

NDSU

North Dakota Forest Service



HB 1003

HOUSE APPROPRIATIONS COMMITTEE
Education and Environment Division

David Monson, Chair

Sustainable Forestry Programs
2019-2021 Biennial Budget Request

TOM CLAEYS, INTERIM STATE FORESTER
January 16, 2019

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A Message from the Interim State Forester

The NDSU-North Dakota Forest Service is organized under the North Dakota Board of Higher Education. The agency is administered by a state forester who reports to the president of North Dakota State University at Fargo and supports the land grant mission in public service. The mission of the North Dakota Forest Service is to “**care for, protect and improve forest resources to enhance the quality of life for future generations.**”

This 2019-2021 Biennial Budget Request summary is intended to provide the information you need to determine funding levels for forestry programs benefiting communities, fire districts and private forest landowners. Please feel free to contact us at any time if you need additional information.

A handwritten signature in blue ink that reads "Tom Claey".

Tom Claey, Interim State Forester

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Summary of Agency Services

A wide variety of customers depend on the North Dakota Forest Service for technical, financial and educational forestry assistance. The state forester administers forestry programs serving communities, rural landowners, soil conservation districts, rural fire districts, schools and citizens of North Dakota. All the programs utilize a voluntary, educational and incentives-based approach to address natural resource needs and customer demands.

The agency also operates a nursery at Towner specializing in the annual production of one million conifer (evergreen) tree seedlings. The Towner State Nursery is the sole supplier of evergreen seedlings in North Dakota. The agency also owns and manages approximately 13,290 acres of state forest lands.



Community Forestry means conservation activities in city parks, tree-lined streets or other green spaces within the community. Most of North Dakota's residents live in 372 cities and towns. The Community Forestry Program served 227 communities benefiting 90 percent of North Dakota's residents. The agency administered \$463,459 in financial assistance programs for tree planting and forestry development projects, as well as technical assistance for tree planting plans, management plans, shade tree ordinances, pest surveys and tree workshops.

The Arbor Day Foundation's Tree City USA program recognized 52 North Dakota communities for enhancing the extent and health of their community forests



Fire Management ensures the protection of lives, property and natural resources by training, organizing and equipping North Dakota's 378 rural volunteer fire departments. A Cooperative Fire Protection Assistance Program provided departments \$408,051 in financial assistance for organizing, training, planning, purchasing or repairing equipment. A companion program, the Federal Excess Personal Property (FEPP) program, loans nearly \$9 million in surplus federal equipment to departments for enhancing firefighting capabilities. The

Forest Service provided wildland firefighter training to 335 or 89 percent of rural fire departments. Community protection is improved through grants for wildfire hazard mitigation and "FireWise" landscape projects. Fire prevention is stressed through the distribution of Smokey Bear materials. An average of 440 human caused wildfires burn over 30,000 acres each year. The agency supports a strike team of five Type 6 wildland engines.



Forest Health ensures the productivity and growth of North Dakota's private, community and state forests. The North Dakota Forest Service conducted surveys to assess forest health conditions within 135,214 acres of forests and trained public and private land managers on insect and disease management. North Dakota participates in the Great Plains Tree and Forest Invasives Initiative to identify contingency measures for minimizing the threat of invasive species, such as emerald ash borer. The pest has now been confirmed in Manitoba, Minnesota and South Dakota.



Forest Stewardship focuses on improving the management of our forest resources by educating and assisting rural private landowners on how to better manage, protect and utilize their native and planted forest resources. This is accomplished through the development of a Forest Stewardship Plan. The agency provided landowners \$881,445 in financial assistance for forest improvement practices including ND Outdoor Heritage Windbreak Renovation Initiative funding to 259 landowners for renovating windbreaks.



Information and Education offers youth and adults the knowledge and skills they need to make wise decisions about the conservation and wise use of North Dakota's forest resources. The ND Forest Service, in conjunction with the NDSU Extension Forester, sponsored "Project Learning Tree" workshops and provided environment education to 1,807 teachers and youth leaders working with 22,590 students in grades K-12. The program also handles the daily requests for forestry information and the publication of educational materials.



Towner State Nursery produced 1,049,470 conifer (evergreen) seedlings in over thirty different species and stock types for distribution to landowners. The trees are used for farmstead, living snow fence, field windbreaks, wildlife, forestry and other conservation plantings. The nursery is a self-supporting operation, and since 1927 has sold over 84 million trees. The nursery also provides tree improvement services, such as testing, evaluation, selection and development of improved nursery stock for forestry and conservation plantings.



State Forests provide wildlife habitat, clean air and water, recreational opportunities, forest products, scenic beauty and other conservation benefits. The North Dakota Forest Service owns five state forests comprising approximately 13,290 acres. State Forests play an important role in the economic well-being of several rural communities by attracting hunters, hikers, campers, skiers, snowmobilers, tourists and other outdoor enthusiasts.

AGENCY PERFORMANCE MEASURES

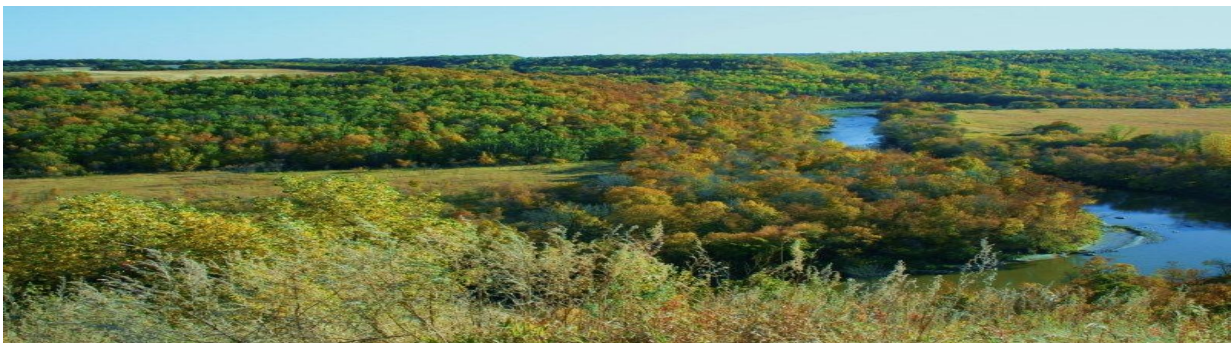
The North Dakota Forest Service utilizes an accountability measures process to assess progress toward achieving long-range strategic goals and ultimately the agency's mission. Accountability measures are linked to the long-range strategic planning process to document North Dakota Forest Service program outcomes. The North Dakota Forest Service developed twelve (12) accountability measures using the State Forester's goals and statutory authority. The State Forester's goals are directly linked to the authority granted under North Dakota Century Code 4.1-21, 18-02, 18-14, and 57-57 to meet the forestry needs of the state. Performance indicators, units of measure and program accomplishment data are completed for each of the agency's 12 accountability measures beginning July 1 and ending June 30. A biennial accountability measures report is prepared by the agency. The State Forester's goals and accountability measures are as follows:

State Forester's Goals

- To positively impact forest-based economic growth and sustainability of communities by promoting the wise use of natural resources.
 - To improve the protection of people, property and natural resources by enhancing interagency cooperation in wildfire management.
 - To support informed decision-making and foster individual responsibility in stewards of all ages by raising public awareness about natural resource values.
 - To meet the forest and conservation tree planting needs of private and public landowners by producing and marketing high quality nursery stock.
 - To meet current societal demands by ensuring the health, productivity and growth of private, community and state forests.
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Accountability Measures

1. Twelve percent (12%) of biomass and wood utilization businesses were assisted in utilizing forest and municipal wood waste for renewable energy, which resulted in the installation of a biomass heating system demonstration in the Bismarck State College Aquatic and Wellness Center.
2. Awarded \$1,344,904 forestry-based economic benefits for forestry practices serving 90 percent of the financial assistance needs of communities, fire districts and private forest landowners. Practices included tree planting, community forestry development, fire protection and forest restoration.
3. Enhanced community wildfire protection resulted in the preparation of 17 County Wildfire Protection Plans encompassing 32 percent of North Dakota's counties.
4. Enhanced rural fire department capacity through wildland firefighter training provided to 335 or 89 percent of rural fire departments.
5. Provided wildland fire awareness and prevention programs, including FireWise concepts, to 53 or 100 percent of North Dakota's counties.
6. Raised public awareness through information and education and fostered individual responsibility for conserving forest resources by delivering environmental education to 1,807 K-12 teachers (21%) and 22,590 K-12 students (21%).
7. Promoted professionalism in the tree care industry through training provided to 41 arborists (15%) certified according to International Society of Arboriculture standards.
8. Supplied conservation tree planting needs for 99 percent of Towner State Nursery customers through the sale of 1,049,470 nursery seedlings.
9. Sustained North Dakota's natural resources through active forest management and protection services for 86,348 acres or 15 percent of privately-owned forest lands.
10. Served 227 or 61 percent of North Dakota's communities benefiting 90 percent of the state's residents with sustainable community forestry programs, including the planting and care of street and park trees.
11. Ensured the health and sustainability of 135,214 acres of "at risk" forest resources through continuous surveys for damaging pests and agents.
12. Provided quality outdoor state forest experiences on 8,695 acres or 63 percent of the state forests under multiple-use management.



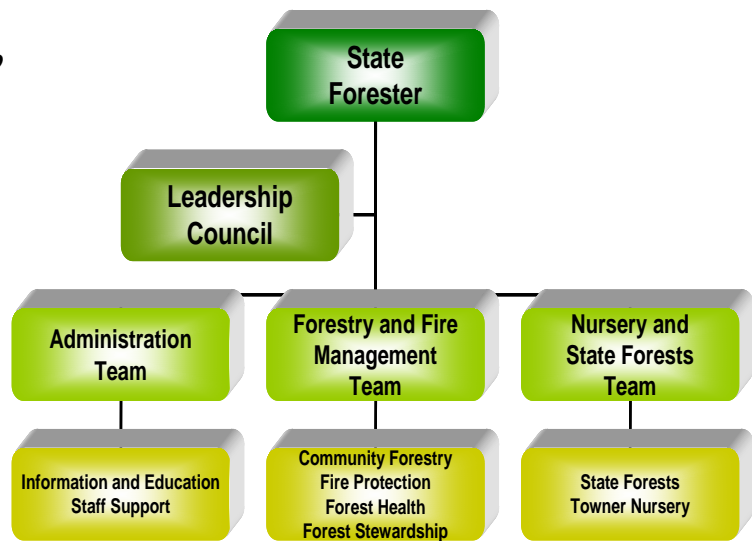
ORGANIZATIONAL STRUCTURE

The North Dakota Forest Service organizational structure focuses on increasing program efficiencies, strengthening customer service, promoting teamwork, and encouraging collaboration to address emerging natural resource issues.

The vision *“to ensure the relevancy and competitiveness of North Dakota to enhance public benefits from trees, forests and natural resources”* is guiding the agency’s efforts.

The organization structure is composed of three leadership teams:

- (a) Administration
- (b) Forestry and Fire
- (c) Nursery and State Forests



A Leadership Council advises the State Forester on the management of the agency.

The structure provides a unified team approach to ensure a coordinated focus toward the delivery of services and collaboration across organization boundaries. Teams composed of organizational unit representatives address issues brought to the Leadership Council. Teams deal with customer service improvements, communications, program efficiencies and joint partnership initiatives. Teams are responsible for focusing leadership and resources on landscape level natural resource issues. Teams are organized and monitored by the Council to ensure they fulfill the needs of the project and meet the goals of the agency.

FUNDING SOURCES

Appropriated funding for North Dakota's forestry programs is derived from two sources: the state general fund and income, including the sale of nursery products and contributions from the Trees for North Dakota Trust Fund. The 2017-2019 original appropriated budget for the Forest Service was \$15,077,175 including \$4,426,427 in general funds and \$10,650,748 in special funds. Special funds include \$1,900,000 in estimated income from tree seedling sales and the Trees for North Dakota Trust Fund. General fund authority was increased to \$4,852,274 with \$425,847 in carryover.

2017-2019 BASE LEVEL BUDGET

	Capital Assets			General Fund		
	Operating	Assets	Total	Fund	Special Fund	Total Funds
2017-2019 Biennium Appropriation						
Operations	\$ 14,958,447	\$ -	\$ 14,958,447	\$ 4,307,699	\$10,650,748	\$ 14,958,447
Capital Assets		118,728		118,728		
Biennium Carryover	425,847		425,847	425,847		425,847
2017-2019 Biennium Appropriation	15,384,294	118,728	15,503,022	4,852,274	10,650,748	15,503,022

2016 ALLOTMENTS and 2017-2019 BUDGET REDUCTIONS

Senate Bill 2379 provided for the reduction of the 2015-2017 biennium general fund authority enacted by the 64th Legislative Assembly for agencies and institutions. The amounts included the 4.05% budget allotment ordered by the Governor in February 2016, and the 2.5 % budget allotment ordered by the Governor in August 2016. The Forest Service 2015-2017 original general fund appropriation was \$5,007,844 and its general fund reduction was \$328,014.

The Forest Service reduced its operations line item by \$328,014. The State Forester utilized the unobligated 2015-2017 biennial balance in the Forest Restoration Program’s operating budget and savings from the vacant fire technician position (1.0 FTE) and the community forestry specialist position (1.0 FTE) to meet the required \$328,014 (6.55%) reduction. This includes \$184,119 in unexpended Forest Restoration operating funds and \$143,895 in savings from the vacant fire technician position and community forestry specialist position (2.0 FTE).

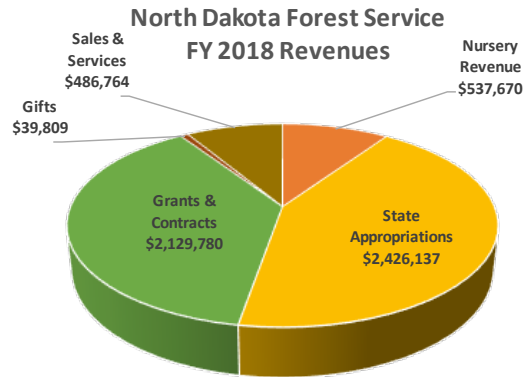
The budget reductions made by the 2017 Legislative Assembly totaled \$581,417 or an 11.6 percent base budget reduction. This eliminated funding for salaries, fringes and operating expenses associated with providing financial, technical and educational assistance to communities, rural landowners, rural fire districts, schools and citizens. The reduction included salary and fringe for two foresters (natural physical science professionals) (2.0 FTE) and operating expenses for the travel, equipment under \$5,000, and other expenses for forestry project sub-awards. The 11.6 percent base reduction impacted the agency’s capacity to provide essential public services.

2018 REVENUES AND EXPENSES

NORTH DAKOTA FOREST SERVICE FY 2018 REVENUES AND EXPENSES

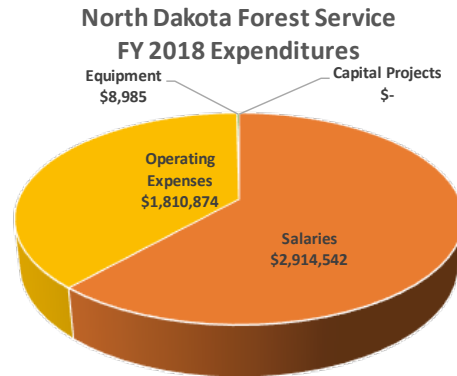
Revenues

Nursery Revenue	\$ 537,670	10%
State Appropriations	\$ 2,426,137	43%
Grants & Contracts	\$ 2,129,780	38%
Gifts	\$ 39,809	1%
Sales & Services	\$ 486,764	8%
Grand Total	\$ 5,620,160	



Expenses

Salaries	\$ 2,914,542	61%
Operating Expenses	\$ 1,810,874	38%
Equipment	\$ 8,985	1%
Capital Projects	\$ -	0%
Grand Total	\$ 4,734,401	



2019-2021 NEEDS BASED FUNDING REQUEST

Operations

The Operations request supports salaries, fringes and operating expenses for 27.0 FTE and 45 seasonal positions that provide essential public forestry services. This investment combined with the collaborative efforts of the Forest Service's dedicated staff leverages over \$7.8 million in external grants and contracts for voluntary, educational and incentives based forestry programs to address natural resource issues and customer needs identified in the North Dakota Forest Action Plan.

2019-2021 Operations Request		\$15,217,298
<i>Funding Source</i>		
General Funds		\$ 4,490,530
Special Funds		\$10,726,768

Operations fund public forestry services provided by the North Dakota Forest Service through field offices at Bismarck, Bottineau, Carrington, Fargo, Lisbon, Towner and Walhalla. Expenditures include salaries, travel, motor pool, supplies, and telephone costs associated with servicing over 2,000 field forestry requests statewide each year from rural landowners, communities, schools and citizens.

The Forest Service 2019-2021 needs based budget includes the SBHE request for an average salary increase of 4% for all employees each year of the biennium. The 65th Legislative Assembly did not fund salary increases for the 2017-19 biennium. Due to this and the 2016 budget allotments, the Forest Service has not provided any salary increases in 2017-19. Forest Service staffing levels have been reduced by 2.0 FTE and the agency has redesigned, scaled back, and reprioritized operations to adjust to new, lower funding levels. Remaining employees are carrying significant additional workload to ensure quality public service is provided to customers. At the Forest Service, the average 4% annual increase will cost \$244,199, of which \$182,831 is from the general fund and \$61,368 is from other funds.

Salary Increase – 4% per year		\$244,199
<i>Funding Source</i>		
General Funds		\$182,831
Special Funds		\$ 61,368

The Forest Service needs based 2019-2021 budget request for Operations is \$15,217,298. The general fund request for Operations is \$4,490,530. Estimated income will be \$10,726,768.

Capital Assets

The Forest Service is responsible for maintaining buildings and facilities at four locations. Field offices at Bottineau, Lisbon and Walhalla deliver forestry services, while the Towner State Nursery provides tree seedlings to the citizens of North Dakota. Recreational improvements are also located on the State Forests. Capital assets consist of 41 office, shop and storage buildings. The buildings are valued at \$3,975,252. Building ages vary from 4 years to 83 years. In addition, the infrastructure associated with these facilities is valued at \$3,487,289.

Extraordinary Repairs

The needs based budget includes funding for facilities and infrastructure repairs, equivalent to 15% of the OMB building and infrastructure formula. The 2019-21 needs based funding request for Extraordinary Repairs is \$62,480, an amount equal to the 2017-2019 base level funding. One exterior repair project is identified (window and siding replacements) at the Lisbon field office.

Equipment Over \$5,000

The 2019-21 needs based funding request for equipment over \$5,000 is \$56,248, an amount equal to the 2017-2019 base level funding. Equipment would include two replacement grounds mowers, shade cloth for tree seedling production beds, and greenhouse equipment at Towner State Nursery and State Forests.

Capital Project Request – None

The Forest Service is not requesting a capital project within the 2019-2021 budget.

2019-2021 Capital Assets	
Extraordinary Repairs	\$ 62,480
Building exterior project - Lisbon field office	
Equipment over \$5,000	\$ 56,248
State Forests and Towner State Nursery	
Capital Projects	\$ <u>0</u>
Total	\$118,728

2019-2021 Funding Request – HB 1003

North Dakota Forest Service

Comparison of 2017-19 Base Budget to 2019-21 SBHE Request and Executive Recommendation

State General Fund Appropriation						
	2017-19 Base Level	Requested Adjustments	2019-21 SBHE Needs-Based Budget	Executive Recommendation	Difference from 2017-19 Base Level	Difference from SBHE Needs-Based Budget
Campus Operations	\$ 4,307,699	\$ 182,831	\$ 4,490,530	\$ 4,353,921	\$ 46,222	\$ (136,609)
Capital Assets	\$ 118,728	\$ -	\$ 118,728	\$ 118,728	\$ -	\$ -
Plant Improvement Carryover						
Capital Projects - Non-State Funded						
Capital Projects - Non-State Carryover						
Operating Carryover	\$ 425,847	\$ (425,847)				
Total State General Fund	\$ 4,852,274	\$ (243,016)	\$ 4,609,258	\$ 4,472,649	\$ 46,222	\$ (136,609)

Special Fund Authority						
	2017-19 Base Level	Requested Adjustments	2019-21 SBHE Needs-Based Budget	Executive Recommendation	Difference from 2017-19 Base Level	Difference from SBHE Needs-Based Budget
Campus Operations	\$ 10,650,748	\$ 76,020	\$ 10,726,768	\$ 10,665,400	\$ 14,652	\$ (61,368)
Plant Improvement Carryover						
Capital Projects - Non-State Funded						
Capital Projects - Non-State Carryover						
Operating Carryover						
Total Special Fund Authority	\$ 10,650,748	\$ 76,020	\$ 10,726,768	\$ 10,665,400	\$ 14,652	\$ (61,368)

The 2019-2021 needs based funding request for the North Dakota Forest Service is \$15,336,026 including \$15,217,298 for Operations and \$118,728 for Capital Assets. The General Fund request is \$4,609,258. Other funds are \$10,726,768.

The 2019-2021 operations budget includes salaries and wages and operating expenses for 27.00 FTE and 45 seasonal positions that provide public forestry services.

Operations\$15,217,298

The 2019-2021 capital assets budget provides necessary repairs for 41 office, shop, storage and recreational buildings at Bottineau, Lisbon, Towner and Walhalla. The budget includes extraordinary repairs and equipment over \$5,000.

Capital Assets\$118,728

Total Forest Service Request (General funds & other funds)\$15,336,026

Financial Audit Findings

Financial Audit findings included in the most recent audit - There were no audit findings specific to NDSU-NDFS within the North Dakota State University Audit Report for the biennium ending June 30, 2017, as prepared by the Office of the State Auditor.

Federal Funding

Known or potential changes in level of Federal funding - None.



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