



THE PINCHOT LETTER

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The New Generation of Private Forest Landowners: Brace for Change

The United States is about to witness the largest intergenerational transfer of family forest ownership in the nation's history. Given the extent of private forests in the United States, and their significance for conserving public values such as water quality and wildlife habitat, it will be important to develop a clearer understanding of the changing needs and interests of the next generation of owners. The Pinchot Institute and the USDA Forest Service recently completed a study of the next generation of private forest landowners in the United States. Results suggest that existing landowner assistance programs might need to be adapted to ensure good forest stewardship, and minimize further losses of forest area through fragmentation and conversion to nonforest land uses.



account for nearly 50 percent of all the forest land in the United States, and nearly 60 percent of all productive timberland (Smith et al 2004). These private forests play a critically important role in protecting water quality, conserving habitat for rare plant and animal species; offering opportunities for hunting, fishing and other forms of outdoor recreation; producing wood and other renewable forest products; and mitigating climate change by sequestering millions of tons of carbon dioxide and other "greenhouse gases" (Best and Wayburn 2001). In many ways, private forests play an essential role in protecting important public conservation values. Thus it is in the national public interest that we better understand the needs and motivations of private forest owners, to better craft programs and policies to assist forest landowners in managing their forests sustainably, and maximize the chances that those forests will continue to provide important public conservation values in perpetuity.




Certain consistent findings across many of these studies suggest that the perspectives of current private forest landowners are reasonably well understood, even though the total population is large—10.3 million—and diverse. Typically, the most commonly cited reasons why these individuals and families own forest land are for aesthetic enjoyment, conserving environmental values, privacy, and having a valuable asset to pass along to heirs (Butler and Leatherberry 2004). Relatively few owners indicate that timber production is an important reason for having forest land. These basic findings were most recently corroborated in the 2003 National Woodland Owners Survey (NWOS), conducted by the U.S. Forest Service.

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THE CHANGING DEMOGRAPHICS OF FOREST LAND OWNERS

Over the past decades, dozens of studies have been conducted by universities, natural resource agencies, and the forest industry to better understand the interests and inclinations of the current generation of private forest landowners regarding the management of family forests. The stakes are high. Private forest lands, not including those owned by integrated forest products companies,

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Leadership in Forest Conservation Thought, Policy and Action



The 2005 NWOS conducted by the U.S. Forest Service found that the proportion of forest owners under 45 years of age dropped sharply between 1993 and 2003. More than 60 percent of today's forest owners are older than 55, and more than half of these are older than 65. During the next two decades, a substantial portion of the nation's private forest lands will be transferred to the next generation. Ten percent of the family forestland is owned by people who plan to transfer it within the next *five* years.

Will the goals of this next genera-

tion regarding the management of family forest lands be similar to those of the current generation? How will the demographics of the next generation of forest owners be different, and how might this affect their values, motivations and needs as they make decisions on the future of their forests? The answers to these questions have profound implications for what can be expected of this vast area of forest in the United States, and how the public values that have traditionally been provided by these private forests will be affected.

IF YOU WANT TO KNOW WHAT'S GOING ON, ASK THE KIDS

To begin addressing some of these important questions, the Pinchot Institute, in cooperation with the U.S. Forest Service and state forestry agencies, conducted a survey of the next generation of private forest landowners—not the owners of today, but those most likely to be the owners in the future. Most important to the study was the cooperation of individuals who own and manage private forest lands today, who granted

ABOUT THE PINCHOT INSTITUTE

Recognized as a leader in forest conservation thought, policy and action, the Pinchot Institute for Conservation was dedicated in 1963 by President John F. Kennedy at Grey Towers National Historic Landmark (Milford, PA)—home of conservation leader Gifford Pinchot. The Institute is an independent nonprofit organization that works collaboratively with all Americans nationwide—from federal and state policymakers to citizens in rural communities—to strengthen forest conservation by advancing sustainable forest management, developing conservation leaders, and providing science-based solutions to emerging natural resource issues. Further information about the Pinchot Institute's programs and activities can be found at www.pinchot.org.

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permission to interview their offspring, and to raise sometimes sensitive questions that in many instances had not yet been discussed within the families themselves. There were several instances in which forest landowners who had heard about the study contacted the Pinchot Institute to request that their children be interviewed. In most cases, the current owners were concerned about the future of their forests, but a surprisingly large proportion of parents did not know whether their children were interested in assuming management of the family forests, and had never discussed this with them.

The study was conducted in early 2005 through a series of 300 telephone interviews with the children of current private forest landowners, in six regions encompassing 25 states across the country. Interviews typically lasted between 30-45 minutes, and approximately 30% of the interviews were conducted with siblings of the same family. Current forest landowners were identified through state forestry agencies, university extension services, county assessor offices, and representatives of state and county forest landowner associations. The offspring to whom the Pinchot Institute was granted permission to interview represented families owning a total of approximately 300,000 acres in a range of tract sizes (15 percent owned 10-49 acres; 17 percent owned 50-99 acres; 44 percent owned 100-499 acres).

THE NEXT GENERATION: DIFFERENT NEEDS AND INTERESTS

The general picture that emerges of the next-generation owners of the nation's private forests is that most have had little involvement to date in the management of the family forest; and many of these individuals have little interest in becoming more involved. A large proportion of these next-generation owners work in pro-

fessional fields with average or higher household incomes. Most do not live near their families' forests, and do not plan to live on the family forest in the future.

Nevertheless, most offspring of today's private forest landowners expect that their parents will want to keep the forest land in the family; and that as heirs, they will find themselves being forest landowners themselves within the next 10-20 years. Most offspring want to inherit the land, but less than half want to be involved in the current management of the land. This will lead to an intergenerational disconnect and may mean that the next generation of forest landowners will not be able to manage the land according to the legacy their parents envisioned.

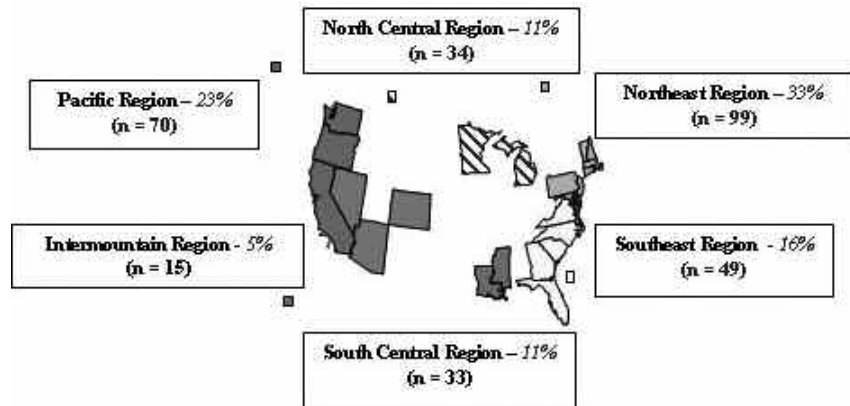
Many of these individuals expect that the family forest will one day become a source of income for them, but the importance of this seems to vary significantly by gender, age and geographic region. Next-generation forest landowners who are women tend to focus more on the importance of maintaining the land as a family legacy more than men, who tend to focus more on income and personal use. The next generation of forest landowners seems to be generally aware of land use changes, particularly residential development, that are tak-

ing place in the vicinity of the family forest, and see the undeveloped nature of the family forest as one of its most important characteristics. In general, their stated intent is to retain the land as forest, but needs for ready cash for unanticipated emergencies, paying taxes, or covering medical expenses are factors that could prompt them to convert, subdivide, or sell family forest land.

Next-generation forest landowners, in general, see the major challenges in forest land ownership being taxes, maintenance costs, and the time commitment required to manage the property. Many are only marginally knowledgeable about the family forest itself and how it is being managed by their parents; and many express no desire to become more knowledgeable at this point. Some of this may be in deference to their parents, and the sensitivities surrounding discussions of inheritance. But it also seems to reflect the general low level of interest in becoming involved in management decisions, and taking ownership of a forest not located near their own community.

This picture of the next generation of private forest landowners, suggests the need for a comprehensive examination and evaluation of existing federal, state and private programs for technical and financial assis-

Offspring numbers & locations



tance to private forest landowners. Many of the existing programs for technical assistance, financial incentives and cost-sharing were developed to help landowners absorb some of the up-front costs of improving forest growth and productivity through silvicultural practices. Returns from forest management often come many years after the initial investment in forest improvements. Many public and corporate assistance programs are aimed at enabling landowners to undertake these activities despite the long lag time between expenses and income.

A population of private forest landowners that is increasingly remote from the forest land itself, whose livelihoods are less connected with the land, and who lack prior involvement with the management of the family forest is unlikely to have the experience or knowledge to feel competent in making management decisions. Ultimately, they may be less interested in owning the land at all, and thus be more likely to consider options that will result in further fragmentation or conversion of forest land.

THE NEED TO RE-EXAMINE EXISTING LAND OWNER ASSISTANCE POLICIES

The next two decades of Americans will witness the largest intergenerational transfer of family forest land ownership in the nation's history. The needs and interests of the next generation of private forest landowners clearly will be different from those of their parents, but in what ways? Will the individuals who stand to inherit lands that are an important part of their family legacy—and which also collectively constitute a major share of the nation's productive forest land—be prepared to assume these responsibilities? What will be the implications for water, wildlife and the array of other public conservation benefits that these private lands have traditionally provided? What will be the

implications for timber production? Are there alternative approaches to the existing suite of programs and policies for private forest landowner assistance that will more effectively address the circumstances of the next generation of owners, and thus help ensure the continued conservation and stewardship of these lands?

Most of these questions will have to be answered through future research efforts, but this should not stand in the way of incorporating these kinds of considerations into intergenerational "succession plans" for family forests. To the extent that such planning is done today, its focus is often limited to estate planning aimed at minimizing the tax consequences of intergenerational transfers of assets. A more comprehensive approach might include considerations of continuity in forest management plans and objectives, particularly where goals include creating conditions or values that take decades to develop.

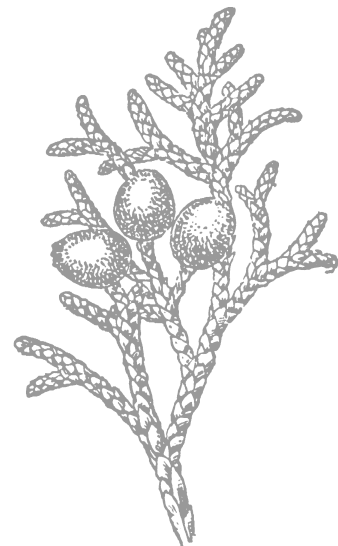
In remarks at the National Press Club in Washington on October 3, Georgia tree farmer (and Rolling Stones keyboardist) Chuck Leavell acknowledged the changes taking place on private forest lands, especially in the South where he is now seeing "fewer windmills and more satellite dishes." In terms of the policies and programs aimed at assisting private forest landowners—and simply keeping the forest in forest, Leavell noted that "what worked in the past may not work in the future." The future of private forest lands is too important—to private landowners and to the national public interest—for us to be unprepared. The results of this first look at differences in the next generation of private forest landowners suggest that this is an area that warrants broader and more intensive research, and a comprehensive examination of existing policies and programs relating to private forest lands.

Additional information on this study can be found at www.pinchot.org, or by contacting Al Sample (alsample@pinchot.org), Catherine Mater (mater@mater.com), or Brett Butler (bbutler@fs.fed.us). This project was undertaken by the Pinchot Institute as a cooperative venture in cooperation with the USDA Forest Service State and Private Forestry Northeastern Area and the USDA Forest Service Northern Research Station.

Please turn to page 14 for an interview with Catherine Mater about this study.

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Q & A with Catherine Mater: The New Generation of Private Landowners Study

Catherine Mater has been a senior fellow for the Pinchot Institute since 1997. An engineer in the forest products industry, she has extensive experience in assisting in the development of new engineering technologies and marketing strategies for the wood products industry in both domestic and international markets. Catherine is a member of the U.S. Department of Agriculture's Forestry Research Advisory Council, which provides advice to the Secretary. Catherine conducted the research on the Next Generation of Private Forest Landowners Study, referenced in the article on page 1.

What is the importance of this study?

Mater: This is the first time that any direct interview or research work has been conducted with children of forestland owners (non-industrial private forestlands) in the United States. We began to explore this area a few years ago, when we were funded by the Wood Education Research Center (WERC) to interview "non-joiner" forest landowners to determine what conditions would force them to fragment or convert their family forests. "Non-joiners" are those forest landowners who are not affiliated with forestry or environmental organizations. These people fall outside the main forestry information loop and rarely seek outside advice on managing their own family forests. They are essentially landowners who are disconnected. For the WERC project, over 100 non-joiners were interviewed in nine eastern hardwood states. In contrast to key issues typically identified by woodlot owner and forestry organizations (such as property and estate taxes), interviewed non-joiners ranked taxes significantly below their key concern: lack of interest from their own offspring to maintain forestlands in family hands.

Thus, the next iteration of research was to find out what these offspring really think about owning and managing their own family forests. This is very benchmark qualitative research. The sample size of 300 interviews, while not being large enough for statistical evaluation, has similarity of responses across gender,

age, and location of offspring – enough so to suggest statistical *possibilities*. If so, we see a troubling family portrait where future ownership of family forests are concerned.

How were offspring selected for this study?

Mater: This is really important to understand. Our methodology for interview selection wasn't to just seek out offspring geographically located across the United States. We first contacted current private forestland owners to ask their permission to interview their offspring. This was an important first step as we found that the parents were clearly thinking about the future of their forestlands, but did not know what their children thought regarding future ownership of the family forests. Other selection criteria included offspring gender, and family forest size (32% had family forests less than 100 acres in size, another 44% had 100-400 acres of forestlands in the family. 300 offspring in 25 states in six regions were interviewed by phone. These offspring represented 200 families and about 300 thousand acres of forestland.

How was the study conducted?

Mater: The study contained five key question categories:

✿ **Demographics** – We wanted to know who the offspring were and obtain general information about the lands they will inherit. Examples of some questions asked each offspring: What is their profession,

annual household income, and age bracket? Do they know how much forestland they will inherit? What do they know about the characteristics of their family forests? How long have the lands been owned by their family? Do they plan on living on the family forestland in the future? We see troubling waters just from glean- ing this demographic information alone: more than half (both male and female offspring) work in professional fields, make between \$51,000 and \$100,000 per year in household income, do not live near their family forests, and do not plan to live on the family forestland in the future.

✿ **Affiliations** – These questions gauged what organizations offspring and their parents are involved in. Are they involved in forestry or environmental organizations? Interestingly, offspring were less engaged than their parents with respect to organization affiliation, and male offspring were more connected with forestry and/or environmental organizations than the female offspring.

✿ **Knowledge of forest management** We wanted to understand how much offspring know about the management of the family forests. How aware and knowledgeable are they relative to the management goals and objectives for their family forests? Do they know if a written management plan exists? Are they involved in the management of the family forests? If not,



do they want to be? Once again, based on offspring responses, we see foundation for real concern regarding the future of family forests: almost 60% of all offspring have not been involved in the management of the family forests – regardless of location, gender, or age. And of those not involved, 60% do not want to be. The good news is that 40% of the offspring are involved, and the majority of those involved (70%) participate at a decision-making vs. advisory level.

Offspring were also clear (60% stated so) that if they owned the land, they would wish to develop income off the land coming primarily from timber harvesting. But male offspring – by a large margin – were much more interested in income generation than their female counterparts. This is most interesting as over 60% of the offspring stated that their family forests were currently primarily managed for wildlife protection, not income generation.

Perceptions – Again we note this was the first time any research on offspring perceptions has been conducted. We were interested in knowing what offspring perceive to be the most valuable characteristics of their family forests. What do they understand to be the reasons for their family - owning - forestlands? Is ownership due to inheritance, love of land, investment? How are the family forests being currently used? And, as almost 60% stated that land use and changes around their family forests do shape their views and decisions regarding future ownership, we wanted to better understand what offspring were observing. For example, 46% of offspring stated they are aware of current plans to subdivide forestland near their family forests for residential use.

Regarding what offspring consider to be the most valuable characteristics of their family forests, we learned that males and females really do think differently. Female offspring valued the undeveloped status of the forestland and the legacy of family owning forestland at significantly higher levels than male offspring, who valued the ability of the land to produce income as a valuable characteristic.

Decision-making – These questions assessed what decisions the offspring would make once they owned the family forestlands. Over 80% of the offspring wanted to own their family forests, even though (as noted earlier) most do not want to be involved in the management. Many thought their parents were managing the land just fine. There were significant differences between male and female responses on why they wanted to own the land. Males were more geared toward investment, but the females wanted to maintain family legacy of the land. Key challenges to owning the land tended to be in contrast with what the non-joiner parents stated in the WERC study, where taxes ranked very low as a condition that would force fragmentation and conversion. Offspring are clearly concerned about taxes, as both male and female offspring ranked taxes as their top challenge to owning the family forest. They also ranked taxes as a key condition that would force them to sell or subdivide their family forestland. However, females were more concerned about not having the knowledge to manage the family forests while males were more concerned about sibling rivalry. Interestingly, both WERC parents and offspring were in agreement with ranking the need to pay for medical expenses as a condition that could force them to sell the family forests. This is

probably the first time in forest landowner research in the United States where family health and forest health have been linked together. This new linkage fosters some out-of-the-box thinking regarding follow-on opportunities.

What are the next steps?

Mater: Following through on the findings of this first study of the next generation of forest landowners is going to be extremely important if we are to get out ahead of conservation challenges such as forest conversion and fragmentation. Five ideas that immediately come to mind:

Spur additional offspring research to achieve statistically significant response levels. We certainly learned during this initial round of interviews that no one is cultivating the offspring voice in the maintaining family forests discussion. Yet, they are the critical path. And relying on parents understanding of what offspring think may well be a recipe for failure. We need to be much more assertive in linking directly to the offspring pipeline.

Rethink strategy, even incentives, that establish positive performance in bringing offspring to the family forest management plate at an early age. As noted in the study results, the longer the offspring feel disconnected from the family forest, the greater the difficulty in capturing their interest.

Focus much more strategic thinking on the differences between male and female offspring perceptions and thinking geared toward what drives their decisions. There's a growing trend of females owning forestlands. Maintaining family legacy is an underlying strong occurrence in the female offspring. We need

to fully understand and implement different approaches in reaching out to female versus male offspring, with results likely to also benefit understanding of sibling rivalry issues.

✿ **Actively pursue funding for thinking through, designing, and implementing innovative pilots that link human health (i.e., medical costs and access to affordable health care) to forest health.** Are there ways to develop

collaboration between these two worlds? If so, such an effort would not only instantly spark interest from offspring, but could increase awareness to a point where people who never thought of owning forestland before might be inspired to do so. What seems an improbable link may just be possible where you have such a common thread of concern in both current and future forestland owners. Examining creative—*even crazy*—ideas should be a top priority

✿ **Retool outreach programs to fully acknowledge the importance that income generation based on timber harvesting plays in maintaining forestlands in family hands.** Where parents may rely less on income generation as a purpose for owning forestlands, their children are clearly thinking differently. If we have some level of confidence in this initial study's results, to reach offspring – speak to their pocket-book!
