

State forest institute misled public, audit finds

By **ROB DAVIS and TONY SCHICK**
The Oregonian and Oregon Public Broadcasting

Oregon's tax-funded forest education institute misled the public by presenting a biased view of forestry and might have broken the law by trying to influence policy, a state audit found.

The Oregon Forest Resources Institute, established by lawmakers in 1991 to provide credible public education based on facts and reliable science, operates with broad authority and almost no oversight, undermining its public benefit and credibility, according to the audit released Wednesday by the secretary of state.

Auditors found that the agency "has long engaged in activities that may fall outside of its statutory authority." They wrote that their findings "reasonably raise the question" of whether the institute broke the law, which bars the agency from attempting to influence the actions of any other state body. But lawmakers would have to seek a formal legal opinion, the auditors said.

"Clearly there is a disconnect between the statutory mandate of OFRI and what the evidence shows about how they've been conducting themselves," Secretary of State Shemia Fagan, a Democrat, said.

Gov. Kate Brown requested the audit last year in response to an investigation by The Oregonian, Oregon Public Broadcasting and ProPublica. The news organizations, which obtained thousands of records that included emails from the institute's leaders, found that the agency sought to discredit climate scientists and operated as a de facto lobbying and public relations arm for the timber industry.

The investigation revealed that the institute for years advertised Oregon's logging laws as strong, even as many became weaker than those in neighboring states. Its executive directors sat through private industry deliberations about political attack ads. The investigation also showed how the agency worked to discredit university scientists, including Oregon State University professor Beverly Law, who in 2018 published research that showed significant carbon emissions from logging.

State auditors called the agency's "fraught relationship" with scientists "an ongoing concern."

While the agency presents itself as objective, the auditors said, its \$1 million annual television advertising campaign and survey efforts to track Oregonians' opinions of logging "suggest the agency may be working to shift public attitudes and opinions to favor the industry, rather than providing objective information."



Brooke Herbert/The Oregonian

Clearcut forests are shown in western Oregon.

"The agency cannot reasonably claim that all its messages and publications are objective or fairly represent the impacts of forest management practices," auditors wrote.

Auditors recommended that the Oregon Legislature rewrite the agency's governing statutes to clarify prohibitions on influencing legislation, add board members who aren't affiliated with timber companies and create oversight that will ensure the distribution of accurate and reliable information.

"The audit makes clear that action is needed from the Legislature and the agency itself to address the shortcomings and conflicts of interest inherent in OFRI's structure," said Charles Boyle, a spokesperson for the governor. "State agencies should provide objective information to the public, and we expect the agency and legislators to put measures in place to ensure OFRI does not engage in political advocacy."

Boyle said Brown will work with lawmakers during February's short session to determine necessary changes to the law that governs the institute. Brown has little direct power over the agency's board, which by law is controlled by medium and large producers of wood.

In a written response to the audit, the agency's director, Erin Isselmann, agreed to implement auditors' recommendations by late 2022. Isselmann said the institute would adopt a clear mission statement, engage with environmental groups and develop policies to ensure the agency's employees don't run afoul of laws prohibiting lobbying.

Isselmann pushed back on some of the audit's key findings, including that the institute lacked transparency and that the law that created the agency undermined 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," she wrote.

Isselmann was out of the office and did not respond to questions from reporters. Inka Bajandas, a spokesperson for the institute, said in a statement that the agency has started implementing recommendations from the audit. She did not address questions about why the agency told auditors the work will take more than a year.

Kip Memmott, audits director for the secretary of state, said in an interview that the institute was created with so few controls that tax dollars and the state government's reputation had been put at risk.

"These are public monies. This is a state agency," Memmott said. "With a state seal putting out information to the public domain, there's a higher responsibility to make sure that's objective."

Over the years, lawmakers have whittled down taxes on the timber industry that used to help fund local governments and schools. The tax cuts have cost Oregon towns an estimated \$3 billion in the past three decades, an investigation by the news organizations found. Isselmann said the industry should be allowed to decide how one of the few remaining taxes it pays should be used.

"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," Isselmann wrote.

While the Oregon Legislature sets the budget for most state agencies every two years, the institute determines its own budget. Under state law, timber representatives make up the institute's board. A lone non-voting public member is prohibited from having ties to any group or business "known to support or promote environmental or conservation issues." Auditors flagged the prohibition as a credibility risk for the agency and recommended expanding the board's representation.

Industry lobbyists have likened the institute to Oregon's agricultural commodity commissions that collect money from farmers to promote wheat, grass, berries and other state-grown crops. Such commissions are not state agencies but receive more oversight than the institute because they are overseen by the Oregon Department of Agriculture, according to the state audit.

During the legislative session that ended in June, the Oregon House of Representatives passed a bill that would have redirected part of the institute's budget to the Oregon Department of Forestry for projects including climate research in forests and educating smaller family forestland owners about the state's logging laws. The measure failed in the Senate.

Timber industry lobbyists and other agency supporters urged the Legislature to wait for the audit before taking action. The Oregon Forest & Industries Council told lawmakers in May that "jumping ahead of the conclusions from the audit and radically dismantling OFRI would be incredibly irresponsible."

After the audit's release, council spokesperson Sara Duncan said her group had "serious concerns" about the audit's motivations and disagreed with many of its findings.

"Much of the report appears entirely outside the scope of the stated goals for the audit and includes unrelated, biased and politically motivated opinions about the contributions of our sector," Duncan said.

Asked to provide examples, Duncan did not respond.

State Sen. Michael Dembrow, a Democrat from Portland who was involved in failed negotiations over the institute's future during the legislative session, said he expects a hearing on the audit's results in the fall.

Lawmakers will have to choose whether to turn the institute into an agency that provides a credible, balanced view of logging in Oregon or eliminate it altogether, Dembrow said.

"I'm not sure, to be candid, that in the form I would want it to be that the industry would want it to continue," Dembrow said.

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