



Department of Natural Resources

Division of Forestry

FY 2010-11 Biennial Budget

Environment, Energy, and Natural Resources Budget Division

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February 19, 2009



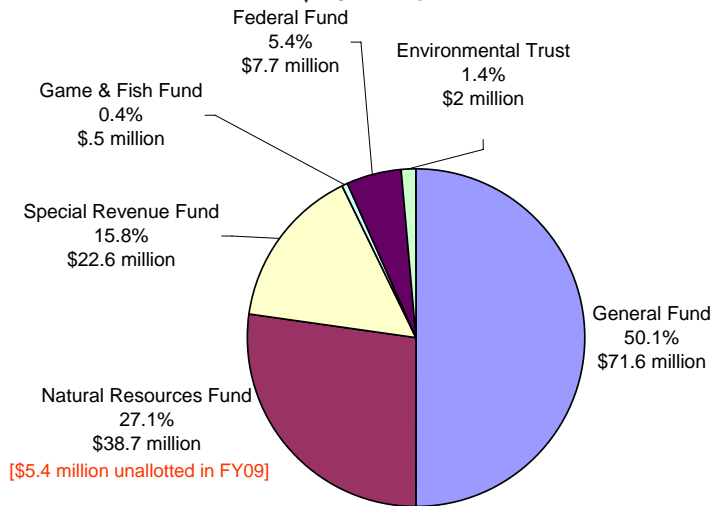
Presentation Outline

- Forestry – Budget and Critical Trends
- Strategic Objectives
- Priority Outcomes, Measures, and FY 2010-11 Change Items



DNR Forestry

FY 2008-09 Division of Forestry Budgeted Expenditures
\$143.1 million



DNR Forestry

- Manage 4.9 million acres of state forest lands for multiple values
- Protect people, property, and natural resources from wildfires
- Bring together Minnesota's varied forest resource interests to promote sustainable forest management practices

- Manage and conserve 58 state forests
- Support the state's wood products industries
- Assist non-industrial private forest landowners, communities with urban forests, and counties
- Help school children learn about natural resources





DNR Forestry

Critical Trend – Changing Forest Products Industry

Minnesota's forest-based economy is facing:

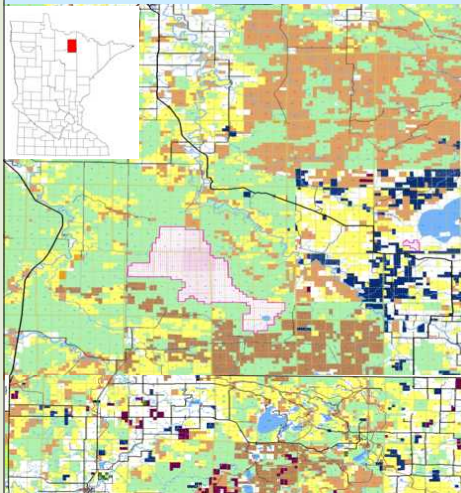
- Continued downturn in the housing industry
- Declining timber stumpage prices
- Mill closures
- Loss of logging infrastructure (fewer loggers and equipment)



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Critical Trend – Changing Forest Ownership

Large Corporate Forestlands Connect Public Forestlands

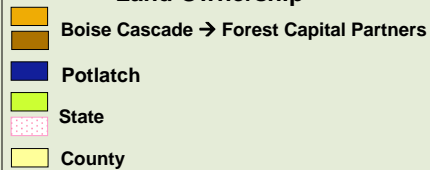


Changes in ownership may lead to development, loss of public access for recreation, and the loss of timber, jobs, and wildlife habitat.

Conservation easements help prevent those losses:

- 59,543 acres were enrolled in forest conservation easements in FY08.
- The FY10-11 target is to add 70,000-187,000 acres of conservation easements.

Land Ownership

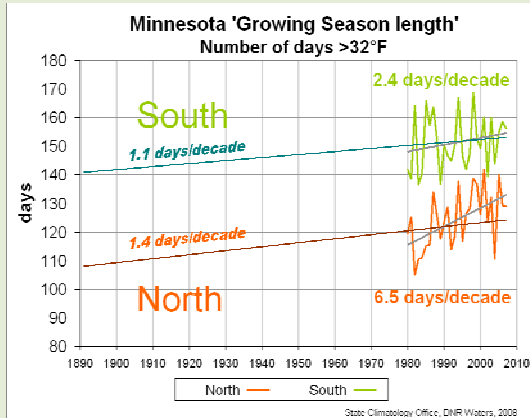


10 miles



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Critical Trend – Climate Change



Growing season length, the number of days between freezing temperatures, has been increasing since early in the last century. During the last 30 years the rate of change has accelerated.

Likely impacts include:

- More frequent and more intense wildfires and windthrow events
- Shorter winter harvest seasons
- Greater pest, disease, and invasive species problems
- Changes in the species compositions of forests



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- Strategic Objectives -

- Fire Management
- State Land Asset Management
- Cooperative Forest Management
- Core Program Support
- Sustainable Forest Resources Act (SFRA) Implementation



Healthy Minnesota forests support:

- Wildlife habitat
- Clean water
- Carbon sequestration
- Recreation
- Good jobs



DNR Forestry

Strategic Objective 1: Fire Management

Protect people, property, and natural resources from wildfire

Supporting Programs

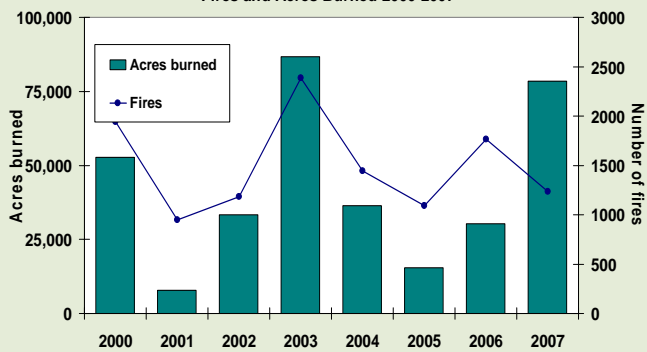
- Fire Preparedness
- Fire Prevention
- Fire Suppression



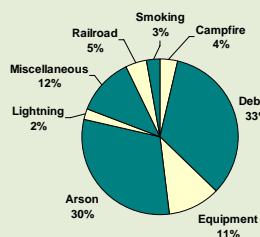
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- Example Performance Measure -

Fires and Acres Burned 2000-2007*



Wildfire Causes 2000-2007
Total: 11,991 Wildfires



* Fires on federal lands are not included



DNR Forestry

Strategic Objective 2: State Land Asset Management

Manage 4.9 million acres of state forestland for sustainable timber production, outdoor recreation, and wildlife habitat

Supporting Programs

- Timber Management
- Silviculture and Roads
- Forest Inventory
- Forest Certification
- Ecological Classification System Development and Application

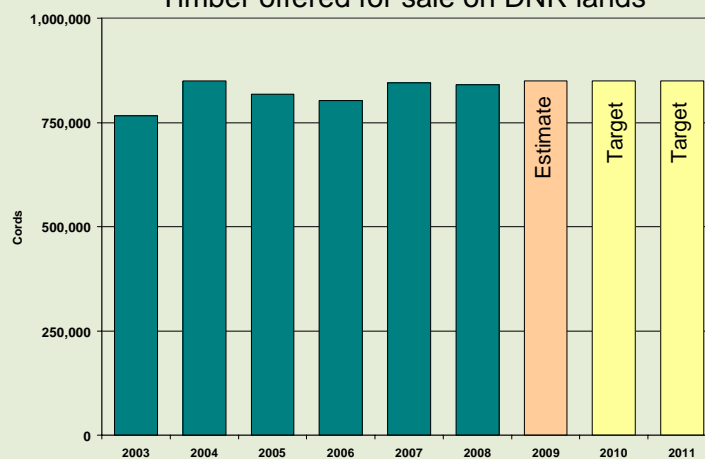


DNR maintains more than 2,000 miles of state forest roads that provide access to 4.9 million acres of state forest lands.



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- Example Performance Measure - Timber offered for sale on DNR lands



Target: Offer for sale 800,000 or more cords of timber from DNR lands each year and adhere to MFRC Timber and Biomass Harvesting and Forest Management Guidelines on all timber sales



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Strategic Objective 3: Cooperative Forest Management

Support the efforts of private landowners and communities to maintain and enhance their forest resources

Supporting Programs

- Private Forest Management
- Urban and Community Forestry



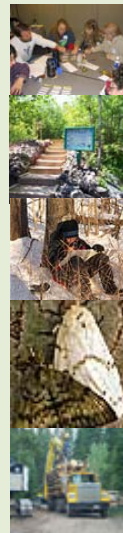
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Strategic Objective 4: Core Program Support

Support division activities, those of other units in the department, and stakeholders

Supporting Programs

- Forest Nursery
- Forest Health
- Utilization and Marketing
- Information and Education
- Resource Assessment
- Planning and Policy Assessment (including SFRMP)
- Information Systems
- Land Asset Management
- Monitoring the use of MFRC Timber Harvesting and Forest Management Guidelines



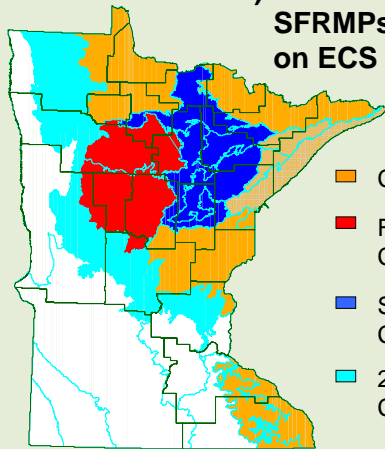


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- *Example Performance Measure* -

Percent of state forest land managed under active interdisciplinary plans (Subsection Forest Resource Management Plans or SFRMPs)

- Current 70%
- End of 2009 95%
- End of 2010 100%



SFRMPs are based on ECS subsections

- Completed
- February 2009 Completion
- Spring 2009 Completion
- 2009/10 Completion



DNR Forestry

Strategic Objective 5: SFRA Implementation

Incorporate multiple perspectives on managing, using, and protecting Minnesota forests to achieve economic, environmental and social goals

Supporting Programs

- Site-level Guideline Development and Improvement
- Landscape Plan Implementation
- Policy Development, Operations, and Research





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Active, sustainable forest management requires investments over decades

Trend: A downturn in Minnesota's forest-based economy

Result: Lower revenues from timber sales to the Forest Management Investment Account (FMIA)



DNR Forestry

Forest Management Investment Account (FMIA)

- What: A dedicated fund established in 2004 (MS 89.039)
- Source: Timber sale receipts from state forestland
- Purpose: For forest management activities including
 - Timber sales
 - Reforestation, timber stand improvement, forest pest control
 - Forest road maintenance
- Importance: In recent years, the FMIA has funded more than half of state forest land asset management





DNR Forestry

Forest Management Investment Account (FMIA)

Current status:

- Timber sales revenues are down.
- The Division of Forestry unallotted \$5M in FY 2008-09.

Outlook:

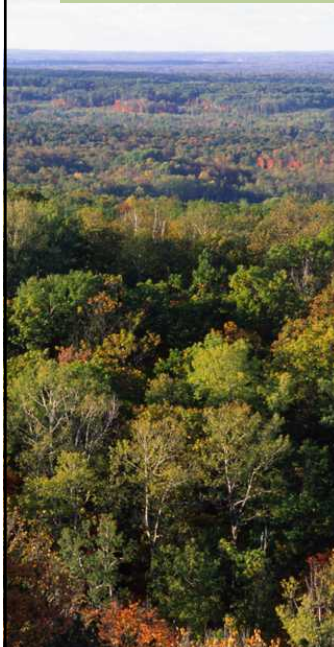
- Further revenue reductions in FY 2010-11 due to continued poor economic conditions are likely.
- Reduced funding will limit the activities needed to ensure the health and sustainability of Minnesota's forests.



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- *Change Items* -

- Forest Management Activities
 - FMIA Reduction
 - General Fund Appropriation
- Forest Management – Heritage Enhancement
- Forest Productivity for the Future





DNR Forestry

- Forest Management Activities -
 (\$5.0 million) FY2010; (\$6.1 million) FY2011
 Forest Management Investment Account
 \$2.0 million FY2010; \$2.0 million FY2011
 General Fund

Expected Outcomes

One-time appropriation to maintain critical field forestry activities:

- Timber sales
- Forest inventories
- Protecting recent investments on state forest lands (e.g., forest health monitoring, forest thinning, and forest productivity)



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- Forest Management – Heritage Enhancement -
 \$950,000 FY2010; \$950,000 FY2011
 Game and Fish Fund – Heritage Account

Expected Outcomes

Heritage Enhancement Account one-time appropriation:

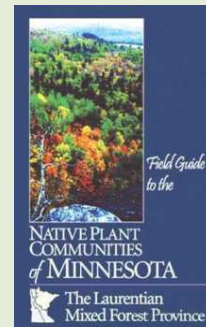
- Ecological Classification System implementation and expansion
 - Forest site mapping and management plan development
- Invasive species prevention and management
 - Guideline development for emerald ash borer, gypsy moth, and other invasives.



Photo: MDA



Photo: MDA





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- Forest Productivity for the Future - \$250,000 FY2010

Game and Fish Fund – Heritage Account

Expected Outcomes

- Evaluation of future seedling and equipment needs for increased conservation plantings and to meet greenhouse gas reduction goals
 - The species, number, and type of seedlings that will be required
 - The equipment needed to improve utilization and protect the environment
- Recommendations on the best methods for increasing the capacity within the state to satisfy future demand
- A plan for melding publicly funded research and private enterprise
 - To meet growing demands for high quality tree seedlings and
 - To design forest management equipment that meets the demands of Minnesota's forests



DNR Forestry

Wood Products Are Important to Minnesota's Economy

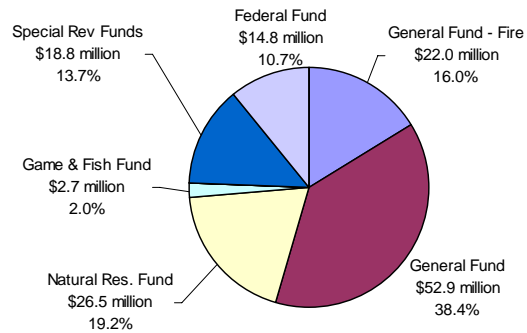
- The value of Minnesota forest products shipments in 2007 was about **\$6.6 billion**.
- The forest products industry is the fourth largest manufacturing industry in Minnesota based on employment.
- Each dollar of timber sold generates
 - **\$40 dollars of value-added economic activity**
 - **\$2.72 in income and sales taxes**





DNR Forestry

FY 2010-11 Governor's Recommendation Forestry \$137.6 million



DNR Forestry

FY2010-11

Forestry	General Fund	Other Funds	Total
Current Spending	70,904	71,683	142,587
Governor's Initiatives:			
Forest Management Activities	4,000	(11,100)	(7,100)
Forest Management - Heritage Enhancement		1,900	1,900
Forest Productivity for the Future		250	250
Total Governor's Initiatives:	4,000	(8,950)	(4,950)
Forestry	74,904	62,733	137,637

