



Department of Natural Resources Fact Sheet



2010-2011 BIENNIAL BUDGET FACT SHEET

Forest Management Activities

FMIA: \$(5,000,000) FY2010 / \$(6,100,000) FY2011

General Fund: \$2,000,000 FY2010 / \$2,000,000 FY2011

It is needed because

A reduction in revenue due to declining timber stumpage prices, mill closures, and the downturn in the housing market has caused the Division of Forestry to reduce expenditures to avoid a deficit in the Forest Management Investment Account (FMIA).

Major program elements

The Legislature appropriated \$37.8 million from the FMIA to the DNR Division of Forestry for the FY2008-2009 biennium. However, more than \$5 million was unallotted in FY 2009 as a downturn in Minnesota's forest-based economy reduced anticipated receipts to the FMIA. Continued poor economic conditions will reduce receipts to the FMIA in FY 2010 and FY 2011. As a result, the Governor is recommending a \$5.0 million reduction in FY 2010 and \$6.1 million in FY 2011 to avoid a deficit in the account. These reductions could potentially reduce the DNR Division of Forestry's workforce by 76 FTEs over the FY2010-2011 biennium.

To offset some of this reduction, the Governor recommends appropriating \$2.0 million each year from the general fund. This funding will allow the Division of Forestry to retain 25 FTEs (for a net reduction of 51 FTEs over the biennium) and maintain the divisions' commitment to offer wood for sale (by offering 800,000 or more cords of wood) and to prepare the division to meet the Governor's Task Force recommendation of increased harvest. FMIA funding has amounted to approximately 50% of the total direct appropriation to the Division of Forestry for the last two bienniums.

Impacts

General Fund Increase Impacts:

- ◆ Hold steady on its commitment to offer wood for sale (by offering 800,000 or more cords of

wood) and prepare itself to meet the Governor's Advisory Task Force on the Competitiveness of Minnesota's Primary Forest Products Industry recommendation of increased harvest.

- ◆ Protect investments in forest health and productivity.

FMIA Reduction Impacts:

- ◆ Reduce state forest inventory accomplishments by 50,000 acres/year, which would result in less frequent, less reliable information on which to base forest management decisions
- ◆ Invest less in state land improvements, including a 15,000 acre-reduction each year in investments made in forest health and productivity
- ◆ Reduce stewardship plan writing and associated silvicultural activities on 50,000 acres of family forests
- ◆ Suspend new land transactions with private landowners and other governmental units.

Financial Implications

This proposal recommends a \$5.0 million reduction in FY 2010 and \$6.1 million in FY 2011 from the FMIA. This proposal also recommends a \$2.0 million appropriation in FY 2010 and FY 2011 from the General Fund.

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