



# Ecosystem Workforce Program

BRIEFING PAPER  
NUMBER 69  
SUMMER 2016



## A PROFILE OF FEDERAL TIMBER PURCHASERS IN THE U.S. WEST

EMILY JANE DAVIS AND JESSE ABRAMS

**T**he US Forest Service primarily engages the private sector through service contracts, stewardship contracts, and timber sales. Both stewardship project and timber sales can generate commercially valuable wood products, and some businesses may rely on these federal timber sources. However, little is known about the timber-purchasing businesses currently active on federal lands. To gain a better understanding of these businesses, we investigated their characteristics, business needs, challenges, and reliance on federal timber sales.

### Approach

In 2013-2014 we surveyed 232 firms (response rate 53%) that had purchased Forest Service timber sales in six Forest Service regions where ecosystem restoration and wildfire risk reduction policies have been prevalent.<sup>1</sup> We asked firms about: 1) their business characteristics; 2) their reliance on federal timber sales; 3) challenges and limiting factors to the success of their businesses; and 4) whether they had sought business assistance, and from which sources.

### Results

**Many timber purchasers are small or family-owned businesses.** Ninety-three percent of respondents described their businesses as “family-owned,” and 25 percent of respondents said their business was a sole proprietorship, in which an individual person runs and owns the business. The median number of employees across all respondents was four to eight (representing the minimum and maximum number of employee, accounting for annual fluctuations).

**Timber purchasers extend beyond mills.** Over half (62.1%) of survey respondents were logging or

forestry businesses, not forest products mills. These businesses purchase and harvest sales before selling the material to a processing facility.

**Forty-three percent of purchasers rely on federal lands for the vast majority of their supply.** These purchasers reported that more than 75 percent of their supply came from federal lands. These businesses were generally smaller (with a median of 2.5 to 6 employees) than those with less reliance on federal lands. They were more likely to be located in the Southwest, central West, and California. Respondents in Washington, Oregon, Montana, and North Dakota were less reliant on federal lands.

**A large majority of purchasers utilize small diameter wood.** Three-quarters of purchasers surveyed reported that they utilize small diameter wood. Approximately 28 percent of respondents reported that they produced dimensional lumber and studs, which suggests that these purchasers likely still need sawlogs of certain diameters and are still tied to the housing market. However, 11 percent of respondents indicated that they produced posts and poles, 21 percent produced chips or hog fuel,



UNIVERSITY OF  
OREGON



and 14 percent produced firewood or other energy products; all of these products can potentially be produced from small-diameter material. Businesses that are more reliant on federal timber supply are more likely to purchase firewood than those that are not.

***A majority of purchasers have not entered into stewardship contracts.*** Sixty-three percent of respondents had not held a stewardship contract with the Forest Service or Bureau of Land Management. There was no difference between more and less-reliant purchasers in terms of their use of stewardship contracts.

***Federal timber supply and workforce availability are the top concerns for purchasers.*** A majority of respondents indicated that these were the most limiting factors to their business's success. However, a majority of respondents also reported that they had not sought any specific assistance in accessing more timber or biomass sales. For purchasers that did directly seek business assistance, they most commonly pursued financial management and financing assistance. Purchasers primarily sought this help from accountants, banks, and lending institutions.

## Implications

Despite cutbacks in both federal forest management capacity and federal timber availability over the last two decades, hundreds of businesses across the West continue to purchase and utilize wood products from federal lands. In regions where the majority of forestlands are federally owned (such as the Southwest, central West, and California), wood



products businesses are particularly dependent upon federal timber and other wood products such as firewood, pulpwood, and small-diameter logs. Firms that purchase federal timber are challenged both by supply and workforce constraints. When seeking advice they tend to seek financing and financial management assistance from a variety of financial institutions.

## More information

Full reports and additional publications from this research project are available at:

<http://ewp.uoregon.edu/cbos>

<sup>1</sup> Because we do not know the characteristics of all timber purchasers in the West, we do not know to what extent non-response bias may affect our results. Findings should be interpreted with this caveat in mind.

*This research was supported by funding from the USDA Agricultural and Food Research Initiative, grant #2011-67023-30111. We thank the businesses who took the time to complete our surveys, as well as the research assistants and faculty who conducted surveys and contributed to survey administration and analysis: Autumn Ellison, Cody Evers, Josette Katcha, Melanie Knapp, Nathan Mosurinjohn, Jeffrey Resnick, Luis Sandoval, Tracy Schwartz, and Eric White. Photos by Emily Jane Davis.*