



FY25 Financial Report to the Provost

1. Executive Summary

The College of Forestry at Oregon State University faces challenges and opportunities in the current physical and financial landscape. Key challenges include declining state support for higher education, revenue impacts from climate change and new regulations reducing timber harvest, and broad devaluation of knowledge and expertise. However, the college is well-positioned to build on its strengths as forestry emerges as a key carbon-neutral industry tackling climate and affordable housing solutions.

The college has initiated strategic investments in high-impact areas, including climate science and carbon modeling, robotics and AI for sustainable forestry practices, Indigenous Knowledge, and research infrastructure for testing climate-smart forestry practices and building technology. This interdisciplinary approach leverages the college's diverse expertise across engineering, ecology, social sciences, and other fields.

With \$14 million in annual research expenditures, an emphasis on collaborative problem-solving, and strong industry partnerships, the college aims to be a global leader in developing innovative wood products, mass timber construction methods, biofuels, and other climate solutions. Priorities include expanding online and professional education offerings, strengthening community outreach and Indigenous partnerships, and enhancing digital marketing to recruit students and faculty.

However, challenges remain in fully funding the educational mission, achieving desired enrollment and graduation rates, and developing critical research facilities. Targeted investments in these areas could significantly advance the college's contributions to Oregon's forest economy and climate resilience efforts. The college's strategic plan provides a roadmap for navigating this pivotal moment through interdisciplinary research, educational excellence, and sustainable forest stewardship.

2. Strategy

- a. *Discuss the higher education and other landscape factors that are shaping the opportunities and threats your college faces within its discipline(s) and that are therefore shaping your strategies in response.*

The College of Forestry faces several significant opportunities and challenges, both short-term and long-term, that span financial and reputational aspects. This summary outlines these challenges and a pathway to success.

From a higher education perspective, the College confronts broad challenges stemming from declining state support for higher education and a devaluation of knowledge, as highlighted in national media. While Forestry, as an applied and practical discipline, is somewhat insulated from these broad challenges, our natural resources and tourism and recreation programs may be more vulnerable.

Outside of higher education, we face challenges due to our diverse revenue streams directly tied to the environment. Climate change and its impacts, specifically the increasing size and severity of wildfires, directly impacts forest harvest and, consequently, the forest harvest tax which directly supports the College and constitutes nearly 30% of our budget. Additionally, new state laws will reduce total timber harvest volume on private lands by approximately 10%, reducing forest harvest tax revenue as well as federal formula funds (McIntire-Stennis) both of which are calculated based on state harvest volume.

The College also has numerous opportunities that may improve our financial standing over time. Forestry is one of the few carbon-neutral industry sectors in Oregon and across the U.S. as forests both store carbon and provide a renewable, carbon storing structural building material. In this light, climate change mitigation presents an opportunity for the College to build upon this inherent strength and establish a platform for climate science and climate solutions from a position of strength. This creates an array of opportunities for increasing research expenditures and student interest in our programs. Our faculty from various academic arenas, including engineering, ecology, Indigenous Knowledge, social sciences, hydrology, and soils, can contribute to this effort through an interdisciplinary, systems-based approach to sustainability.

b. Articulate your college's strategy(ies) in response to the opportunities and threats you identified, including key actions over short and longer-term horizons.

We have outlined several strategies (detailed in [our strategic plan](#)) to address the challenges and opportunities previously mentioned. These strategies stem from a commitment to sustainability, forest resilience, and forest health. We aim to develop more efficient, systems-based approaches to forest management driven by new technologies that leverage large-scale data processing and artificial intelligence. We are also building strategies around leveraging our position as a carbon-neutral industry to advance climate-smart forestry and forest products.

To this end, we have initiated a strategy of investing in specific areas to improve our capacity to address key topical areas, including:

- 1) **Climate science and carbon modeling:** We recently invested in a cluster hire of four specialists in carbon modeling, nature-based climate solutions, and climate science. These individuals have teamed up with existing faculty to propose an institute for forest-based climate solutions.

- 2) **Robotics and Artificial Intelligence:** Previously, we had limited work in this arena, so we sought external support to endow two new positions. With this additional funding, we have recently hired two new positions in robotics, advanced manufacturing, and AI, and these individuals are helping existing faculty to engage further in this field and apply these technologies to improve the sustainability of forest practices and the generation of carbon-neutral building materials.
- 3) **Indigenous Knowledge:** Alternative ways of knowing and learning are required to address complex societal challenges. And federal land management is seeking to employ Indigenous Knowledge into its management planning. With this in mind, we hired a Director of Tribal Initiatives and created a new Office for Indigenous Natural Resources. We are currently in the process of hiring a new tenure-track position in Indigenous Knowledge to help advance the development of much-needed curricula in this area and work with faculty, staff, and students interested in understanding and applying Indigenous Knowledge to seek greater climate resilience in western forest ecosystems.
- 4) **Investment in Research Infrastructure for testing climate-smart forestry and generating climate-smart forest products:** Over the past four years, we invested significant time and energy into the Elliott State Research Forest concept but faced increasing constraints on our ability to research on this platform. We are now on the cusp of acquiring a new property, the Tualatin Mountain Forest, which has historically been managed intensively as an industrial plantation, giving us the latitude to research alternative strategies and contrast them with traditional ones. We plan to implement several research projects initially planned for the Elliott in this smaller, manageable landscape, an important recreational facility just north of Portland.

Each of these initiatives includes scholarly and curricular (including e-campus) components. We expect to create new online certificate programs in carbon cycling and management, Indigenous Knowledge, and advanced wood products. We firmly believe these new initiatives will strengthen existing partnerships, advance new funding opportunities, and attract a greater number and diversity of students.

c. Identify how your specific activities connect to actions, tactics, and targets in Prosperity Widely Shared.

- 1) **Increase Research:** *Big Discoveries, A Thriving World, Climate Solutions, Clean Energy, and Robotics*

We are a highly research active College that is known for our collaborative research approach to advance knowledge and bring solutions to issues facing our forest landscapes and ecosystems. We take pride in creating new and innovative approaches to help partners enhance people's lives while improving the health of our lands, businesses, and vital ecosystems. **Our research expenditures grow year over year and are currently \$14 million.**

Our faculty contribution is outsized compared to our relatively small size and our impact is global to local.

As such, and as noted above, in FY22-23 and before PWS, we invested in several faculty hires to develop climate solutions and new technologies. We now have a **robust carbon team** (new and existing faculty) which is supported by an increased State Harvest Tax allocation we advocated for with our industry partners; these new faculty include:

- Suhyun Jung, Economics & Policy Dimensions of Forest-based Climate Solutions
- Loren Albert, Forest Carbon Cycle Science, Tree Canopy Carbon Dynamics
- Jacob Bukoski, Forest Carbon Cycle Science, Forest-based Climate Solutions
- Georgia Seyfried, Forest Carbon Cycle Science, Belowground Carbon

Our **advanced forestry and wood manufacturing initiative** has been supported by a prominent donor who established two endowed chairs and resulted in new faculty hires:

- Wenjia Wang, AI & Machine Learning in Advanced Manufacturing
- Heesung Woo, Precision Forestry and Robotics Applications in Forestry

In addition to hiring a Director of Tribal Initiatives, we have also launched a search for an Assistant Professor of Indigenous and Community Perspectives on Land, Ecosystem, & Cultural Stewardship. Our **Indigenous Natural Resources Office has successfully garnered \$6,215,442 in grant funding in its first two years of existence.**

Building off of prominent research programs funded by the Economic Development Administration (EDA) for the Build Back Better Challenge (a **\$41.4M award**), our TallWood Design Institute has developed several innovative initiatives focused on mass timber that can be used as an **alternative building material**. As part of President Biden's Investing in America agenda, the U.S. Department of Commerce EDA identified regional centers primed for technological innovation and job creation; known as the Tech Hubs program. Our OSU-led **PNW Mass Timber Tech Hub** aims to be a global leader in mass timber design and manufacturing to lower the construction industry's carbon footprint and increasing housing affordability. This group has recently submitted a \$55.5 million phase 2 EDA proposal to support the Mass Timber Tech Hub.

The College of Forestry continues to be the **source of relevant science on natural resource policy for the State of Oregon**. SB 762 and SB80 directed \$681K to the college to develop Wildfire Map products through 2025, and SB3590 allocated \$3M through 2025 to research the development of pathways for low-carbon fuels derived from woody biomass resulting from forestry operations.

2) **Student Success:** *Every Student Graduates, 80% 6-YR Grad Rate, Increase Online Enrollment*

As the leading forestry program in the nation and globally, we can leverage our reputation to support students who want to learn in any geographic region in the world. Accordingly, we are expanding our online education programs and investing in excellent educators to support this mission. In development are:

- **TRAL: Tourism, Recreation, and Adventure Leadership**
Undergraduate e-campus major, with Outdoor Recreation Management & Sustainable Tourism Management options. MOU has been signed and is launching Autumn 2024. Enrollment projections are 25 in year one, 50 in year two, and 75 in year three.
- **MS in Wood Innovation for Sustainability & Certificate Program**
Graduate e-campus major, designed for place-bound working professionals. Students choose a focus on mass timber or circular economy, both of which are also available as stand-alone certificate options. The MOU has been signed and expected launch is Fall 2025. Enrollment is projected to be seven in year one, 17 in year two, and 28 in year three.
- **Master of Forestry (MF)**
Graduate e-campus major, currently in development with e-campus; will conduct a market analysis to determine where to target the degree (e.g., educating non-foresters working in forestry or helping foresters advance in their careers). Expected launch date and enrollment projections forthcoming.
- **Certificate in Mass Timber, Manufacturing and Construction**
Our TallWood Design Institute has established a new professional (non-credit) certificate that will provide essential knowledge for professionals to adopt mass timber technology. We are planning to launch this in Autumn 2024.
- Additionally, we are continuing to develop e-campus courses, certificates, and micro-credentials to support transfer students, the undergraduate Natural Resources (NR) degree, the Master of Natural Resources (MNR) degree, carbon cycling and management, and Indigenous Knowledge.

We continue to emphasize outreach to new communities, including students who fund their education through government or industry developmental programs, independent scholarships and grants (e.g., Fulbright), or self-funding. **As a college with a large percentage of students with high financial need, we are actively working to continue increasing financial support with our foundation partners, providing more opportunities for just-in-time hardship and persistence grants, and reducing** barriers to accessing support when needed. This is reflected in our capital campaign priorities.

As a destination college consisting primarily of transfer students (versus first-time freshmen), key metrics are the 6-year graduation rates for incoming freshmen and the 4-year graduation rates for transfer students entering with junior standing. We have maintained a steady 65% average graduation rate for our freshmen (slightly below the OSU average) and a 64% graduation rate for incoming junior-level transfer students (4% above the OSU average). A priority area in the FY24 plan was to reverse declining yield rates, and **we achieved a 3% yield increase** for the incoming 2023 fall class. We plan to build on that momentum in the coming school year. Additional focus areas will be the continued expansion of high-impact experiential programs in undergraduate research, faculty mentoring, career support, and global learning. In FY24, we invested an additional 2.5FTE for advising support and 0.5 FTE for career services programming.

At the end of FY24, we also invested in hiring a digital marketing manager, a new role for the college. The digital marketing manager leads efforts to create an **online presence that lives up to and bolsters the college's reputation as a global leader**. This role will be responsible for key initiatives, including a comprehensive redesign of the college website and strategic improvements to our digital outreach efforts, including e-newsletter and social media marketing. These efforts are intended to support our objectives of raising visibility and awareness for the college's innovative research and academic programs and reaching new communities with outreach efforts to bolster student and faculty recruitment.

3. Financial Plan

- a. *Include a high-level discussion of how you will distribute college resources to advance your strategy(ies).*

The Education and General (E&G) budget is distributed to the College through the university's Shared Responsibility Budget Model. This is just one portion of the College's total revenue. The College distributes the E&G budget it receives by funding student success positions and allocating a portion of each faculty and instructor's salary. Each year, departments provide the college budget team with the percentage of faculty time allocated to teaching, which is the portion of the salary funded by E&G. It should be noted that our E&G allocations are not sufficient to fully meet the 'instruction function' costs (teaching, advising, and associated support functions) within the college. On average, we subsidize with funds from other sources totaling approximately \$1,000,000; we arrive at this figure by combining 40% of faculty salaries dedicated to teaching and our student services and advising staff salaries. Other portions of faculty salary are supported by the Forest Research Laboratory (FRL), Statewide Public Service Programs (SWPS), Harvest Tax (included in both E&G and FRL distributions), federal McIntire-Stennis formula funds, or other revenue streams such as gifts and endowments. Salaries represent 82-84% of the College budget, depending on the year.

In the past, E-campus funding had been split 75/25 between the College and the Department. In FY25, with the budget model adjusting to allocate E-campus budget via the SRBM, the college will be adjusting the distribution method to ensure priorities related to our strategic plan are supported.

To support our commitment to interdisciplinary research and support the University objective of increasing research productivity, we have allocated \$500,000 of FRL funding to the [Center for the Future of Forests and Society](#) (CFFS), previously known as the IWFL. This internal grant program funds interdisciplinary research to address creative solutions to climate change impacts and to serve as seed funding to encourage faculty pursuit of larger pools of federal and foundation funding. This investment bolsters our commitment to the objective of PWS and our own strategic plan.

As with other colleges, there are dedicated resources for faculty and departments to invest in their research and educational programs. These dedicated resources include \$11,017,256 (E&G FY24 - Faculty and Department SPA, State-Targeted Programs - such as the TallWood Design Institute) and \$2,908,109 (FRL FY24 - Faculty and Department SPA). These funds have been distributed to the faculty and units for their specific use and are unavailable for the dean's discretionary use.

b. Provide financial forecasts or the college/unit from FY25 – FY30

Please refer to Appendix A for our five-year projection. Our assumptions for the FY25 projection are:

- Planned salary increases as indicated in the [FY25 Budget Planning Guidelines](#)
- Service & Supply: 3.5% annual inflation of costs (same as CAS is projecting)
- E&G: 3.5% increased resources, pending updated SRBM (same as CAS is projecting)
- SWPS/FRL: 3.5% increase on the biennium (49/51% split)
- McIntire-Stennis: flat-budgeted
- Harvest Tax (both E&G and FRL revenue): decreased annual harvest volume estimate for FY25 due to new regulations that are anticipated to reduce logging tax revenue; then flat-funded from FY26 forward pending updated estimates from ODF
- FNR Extension: reported by EXT
- Research Forests Revenue: (see below)

A unique source of revenue for our college comes directly from harvests conducted on our Research Forests (RF). The RF is a self-sustaining unit; therefore, the timber harvest revenue is initially allocated to meet RF operating costs, including staff salaries and operational expenses (including recreation, cultural resources, infrastructure, and research expenses). After meeting operational needs, the net revenue is then split: a portion is transferred to the gift fund account to generate interest and to serve as a reserve, and a portion is transferred to the College to fund faculty salaries, research, and educational expenses. The RF reserve serves to buffer in years of

decreased harvests so that the RF remains self-sustaining and is not subsidized by other College revenue streams; our goal is to reserve three years of operational expenses.

In the years FY19-FY23, the transfer into the college was as high as \$1.4M. However, due to declining harvestable timber, recent contractual issues, and a shift in strategies associated with the new forest management plan, we are projecting no financial transfer in FY24, and a transfer of approximately \$500,000 for FY25. Once the new management plan is in place, projections in FY26 and the future will be adjusted; we hope to receive a transfer of a minimum of \$500,000 annually.

- c. You may request limited non-recurring financial support for investments that will increase the financial strength of the college:*

The requests detailed in Appendix B would significantly advance our ability to meet the PWS targets.

4. Professorial Rank Hiring Plans

See Appendix C.

5. Targets and Metrics

- a. The university is developing a Leadership Dashboard and Planning tool that colleges and units will use set and track progress on OSU's Top 5 Targets. This tool will be released after this year's budget report is due. However, in this year's report, explain the high level qualitative and quantitative metrics you are currently using to assess progress in student success and research and discuss recent progress.*

In collaboration with our Forestry Education Council, an advisory group of alumni and industry representatives, we developed a KPI dashboard that is updated annually. As we work on our strategic plan and PWS integration – and the University's new dashboard and planning tool – we will be refining these KPI's and establishing targets and timelines. You can access the dashboard here: <https://www.forestry.oregonstate.edu/budget>.

Our priorities will continue to include:

- Broader outreach to new communities of students (UG, transfer, and professionals)
- Providing financial support and scholarships for those in high financial need and those unable to meet account threshold requirements
- Ensuring active students enroll each quarter and minimize the creation of inactive students
- Maintaining a supportive and inclusive community within the college that improves the learning environment and enhances retention and completion rates
- Improving and equalizing our 6YR graduation rate

- Reducing our cost per student while delivering quality education (e.g. expanding class sizes where possible)
- Modernizing our digital presence to support student and faculty recruitment and industry and research partnerships
- Strategic marketing and communications efforts to raise awareness of innovative curriculum and research opportunities in carbon, climate resilience, and Indigenous Knowledge