

March 2007

EDR 07-03



Economic Development Report

Colorado
State
University

Extension

Department of Agricultural and Resource Economics, Fort Collins, CO 80523-1172
<http://dare.colostate.edu/pubs>

SUMMARIZING THE COMMUNITY ECONOMICS OF COMMUNITY FORESTRY: WALLOWA RESOURCES, WALLOWA COUNTY, OREGON

Andrew Seidl,¹ and Elizabeth Myrick²

Overview

Community Based Forestry (CBF) implies commitment to the long term ecological, economic and social well being of forest dependent communities. CBF, or community scale sustainable forestry, constitutes a departure from industrial forestry due to this commitment to the preservation of the ecological integrity of the forest ecosystem in perpetuity and to the maintenance or improvement in the quality of life in the host or gateway community in addition to seeking profits from forest products sales.

The purpose of this study is to highlight the local economic impact of community-based forestry organizations (CFO) programs by tracing the recent activities of Wallowa Resources, a CFO located in NE Oregon, through its local economy. This approach is at variance with the more common application of the same regional economic tools, as it turns the analysis upside down. Typically, regional economic approaches take a snap shot of an entire economy and then attempt to discern the impact of an individual industry or sector

on the entire economy, or from the top down. Here, we begin with CBF programs and derive the impact on the economy from the programs upward. This is possible due to close collaboration with Wallowa Resources as to the inputs, outputs, intended and unintended outcomes of its programs.

Wallowa Resources

Wallowa Resources was created as is a non-profit organization in 1996. WR operates primarily as a facilitator of forest-based economic development in Wallowa County, Oregon. Contract and grant funding for the organization have come from both governmental and private agencies. The United States Forest Service, as well as several other government agencies, has contracted WR to provide a variety of services. Private donations made up about 15% of the budget of the organization. WR has undertaken a number of projects intended to rejuvenate or restore the ecology of Wallowa County, create employment opportunities for local entrepreneurs and laborers and increase environmental awareness within the community.

¹ Contact author. Seidl is Associate Professor and Extension Specialist, Department of Agricultural and Resource Economics, Colorado State University, Fort Collins, CO, 80523-1172. T: 970-491-7071. E: Andrew.seidl@colostate.edu. F: 970-491-2067.

² Myrick is Graduate Research Assistant, Department of Agricultural and Resource Economics, Colorado State University, Fort Collins, CO, 80523-1172.

Extension programs are available to all without discrimination.

The various activities carried out by Wallowa Resources have been grouped according to approximate function or focus and assigned a North American Industry Classification System (NAICS) code or codes. This code is then used to determine which sector to input the yearly expenditures. For example, the various field and restoration projects Wallowa manages have been assigned a NAICS code of 92, administration of conservation programs. From this, the total expenditures can then be input into a model and traced through the economy. By using IMPLAN, an input/output model, the estimated direct, indirect and induced impacts of WR's programmatic expenditures were quantified.

Results

- Wallowa Resources directly injected \$1,321,910 of new money into the county economy on projects and business operations in 2005.
- After including indirect and induced effects, WR's total impact reached \$1,834,569 in 2005.
- In 2005, Wallowa Resources accounted for ½ of 1 percent of the local economy.
- For every dollar brought into the community by Wallowa Resources, 28 cents of economic activity was generated within Wallowa County.
- In 2005, Wallowa Resources created 29 jobs within the local community.
- Daily operations of Wallowa Resources had a total impact of \$794,270 and helped to support 15.3 jobs within the county.
- Field programs had a total economic impact of \$516,729 and a total employment impact of 6.2 jobs.
- For every dollar spent on wood projects by Wallowa Resources in 2005, 75 cents of additional economic activity was generated within the community.
- Educational programs run by Wallowa Resources had a total economic impact of \$90,936 and helped to create 2.1 jobs within Wallowa County.
- Wallowa Resources' forestry support programs directly generated 2.4 jobs and had a total employment impact of 2.9 jobs.

- For every dollar spent on sustainable logging projects by Wallowa Resources, an additional 88 cents of economic activity was generated within the community.

Concluding Remarks³

Although input/output modeling provides a quantitative analysis of the economic impacts of programs, it does not completely capture the value of an organization. Wallowa Resources helps to manage forest land that may otherwise be unproductive economically, create greater fire risk, or, potentially, be converted for industrial or residential uses. Protection, managed use and restoration of this forest land may have a greater value to local residents than that reflected by the input/output model. The impacts of this organization are not limited to the number of jobs created or the total output impact. Wallowa Resources provides job training, environmental education, and community interaction, among other invaluable benefits. These cannot be captured in the model, but are valuable nonetheless.

Resources

Seidl, A., and E. Myrick, "Summarizing the community economic impact of the Public Lands Partnership, Delta and Montrose Counties, Colorado," Department of Agricultural and Resource Economics, Cooperative Extension, Colorado State University. March 2007. EDR 07-01. <http://dare.agsci.colostate.edu/csusagecon/extension/pubstools.htm#EconDev>

Seidl, A., and E. Myrick, "The community economics of community forestry: A partial analysis of Public Lands Partnership, Delta and Montrose Counties, Colorado," Department of Agricultural and Resource Economics, Cooperative Extension, Colorado State University. March 2007. EDR 07-02. <http://dare.agsci.colostate.edu/csusagecon/extension/pubstools.htm#EconDev>

³ This work was made possible by a generous grant from the Ford Foundation. It would not have been possible without the substantial time, effort and expertise that the Ford research team, its advisory committee, and the 13 implementing partners contributed to this portion of the overall research effort. We are particularly indebted to Tony and Maria at CSU for their patience and guidance in this effort and to Nils and Diane at Wallowa Resources for openly sharing their data and their experiences, and their substantial capacities, insights and expertise in helping us to better understand what they do and to couch it in economic terms. Their warmth and encouragement is most appreciated. All errors or omission or commission are unintentional and are the responsibility of the authors.

Seidl, A., and E. Myrick, "The community economics of community forestry: A partial analysis of Wallowa Resources, Wallowa County, Oregon," Department of Agricultural and Resource Economics, Cooperative Extension, Colorado State University. March 2007. EDR 07-04. <http://dare.agsci.colostate.edu/csUAGEcon/extension/pubstools.htm#EconDev>

Seidl, A., and E. Myrick, "A social benefit cost framework to analyze the community economics of community forestry: Summary," Department of Agricultural and Resource Economics, Cooperative Extension, Colorado State University. March 2007. EDR 07-05. <http://dare.agsci.colostate.edu/csUAGEcon/extension/pubstools.htm#EconDev>

Seidl, A., and E., Myrick. 2007. "A social benefit cost framework to analyze the community economics of community forestry." Department of Agricul-

tural and Resource Economics, Cooperative Extension, Colorado State University. March 2007. EDR 07-06. <http://dare.agsci.colostate.edu/csUAGEcon/extension/pubstools.htm#EconDev>

Seidl, A., and E. Myrick, "The community economics of community forestry: A conceptual framework and partial illustrative analysis," Department of Agricultural and Resource Economics, Cooperative Extension, Colorado State University. March 2007. EDR 07-07. <http://dare.agsci.colostate.edu/csUAGEcon/extension/pubstools.htm#EconDev>

Seidl, A., and E. Myrick, "The economic valuation of community forestry: Analytical approaches and a review of the literature," Department of Agricultural and Resource Economics, Cooperative Extension, Colorado State University. March 2007. EDR 07-08. <http://dare.agsci.colostate.edu/csUAGEcon/extension/pubstools.htm#EconDev>