

TREE PLANTING INCENTIVE PROGRAMS: HOW YOU CAN MAKE THESE PROGRAMS WORK FOR YOU

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DePaul, L. 2002. *Tree Planting Incentive Programs: How You Can Make These Programs Work For You*. In: Dumroese, R.K.; Riley, L.E.; Landis, T.D., technical coordinators. *National Proceedings: Forest and Conservation Nursezy Associations -1999, 2000, and 2001. Proceedings RMRS-P-24. Ogden, UT: USDA Forest Service, Rocky Mountain Research Station: 122-124. Available at: <http://www.fcnanet.org/proceedings/2000/depaul.pdf>*

Key Words

Tree planting, federal programs, state programs

If you are like most people, the thought of dealing with bureaucratic, slow-moving, cumbersome, government programs does not excite you. And the thought of incentive programs is boring at best. However, I would like to challenge you to try to gain enough of a comfort level with the federal tree planting incentive programs that you will be able to see them as opportunities for business growth, not impediments to the free market. These programs are opportunities for private business; I hope to get you thinking along the lines of "how can I use this to improve my business?"

I speak from experience when I say, don't try to figure out how to change the programs to make them easier, more efficient, or more intuitive. The politics of most programs would make your head spin; it is amazing to me that enough of the original intent remains to do some good. Better to learn how to work within the system and have it work for you, instead of fighting it. However, in order to do that you need some basic knowledge of how the individual programs work, which programs relate to tree planting, and which have the highest potential for future funding.

Other information I want to share this morning includes what I see as current and future opportunities for nurseries to use these programs to the mutual advantage of the business and the landowner. I see exciting potentials to combine private and public resources to accomplish more

than either sector can do alone. For instance, the Private Forestry Study Team of 1999 reports that DNR foresters have only assisted 18% of the estimated 260,000 nonindustrial private (NIPF) landowners over a 10-year period. State nurseries do not and will not meet all this demand. But the real potential lies beyond merely growing trees. There is a whole realm of associated services that landowners who are planting trees could use and could be provided by private sources.

First, I would like to cover some of the general and then specific aspects of tree planting assistance programs before discussing the opportunities. You only need to know enough about each program to provide customer assistance and make estimates on future demands. Do not try to learn the administrative details; these questions are better handled by program administrators like FSA offices, NRCS personnel, and me.

There are many types of forestry incentive programs, but for tree planting the 2 important programs are the tax incentives, such as reforestation tax credit, which I will not cover, and reimbursement programs. There are both state and federally funded programs in Wisconsin. Rules for the federal programs are generally more rigid and are developed with relatively little input from the field. Our state program is easier to understand and use, but also has some restrictions from a political source that cannot be easily

changed. Within Wisconsin, we have statutes, administrative rules, and budget restrictions that define the program parameters.

Within each program are unique features that may result in either restrictions or opportunities. For example, some programs have a limited selection of species from which to select. Other programs primarily focus on wetlands or grasslands and are of limited use in tree planting. Additionally, some programs may not be offered in all areas of the state. Some programs have more historical impact and may be the ones you wish to focus on. Finally, knowledge of these programs may inspire you to become more actively involved in the technical committees that develop standards and recommendations for these programs, or at least get on the mailing lists for updates and proposed revisions.

The range of programs you may have heard of include the following: the Conservation Reserve Program (CRP), the Conservation Reserve Enhancement Program (CREP), the Environmental Quality Incentive Program (EQIP), the Wetland Reserve Program (WRP), the Forestry Incentive Program (FIP), the Stewardship Incentive Program (SIP), and the Wisconsin Forest Landowner Grant Program (WFLGP). There are brochures available that briefly describe the programs.

CRP-This program requires landowners to offer bids through the Wisconsin Farm Services Agency for per-acre payments they will accept to keep their highly erodible or marginal croplands out of production. Contracts are awarded for 10 years (15 for hardwood plantings). In exchange, landowners agree to maintain certain conservation practices for this period. In addition, the landowners may receive cost-share payments for installing certain approved practices at a rate of 50% of the actual cost (not to exceed some upper limit). Tree planting of both conifers and hardwoods are practices under this program. Up until this year DNR foresters prepared the planting plans. Rates are set in a handbook, and only approved species may be planted. As of this year, because of program direction, DNR foresters will not provide technical assistance for the conifer tree planting practice nor will the state nursery provide seedlings for this practice. This year over 8,000 acres were enrolled in tree planting practices.

CREP-This program was developed to be an enhancement of the existing CRP program by addressing problems that kept landowners who should be using the program from applying. States are required to develop a state version of the program, submit it to U.S. Department of Agriculture through the governor of that State, and get approval before they can get any funds for the program. Although Wisconsin was and is very interested in the program and the potential funding, there have been obstacles to developing a program that all the necessary agencies would support. The last I heard a version was submitted to Washington and we are awaiting approval. However, the version that was submitted was a grassland creation program; the only tree planting that would be allowed would be limited to certain riparian areas.

EQIP-Initially, this program was developed to take the place of the old ACP program (a popular program responsible for the planting of thousands of acres) plus add additional components for water quality and agricultural conservation. Wisconsin chose to structure their program towards water quality-specifically, agricultural waste. Tree planting is allowed but not used frequently. Rates vary by county and are set by basin committees.

WRP-This is another program that you may have heard of, but it has not been used for tree planting in Wisconsin. If you work with other states the program will differ with the state. In Missouri, for example, 99% of their restorations are concerned with breaking dikes and planting trees.

FIP-An older program, strictly for forestry, FIP will fund only site preparation, tree planting, and timber stand improvement. Oddly enough, this program is administered by NRCS, not DNR, and is not available in all counties. Counties must meet certain productivity standards and request being added to be included. Once funded at relatively stable and high amounts in Wisconsin, the program now is barely funded at about \$60,000 to \$80,000 annually. Last year 451 acres were planted.

SIP-Created in 1990 and once funded at levels of \$500,000 in Wisconsin, this program still exists but has received no new funds in the past 2 years. There is still money for SIP due to slippage, so you may encounter it, and it may get a new

appropriation next year. Even with no new funds, we planted 1,142 acres in 1999. Rates are set at 65% of cost with not-to-exceed limits.

WFLGP-Developed in 1997, this is the newest program, and it has just completed its first biennial budget cycle. It is administered by DNR forestry and covers a wide array of practices in addition to tree planting. Funded at \$1 million annually, it is also the best funded forestry program. Rates are at 65% with no not-to-exceed-rates. We are currently capturing actual costs on practice so that we will have an accurate tool for making estimates in the future. In the first year-and-a-half, 14,342 acres were planted. Recent studies show that DNR foresters are only reaching a fraction of the NIPF landowners. With the number of landowners increasing, and an additional trend to keep a cap on the number of state employees, fewer landowners will be able to receive assistance from the DNR. There will be continued opportunities in the area of technical assistance and support to private landowners. The DNR recognizes this need and is actively seeking partnerships through contracting, cooperative agreements, and other vehicles. Tree planting is a popular practice both with landowners and politicians, so the continuation of incentive programs for tree planting is fairly certain. New programs are sure to emerge with a new administration.

These trends support numerous opportunities for private industry, in particular nursery growers who want to expand the scope of their businesses. The trends previously mentioned combined with current high demands for tree planting and a need

for more locally produced native species and more associated services, set a stage for logical add-on services to nursery operations. Services like practical plan development, site preparation, planting instruction and assistance, and follow-up care could be successfully combined into a one-stop shopping concept. Any of these or other avenues might be appropriate services for your firm to offer. Many other businesses have built themselves up by this type of product or service differentiation, particularly where price is not the key issue for most landowners because it doesn't vary that much. National surveys have shown that what matters is the value the landowner attaches to the service. For instance, if the landowners do not have to wait long months for a DNR forester to visit them, or if they get superior customer service, warranties or guarantees of quality and survival, or follow-up care, you will be providing additional value, which is a great marketing tool. In summary, there are great opportunities associated with tree planting incentive programs. The keys are to become familiar with the programs, concentrate on working with the stable, well-funded programs, focus on species that will be needed in the future, search out related areas that are not currently being adequately serviced, build your relationships with local foresters, and then aggressively market yourself to landowners who are enrolling in the programs. Hopefully the ideas presented in this paper will stimulate your thinking and creativity. I hope you will consider taking a more active role in the tree planting incentives programs in the future.