forest Facts report.

2018: As reported by the media in August 2020, former OFRI staff participated directly in pushback against an Oregon State University study examining land use strategies for mitigating climate change in forests. The study, published by Proceedings of the National Academy of Sciences, found that longer harvest cycles and restricting harvests on public lands may increase the ability of Oregon's forests to store carbon and decrease forest sector carbon emissions. The Oregon Forest & Industries Council hired a consultant to help refute the study. OFRI later hired that same consultant as a technical editor and author to work on its 2020 "Carbon in Managed Forests" report, in collaboration with other authors. The OFRI report describes the earlier university study as an alternative view on forest management and carbon not consistent with its own conclusions. Two scientists whose work was referenced in OFRI's carbon report expressed concern to auditors about the scientific conclusions that were presented.

As a result, the quality and credibility of OFRI's work as perceived by others varies widely. In interviews with auditors, industry related stakeholders said they valued OFRI's contributions. Several interviewees also told auditors that OFRI creates documents that are considered very helpful and accessible for landowners — in particular, the Oregon Forest Protection Laws Manual.

Yet other stakeholders identified erroneous or incomplete assertions that the agency had made in its publications. Some interviewees told auditors that OFRI does not consult with top scientists in the preparation of its own research materials. Others shared with auditors that OFRI would benefit from having an external or peer review process for its publications.

OFRI works closely with members of the industry. For example, OFRI has engaged with the Oregon Forest & Industries Council on strategic development, reviewing materials, and coordinating events. However, a significant portion of OFRI's messaging efforts target the general public, not the industry or private landowners. OFRI's close working relationship with members of the industry in selecting and developing topics also risks skewing the perspective of the agency's materials.

Other natural resource entities in Oregon that perform science reviews, such as the Institute for Natural Resources, demonstrate a defined science review process that includes external review. Quality scientific information is supported by statistical and research methods, ideally subject to a formal, independent, external peer review.

OFRI has made some misleading statements about Oregon forest practices and laws

OFRI's public messaging typically speaks to common forestry practices, such as clearcutting and herbicide application. These are complicated subjects, yet OFRI's messages can oversimplify and highlight the positive aspects of forestry, as shown by examples in Figure 9. The agency has not prioritized communicating to the public the complexities or potential negative impacts of forest management practices on forest and human health. Complexities and negative impacts within the agency's own research were not included in statements to the public reviewed by the audit team.

While forestry has economic benefits for local communities and the state, some forest practices, such as harvesting, building roads, and herbicide spraying, can have negative effects on water and soil quality and wildlife and fish habitat, which the agency at times acknowledges in some of its educational materials and websites.

The Oxford Dictionary of English defines **misleading** as giving the wrong idea or impression.

OFRI has made statements that the Forest Practices Act protects drinking water sourced from forestland. However, the federal government has been obligated to withhold funding from the State of Oregon for failing to have adequate forest management measures in place to protect water quality on the coast.

In 2015, the National Oceanic and Atmospheric Administration and the U.S. Environmental Protection Agency did not approve Oregon's Coastal Nonpoint Pollution Control Plan to reduce polluted runoff to coastal waterways. Federal agencies first deemed Oregon's rules inadequate to protect water quality and designated use under the Clean Water Act in 1998, and 17 years later the state's reliance on the Forest Practices Act for private forestry remains inadequate in the opinion of these two federal agencies.

Since 2015, over \$8 million has been withheld from federal grant awards, resulting in an ongoing reduction of local government grants and the loss of two staff positions from the Oregon Department of Land Conservation and Development. While some improvements were made in 2017 and 2020, the state still has not received federal approval. Without an approved plan, the withholding of funds will continue.

Figure 9: Some OFRI statements do not reflect the full complexities and potential impacts of forest management practices

OFRI statement examples	Complexities and counterpoint examples
<p>“Foresters use clearcutting to harvest timber and renew the forest.” <i>- OFRI 2018 Clearcutting Topic Sheet</i></p>	<ul style="list-style-type: none"> • Forest operations can cause erosion. • Harvest reduces canopy coverage and disturbs soils, which can cause erosion and the likelihood of landslides on steep slopes. • Sediment from forest roads pollutes streams, carries toxic metals, and can clog water intakes.
<p>“Foresters use herbicides as sparingly and safely as possible. The chemicals are the same or similar to chemicals available to consumers.” <i>- OFRI Oregonforests.org Website</i></p>	<ul style="list-style-type: none"> • Oregon generally does not require herbicide spray buffers near non-fish-bearing streams. These buffers are considered necessary by the National Oceanic and Atmospheric Administration as well as the Environmental Protection Agency to protect designated uses and maintain water quality standards. • The use of chemicals on forestland may adversely impact water quality and aquatic life. • Oregon forest operations use a variety of chemicals on forestland, which can drift through the air or runoff from the land into nearby water sources.
<p>“Sustainability is at the core of the Oregon Forest Practices Act.” <i>- OFRI Oregonforestlaws.org Website</i></p>	<ul style="list-style-type: none"> • Forest Practices Act riparian protections on private forestland have been found to not adequately achieve and maintain water quality in the coastal zone.¹⁵ • The Forest Practices Act does not address legacy roads, which continue to threaten water quality standards. • The state has not confirmed broad compliance with the Oregon Forest Practices Act. Comments from the Board of Forestry and the public voiced concerns regarding ODF’s Forest Practices Act compliance assessment. A 2019 review of the agency’s compliance methodology found that there were issues with ODF’s sampling protocols and categorization of nonrespondents.
<p>“Oregon leads the nation when it comes to practicing sustainable forestry.” <i>- Oregon Forest Facts 2019-20</i></p>	<ul style="list-style-type: none"> • No comprehensive reviews of state forestry laws or practices have been conducted by OFRI, Oregon State University, or ODF to support this assertion, and none of the entities were aware if such a review existed. • Millions of dollars in federal funding have been withheld from Oregon for inadequate forest management practices under the federal Clean Water Act (see below). • Specific forestry laws addressing wildlife tree retention and riparian protection in Washington and California appear to be more robust than comparative laws in Oregon.**
<p>“According to a statewide index, the highest water quality in Oregon occurs in forested watersheds.” <i>- Oregon Forest Facts 2019-20*</i></p>	<ul style="list-style-type: none"> • The Water Quality Index that was used to make this determination was not developed to assess the safety or cleanliness of forestland water. It was developed to index pollutant levels in industrial water, and according to DEQ staff, should not be used to assess water sourced from forestland. • DEQ documents on its Oregon Water Quality Index website that sample results are only representative of the sites from which they were measured and are not representative of other locations; therefore, they should not be used as evidence for making a statewide statement.

*Index removed from 2021-2022 publication.

**This example is from OFRI’s 2018 comparison of specific laws, not a comprehensive review of the effectiveness of overall state forestry laws.

¹⁵ [Coastal Zone Act Reauthorization Amendments Decisions](#)

The audit team identified statements in OFRI publications that were broad or framed complex and contentious issues as simple and straightforward. Some statements made by the agency were oversimplified or misleading to the point of not being factual. Although some communication channels, such as social media, limit the amount of detail OFRI can present, the agency should present balanced and objective information on forestry topics across any media used. While some of these materials are helpful to stakeholders, the agency cannot reasonably claim that all its messages and publications are objective or fairly represent the impacts of forest management practices.

OFRI’s messaging strategy primarily focuses on promoting simplified and biased material that favors the industry

OFRI leadership told auditors they aim to advance public understanding of forests, forest management, and forest products, not to influence public perception on these topics. However, the understanding OFRI tends to promote through its publications and external communications is narrow and favors forest products industry interests as OFRI’s statute allows. The strategies the agency uses to craft these messages, including public opinion research, also support the creation and dissemination of biased information.

According to OFRI staff, aspects of past strategic planning from as early as 2012 still apply. Among these is a strategy that prioritizes the promotion of simplified messages in an effort to align them with public values and beliefs. According to the 2012 strategic plan: “Forest sector leaders count on OFRI to take the lead in communicating with opinion leaders and the public on forest management and other issues. These observations identify a need for messaging that explains the issues — often complex — in easy-to-understand words and phrases. This messaging can be used by OFRI, its partners, and the wider forest sector to synchronize messages and align them more effectively with Oregonians’ values and beliefs.”

In alignment with this strategy, OFRI staff have developed and documented internal key messages on relevant topics to promote consistency across the agency’s communications and materials.¹⁶ However, in simplifying its messages, OFRI presents only the benefits of several complex and controversial topics: specifically, mass timber, clearcutting, herbicide application, and Oregon Forest Practice Law.

Examples of OFRI’s key messages around clearcutting and the use of herbicides

“Clearcutting mimics natural processes to benefit even-aged forests.”

“Clearcutting is an efficient way to harvest timber and establish a new forest. This helps meet society’s continued demand for wood and paper products while supporting Oregon’s economy.”

“Forest managers select herbicides carefully and use them sparingly.”

“State and federal laws provide safeguards to ensure there is no impact on human health from the use of herbicides in forests.”

The messages do not allude to the potential harms of herbicide use or clearcutting, or the fact that these topics are complicated and controversial. For example, of herbicides, OFRI’s message is “careful and well-regulated herbicide use protects young trees and promotes healthy forest growth.” The content, according to staff and confirmed by auditors, has not changed much since earlier iterations from 2014 when the phrase “strong laws” appeared throughout the messaging documents. OFRI’s current executive director reported that the statement “strong laws” had been

¹⁶ See Appendix C.

removed from more recent advertisements due to concerns she had raised about the accuracy of the language.

According to OFRI management, the messages support their public outreach efforts to inform Oregonians and address their concerns about topics such as clearcutting. They explained the messaging document provides a framework for OFRI “to build a general understanding” of why and how these forest practices are used and their regulation under state law.

However, according to OFRI, addressing the controversy surrounding these practices “often goes beyond the scope of OFRI’s mission of educating the public on forest management.” OFRI leadership also told auditors industry support is their statutory mandate and therefore their messaging is supportive of the forests products industry. By avoiding the inclusion of opposing viewpoints, OFRI’s portrayal omits information important for understanding the complexities of forest management and forest practice law in Oregon and therefore risks misleading the public.

OFRI conducts public opinion research that suggests the agency is more focused on influencing public opinions than increasing knowledge

Questions from the 2015 Values and Beliefs survey asked respondents the extent to which they felt various statements are a good or poor reason to allow some clearcutting and herbicide use.

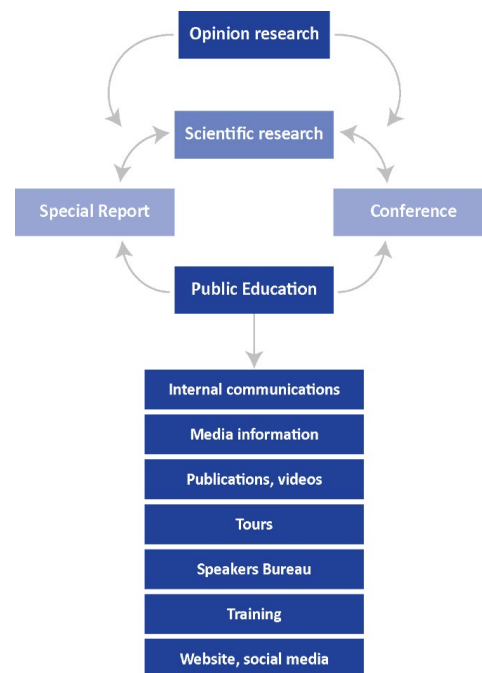
To inform its public education program development, OFRI contracts with a research firm to conduct a Values and Beliefs survey every four or five years; this sometimes includes a focus group component. The firm samples a subset and performs research analysis to provide the agency information about the broader Oregon population. The agency also conducts annual post-test surveys for its advertising campaigns.

The research gathered from the Values and Beliefs survey is critical to informing OFRI’s program decisions and content. In 2019 testimony before the Legislature, OFRI’s director said the research is part of the foundation of the agency’s work. The agency director also told legislators the survey helps OFRI understand what the public knows about forests and forest practices and their values and beliefs about forests. The research helps OFRI understand knowledge gaps the agency works to fill. The research firm communicated to auditors the survey’s purpose is “to periodically measure the knowledge level Oregonians have about forest management” in addition to their values and beliefs related to Oregon’s forests.

According to OFRI, survey feedback also guides its selection of key message topics and approach to educational outreach. Survey feedback showing that the public has concerns or certain opinions about clearcutting, use of herbicides, and other forest practices may drive OFRI’s educational outreach focus on explaining why these practices are allowed and the steps taken to mitigate their negative impact.

Auditors found the survey appears to do very little to measure how knowledgeable respondents are about Oregon forests or forest practices. Auditors identified 27 questions, out of 32 total questions, that clearly

Figure 10: Public opinion research plays a prominent role in the agency’s communications

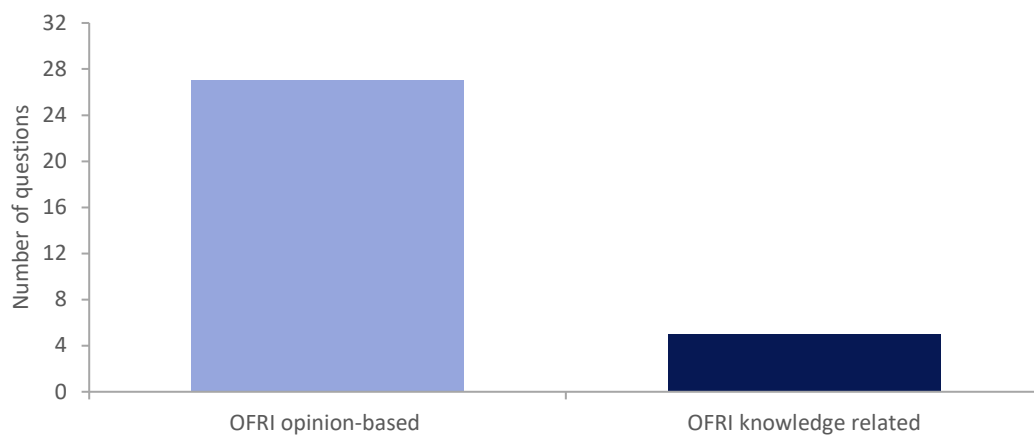


gauge opinions.¹⁷ These questions are not tied to specific objectives that would provide clarification on the purpose they serve. Examples include:

- Do you believe there should be less regulation of privately owned forestland, more regulation, or about the same amount of regulation?
- Do you believe Oregon’s current forest protection rules and laws are strong enough to meet your concerns about the management of private forestland in the state?
- Should the state allow some clearcutting on private forestlands?
- Rank the top three concerns you have about clearcutting.

Analysis of the survey results, conducted by the contracted firm, and auditor review of focus group feedback indicate the intent is to promote specific perceptions. After the 2019 Values and Beliefs survey, researchers concluded “the public’s positivity toward industry is a strength and may help balance the relative lack of knowledge. Oregonians value their forests and are generally inclined toward positive views of the forest industry, even if they do not really understand it.”

Figure 11: OFRI asks very few knowledge-related survey questions and focuses primarily on opinion-based questions



Note: This chart only includes survey questions specific to OFRI. Survey questions developed for ODF and Keep Oregon Green are not included in this analysis.

Source: 2019 Values and Beliefs Survey.

Focus group research has also assessed messaging that would resonate with specific groups on controversial topics, such as clearcutting and herbicide use. This research was conducted to inform and frame OFRI’s educational outreach efforts.

The participants for these focus groups were selected to help OFRI understand how messaging could reach groups that may have less favorable views of the forest products industry or of ideas that may support it.

OFRI’s work has been perceived by the media as public relations to benefit the forest products industry. According to the Public Relations Society of America, public relations include influencing key stakeholders to shape and frame public perception. It involves assessing public opinion, attitudes, and issues that might have an impact for better or worse on the operations and plans of an organization. The research firm assessed perceptions and attitudes and provided messaging recommendations to OFRI despite reporting the public lacked knowledge in these controversial topic areas. This indicates the research purpose was to test messaging aimed at shifting public opinion to favor industry perspectives.

¹⁷ See Appendix E for a list of OFRI questions. This count does not include demographic questions, such as those establishing age, race, and gender, or questions in the survey OFRI included on behalf of ODF and Keep Oregon Green Association.

Figure 12: Values and Beliefs Focus groups discussed controversial topics in 2015 and 2019

	2015 focus group	2019 focus group
Research topic	To assess forest management opinions and perceptions on clearcutting and herbicide use.	To gauge perceptions about the role of trees in the carbon cycle and subsequent link to climate change.
Focus group participants	The research firm selected “a more difficult audience:” women and younger residents researchers identified as tending to hold more negative views toward the industry and more skeptical toward forest management practices.	Individuals that believed in climate change and were not sure whether wood, carbon, or steel were best for the environment.
Research firm takeaways noted by the audit team	Researchers discussed messaging that conveys the benefits of clearcutting and herbicide use received well by participants. Researchers discussed participant impressions of the forest products industry and perceptions of enforcement of replanting after harvest.	Researchers recommended OFRI avoid unfamiliar concepts and terms in its messaging to the public, and instead convey simple, declarative statements about how trees benefit the environment. Messaging to help raise awareness of wood’s importance in the carbon cycle was also discussed.

The intent of OFRI’s advertising campaigns appears to be shifting public attitudes about forestry

As allowed by statute, OFRI uses advertising as a cost-effective and efficient way to reach a broad audience across television and digital formats. According to OFRI tracking, the agency paid nearly \$10 million to an advertising agency between 2011 and 2020 to develop and distribute ads. OFRI ads reached a wide audience, generating over 52 million impressions in 2019-20.

OFRI considers its advertising to be educational. However, the ads oversimplify and misrepresent the complexities of forest management in Oregon, with the apparent intention of shifting public attitudes to view current forest practices more favorably.

The audit team reviewed over 10 years’ worth of advertisements and found they have focused mainly on raising awareness of three simplified ideas about forest practice requirements: that Oregon requires replanting after harvests, that Oregon forest practice laws protect drinking water, and that laws protect wildlife and fish habitat. OFRI ads have portrayed Oregon forest practice laws as “strong,” either directly or indirectly, and have heavily implied that Oregon’s forest practices are sustainable and sufficient to protect drinking water and wildlife habitat.

However, the ads fail to address all aspects of often complex and controversial topics, including potential shortcomings with current industry practices. The quality of Oregon’s forest protections is a matter of intense public debate — that debate, and other qualified perspectives on the effectiveness of forest protections, appear to be absent from most of OFRI’s materials, most notably the advertising campaigns. OFRI’s ads are generally less than 30 seconds and convey limited information.

OFRI’s advertising strategy since at least 2011 has involved targeting specific, malleable audiences that have not yet “made up their mind” about forest management. Those groups are identified using the “don’t know” responses to public opinion survey questions. One memo noted:

“...we will target audiences that are more open-minded and find OFRI’s messages compelling and informative. To do this, we will target users aged 18-54 that live in Oregon, and match any of the following political categories: Liberal, Moderate, and Conservative. It’s important to note that the audiences we are not targeting are those who are categorized as

Very Liberal or Very Conservative. This improves the chances of reaching a more malleable audience that is ambivalent to forest practices.”

Figure 13: Examples of qualitative and potentially misleading statements in OFRI advertising

Year of Airing	Ad Title	Excerpts
2008	Fountains	“...because Oregon law protects rivers and streams, our well-managed forests will provide Oregonians with clean drinking water long into the future...”
2012	The Four R’s	“Oregon has strong laws that require landowners to replant the forest after harvest, which protects streams and wildlife habitat and ensures abundant forest for generations to come.”
2015	Forecast	“...we have strong laws to make sure our forests are replanted and well managed to protect wildlife habitat and water...”
2020	Clean Water	“Oregon has a reputation for clean water and healthy fish habitat. Responsible forest management and Oregon forest protection laws help keep it that way.”
2020	Rings	“Oregon law requires replanting after harvest, and we plant about 40 million new trees a year. True sustainability has a nice ring to it, don’t you think?”

Note: These statements suggest that Oregon laws are adequate to sustain and protect resources and wildlife, and that forest operations are fully compliant with the law. These assertions cannot be supported without ample evidence, which is not addressed in OFRI’s ads. Television ads offer a link to the OFRI website. See Appendix D for full content.

The effectiveness of OFRI’s advertising campaigns is measured by monitoring shifts in public attitudes. According to the research firm, the annual post-test survey determines the impact of OFRI’s public education ads on “attitudes.” In addition to asking how well the ads conveyed basic ideas about forest protections, the 2020 survey asks respondents whether the ad effectively shifted their opinion of Oregon forestry.

Current and past directors have emphasized the importance of using advertising to raise awareness of Oregon’s forest practice laws. In a 2017 blog post on OFRI’s website, a former agency director wrote: “Many newcomers do not know the state has strong laws that require forest landowners to replant after harvest, conserve wildlife habitat and protect drinking water.” According to OFRI staff, repetition of these basic ideas is necessary to advance the public’s understanding of forest management and is in the public’s long-term interest. For instance, with regards to replanting, staff said ensuring that residents know reforestation is the law helps them understand clearcutting is not the end of the forest management cycle. This is particularly important for new residents, who may experience an emotional response seeing a clear cut. The agency receives many calls from citizens concerned about clearcutting.

Some stakeholders have criticized the advertisements as one-sided. The audit team communicated with researchers in the natural resource field and environmental stakeholders who voiced concerns about the focus on replanting and portrayal of Oregon’s forest laws as strong and sufficient without a scientific basis for these assertions.

Oregon state law asserts that it is the basic right of citizens to know about the activities of their government and to benefit from the information developed at public expense. State agencies are expected to inform the public, the Legislature, and the Governor on matters of public interest and concern.¹⁸ OFRI’s development and sharing of some biased materials and lack of transparency about its core mandate fails to uphold the right of the public to be informed on matters that may

¹⁸ Per [ORS 192.235\(2\)](#)

impact them. While OFRI maintains it is a nonpartisan organization, these messages can contribute to the perception that the agency may be politically motivated.

Statutory prohibitions and a lack of formal internal guidance has created potential compliance risks for the agency

OFRI's statute is clear that the agency's mandate is supporting the forest products industry. It is also clear that the agency is prohibited from spending funds on certain activities. According to ORS 526.650(2)¹⁹, "[n]o funds shall be expended by the institute for the purpose of influencing, or attempting to influence, any legislation or any rulemaking or other administrative activity of any state board, commission or agency."

OFRI has provided testimony that could be perceived as attempting to influence legislation

On multiple occasions in the last 20 years, OFRI has prepared and delivered testimony before the Legislature. In some instances, this testimony was limited to informational testimony without appearing to advocate for or against a specific bill.

For example, in 2005, Senate Bill 659 was introduced to defund OFRI. The agency's executive director at the time, as well as two board members and the ODF liaison, all provided informational testimony. In 2019, House Bill 2495 was introduced to increase the Forest Products Harvest Tax and redirect funding away from OFRI to increase the portion dedicated to the Wildfire Suppression Fund. OFRI's executive director and one board member provided informational testimony.

In other instances, OFRI's testimony showed clear support for legislation that benefited the agency. In 2003, House Bill 2915 was introduced to provide legal updates to the agency's statute; the executive director at the time, a board member, and ODF's liaison to the board all testified in support of the bill. In 2011, House Bill 2756 was introduced to establish a Forest Practices Act administration division within OFRI, which would have transferred certain functions from the State Forester and expanded OFRI's responsibilities. The agency's executive director at the time testified in support of the bill.

Other state agencies routinely provide legislative testimony. Yet OFRI's statute states that the agency cannot expend funds to influence or attempt to influence legislation.

Some of OFRI's other activities may put it at risk of statutory noncompliance

OFRI has planned and participated in various events and outreach activities, some of which have covered controversial topic areas and may have catered to policymakers. For example, in June 2018 OFRI led a board tour of private forestland which included speakers discussing aerial application of herbicides to forestland. OFRI's agenda for the event noted the tour topics as having potential policy implications. The agency invited elected officials to this event.

Some of OFRI's board tours appear to be scheduled strategically. An OFRI staff person informed a stakeholder via email in 2019 in reference to scheduling a board tour: "Our experience has shown spring/summer of an election year are a great time to get candidate and legislator attention." However, OFRI informed the audit team that none of its educational events are planned in response to legislation, per its statutory prohibition.

OFRI also helped to coordinate a Forest Sector Day event in 2019 aimed toward promoting the forest products industry to legislators. OFRI topic sheets on carbon and pesticides that were shared at the event were questioned by an industry representative, who perceived the documents as portraying OFRI as a timber advocacy group. OFRI also coordinated with other participants during

¹⁹ ORS 526.650(2)

event planning who referred to Forest Sector Day as a lobbying event. According to OFRI, their participation in the Forest Sector Day event was limited to offering educational materials to forest landowners. The agency reported that it did not participate in any meetings with legislators at this event.

OFRI runs its annual public education advertising campaign in the spring. Staff told auditors the timing is meant to coincide with Oregon's increased outdoor recreation from spring break to summer. Auditors noted the bulk of campaigns in recent years have ended by mid-May or mid-June but did not extend further into summer. At times, the agency has released advertisements that coincided with Oregon legislative sessions. A Portland advertising firm that OFRI worked with from 2012 through 2020 helped the agency identify timeframes for releasing its advertisements every year; memos for spring 2018 through 2019 campaigns noted "legislative sessions" which staff were unable to explain. Staff communicated to auditors there has never been an intention for the advertising to influence a legislative session. However, because ads run during session, when forestry related bills or bills affecting the Harvest Tax are under consideration, these expenditures still run the risk of being considered attempts to influence legislation.

Government Auditing Standards say that auditors may consult with legal counsel concerning laws and regulations that are significant to the audit objective, design tests of compliance with those laws and regulations, and evaluate the results of those tests.²⁰ The facts determined by auditors reasonably raise the question of whether OFRI expended funds in violation of their statute. In conducting this audit, we consulted with the Oregon Department of Justice, which advised that the answer was unclear and that a formal legal opinion could provide clarity on this issue. To determine whether OFRI did expend funds in violation of its statute, legislators could seek a formal legal opinion.

OFRI registered board members and agency directors as lobbyists for over a decade

Oregon's lobbying regulations²¹ define and provide registration requirements for lobbying; the statute was subsequently clarified in a 1998 opinion from the Oregon Department of Justice.²² The statute requires agency employees engaged in lobbying activities to register with the Oregon Government Ethics Commission and places certain restrictions on lobbying activities.

Between 2002 and 2013, OFRI registered the agency director and four board members as lobbyists. According to one OFRI staff member, these individuals registered because they were occasionally asked to testify before legislative committees and thought the number of hours spent on these tasks may have exceeded those required for registration under the statute regarding lobbying. Ultimately, according to OFRI, the agency stopped registering lobbyists because few hours were reported, and the reported amount did not meet the required threshold.

However, it is not clear from statute what OFRI is permitted or prohibited to do with regards to lobbying. For example, ORS 171 defines lobbying, yet OFRI's enabling statute does not include that term. A legal opinion from the Oregon Department of Justice could help to determine whether lobbying activity is prohibited by OFRI's statute.

OFRI should develop formal internal guidance to help ensure agency activities comply with state law

Oregon statute does not provide clear guidance as to what constitutes an expenditure "for the purpose of influencing, or attempting to influence, any legislation or any rulemaking or other

²⁰ Generally Accepted Government Auditing Standards (GAGAS) 2018 revision, Chapter 6.16, "Application Guidance: Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements."

²¹ [ORS 171.725 – 171.785](#) regulates lobbying in Oregon

²² [DOJ Opinion No. 8259](#)

administrative activity of any state board, commission or agency.” While OFRI notes the existence of the statutory prohibition in its Employee and Board Handbooks, the agency has not established a written policy with general guidance for staff on the types of activities that are permitted and not permitted under the prohibition. OFRI’s executive director must continually evaluate activities on a case-by-case basis, without any clear standard to gauge their appropriateness. According to OFRI, staff are aware of the statutory prohibition and are directed to seek approval from the executive director regarding which activities are permitted or not permitted.

Different agency directors have also used different practices for communicating with the Legislature. According to agency staff, past directors have testified before legislative committees. The current director told auditors OFRI has changed its practices around testifying. In instances where OFRI receives a legislative request to provide testimony, the director checks with the Oregon Department of Justice to understand what actions are allowable. This new process is an improvement, but the agency would benefit from a formalized process and guidance.

While the allowability of some activities may be situationally specific, the agency could develop general guidelines that would help provide a foundation for staff on acceptable activities. The guidelines could also specify the type of instances in which the director should seek further guidance from the Oregon Department of Justice.

Recommendations

To improve OFRI statutes and better realize the agency's potential public benefits, we recommend the Legislature take the following action:

1. Revise and clarify OFRI's enabling statute to be consistent with principles of good governance. This includes:
 - a. Providing greater specificity and direction around the agency's purpose, authority, and objectives.
 - b. Increasing non-industry voting representation on OFRI's governing board to ensure a balance of public views.
 - c. Instituting an oversight function to ensure that quality information (objective, accurate, reliable) is being developed and shared by the agency.
 - d. Clarifying the statute's prohibitions on influencing or attempting to influence legislation, and provisions such as increasing public understanding, to reduce the risk of conflict or confusion.

To improve its performance and operations, we recommend OFRI take the following actions:

2. Develop a policy to provide guidance to staff and board members on ways to avoid engaging in activities prohibited by statute. The guidance should include under which circumstances the agency will seek legal or ethical advice.
3. Improve internal controls, including:
 - a. Adopting a single mission statement consistent with the agency's statutory requirements.
 - b. Updating the agency strategic plan to align with a clear mission and goals tied to specific performance measures.
 - c. Adopting and documenting standards and internal processes for developing, reviewing, and disseminating quality information.
4. Improve transparency around its mandate, functions, and public communications and involve a broader array of stakeholders outside the industry. For example, the agency should:
 - a. Share its mission and strategic plans on the website.
 - b. Engage a broader array of forestry stakeholders, including conservation and environmental groups, in its ongoing work and decision-making processes.
 - c. Communicate the agency's statutory mandate in public messaging efforts, such as advertisements or educational materials.
5. Conduct a comprehensive review of its statute and determine which statewide policies apply to OFRI in consultation with the Department of Administrative Services and the Department of Justice.

Objective, Scope, and Methodology

Objective

The purpose of this audit was to determine whether OFRI's purpose and organizational structure enable the agency to act in the public interest. This audit was at the request of the Governor due to concerns raised about agency activities.

Scope

This audit focused on the agency's enabling statute, organizational structure, public messaging through agency programs, and how agency processes compared to standards of good governance. The audit generally covered most of the agency's functions but conducted a more in-depth review of the Public Education program.

Methodology

To address our objective, we interviewed key staff and stakeholders, reviewed and analyzed relevant laws, reports, email documentation and other materials, and reviewed criteria and governance standards.

The audit team interviewed most OFRI staff and some board members. We contacted some organizations that work closely with OFRI, including the Oregon Small Woodlands Association, Oregon Natural Resources Educational Programs, and the Oregon Forest & Industries Council. We interviewed representatives from Oregon State University, including the College of Forestry, Extension Services, the Institute for Natural Resources, and several researchers. It was recognized that there are many stakeholders with diverse views in the natural resources arena. As such, we interviewed some conservation groups as well.

We also interviewed and made email inquiries to other government entities, including:

- Oregon Department of Forestry,
- Oregon Department of Environmental Quality,
- Oregon Department of Administrative Services,
- Oregon Office of Economic Analysis,
- Oregon Department of Agriculture, and
- Oregon Watershed Enhancement Board

We documented and analyzed pertinent statutes, hearings and testimony on multiple legislative bills, administrative rules, contracts, agency budgets and account information, published reports, policies and procedures, public records material OFRI provided to requestors in the form of emails, and other program materials. We analyzed the agency's statute, mission and purpose statements, organizational structure, strategic plans, public opinion surveys from 2015 and 2019, and performance improvement mechanisms for alignment with applicable laws and standards. To understand the original intent for creating the agency, we also reviewed testimony and documentation around the originating 1991 bill and testimony delivered on OFRI-related bills in later years.

To assist in our review of agency materials and the development of recommendations, we researched leading governance and quality information standards. We reviewed best practices for stakeholder engagement and performance management and measurement. We also reviewed statutes for programs in Oregon with natural resource significance, such as agricultural commodity commissions and the Oregon Watershed Enhancement Board, and statutes informing ethics in government agencies.

Internal Control Review

We determined that the following internal controls were relevant to our audit objective.²³

- Control Environment
 - We reviewed board and staff manuals, strategic plans, and the board composition.
- Risk Assessment
 - We considered the agency's current strategic plan and plans to prepare a new plan later in 2021, the lack of internal or external evaluations, reviews and audits done at OFRI, and a SWOT analysis prepared for the landowner education program.
- Control Activities
 - We reviewed the agency's performance metrics, policy manuals, approach to contract management, contract and grant expenditures, and the agency's research process.
- Information and Communication
 - We reviewed survey data and conducted staff and stakeholder interviews.
- Monitoring Activities
 - We considered how the agency worked with the board, documented the report release timeline, and discussed the agency's approach to research.

Deficiencies with these internal controls were documented in the results section of this report.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We sincerely appreciate the courtesies and cooperation extended by officials and employees of OFRI during the course of this audit.

²³ Auditors relied on standards for internal controls from the U.S. Government Accountability Office, report [GAO-14-704G](#).

Appendix A: Governor's Audit Request

KATE BROWN
GOVERNOR



SENT ELECTRONICALLY TO CAMERON.SMITH@OREGON.GOV AND JESSICA.ELLIOTT@OREGON.GOV

August 31, 2020

Secretary of State
Bev Clarno
900 Court Street NE
Capitol Room 136
Salem OR 97310-0722

Dear Secretary Clarno:

With this letter the Governor requests a timely audit by the Secretary of State. Facts recently disclosed in public records indicate that activities at the Oregon Forest Resources Institute (OFRI) warrant investigation, and media reports allege a variety of statutory and ethical concerns. Moreover, allegations that OFRI employees engaged in partisan political activity while on the job remain deeply disturbing.

The Governor requests that the Secretary of State conduct a thorough performance audit of OFRI. An audit is necessary to bring transparency to whether OFRI conducts its mission in keeping with its statutory authority, including the clear prohibition on OFRI influencing, or attempting to influence state policy, but also to determine whether there is any public benefit to OFRI. ORS 526.640 states OFRI shall enhance the practice of forestry by providing education and cooperative efforts to practice good stewardship and protect water and other public resources to the maximum extent practicable. ORS 526.645 states OFRI may disseminate reliable information based on research. Media reports raise questions on how OFRI is pursuing this mission. The Governor trusts the audit will reveal whether and how OFRI complies with its statutory charge.

Sincerely,

Jason D. Miner

Natural Resource Policy Director
Office of the Governor

254 STATE CAPITOL, SALEM OR 97301-4047 (503) 378-3111 FAX (503) 378-6827

WWW.OREGON.GOV

Appendix B: Oregon Revised Statute 526.600 to 526.675²⁴

OREGON FOREST RESOURCES INSTITUTE

GENERAL PROVISIONS

526.600 Definitions for ORS 526.600 to 526.675. As used in ORS 526.600 to 526.675, unless the context requires otherwise:

- (1) “Institute” means the Oregon Forest Resources Institute.
- (2) “Producer” means a producer of forest products and includes any person, partnership, association, corporation, cooperative or other business entity involved in the growing, harvesting or producing of timber or timber products. “Producer” does not include landowners who meet the requirement of ORS 526.610 (4). [1991 c.949 §2; 1995 c.225 §2; 2003 c.423 §9]

526.605 Findings. The State of Oregon recognizes that the forest products industry is one of the largest industries in the state. It provides monetary returns to labor, forestland owners, mill owners and operators, public timber purchasers, timber harvesters, investors and others. It is a source of local and state taxes. It is a major supporter of many secondary businesses that supply goods and services in our communities. The welfare of the state is therefore largely dependent on the health and vigor of the forest products industry. The Oregon Forest Resources Institute’s objectives support this important industry and the wise stewardship of natural resources for the benefit of Oregonians. [1991 c.949 §3; 2003 c.423 §1]

526.610 Oregon Forest Resources Institute; board of directors; eligibility. There is created the Oregon Forest Resources Institute. The institute shall be governed by a board of directors appointed by the State Forester. In making the appointments, the State Forester shall take into consideration any nominations or recommendations made to the State Forester by producers or organizations that represent producers. The board shall consist of 11 voting members plus two nonvoting members appointed as follows:

- (1) Three voting members to represent small producers of 20 million board feet or less per year.
- (2) Three voting members to represent medium producers of more than 20 million board feet but less than 100 million board feet per year.
- (3) Three voting members to represent large producers of 100 million board feet or more per year.
- (4) One voting member who is an owner of between 100 and 2,000 acres of forestland and who has no direct financial interest in any forest products processing activity.
- (5) After consideration of the recommendations of the other appointed members in subsections (1) to (4) of this section, one voting member who is an hourly wage employee of a producer or a person who represents such employees. The member appointed under this subsection need not comply with the requirements of ORS 526.615 (3) to (6).
- (6)(a) Two nonvoting members:
 - (A) The Dean of the College of Forestry at Oregon State University.

²⁴ [Oregon Revised Statutes, 2019 Edition.](#)

(B) An individual jointly appointed by the President of the Senate and the Speaker of the House of Representatives to represent the public. The public representative may not be a member of or significantly affiliated with any organization of or business in the timber industry or any organization or business known to support or promote environmental or conservation issues. A person appointed under this subparagraph serves at the pleasure of the President of the Senate and the Speaker of the House of Representatives.

(b) Members referred to in this subsection are not subject to ORS 526.615 to 526.625. [1991 c.949 §4; 1993 c.584 §3; 1995 c.225 §3; 1999 c.40 §1; 2003 c.423 §2]

526.615 Qualifications of voting members. Except as provided in ORS 526.610 (5), each voting member of the board of directors of the Oregon Forest Resources Institute shall have the following qualifications:

- (1) Be a citizen of the United States.
- (2) Be a bona fide resident of this state.
- (3) Be a producer in this state, an employee of such a producer or own between 100 and 2,000 acres of forestland in this state on which harvest taxes are paid, but have no direct financial interest in any forest products processing activity.
- (4) Have been actively engaged in producing forest products for a period of at least five years.
- (5) Derive a substantial proportion of income from the production of forest products.
- (6) Have demonstrated, through membership in producers' organizations or organizations representing landowners who meet the requirements of ORS 526.610 (4), a profound interest in the development of Oregon's forest products industry. [1991 c.949 §6; 1995 c.225 §4; 1999 c.40 §2; 2003 c.423 §3]

526.620 Terms of voting members; vacancies. Each voting member of the board of directors of the Oregon Forest Resources Institute shall be appointed for a term ending three years from the date of the expiration of the term for which the member's predecessor was appointed. If there is a vacancy on the board of a voting member, other than a vacancy caused by expiration of a term, the State Forester shall fill the vacancy for the remainder of the unexpired term with a person who represents the same class as the member whose term was vacated. [1991 c.949 §7; 1995 c.225 §5; 2003 c.423 §4]

526.625 Effect of failure to maintain qualification; removal of member. (1) The State Forester shall immediately declare the office of any member of the board of directors of the Oregon Forest Resources Institute vacant whenever the member becomes a resident of another state or is unable to perform the duties of office. In addition, the State Forester shall immediately declare the office of any member of the board who represents producers vacant if the member ceases to be an active producer in the state.

(2) The State Forester may remove any member of the board of directors for inefficiency, neglect of duty or misconduct in office, but not until after a public hearing thereon and service upon such member of a copy of the charges together with a notice of the time and place of such hearing. Service shall be made not less than 10 days prior to the hearing. At the hearing the member shall be given an opportunity to be heard in person or by counsel and shall be permitted to present evidence to answer the charges and explain the facts alleged. [1991 c.949 §8; 2003 c.423 §5]

526.630 Expenses of members and staff. Directors, officers and employees of the institute may receive their actual and necessary travel and other expenses incurred in the performance of their official duties. The board of directors shall adopt uniform and reasonable rules governing the incurring and paying of such expenses. [1991 c.949 §9]

526.632 Employees not subject to certain personnel regulation. Notwithstanding any other provision of law, wages or salaries of employees of the Oregon Forest Resources Institute are not subject to personnel compensation plans for state employees established by the Oregon Department of Administrative Services under ORS 240.235 to 240.250. [1993 c.584 §2]

526.635 Officers. (1) The board of directors annually shall elect a chairperson.
(2) The board of directors shall meet regularly at least once each quarter, and at such other times as called by the chairperson. [1991 c.949 §10]

526.640 General authority of institute. The Oregon Forest Resources Institute shall enhance and provide support for Oregon's forest products industry. In achieving these objectives the institute may:

- (1) Increase public understanding of the practice of forestry and the use and benefits of forest products.
- (2) Support education and cooperative efforts among private forest landowners and within the forest products industry to:
 - (a) Practice good stewardship of the land, and protect water and other public resources to the maximum extent practicable;
 - (b) Encourage the conversion of underproductive rural lands to forest uses, and provide information to private landowners on the means to facilitate such conversions;
 - (c) Encourage, facilitate and assist private forest landowners to meet or exceed state and federal regulations governing forest operations;
 - (d) Evaluate and communicate to private forest landowners the stewardship responsibility expectations of the public; and
 - (e) In cooperation with the State Forestry Department, Oregon State University and other appropriate government or private entities, serve as a clearinghouse for the dissemination of information to private forest landowners, through conferences, workshops and other means, about modern land management practices.
- (3) Conduct research and help facilitate continued improvement in wood utilization and in secondary wood products manufacturing.
- (4) Publish and sell publications and other materials relating to any program or function authorized by ORS 526.600 to 526.675. The institute may contract for the publication of the materials described in this subsection, including the research, design and writing of the materials. The contract may include, among other matters, provisions for advance payment or reimbursement for services performed under the contract. The price of such publications shall include the cost of publishing and distributing the materials. All moneys received by the institute from the sale of publications shall be deposited in the Oregon Forest Resources Institute Fund. [1991 c.949 §11; 1997 c.15 §1]

526.645 Additional powers. In addition to the functions listed in ORS 526.640, the Oregon Forest Resources Institute may:

- (1) Conduct research and disseminate reliable information based upon such research.
- (2) Sue and be sued as an institute without individual liability for acts of the board of directors within the scope of the powers conferred upon it by law.
- (3) Enter into contracts which the board of directors considers necessary to carry out the duties, functions and powers imposed upon the institute by law.
- (4) Borrow money in amounts not to exceed 50 percent of the board of directors' estimate of the institute's revenue from the current year's harvest.
- (5) Appoint subordinate officers and employees of the institute and prescribe their duties and fix their compensation.
- (6) Adopt, rescind, modify or amend all proper orders, regulations, rules and resolutions for the exercise of its duties, functions and powers. [1991 c.949 §12]

(Financial Administration)

526.650 Expenditure of funds restricted. (1) Notwithstanding ORS 526.645 (2), no funds shall be expended by the Oregon Forest Resources Institute for the purpose of supporting or opposing litigation or other legal action which is unrelated to the administration of the institute.

(2) No funds shall be expended by the institute for the purpose of influencing, or attempting to influence, any legislation or any rulemaking or other administrative activity of any state board, commission or agency. [1991 c.949 §13]

526.655 Acceptance of grants, donations and gifts. The Oregon Forest Resources Institute may accept grants, donations or gifts from any source for expenditures for any purposes consistent with the purposes of ORS 526.600 to 526.675. All funds so received shall be handled as specified in ORS 526.600 to 526.675 for other moneys received by the institute. [1991 c.949 §14]

526.660 Application of budget and expenditure control laws. The provisions of ORS 576.410 to 576.450 as set forth in the 2001 Edition of Oregon Revised Statutes, pertaining to budget and expenditure control, apply to budgets and expenditures of the Oregon Forest Resources Institute except that:

- (1) All references in such statutes to the Director of Agriculture shall be considered references to the State Forester.
- (2) All references in such statutes to the board shall be considered references to the State Board of Forestry.
- (3) All references in such statutes to the commission shall be considered references to the board of directors of the institute.
- (4) Copies of proposed budgets required as described by ORS 576.425 (1) as set forth in the 2001 Edition of Oregon Revised Statutes shall not be sent to county extension agents, but shall be available for inspection at the institute office and at the office of the State Forester in Salem.
- (5) The State Forester shall examine and certify the budget in the manner provided under ORS 576.430 (2) as set forth in the 2001 Edition of Oregon Revised Statutes and make the determination in the same manner as a determination by the Director of Agriculture under ORS

576.445 (2) as set forth in the 2001 Edition of Oregon Revised Statutes. [1991 c.949 §16; 1995 c.225 §6; 2003 c.604 §102]

526.665 Exemption from certain financial administration laws. Except as otherwise provided in ORS 526.600 to 526.675, ORS 291.026, 291.201 to 291.222, 291.232 to 291.260, 291.322 to 291.334, 292.210 to 292.250, 293.260 to 293.280, 293.295 to 293.346 and 293.590 to 293.640 do not apply to the Oregon Forest Resources Institute or to the administration and enforcement of ORS 526.600 to 526.675. [1991 c.949 §17]

526.670 Books and records; audit. The Oregon Forest Resources Institute shall keep accurate books, records and accounts of all its dealings which shall be open to inspection and audit by the Secretary of State. [1991 c.949 §18]

526.675 Oregon Forest Resources Institute Fund; use of moneys; rules. (1) The Oregon Forest Resources Institute Fund is created in the State Treasury, separate and distinct from the General Fund. Except as otherwise provided by law, all moneys received by the Oregon Forest Resources Institute shall be paid into the State Treasury and credited to the fund. All moneys in the fund are appropriated continuously to the institute to carry out its duties, functions and powers. Interest earnings on all moneys in the fund shall be retained in the fund.

(2) The board of directors of the institute may repay moneys from the fund to persons who paid a privilege tax levied under ORS 321.017. The board may repay the amount of tax paid upon application by the person who paid the tax. The board shall adopt rules necessary for the implementation of this subsection. Rules adopted by the board shall include standards for the repayment of moneys and limits on the amount that may be requested. [1991 c.949 §20; 2003 c.423 §6]

Appendix C: OFRI's 2018 Key Messages

Key Messages



Summary of key messages

Mass Timber

Umbrella statement: *Mass timber materials offer a safe, aesthetically pleasing, cost-efficient and environmentally friendly alternative for constructing tall buildings.*

Message 1: Building codes are changing to reflect positive fire and seismic safety test results for mass timber.

Message 2: Mass timber offers clear benefits for the environment, health and Oregon's economy.

Message 3: Cross-laminated timber (CLT), mass plywood panels (MPP) and other mass timber products provide innovative, efficient solutions for the building industry.

Clearcutting

Umbrella statement: *Clearcutting maintains a balance between Oregon's natural landscape and people's need for wood products.*

Message 1: Clearcutting mimics natural processes to benefit even-aged forests.

Message 2: Oregon's forest laws require protecting waterways and wildlife during timber harvest, as well as promptly replanting trees after the timber is harvested.

Message 3: Clearcutting is an efficient way to harvest timber and establish a new forest. This helps meet society's continued demand for wood and paper products while supporting Oregon's economy.

Herbicide Application

Umbrella statement: *Careful and well-regulated herbicide use protects young trees and promotes healthy forest growth.*

Message 1: Seedlings often need a head start to help them grow into healthy forests.

Message 2: Forest managers select herbicides carefully and use them sparingly.

Message 3: State and federal laws provide safeguards to ensure there is no impact on human health from the use of herbicides in forests.

Oregon Forest Practices Act

Umbrella statement: *The Oregon Forest Practices Act (OFPA) protects the natural resources Oregonians hold dear, while allowing responsible timber harvest to supply the wood products people want.*

Message 1: Oregon has a long history of protecting its forestlands.

Message 2: The Oregon Forest Practices Act (OFPA) governs how forestry is practiced on state and private land, to protect soil, air, water, fish, wildlife and other forest resources.

Message 3: The OFPA is regularly updated based on scientific data, proven technologies and advances in forest practices.

Wildfire Impacts

Umbrella statement: *Uncharacteristically severe wildfires throughout the state clog the air with smoke, while damaging human health, property and the economy. Oregon needs a solution that reduces the conditions that lead to catastrophic fires and the associated negative impacts.*

Message 1: Wildfire is a natural part of Oregon's landscape and forest ecosystems, but fires have recently increased in intensity and been uncharacteristically severe, especially in eastern and southwestern Oregon.

Message 2: Wildfire smoke, and the particulate matter from it, directly impact people's health and well-being, as well as Oregon's economy.

Message 3: Fires have detrimentally changed the state's landscape, with not only major losses to private and public landowners, but the destruction of historical and popular recreational sites as well.

Appendix D: Sample OFRI Advertisement Transcripts

2008 Fountains

"In Oregon we're blessed with fresh, clean drinking water. In large part thanks to our forests. Healthy forest soil acts as a natural filter and because Oregon law protects rivers and streams, our well-managed forests will provide Oregonians with clean drinking water long into the future. Now that's refreshing."

2012 The Four R's

"Oregon is famous for being green. We reduce, reuse, recycle so it's no surprise we have a fourth [r]: replant. Oregon has strong laws that require landowners to replant the forest after harvest, which protects streams and wildlife habitat and ensures abundant forests for generations to come, which means Oregon will stay famous for being green."

2015 Forecast

"Tomorrow's forecast is going to be more rain. You know that Oregon weather we're always talking about: relatively moderate mostly mild? We've got rain in the forecast with a chance of thunderstorms. Turns out the same weather makes Oregon perfect for growing trees, especially evergreens, and we have strong laws to make sure our forests are replanted and well managed to protect wildlife habitat and water. So the next time the weather comes up (It's gonna be a wet one.) just say the forecast calls for trees."

2020 Clean Water

"Oregon has a reputation for clean water and healthy fish habitat. Responsible forest management and Oregon forest protection laws help keep it that way."

2020 Rings

"You can tell from the rings of a tree how old it is. this one's about 50. It helped protect our drinking water, it's provided wildlife habitat and it'll go on being productive becoming part of a home, a fire station, even a playground. Then it all starts again. Oregon law requires replanting after harvest, and we plant about 40 million new trees a year. True sustainability has a nice ring to it, don't you think?"

Appendix E: 2019 Values & Beliefs Survey questions²⁵

The questions below come from OFRI's Values and Beliefs survey from 2019. The audit team classified these questions into whether they pertained to demographics, opinion, or knowledge.

DEMOGRAPHICS

Auditor Determination

- | | |
|---|--------------------|
| 1. In what year were you born? _____ | Demographic |
| 2. In what county in Oregon do you live? | Demographic |
| 3. I describe my gender as: <i>Check all that apply</i> | Demographic |
| 4. What is the highest level of education you have completed? | Demographic |

FORESTRY & WOOD PRODUCT INDUSTRY

- | | |
|---|----------------------|
| 5. Which of the following industries would you say is most important to your area of the state? | Opinion-based |
| 6. What do you value most about Oregon's forests? | Opinion-based |

Below is a list of five different industries in Oregon. For each, please indicate your impression of the industry. If you aren't familiar at all with the industry, just let us know. [Response options range from "Very unfavorable" to "Very favorable" and include an "I'm not familiar with this industry" option]

- | | |
|---|--------------------------|
| 7. Tourism | Opinion-based |
| 8. Construction | Opinion-based |
| 9. Agriculture | Opinion-based |
| 10. Hight tech manufacturing | Opinion-based |
| 11. Forestry and wood products | Opinion-based |
| 12. Why do you have an unfavorable impression of the forestry and wood products industry? | Opinion-based |
| 13. Why do you have a favorable impression of the forestry and wood products industry? | Opinion-based |
| 14. How knowledgeable do you consider yourself to be about the forestry and wood products industry in Oregon? | Knowledge-related |

FOREST PROTECTION LAWS

- | | |
|--|--------------------------|
| 15. Does Oregon law require forest landowners to replant trees after harvest? | Knowledge-related |
| 16. Does Oregon law require forest landowners to protect forest streams and water resources during timber harvest? | Knowledge-related |

²⁵ This list excludes questions developed specifically for ODF and Keep Oregon Green

- | | |
|---|--------------------------|
| 17. Does Oregon law require protection of fish and wildlife habitat in forests that are managed for timber production? | Knowledge-related |
| 18. Do you agree or disagree that the State of Oregon does a good job enforcing forest protection laws? | Opinion-based |
| 19. Which one of the following statements comes closest to your beliefs about forestry in Oregon? | Opinion-based |
| 20. Please indicate how much of Oregon's forests you believe are managed by each of the following groups. You may enter any number between 0 and 100, but the total for all four must add up to 100%. | Knowledge-related |
| Overall, how would you rate the forest management of the following groups of Oregon forest landowners? [Response options range from "Very poor" to "Very good" and include a "Don't know" option] | |
| 21. Federal government | Opinion-based |
| 22. State government | Opinion-based |
| 23. Private companies | Opinion-based |
| 24. Families and individuals | Opinion-based |

PRIVATE FOREST COMPANIES

There are about 50 large forest landowning companies in Oregon. Collectively, they manage about 6.5 million acres of forestland, which is 22% of all forestland in the state. A few of the largest landowners are Campbell Global, Roseburg Forest Products and Weyerhaeuser. Just focusing now on private forest companies, on a scale of 1 to 5, with 1 being very poor and 5 being very good, how would you rate private companies' performance on the following:

- | | |
|---|----------------------|
| 25. Replanting trees after harvest | Opinion-based |
| 26. Protecting fish and wildlife habitat | Opinion-based |
| 27. Protecting drinking water supplies | Opinion-based |
| 28. Do you believe there should be less regulation of privately-owned forestland, more regulation, or about the same amount of regulation? | Opinion-based |
| 29. Do you believe Oregon's current forest protection rules and laws are strong enough to meet your concerns about the management of private forestland in the state? | Opinion-based |
| 30. Overall, how acceptable do you find the practice of clearcutting in Oregon's private forests? | Opinion-based |
| 31. Should the state of Oregon allow <u>some</u> clearcutting on private forestlands? | Opinion-based |

32. Rank the top three concerns you have about clearcutting. Place a “1” next to your top concern, “2” next to your second highest concern, “3” next to your third highest concern. **Opinion-based**
33. All things considered, which building materials do you think are better for the environment? [Response options: “Wood”; “Concrete”, “Steel”, “I’m not sure”] **Opinion-based**
- Do you agree or disagree that lack of thinning or harvesting in dense, overcrowded forest stands can threaten fish and wildlife habitat by:
34. Making the stands vulnerable to unusually hot, destructive fires. **Opinion-based**
35. Making the stands vulnerable to insects and diseases. **Opinion-based**
36. Do you agree or disagree that dense, overstocked forests in eastern and southwest interior Oregon should be thinned to reduce the risk of severe wildfire? **Opinion-based**



July 19, 2021

Kip Memmott, Director
Secretary of State Audits Division
255 Capitol St. NE, Suite 500
Salem, OR 97310

Dear Mr. Memmott,

This letter provides a written response to the Audits Division's final draft audit report titled **"OFRI's Statute Undermines its Public Benefit and the State Agency is Not Transparent About its Statutory Mandate to Support the Industry."**

On behalf of the Oregon Forest Resources Institute (OFRI), we appreciate the Oregon Secretary of State Audits Division for their work on this audit. The Secretary of State's performance audit of OFRI began in September of 2020. OFRI's staff and volunteer board appreciate the work of the auditors and will implement improvements that will increase the quality of the Institute's forest education materials and programs for the general public, K-12 students and teachers, and forest landowners. The health of our forests is critical to all Oregonians. As we face increasing threats, including from climate change and wildfire, it behooves us to work together – across industries and interests – to protect our forests.

We are pleased that the Audits Division confirms that OFRI meets its statutory mandate to support and enhance the forest products industry in Oregon. OFRI disagrees that its statute undermines its public benefit. Supporting and enhancing the Oregon forest products industry through forest education programs and educational materials for the general public, K-12 teachers and students, and forest landowners is important to Oregonians because of the many social, environmental and economic benefits that forests provide to the state and all Oregonians. These include recreational opportunities, wildlife habitat and carbon storage, as well as a source of jobs for tens of thousands of state residents, especially in rural communities.

9755 SW Barnes Rd., Suite 210
Portland, OR 97225
971-673-2944
971-673-2946 facsimile

OregonForests.org

Kip Memmott, Director

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Portions of the audit report appear to provide commentary on the Legislature's choice to create OFRI – in the public interest – for the purpose of supporting Oregon's forest products industry. OFRI is a state agency funded entirely by taxes levied on the forest products industry. To deny the industry the right to determine how these funds should be spent in support of their industry is not only unfair, but would undermine faith in the ability for government to allocate resources impartially.

Additionally, while OFRI agrees that it can improve its communications around its statutory mandate to support and enhance Oregon's forest products industry, the agency doesn't agree that it hasn't been transparent. OFRI explains how it is funded, who serves on its board of directors and provides information on the programs and materials it produces on its website, OregonForests.org. All of OFRI's materials include the Institute's website address, so this information is available to anyone who wants to learn more about OFRI.

In an effort to help Oregonians understand forestry and forest practices, many of OFRI's educational materials for the general public contain information about the Oregon Forest Practices Act. OFRI educational materials explain various legal forest practices. OFRI is aware of Oregonians' concerns regarding some of these practices through the public opinion surveys it conducts every four to five years. Therefore, the intent of OFRI's educational materials around these forest practices is to explain why and how forest landowners utilize these practices and what laws are in place to regulate them in the interest of protecting natural resources, drinking water sources, fish and wildlife habitat, and human safety.

As discussed in the audit report, forestry has long been important to Oregonians, and the practice of forestry and the forest products industry are key components of Oregon's cultural identity. The forest products industry continues to be important to Oregon's economy, especially in rural communities. For instance, in four rural Oregon counties (Grant, Douglas, Crook and Lake), forest sector jobs account for 10% of total jobs.

The practice of forestry and the forest industry have changed significantly since the Oregon Forest Practices Act was adopted in 1971. The law has continued to be revised with new rules and regulations as scientists learn more about forests and the impacts of forest practices. During the same time period, Oregon has undergone tremendous growth in its [population and economic expansion](#). Most of Oregon's population growth has been due to in-migration from outside the state. For many of these new Oregonians, forestry and forest practices are not familiar.

Kip Memmott, Director

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To reach these newcomers, as well as Oregonians across the state ranging from kindergarteners to retirees, OFRI uses a wide variety of communications channels and mediums, including publications, websites, tours, events, social media and advertisements, to communicate about forestry, forest practices and forest products to the general public, K-12 teachers and students, and forest landowners.

However, depending on the type of communication channel or medium, it can be challenging to provide the full complexity on a specific forestry topic due to time and space constraints. With that in mind, OFRI has taken the approach of producing a wide array of communication products on various forest-related topics. For example, if a person is interested in learning more about a specific topic after reading a fact sheet produced by the agency or seeing one of its advertisements, there is an opportunity to do so by visiting OFRI's website for more information or to download a number of detailed reports.

OFRI agrees with the Audits Division's recommendations #2 through #5, which would improve the performance of the Institute, enhance our efforts to help Oregonians better understand and appreciate the forests that serve as one of our state's greatest resources, and are within the agency's ability to achieve.

Below is our detailed response to each recommendation in the audit.

RECOMMENDATION 2		
Develop a policy to provide guidance to staff and board members on ways to avoid engaging in activities prohibited by statute. The guidance should include under which circumstances the agency will seek legal or ethical advice.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	October 1, 2022	Kathy Storm 971-673-2953

Narrative for Recommendation 2

In its Employee Handbook, OFRI explains to employees that its statute prohibits OFRI from engaging in advocacy, including supporting or opposing litigation or attempting to influence any legislation, rulemaking or other administrative activity of any state board, commission or agency. Additionally, during the course of staff meetings and staff

retreats, the executive director reminds employees of these statutory prohibitions and directs staff with any concerns or questions to seek review and approval from the executive director. OFRI board members are also made aware of this statutory prohibition during a board member orientation meeting with the executive director prior to joining the OFRI board, and this information is also included in the board handbook. If OFRI is requested to present to a committee of the Oregon Legislature, the executive director seeks guidance from the Oregon Department of Justice (DOJ).

In light of the recommendations provided by the Audits Division to develop a policy to provide detailed guidance to staff and board members on ways to avoid engaging in activities prohibited by statute, OFRI will request assistance from the Oregon Ethics Commission and the Oregon Department of Justice to develop a policy. The policy will provide guidance regarding under which circumstances the agency will seek legal counsel. Our implementation schedule will be determined at least in part by the availability of the Oregon Ethics Commission and DOJ to provide assistance in developing a policy.

RECOMMENDATION 3

Improve internal controls, including:

- a) Adopting a single mission statement consistent with the agency's statutory requirements.
- b) Updating the agency strategic plan to align with a clear mission and goals tied to specific performance measures.
- c) Adopting and documenting standards and internal processes for developing, reviewing, and disseminating quality information.

Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	December 1, 2022	Erin Isselmann 971-673-2954

Narrative for Recommendation 3

OFRI will adopt and implement a single mission statement consistent with the agency's statutory mandate. The OFRI board of directors has approved an updated mission statement that includes OFRI's statutory mandate to support and enhance the forest

products industry. This updated mission statement will be posted on OFRI's websites and included in newly published educational materials as soon as possible. With the development of a new strategic plan in FY 2021-22, it is likely that this mission statement will be revisited and may require further refinement and implementation across OFRI's websites and publications after the development of a new strategic plan.

OFRI's last strategic plan was developed in 2017 and was scheduled to be updated in five years. Per this schedule, the agency has budgeted funds for the development of a new strategic plan in FY 2021-2022. OFRI will submit a request for proposals to vendors that have a price agreement with the Department of Administrative Services (DAS) to provide strategic planning services to state agencies in Oregon. In OFRI's proposal request, one of the criteria for vendor selection will be a demonstrated ability to align the strategic plan with a clear mission and goals tied to specific performance measures.

OFRI has started the process to adopt and document standards and internal processes for developing, reviewing and disseminating quality information. We will start this process by documenting the standards and internal processes we currently utilize to produce educational materials for the general public, K-12 students and teachers, and forest landowners. We will document specific standards and internal processes for developing, reviewing and disseminating quality information for each of these audiences.

RECOMMENDATION 4

Improve transparency around its mandate, functions, and public communications and involve a broader array of stakeholders outside the industry. For example, the agency should:

- a) Share its mission and strategic plans on the website.
- b) Engage a broader array of forestry stakeholders, including conservation and environmental groups, in its ongoing work and decision-making processes.
- c) Communicate the agency's statutory mandate in public messaging efforts, such as advertisements or educational materials.

Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	December 1, 2022	Erin Isselmann 971-673-2954

Narrative for Recommendation 4

OFRI believes that it is transparent about its mandate, functions and public messaging. Each of OFRI's public education advertisements directs the viewer to visit OFRI's website (OregonForests.org) to learn more about the agency and the topics covered in these advertisements.

However, due to the length of various modern communications mediums, e.g., videos, fact sheets, social media, etc., it may not be possible to include the agency's statutory mandate across all of the various channels that OFRI uses to communicate with Oregonians.

In regards to Recommendation 3, OFRI has agreed to create a singular mission statement that clearly communicates its statutory mandate and develop a new strategic plan. OFRI agrees that both the revised mission statement and new strategic plan should be posted on the OFRI website as soon as available.

OFRI regularly engages with an extensive group of forestry stakeholders, including conservation groups and academic researchers. However, there is opportunity to expand OFRI's engagement to include a broader array of stakeholders, including additional conservation and environmental groups, in its ongoing work.

Moving forward, new OFRI publications and other educational materials will include the agency's statutory mandate. If it is not possible to include the mandate because of time or space constraints, audiences will be directed to visit OFRI's website, where they can read more about the agency and its statutory mandate to support the forest products industry.

RECOMMENDATION 5		
Conduct a comprehensive review of its statute and determine which statewide policies apply to OFRI in consultation with the Department of Administrative Services and the Department of Justice.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	October 1, 2022	Kathy Storm 971-673-2953

Kip Memmott, Director

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Narrative for Recommendation 5

OFRI will work with the DOJ and DAS to conduct a comprehensive review of OFRI's statute and determine which statewide policies apply to OFRI. Our implementation schedule will be determined at least in part by the availability of DOJ and DAS to conduct a comprehensive review of OFRI's statute.

After the comprehensive review is completed, OFRI will document which statewide policies apply to OFRI.

In closing, I wish to again thank the auditors, board members and the staff for their assistance in making improvements to OFRI. Please contact Erin Isselmann at 971-673-2954 with any questions.

Sincerely,

A handwritten signature in cursive script, reading "Erin Isselmann", followed by a long horizontal flourish line.

Erin Isselmann
Executive Director

cc: Bonnie Crawford, Auditor
Ian Green, Auditor



Audit Team

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About the Secretary of State Audits Division

The Oregon Constitution provides that the Secretary of State shall be, by virtue of the office, Auditor of Public Accounts. The Audits Division performs this duty. The division reports to the elected Secretary of State and is independent of other agencies within the Executive, Legislative, and Judicial branches of Oregon government. The division has constitutional authority to audit all state officers, agencies, boards and commissions as well as administer municipal audit law.

This report is intended to promote the best possible management of public resources.
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