

**NDSU**

*North Dakota Forest Service*

**Towner State Nursery**



**SB 2003**

**SENATE APPROPRIATIONS COMMITTEE**

**Ray Holmberg, Chair**

**Forestry Supports the Health Safety and Economy of North Dakota**

# **2021-2023 Biennial Budget Request**

TOM CLAEYS, STATE FORESTER

January 20, 2021

## A Message from the 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 2021-2023 Biennial Budget Request summary provides the information you requested to determine funding levels for forestry programs benefiting communities, rural landowners, soil conservation districts, rural fire districts, schools and citizens of North Dakota. Please feel free to contact us at any time if you need additional information.



Tom Claeys, State Forester

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## STATUTORY REPONSIBILITIES

The State Forester's goals are aligned with 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.

### **4.1-21 State Forester**

- Supervise the raising and distribution of seeds and forest tree planting stock.
- Promote practical forestry and compile and disseminate information relative to practical forestry to landowners, community groups, schools, and other organizations.
- Encourage the development, use, and wise stewardship of forest resources.
- Provide assistance to landowners, producers, and public bodies relating to forestry, reforestation, protection of forest resources, prevention and suppression of fires, planting of trees and shrubs, and the growing, harvesting, marketing, and management of forest resources.
- A state nursery, under the direction of the state forester, must be maintained at Towner. The nursery shall propagate seeds and forest tree planting stock adapted to the climatic conditions of this state.

### **18-02-07 Cooperation of state forester and other agencies - Fire and forest protection**

### **18-14 Interstate compact for the prevention and control of wildland fires**

### **57-57 Forest Stewardship**

### **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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## ORGANIZATIONAL STRUCTURE

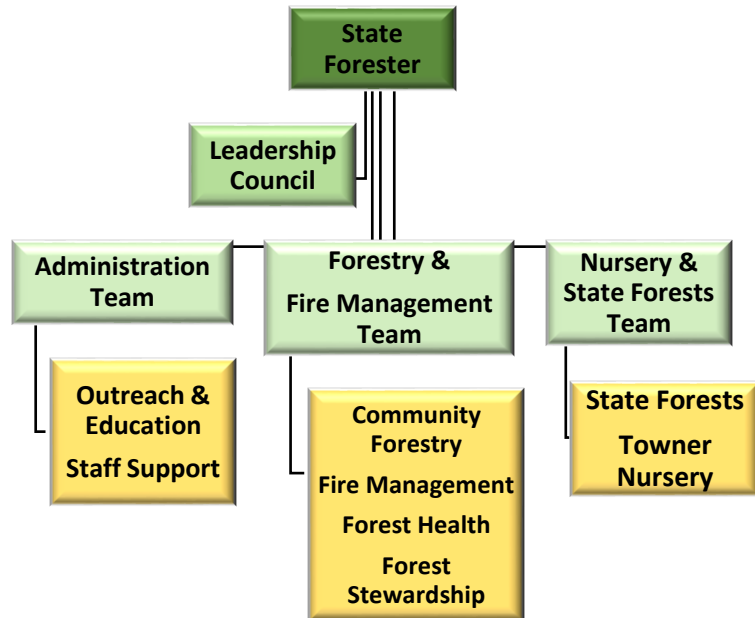
The North Dakota Forest Service organizational structure focuses on increasing program efficiencies, strengthening customer service, promoting teamwork, and encouraging collaboration to address emerging natural resource issues.

The organizational structure is composed of three leadership teams:

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

A Leadership Council provides leadership, coordination, accountability and direction for the agency.

The team structure ensures a coordinated focus toward the delivery of services and collaboration across the organization. Teams deal with customer service improvements, communications, program efficiencies and joint partnership initiatives. Teams are also responsible for focusing leadership and resources on priorities identified within the North Dakota Forest Action Plan.



## 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 operates a nursery at Towner specializing in the production of conifer (evergreen) tree seedlings. The agency also owns and manages approximately 13,945 acres of state forest lands.



**Community Forestry** focuses on 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 administers financial assistance programs for tree planting and forestry development projects each year. The agency provides technical assistance for tree planting plans, management plans, shade tree ordinances, pest surveys and tree workshops.



**Fire Management** ensures the protection of lives, property and natural resources by training and equipping North Dakota's rural volunteer fire departments. A Cooperative Fire Protection Assistance Grant Program provides departments assistance in training, purchasing or repairing equipment and vehicles. A companion program loans surplus federal equipment to departments for enhancing firefighting capabilities. The agency provided essential firefighting resources in a catastrophic fire year to CA, CO, ID, MT, NV, OR, SD and WY.



**Forest Health** ensures the productivity and growth of North Dakota's private, community and state forests. Each year, the agency conducts surveys to assess forest health conditions and trains public and private land managers on insect and disease management such as emerald ash borer, a threat to North Dakota's 95 million ash trees.

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**Forest Stewardship** focuses on improving the management of forest resources by educating and assisting private landowners on how to better manage, protect and utilize their native and planted forest resources. This is accomplished through creation of a Forest Stewardship Plan and financial assistance for forest improvement practices. Outdoor Heritage Fund Windbreak Renovation Initiative projects are underway with 305 projects that restore declining field and farmstead windbreaks.



**Outreach 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 North Dakota Forest Service sponsors "Project Learning Tree" workshops for teachers and youth leaders working with students in grades K-12. The program also handles the daily requests for forestry information and the development of educational materials.



**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 13,945 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.



**Towner State Nursery** annually produces conifer (evergreen) seedlings to meet the demand for conservation tree planting needs of the state. The trees are used for farmstead, living snow fence, field windbreaks, wildlife, forestry and other conservation plantings. Since 1951, the Towner State Nursery has produced, marketed, and sold over 78 million conservation seedlings. Staff conduct tree improvement evaluations to develop resilient nursery stock adapted to the state's challenging environment.

## **AGENCY PERFORMANCE MEASURES**

### **2020 Forest Action Plan**

The Forest Service 2021-2023 budget will conserve, protect and enhance priority forest landscapes identified in the 2020 North Dakota Forest Action Plan. The plan ensures the care and protection of native forests, conservation tree plantings and community forests by sustaining the agency's emphasis on providing financial, technical and educational assistance to communities, rural landowners, rural fire districts, soil conservation districts, schools and citizens of North Dakota. The budget supports seven forestry programs that address critical issues and service needs identified in the Forest Action Plan. The plan provides a comprehensive analysis of forest-related conditions, trends, threats and forestry opportunities in North Dakota. Plan development was driven by input and collaboration from stakeholders, partners, and customers to identify needs and priorities. Long-term strategies focus financial, technical and educational resources on: a) conserving and managing working forest landscapes for multiple values and uses; b) protecting forests from threats including catastrophic wildfires, storms, flooding, insect and disease outbreaks and invasive species; and c) enhancing benefits from trees and forests including air and water quality, soil conservation, wildlife and fish habitat, biological diversity, carbon storage, forest products, forestry related jobs, and production of renewable energy.

### **Accountability 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.

1. Assisted 12% of biomass and wood utilization businesses 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 \$1.3 million 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.
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**Accountability Measures continued**

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.





## 2019-2021 REVENUES AND EXPENSES

### Funding Sources

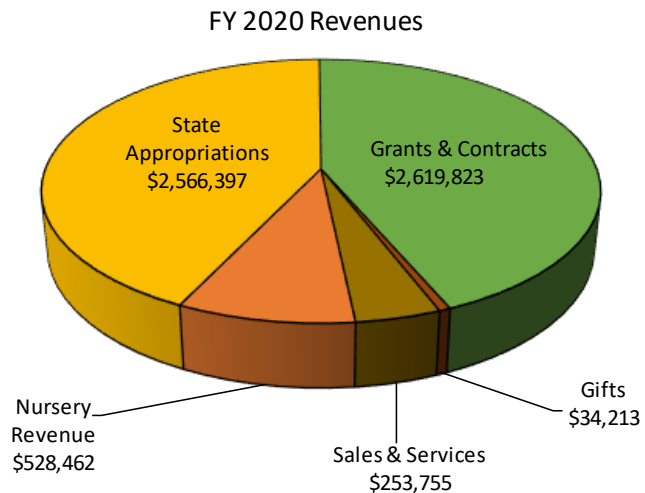
Appropriated funding for North Dakota's forestry programs is derived from two sources: the state general fund and income, including the sale of nursery products and contributions from the Trees for North Dakota Trust Fund. The 2019-2021 original appropriated budget for the Forest Service was \$15,342,064 including \$4,676,664 in general funds and \$10,665,400 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 \$5,132,794 with \$456,130 in carryover.

#### NORTH DAKOTA FOREST SERVICE FY 2020 REVENUES AND EXPENSES

##### Revenues

Nursery Revenue	\$ 528,462	9%
State Appropriations	\$2,566,397	43%
Grants & Contracts	\$2,619,823	43%
Gifts	\$ 34,213	1%
Sales & Services	\$ 253,755	4%

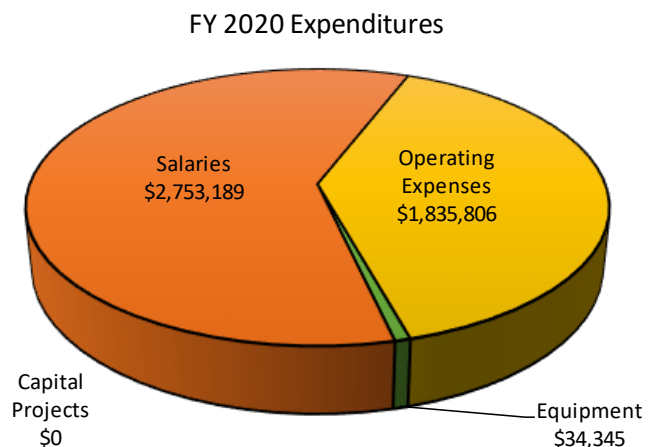
Grand Total \$6,002,650



##### Expenses

Salaries	\$2,753,189	59%
Operating Expenses	\$1,835,806	40%
Equipment	\$ 34,345	1%
Capital Projects	\$ -	0%

Grand Total \$4,623,341



## 2021-2023 NEEDS BASED FUNDING REQUEST

The 2021-2023 needs based funding request for the North Dakota Forest Service is \$15,517,178 including \$15,398,450 for Operations and \$118,728 for Capital Assets. The General Fund request is \$4,806,012. Other funds are \$10,711,166.

The 2021-2023 operations budget includes salaries and wages and operating expenses for 28.00 FTE and 45 seasonal positions that provide public forestry services.

🌲 Operations .....\$15,398,450

The 2021-2023 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) .....\$15,517,178**

### OPERATIONS

The Operations request supports salaries, fringes and operating expenses for 28.0 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. The 2021-2023 needs based request contributes to the health, safety and the economy of North Dakota through essential public services to communities, volunteer fire departments, rural landowners, and schools.

<b>2021-2023 Operations Request</b>		<b>\$15,517,178</b>
<i>Funding Source</i>		
General Funds		\$ 4,806,012
Special Funds		\$10,711,166

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 communications costs associated with servicing field forestry requests statewide each year from rural landowners, communities, schools and citizens. Operations fund emergency wildland fire fighters who protect lives, property and natural resources threatened by an average of 440 human caused wildfires that burn over 30,000 acres each year. Expenditures include salaries, travel, motor pool, supplies, repairs and sub-contracts for training, organizing and equipping rural fire districts, as well as support for a Forest Service strike team of five Type 6 wildland engines. Operations fund tree production at Towner State Nursery. Expenditures include salaries, utilities, repairs and supplies for seeding, weeding, irrigating, fertilizing, lifting, packing and shipping operations associated with both bare-root seedling and containerized tree production.

**OPERATIONS continued**

Towner State Nursery provides essentially all of the conifer (evergreen) seedlings for conservation and forestry plantings in every county of North Dakota. The estimated revenue from generated from trees sales at Towner State Nursery is \$1,000,000. Other estimate revenue includes \$900,000 for Trees for North Dakota grants. The Trees for North Dakota Trust Fund provides tree planting grants and supports promotional, educational and fund raising projects associated with strengthening the tradition of tree planting and management in North Dakota.

The Forest Service 2021-2023 base budget includes the SBHE request for an average salary increase of 3%/3% for all employees each year of the biennium. At the Forest Service, the average 3% annual increase will cost \$175,114 of which \$129,348 is from the general fund and \$45,766 is from other funds.

<b>Salary Increase – 3% per year</b>	<b>\$175,114</b>
<i>Funding Source</i>	
General Funds	\$129,348
Special Funds	\$ 45,766

**2021 - 2023 CAPITAL ASSETS**

The total 2021-2023 base budget general fund request for Capital Assets is \$118,728. The Forest Service is responsible for maintaining buildings and facilities at five locations. Field offices at Bottineau, Lisbon and Walhalla deliver forestry services, while the Towner State

<b>Capital Assets Request – General Funds</b>	<b>\$118,728</b>
<i>Budget Categories</i>	
Equipment over \$5,000	\$ 56,248
Extraordinary Repairs	\$ 62,480
Capital Projects	\$ 0

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 5 years to 84 years.

**Equipment Over \$5,000**

The 2021-2023 base funding request for equipment over \$5,000 is \$56,248, an amount equal to the 2017-19 and 2019-21 base funding. Equipment would include an automated greenhouse seeder and irrigation equipment at Towner State Nursery and a UTV for trail maintenance for the State Forests program.

**Extraordinary Repairs**

Extraordinary repairs include \$62,480 for roof replacement at Towner State Nursery and office and parking lot improvements at the Bottineau Field Office. Total 2017-2019 and 2019-2021 extraordinary repairs budget was \$62,480.

**Capital Project Request - None**

The Forest Service is not requesting a capital project within the 2021-2023 budget.

## 2021-2023 Funding Request - SB 2003

North Dakota Forest Service						
Comparison of 2019-21 Base Budget to 2021-23 SBHE Request and Executive Recommendation						
	2019-21 Base Level	Requested Adjustments	2021-23SBHE Needs-Based Budget	Executive Recommendation	Difference from 2019-21 Base Level	Difference from SBHE Needs- Based Budget
Campus Operations	\$ 15,223,336	\$ 175,114	\$ 15,398,450	\$ 15,106,733	\$ (116,603)	\$ (291,717)
Capital Assets	\$ 118,728	\$ -	\$ 118,728	\$ 118,728	\$ -	\$ -
<b>Total Appropriation</b>	<b>\$ 15,342,064</b>	<b>\$ 175,114</b>	<b>\$ 15,517,178</b>	<b>\$ 15,225,461</b>	<b>\$ (116,603)</b>	<b>\$ (291,717)</b>
General Fund	\$ 4,676,664	\$ 129,348	\$ 4,806,012	\$ 4,556,471	\$ (120,193)	\$ (249,541)
Special Funds	\$ 10,665,400	\$ 45,766	\$ 10,711,166	\$ 10,668,990	\$ 3,590	\$ (42,176)
<b>Total Funding Sources</b>	<b>\$ 15,342,064</b>	<b>\$ 175,114</b>	<b>\$ 15,517,178</b>	<b>\$ 15,225,461</b>	<b>\$ (116,603)</b>	<b>\$ (291,717)</b>
FTE	27.0		28.0	28.0		

## FEDERAL FUNDING COVID 19

The North Dakota Forest Service has spent \$78,920 made available through the State's Coronavirus Relief Fund funding on COVID 19 related payroll, PPE, equipment and supplies.

## FINANCIAL AUDIT FINDINGS

**Financial Audit findings included in the most recent audit** - The North Dakota Forest Service Audit Report for the biennium ending June 30, 2019, as prepared by the Office of the State Auditor, did not identify any areas of concern.

The June 30, 2020 NDUS financial audit report is being finalized by the SAO and is scheduled to be published in January 2020. Our communications with the SAO indicate there are no findings or recommendations.

## FEDERAL FUNDING

**Known or potential changes in level of federal funding** - None.

## 2021-2023 EXECUTIVE BUDGET IMPACTS

The Governor's Executive Budget Guidelines for the 2021-2023 biennium call for a 5% decrease to the North Dakota Forest Service authorized general fund appropriation. The Forest Service's base budget for the 5 percent calculation was \$4,676,664. The 5 percent reduction equals \$233,833.

The 5 percent base budget reduction would eliminate funding for salaries, fringes and operating expenses needed to provide financial, technical and educational assistance to communities, rural landowners, rural fire districts, schools and citizens. The reduction would include \$219,000 in salary and fringe for 1.5 foresters (natural physical science professionals) (1.5 FTE) and \$14,833 in operating expenses for travel and equipment under \$5,000.

### BUDGET IMPACTS

<b>5% Budget Reduction – General Funds</b>	<b>\$233,833</b>
Salary and Fringe (1.5 FTE)	\$219,000
Operating Expenses	\$ 14,833

## 2021-2023 EXECUTIVE BUDGET REQUESTED CHANGES

The Forest Service 2021-2023 budget includes the SBHE request for an average salary increase of 3%/3% for all employees each year of the biennium. At the Forest Service, the average 3% annual increase will cost \$175,114 of which \$129,348 is from the general fund and \$45,766 is from other funds.

The Forest Service also requests that the 5 percent base budget reduction be restored to provide needed financial, technical and educational assistance to communities, rural landowners, rural fire districts, schools and citizens.

### REQUESTED CHANGES

<b>Salary Increase – 3% per year</b>	<b>\$175,114</b>
General Funds	\$129,348
Special Funds	\$ 45,766
<b>Restoration of 5% Budget Reduction – General Funds</b>	<b>\$233,833</b>



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