

Advisory Committee
Oregon Forest Research Laboratory
April 8, 2008
Richardson Hall 107

Committee Members Present: *Jerry Brodie, Rick Brown, Gary Hartshorn, Cal Joyner, Ted Lorensen* (vice Marvin Brown), *Lee Miller, Jennifer Phillippi, Ed Shepard, Barte Starker, Cynthia West* (vice Bov Eav), *Carol Whipple, Rich Wininger, Hal Salwasser*

Others Present: *Ken Faulk, Jim Geisinger, Craig Hanneman, Tom Partin, Scott Leavengood, Doug Maguire, Glen Murphy, Arne Skaugset, Brad St. Clair and Zak Hansen, Tom Adams, Darius Adams, Steve Hobbs, Roger Admiral, Barb Lachenbruch, Tom McLain, Claire Montgomery, Steve Tesch, Katherine Morris*

Hal Salwasser opened the meeting by welcoming Advisory Committee members and guests. Catherine Mater is the new Chair of the FRL Advisory Committee, although she was not able to attend the meeting today. Also, Ray Jones, Roseburg Forest Products and Dave Ivanoff, Hampton Affiliates have been asked to become new industry members for the FRL Advisory Committee. This will be finalized before the next meeting.

Hal then described a few of the many accomplishments of College faculty, students, and staff since the last Advisory Committee meeting. Reorganization of the College was a main topic of discussion for the Committee. Hal provided committee members with an overview of the abbreviated category 1 proposal to reorganize. The Departments of Forest Engineering, Forest Resources and Forest Science will be dissolved and two new departments formed. The new departments are the Department of Forest Engineering, Resources and Management (FERM) and the Department of Forest Ecosystems and Society (FES). The Department of Wood Science and Engineering will remain unchanged. Hal then went on to describe in general terms, the programs the new departments will administer. This was followed by more detailed presentations by Darius Adams who will be the FERM Interim Department Head and Tom Adams who will be the FES Interim Department Head.

Ted Lorensen asked about faculty recruiting over the next five years. Tom Adams responded there are some crucial needs such as in forest soils and there are areas of specialization necessary for accreditation. Darius Adams added that although funds are inadequate for adding new faculty positions, we use retirements and other faculty openings to make sure we have the right faculty expertise on board to assure accreditation.

Ken Faulk asked how Extension assignments to the new departments were made. Tom Adams explained that it was largely along disciplinary lines. For example, if an Extension faculty member is primarily interested in forest engineering they were assigned to FERM. Likewise if someone was more interested in ecology, they would be assigned

to FES. Tom pointed out that Extension faculty, just like all faculty, were able to select which department they wanted to be a member of.

Carol Whipple asked, how do we get non-forestry students interested in forestry and the interdisciplinary nature of natural resource management in general? Darius Adams responded that our Natural Resources degree program serves this purpose well and is a main draw to Peavy and Richardson Halls. Also, many of our courses are integrative both at the undergraduate and graduate levels. There is collaboration across campus with departments outside the College, which also fosters an interdisciplinary perspective. In view of the budget situation, Hal was asked if he has identified what the College will stop doing. He responded that we will reduce administrative costs and continue to seek ways to reduce expenditures as well as increase revenues. Hal pointed out we are down 6-7 faculty positions from a decade ago. Right now we are just trying to maintain capacity.

Following the discussion, Hal provided committee members with a copy of the "College Financial Statement FY08-FY11 (April 08 Projections)" that Roger Admiral had prepared for the meeting.

Hal stated that earlier we had projected that by 2010 we would have a \$4 million gap between revenue and expenses. He explained that since then as a result of an improved FRL appropriation, a higher Harvest Tax rate, and expense reductions, the funding gap has been reduced by \$2 million. For educational funding from the university the general budget is assuming only cost-of-living increases. Legislative interests are likely to remain focused on K-12 instead of higher education over the next biennium.

Regarding salary increases – last year the legislature appropriated funds for 4% faculty increases, and then reduced the funding by 25%, so the colleges had to absorb the difference from existing funds. The increase in Harvest Tax rate to \$0.92 MBF would have generated an additional \$900,000 per year but it now appears that harvest levels will not be sustained at the 4 BBF level. The university had been looking at increasing the rate of returned overhead from competitive grants next year, but that will not be happening. This policy change could have added an additional \$400,000 a year to the College.

The College Financial Statement FY08-FY11 (*April 08 Projection*) shows expenses based on our current departmental structure. The next projections will be adjusted for our new structure. We have had a part time student recruiter in the Portland area but this position is being eliminated. Overall we have tried to keep our costs flat except for inflationary increases. The annual commitments reflect some of the special programs we have agreed to support. As a result of the increases in the FRL appropriation and Harvest Tax we will be providing additional funds to Extension programs and research initiatives. These new and expanding initiatives include OWIC, CIPS, water resources, forest health, and climate change. The Fish & Wildlife Program support increase for FY08 reflects carryover from the previous year. This next fiscal year the College will have some additional expenses as we recruit for the new department heads. We will have earnings from the Giustina Endowment in FY09 and we will conduct an internal search to assign a Professorship. The same situation exists with the Knudson Endowment. The College is

hopeful that faculty will move more of their salary to grants and contracts. The carryover and net annual balance reflects the practice of using dollars from cash reserves earned by the College Forest to reconcile the difference between revenues and expenditures. The net annual earnings show a \$1.4 million loss from this last year. College timber harvests are on hold as we wait for the log market to improve. The ending balance for FY11 would have been closer to \$2.6 million if the timber market had not taken a downturn. Our strategy is to reduce internal administrative costs, look for cost savings as the campus reorganizes business processes, work with the congressional delegation to obtain federal support for both formula funds and earmarks for research programs, and to continue to vigorously pursue the capital campaign. Finally, we are committed to holding steady on our research and educational programs until revenue conditions improve. We will update you at our next FRL Advisory Committee meeting in the fall.

Hal opened the floor to questions regarding the budget.

Rich Winger asked if the College has ever had someone from industry take a look at the College Forest budget? Hal replied yes, a few years ago we had a consultant and others review the operations of College Forest Properties. Their analysis revealed that we could reduce some operating expenses. We used this information to implement staffing reductions. This spring we plan to use faculty and students to look at why we spend so much on roads. We are open to Starker Forest, Weyerhaeuser or others taking a look at our operations. The results could then be brought to the Forestry Executive Committee to decide what actions should be taken.

The draft 2009-2011 Policy Option Package for the next legislative session was presented by Hal. It contained six initiatives: (1) The Center for Intensive Planted-forest Silviculture (CIPS), (2) Sustaining Water, Water Quality and Fish Habitat in Working Forest Landscapes: Watersheds Research Cooperative (WRC), (3) Sustainable Green Building and Wood Products Innovation for Industry Competitiveness: Oregon Wood Innovation Center (OWIC), (4) Linking Biomass Energy Production to Wildland Fire Prevention and Forest Restoration: Forest Health and Renewable Bio-based Energy (FHaRBE), (5) Managing Forests and Using Forest Products to Mitigate and Adapt to Rapid Climate change, and (6) Urban Forestry for Livable Cities (UFLC): Bringing Forestry to Where People Live to Improve the Sustainability of Urban Areas. Hal spoke about preparing for the 2009 legislative session and the realities of the financial and political landscapes.

Carol Whipple expressed concern about funding for the Extension Service and Cynthia West suggested the College needed a greater presence in the Portland Metro area.

Through the generosity of the Giustina family, the Giustina Innovative Research Grants Program was launched in February. Four proposals from College faculty were selected for funding by the Forestry Executive Committee. These were described for the FRL Advisory Committee by Glen Murphy, Brad St. Clair, and Doug Maguire. The projects are:

“Prioritizing Douglas-fir plantations for nitrogen fertilization by linking mechanisms of growth response to site and stand conditions”, PIs: Doug Maguire and Sean Garber.

“Forest Management and Climate Change: A synthesis of Genetic and Silvicultural Options for the Western US,” PIs: Glenn Howe, J. Bradley St. Clair, Paul Anderson, Jeff DeBell, David Harry, Marilyn Cherry, and Doug Maguire.

“New Inventory Technologies for Market-Driven Harvest Planning and Supply Chain Management”, PIs: Glen Murphy and Temesgen Hailemariam.

“LIDAR Technology Applications in Intensively Managed Forest Landscapes”, PIs: Michael Wing, Temesgen Hailemariam, Doug Maguire, Jeff McDonnell, Glen Murphy, Bill Ripple, and John Sessions.

Ted Lorensen asked if the grants were for partial or full funding. Hal responded they were for full funding.

Scott Leavengood gave a PowerPoint presentation on a proposal to the Oregon Innovation Council (Oregon Inc.) under their Oregon Established Industry Initiative. The proposed project would integrate three projects to enhance the economic value of the entire value chain. The three projects to be integrated are: (1) the Center for Intensive Planted-forest Silviculture (CIPS), (2) the Center for Forest Transportation, and (3) the Oregon Wood Innovation Center (OWIC).

Following Scott’s presentation, Arne Skaugset showed the Watersheds Research Coop DVD produced by Jeff Hino. The DVD was designed for the K-12 audience. It has been a great success. Cal Joyner thought this was a wonderful DVD and mentioned a copy can be obtained by calling OFRI.

Hal spoke about positioning the College and FRL for the new realities. Some of the factors discussed included changing demographics, not as many students starting grade school in next the 5-10 years, declining funding from government for higher education and research, and the growth of online learning. Then Hal asked the Committee if the College/FRL is aligned correctly to address emerging issues and a changing operating environment. What other things should we be doing?

Cynthia West said we need to be thinking “green.”

Barte Starker agreed saying we need to position forests and forestry as a green benefit in an environment of global climate change. The College should be integrating green concepts and climate change throughout its courses and research.

Rich Winger commented that Oregon State University has an advantage over all the other schools in the nation and Canada. This is the premier school well positioned to deal with emerging issues. Cal Joyner said there is huge potential to provide continuing education for small woodland owners.

One Committee member suggested we recruit more international undergraduate students. It was also suggested we provide more continuing education programs for the thousands of family forestland owners in the state.

Jerry Brodie said that based on what he had heard and seen today, the College has made good progress in providing what industry and society needs.

Ed Shepard commented the workforce issue is a huge challenge and that the agencies are looking for more graduates with a good grasp of forest management.

Ken Faulk said he felt the Extension Service needs to do more, particularly with education about carbon sequestration and carbon markets.

Jennifer Phillippi was very concerned about forestry infrastructure in Eastern Oregon disappearing. She suggested the College needs a greater presence in Eastern Oregon. Jennifer also reminded members that the educational needs of small, independent business owners may be different from larger businesses.

Ed Shepard commented that we need a life-long training program, particularly for mid-level managers. He also pointed out the fact the BLM is facing serious infrastructure problems with its road systems and will need well-trained engineers in the future to deal with this problem.

Rich Wininger felt Jennifer had brought up a good point about the needs of small independent companies that may be a lot different than larger companies like Weyerhaeuser. He went on to say that some of the concerns brought up today were big issues such as climate change and the effect on silviculture and the evolution of timber and carbon markets. Rich expressed concern that the College can not continue to do everything. How can the College continue to offer nine degree options and maintain quality?

Carol Whipple agreed the College can not do everything. However, we need to find ways to collaborate with other parts of the University to achieve some of our goals, particularly in research.

Cynthia West felt the College had come a long way with openness. The College research initiatives and other research programs align well with those of the PNW Research Station. She feels good about the College's core focus areas. To build science capacity, research organizations throughout the region need to find more effective ways of collaborating.

Rick Brown commented that no matter whether we are talking about intensive forest management, carbon accounting, urban forestry or ecosystems services, we need to make sure we continue to have sound/unbiased science.

Gary Hartshorn said there is tremendous opportunity in urban forestry education. By this he means the education of urban and suburban populations about forests and forestry which is badly needed in his view.

Cal Joyner said the last FRLAC meeting painted a very bleak picture. Today, we see a very viable strategy to deal with the financial situation. The students that OSU is developing today are hyper competitive. The Forest Service has hired many students recently that are extremely competitive. The ones that are most competitive are the ones that are not on a strict traditional tract in forestry, but rather they are gaining a degree or master's degree as a generalist. We are looking for students that have interdisciplinary skills with public speaking ability. Forestry at OSU has recognized credibility that resonates with the State. He suggested the College needs to be more positive about messages around sustainability.

Steve Tesch offered a follow-up comment. He said calls he has been getting from employers are not entirely consistent with what he has heard today. Employers are worried about maintaining a skilled work force with specialized expertise to replace retirees. Cal Joyner said the BLM and Forest Service are also hiring highly specialized skills, specifically in MS FE – strong civil engineering backgrounds, especially with a ticking time bomb of our road systems. Most of our viable incoming employees are women, so cater to them.

Ted Lorensen said OSU Forestry grads are very high quality in areas where it really counts such as communications skills, work ethic, and strong technical expertise in traditional forester and engineer responsibilities. We will need these skills and expertise in the foreseeable future. Two other areas he feels the College needs to get more engaged in are forest health (pathology and entomology) and climate change.

Lee Miller commented he is excited to see people talking about finding research solutions to transportation issues. This is an area of growing importance to companies because of increasing fuel costs.

Tom Partin said he was glad the College found a partial solution to the budget problem and it does look a lot better than six months ago when we were here last. Further, the FERM program is well grounded and the way things are going in the Pacific Northwest, OSU may be the only comprehensive forestry school left in the region.

Barte Starker remarked that two things came to mind after listening to the other comments. There has been a lot of discussion about integrating climate change and the effect of fire on carbon and the cost to all our state and federal agencies. There are a lot of things to do if we have the political will to do so. We need to put more creativity into how we view and manage fire. Also, we need to pay more attention to soils. We need to put more effort into understanding how to conserve and renew them, if not, we are not doing our job.

Craig Hanneman commented that last week he and Hal signed a MOU for five resident tuition scholarships. This includes the flexibility for Hal and the committee that does the recruiting to actually provide up to ten incentives to attract the best and brightest students to the College. He agreed with what Cynthia, Rich and Barte said especially with respect to climate change. This can have some serious impacts on Oregon's economy and for the political environment. He thought the College should be fully engaged in the climate change issue.

Hal asked Zak Hansen, College of Forestry Assistant Director of Development, to give a brief update on the Capital Campaign progress for 2007-2008. Zak said that in the fall we will have a public kick-off of our first ever capital campaign for the University. We have a working goal of \$625 million. For the College the goal is \$31.5 million and to date we have raised \$21.5 million. This leaves \$10 million to be raised in the next three years and this year we have already raised \$7 million. In the campaign to date, 40% has come from alumni, 40% from corporations and 20% from foundations and other organizations. We are not investing in buildings but rather in programs. It will be our job and challenge to keep that momentum going for the next three years.

Meeting adjourned at 3:00 pm