

I am an Extension Professor in the Forestry Department at Mississippi State University and currently a member of the Society of American Foresters' Council. As an SAF Council member representing Mississippi, Louisiana and Texas I was elected by my fellow foresters to represent them for a 3-year term.

The Society of American Foresters (SAF) represents more than 15,000 forestry professionals dedicated to the care and management of the nation's forests and associated forest resources. As in any profession, research and the new scientific information that it creates are critical to foresters ability to offer the most effective care and stewardship of the forest resources under our responsibility. The Forest Service's Research and Development Program is a critical component of forestry research in the United States. The program is the backbone that maintains forest science capacity within the entire US forestry community.

I feel uniquely qualified to comment on the Forest Service Research and Development program since I've been a part of the program, as well as a "user" of the program's outputs. I spent part of my early career in Forest Service research working for the Southern Experiment Station in forest genetics research from 1977 to 1981. Since then I've been part of the "user community" in a unique role of interpretation of research and applying it to help landowners better manage their forestlands.

The comments I offer are based on my perspective as a "research user" in consultation with many other users around the country. They also reflect the needs and goals of the forestry profession as a whole.

Today, more than ever before, the nation relies heavily on forests and the clean water, air, wildlife habitat, recreation, and forest products that forests provide. At the same time, forests face growing threats in a dynamic and constantly changing world, where wildfire and insect and disease outbreaks are increasingly intense, invasive species continue to spread, and development pressures and other demands pose risks of permanent loss of forests. Unfortunately, in these times of increasing information needs, the nation has a Forest Service research arm that has had a 50 percent decline in numbers of scientists - from 985 scientists in 1985 to 468 today. This precipitous disinvestment in research capacity is incongruent with the challenges we face to assure a sustainable forest resource in the US and speaks to the need for consistent funding for research both within the US Forest Service and in universities across the country.

The Forest Service can never have all the research scientists needed to address these complex issues alone. Consequently, greater emphasis should be placed on collaboration with other research bodies such as the forestry schools, private forest industry, financial institutions now investing heavily in forests, non profits, and others. Not only will these partnerships result in greater leverage of current resources, they will create more efficient and effective research and also help build capacity for the future by supporting the students and infrastructure within the nation's forestry schools and colleges.

Equally important is the transfer of research information to forest managers and landowners. We have also seen federal disinvestment in this function. Just like in other fields such as medicine, the results from forestry research must be placed in the hands of practitioners for society to realize the benefits. There also needs to be a feedback mechanism where practitioners' needs are brought back to researchers for continued technical advancement. This cycle of information transfer, from the researcher, through outreach and technical assistance specialists like myself, to the practitioner on the ground, can only be effective when the loop is connected back to the researcher for continued improvement.

I'd like to share a current example of the knowledge transfer system from my work in response to the timber damage by Hurricane Katrina in Mississippi. I recently used a study done by Forest Service researchers from the Southern Research Station, "Timber Price Dynamics Following a Natural Catastrophe" by Prestemon and Holmes, 2000, to help formulate advice for landowners with damaged timber stands. I've attached a copy of the research to my written testimony.

The research identified that standing timber prices after a disaster like Katrina will be driven down, but then values will increase after the salvage period is completed. The increase in past

cases has been between 6 and 32 percent. The practical extension of this information for forest landowners is that it makes good sense to save as much as possible until after the salvage period is over because that residual timber's value will go up. This way a landowner can lower the financial damage he or she suffers from the storm and could ultimately mean the landowner is able to keep their land in forest, a goal that can otherwise be extremely difficult to realize after such an event.

The research paper has a nugget for policy makers too. Because of the increase in value of standing timber after the salvage period, some landowners will have the opportunity for a financial enhancement when they sell timber after the salvage period is over. Landowners who own larger and dispersed tracts are the ones most likely to benefit from these higher prices over longer timeframes. Hence efficient policy actions to help victims recover might focus on smaller landowners who had all their timber assets completely destroyed and can't benefit from the timber value increases after the salvage period is passed.

This kind of interpretation and application of research results are what Extension natural resources professionals do with research results and demonstrate the cycle of knowledge transfer mentioned earlier. The cycle does not always work in this way, because of the problems with disinvestment in extension and outreach capacity. Funding has traditionally been limited and linkages with the Forest Service researchers weak or in some cases non-existent. This is of great concern to SAF and the profession --if a link in this cycle is not utilized it is difficult to get the information that can improve forests and their management out to those responsible for forest management.

Practicing Foresters and some landowners do their best to keep up with research results through Forest Service efforts like their "Dividends from Research publications," newsletters and web pages but it is increasingly difficult. Many tell me they rely on Extension foresters to find and translate research that they can use. However, Extension foresters are part of the land-grant universities and the Cooperative State Research Education and Extension Service of the US Department of Agriculture and are not directly connected administratively to any of the Forest Service divisions. At the regional and local level there is cooperation in varying degrees. SAF believes that a stronger relationship and formal linkage between the Extension Service and Forest Service research is needed. A stronger connection with those in State and Private Forestry and State Foresters can also be helpful in making sure research is utilized and applied. Many times, forestry researchers are not given the guidance or incentives to reach out with their research to ensure on the ground application. Extension can play a huge role in making this happen, working with both Forest Service researchers and university and other private researchers. Extension and other outreach and technical specialists have a unique connection with those on the ground managing forests, with the landowner communities, and with county and local government officials. Involving these extension and outreach specialists initially in research project formulation can also better shape the research and its applicability to users, serving as a feedback mechanism bringing emerging issues forward from the users. Better utilizing this partnership to both get research on the ground and get feedback to better inform new research is critical.

In summary, I'll offer the following points for your consideration as you examine the Forest Service Research and Development Program and forestry research in general:

? Forestry research capacity within the Forest Service Research and Development program has declined. Partnerships with universities and others should be utilized to a greater extent to mitigate this decline. Consistent funding sources are also critical to ensuring investments in the long-term nature of forestry research.

? When speaking of forestry research, the entire knowledge transfer mechanism should be discussed.

? Current Forest Service Research and Development and other research entity connections with the user community can be improved by:

- o Creating a formal link with Extension and State and Private Forestry outreach and technical specialists

- o Creating incentives and guidance for researchers to involve education and outreach specialists in research project formulation

- o Providing funding for outreach, education, and transfer of technical information in project proposals upon initiation.

Thank you for the opportunity to speak with you today. I look forward to answering any questions you might have.

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Timber Price Dynamics Following A Natural Catastrophe

In the aftermath of Hurricane Katrina, many Mississippi forest landowners are concerned about the value of their damaged timber and are asking how the timber market will behave in the coming months and years. An article published in 2000 may provide an answer.

Jeffrey P. Prestemon and Thomas P. Holmes of the U.S. Forest Service developed a theoretical model to describe the short-run and long run effects of large catastrophes on natural resource prices. Because trees take a long time to grow, large reductions in timber stocks can lead to a price shift due to increasing scarcity and enhancement in value of remaining stocks. The authors studied the reaction of timber markets in South Carolina after Hurricane Hugo in 1989 as a case to test their model.

After analysis the authors come to two main conclusions that may help guide Mississippi landowners after Katrina. First, that southern pine stumpage submarkets are informationally efficient and that prices adjust efficiently to new information within the reporting period (2 to 3 months). They also conclude that catastrophic weather events cause a short-run supply pulse associated with a negative price spike and a long-run enhancement to residual forest stock.

This means that once the timber salvage of Katrina with its price decrease is over, a longer-term increase in price may be anticipated. Indeed they reported that it happened in the Hugo case. The longer-term price increase for the sawtimber left after Hugo ranged from 6 to 32%.

These findings suggest that Mississippi landowners should try to retain all the pine sawtimber possible through the salvage period in anticipation of a price increase to follow. In Mississippi's case the price increase seems likely since a large reconstruction effort in New Orleans and on the MS Coast will commence in the near future.

To view the entire publication click here (http://www.srs.fs.usda.gov/pubs/ja/ja_prestemon015.pdf). For questions about this research contact the authors. The complete citation is:

Prestemon, J. P. and Thomas P. Holmes. 2000. Timber Price Dynamics Following A Natural Catastrophe. American Journal of Agricultural Economics. Vol. 82 (February 2000). pp. 145-160.

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