



SNOHOMISH/SKAGIT FOREST STEWARDSHIP EDUCATION

The “Economagic” Forest Finance Web Learning Module

Kevin Zobrist

Washington State University Extension

Western Forest Economists

May 7, 2008





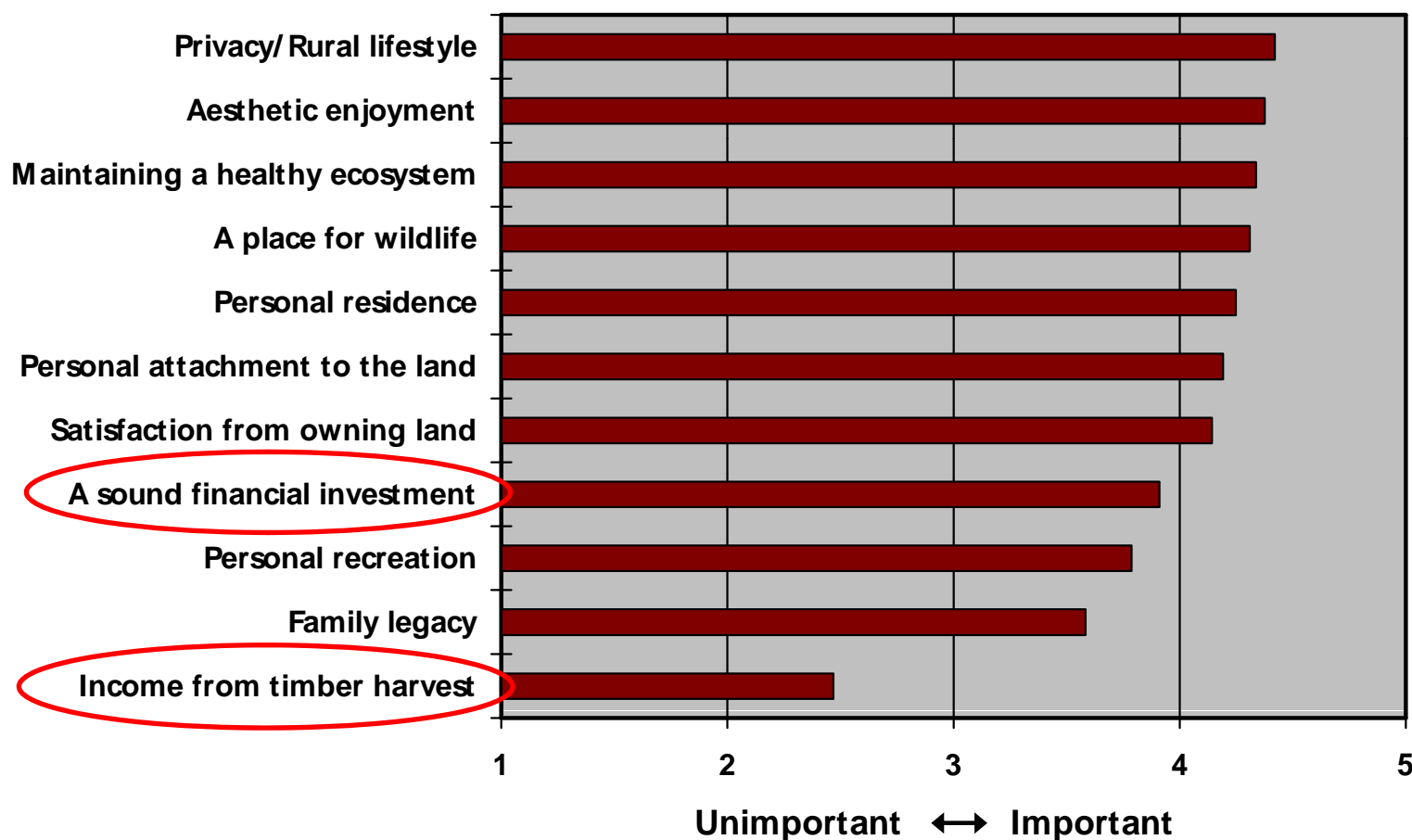
How do we teach family forest owners about finance?

- The majority don't feel it is important/applicable (is it?)
- Many are "turned off" by the subject
- It is often perceived as overly complicated (is it?)



Most family forest owners aren't in it for the money.

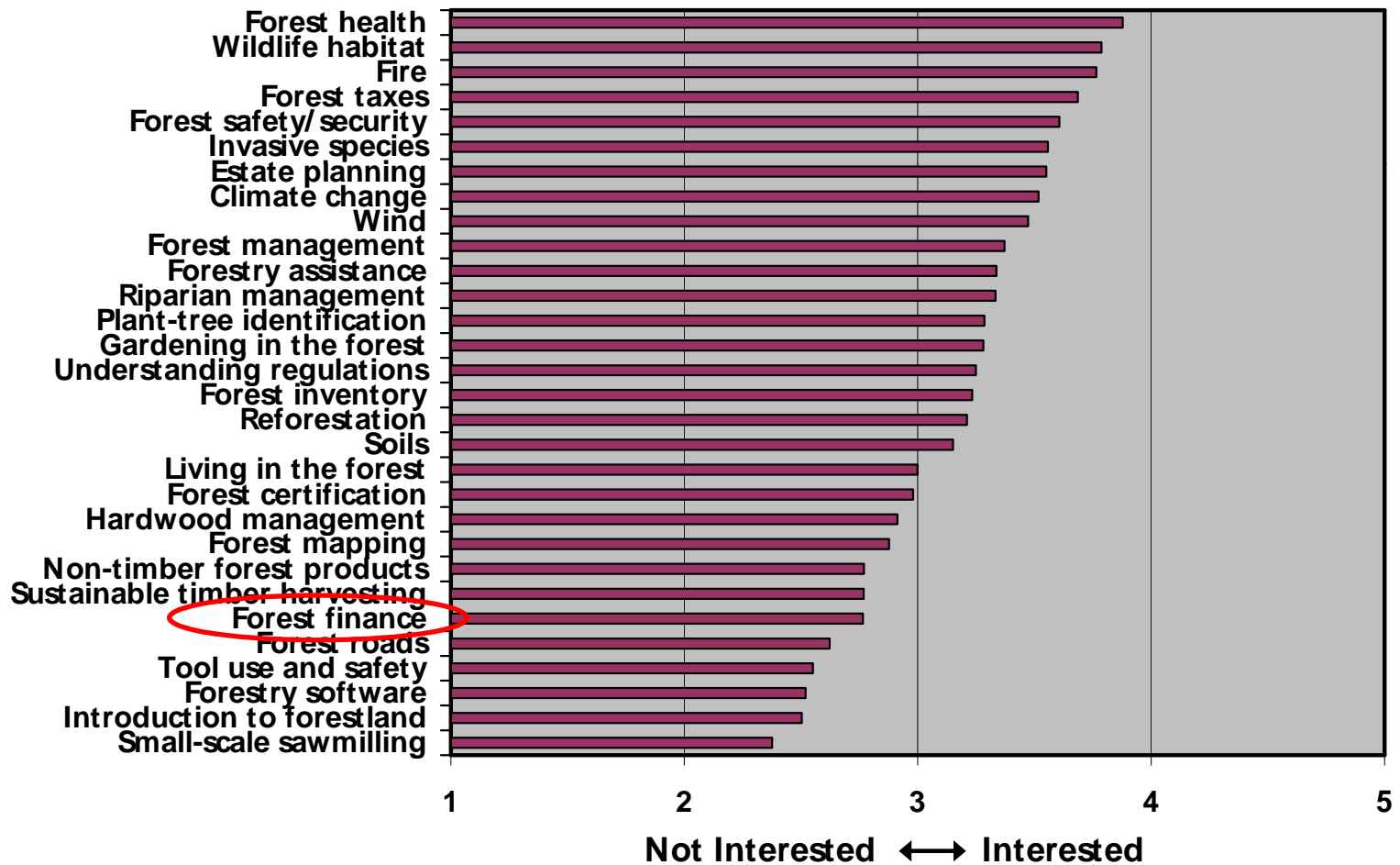
Mean Forest Ownership Values





There is low interest in finance as an education topic.

Mean Rank of Education Topics



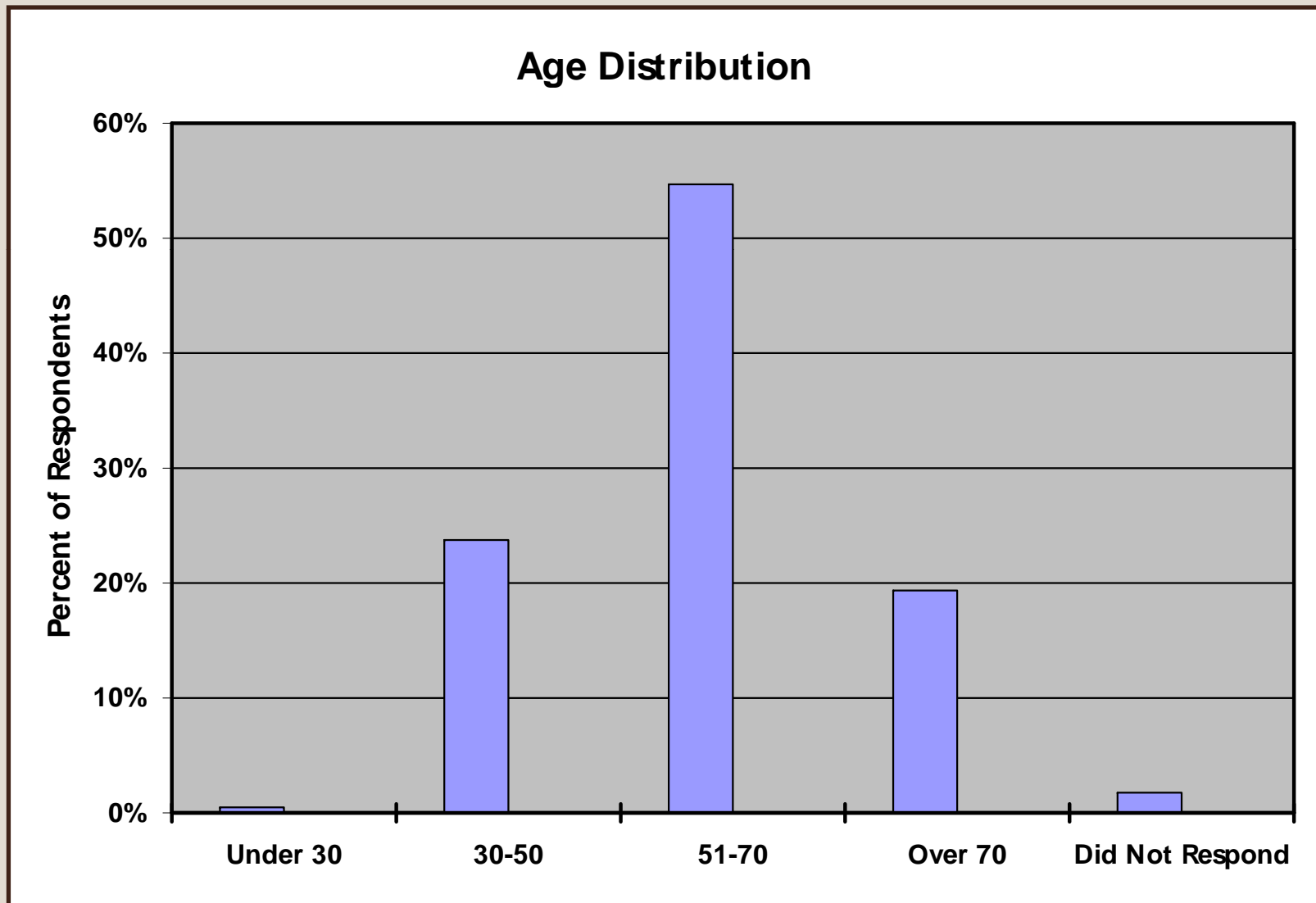


Is finance important for family forests?

- Relates to topics of high interest
- Financial health = greater long-term sustainability
- More informed decision-making
- It may be perceived as more important by the next generation of owners
- It tends to be perceived as more important to a key subset of landowners

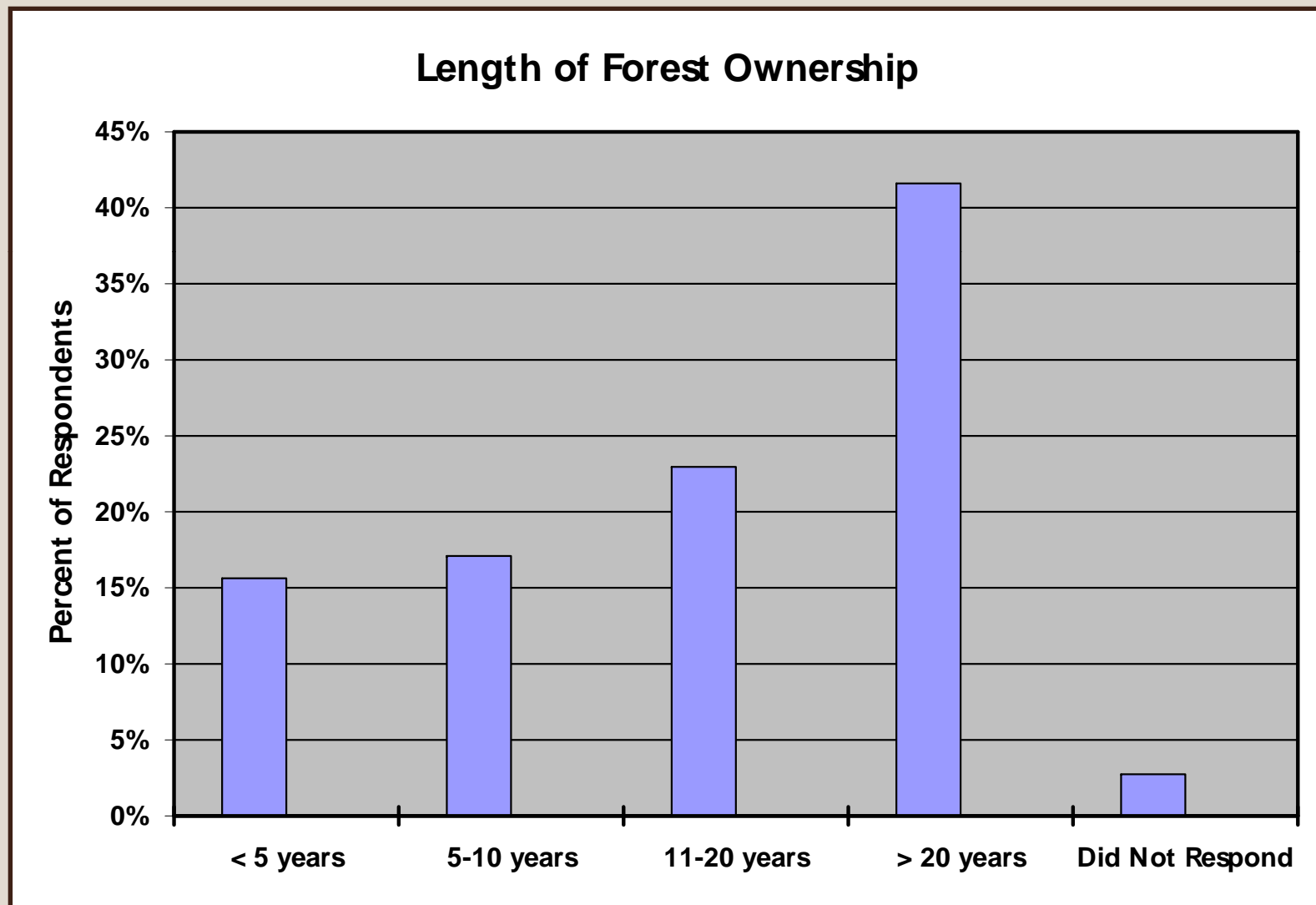


Age distribution of survey respondents.



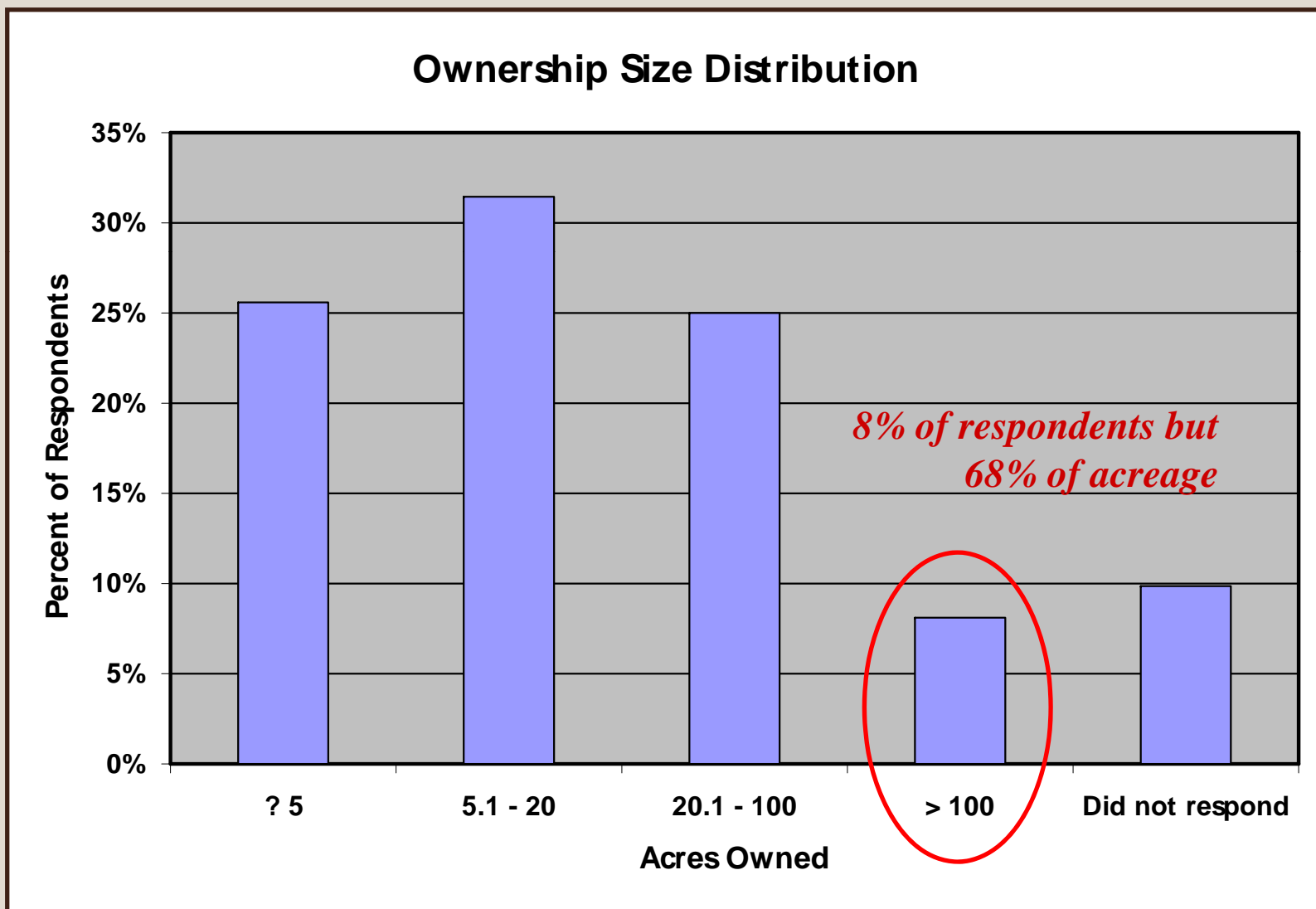


Length of ownership distribution.



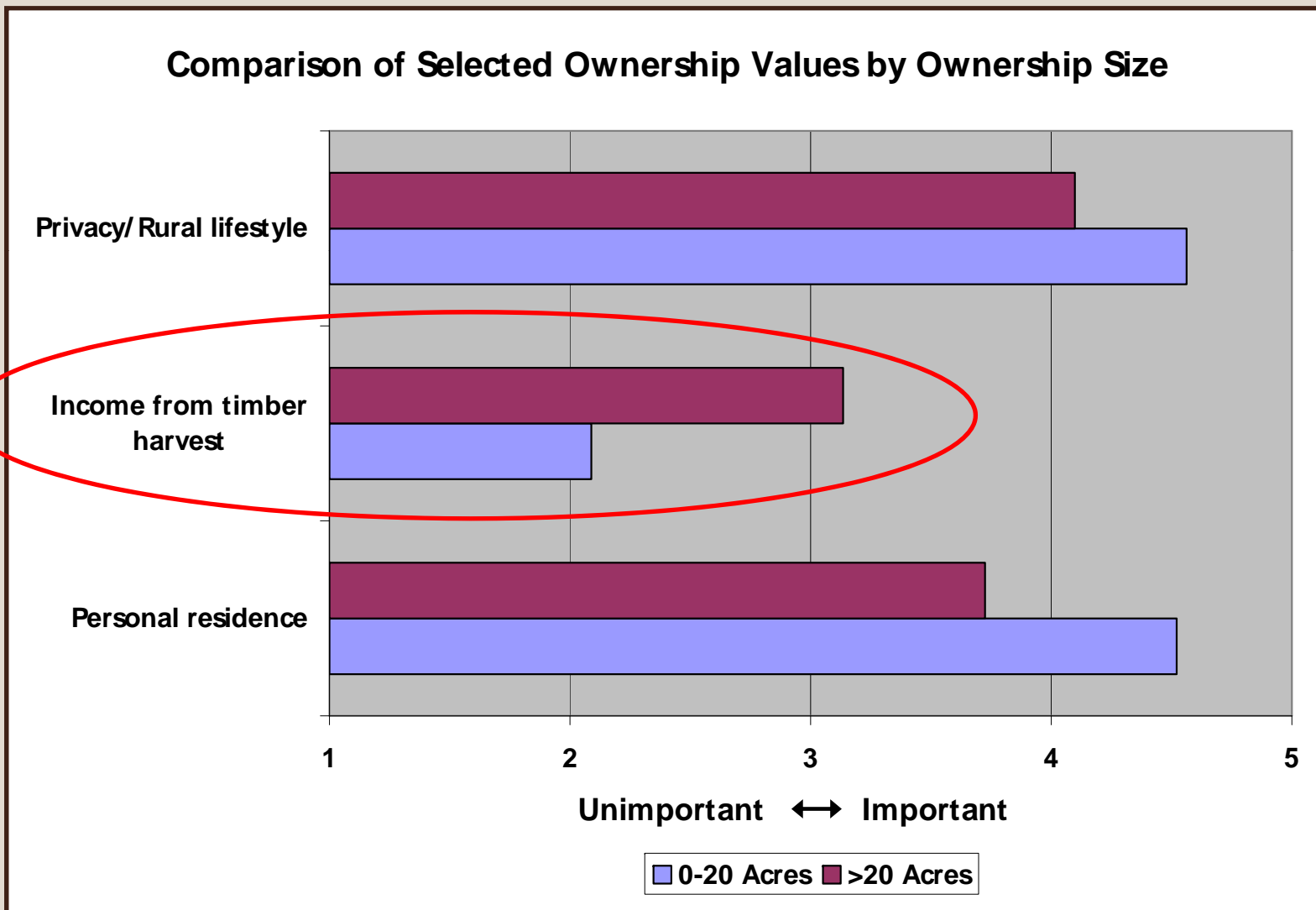


Distribution of ownership size.





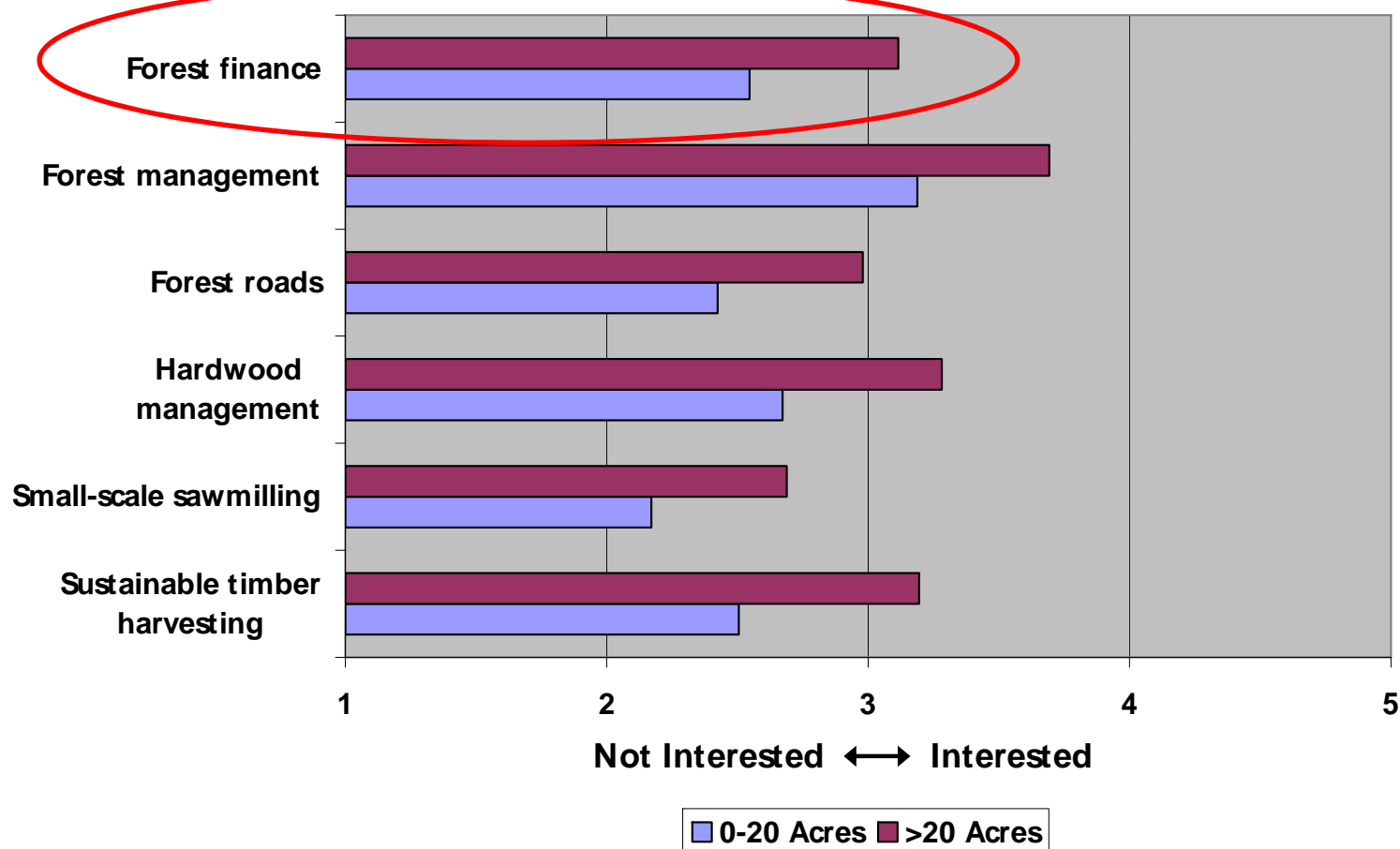
There was noticeable difference in mean ranking for 3 ownership values.





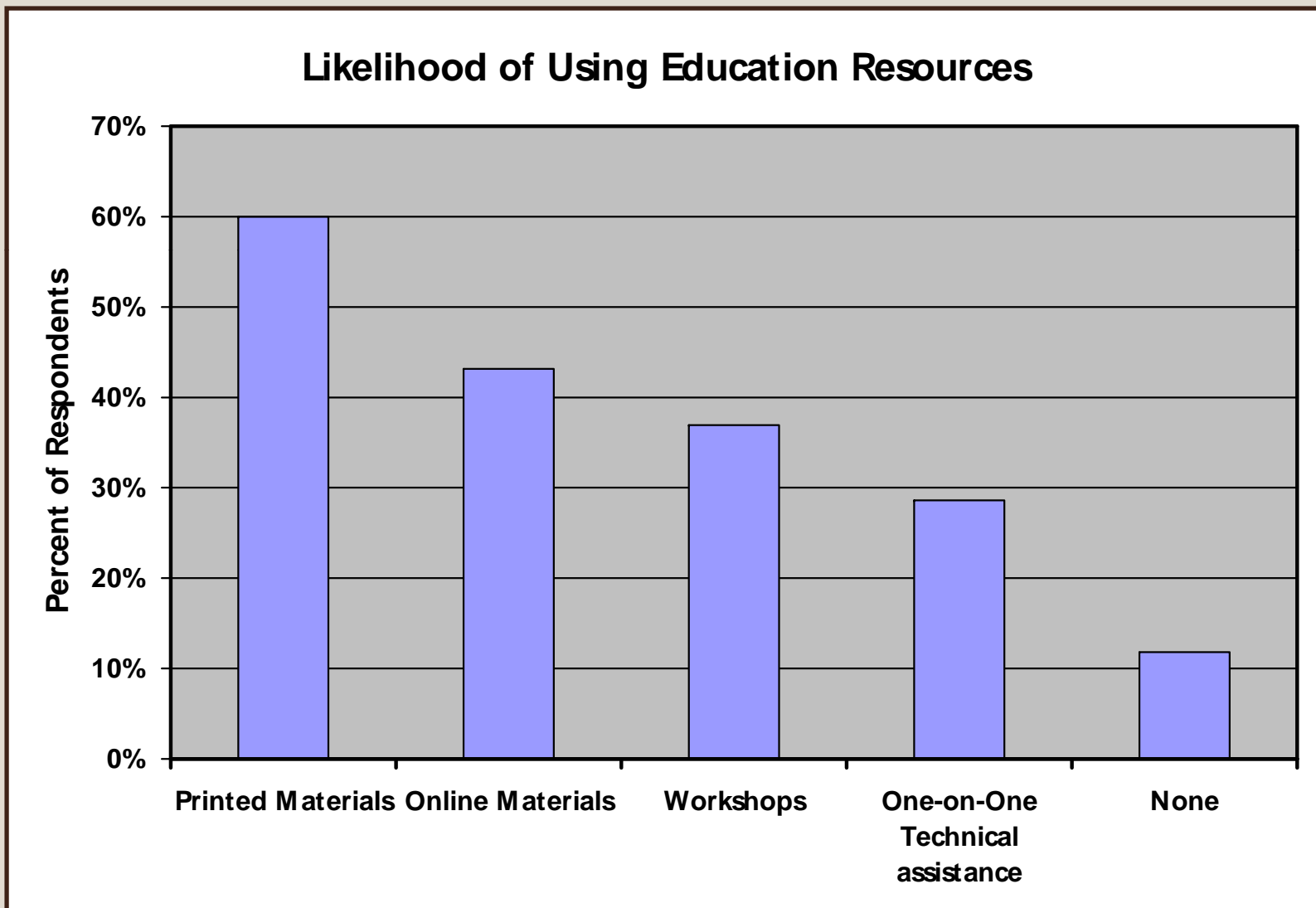
There was noticeable difference in mean ranking for several education topics

Comparison of Selected Education Topics By Ownership Size





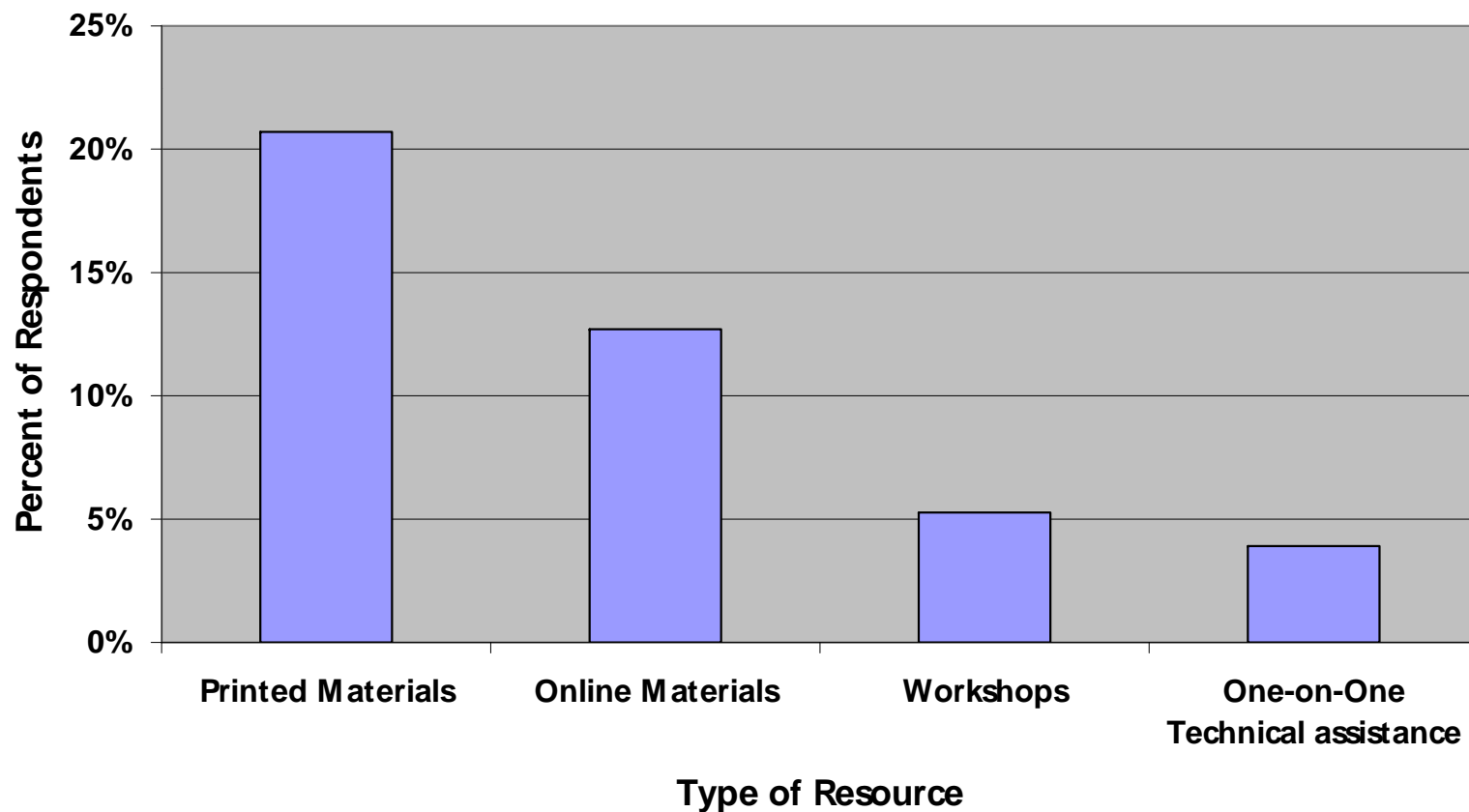
43% of landowners are seeking information online.





13% said they would only seek information online.

Delivery Preferences by Those Likely to Use Only One Type of Education Resources





www.forestandrange.org

forestandrange.org - Mozilla Firefox

File Edit View History Bookmarks Tools Help

http://www.forestandrange.org/

Google

forestandrange.org



- Home
- Learning Options
- References & Links
- For Further Assistance
- News
- About Us
- Search This Site

The USDA and Cooperative State Research Education and Extension Service welcome you to the National Learning Center for Private Forest and Range Landowners. We are excited to provide this new educational opportunity for landowners like yourself across the country. The interactive learning options are self-paced learning materials that allow you to improve your knowledge of natural resources.

This website provides scientifically based information that can help you better understand and/or manage your natural resources. We encourage you to contact your local Extension office, service foresters, state wildlife biologists, or range managers for further assistance in developing your forest and range land resources. Our compliments to you for choosing this site to improve your knowledge and learn new strategies for managing and improving your forest and range resources.

Click on "Learning Options" to get started.

Updates

Featured module: Rangeland Weeds

Log In

To access the learning options, enter your username and password below. If you don't have a username and password please click on the link below to register.

Don't want to register?
Log-in as guest user.

username: guest
password: forestandrange

Username

Password

Submit Reset

Done



“Economagic”

The screenshot shows a web browser window displaying the Economagic website. The browser's address bar contains the Google search engine. The website has a dark blue header and a light blue sidebar. The sidebar contains a navigation menu with the following items:

- [Home](#)
- [Lessons](#)
- [Economagic Calculator](#)
- [Glossary](#)
- [Tools](#)
- [Contacts](#)

The main content area of the website features a large, light blue box with a dark blue border containing a list of navigation links:

- [Home](#)
- [Lessons](#)
- [Economagic Calculator](#)
- [Glossary](#)
- [Tools](#)
- [Contacts](#)

Below the navigation menu, the website content includes a section titled "iving" and a paragraph of text that is partially obscured by the navigation box. The text includes the words "ners", "en not", "e-in-cheek", "all—just the", "onomics", and "ons and".



6 lessons range from beginner to advanced.

1. Compound Interest
2. Payment Series
3. Inflation
4. Net Present Value
5. SEV
6. Forest Value

Beginner Level:

Suitable for anyone interested in understanding the basic financial principles of time and money and how they relate to owning and managing forestland.

[Lesson 1](#): Compound Interest - See how money grows (sometimes on trees!)

Intermediate Level:

These lessons explore the financial principles of time and money in more depth, looking at more specific applications and introducing some more complex mathematical concepts. These lessons are for landowners who are interested in incorporating financial principles into their decision-making.

[Lesson 2](#): Payment Series - When once is not enough

[Lesson 3](#): Inflation - Money ain't what it used to be

[Lesson 4](#): Net Present Value (NPV) - The Bottom Line

Advanced Level:

These lessons cover the most complex topics and are geared towards landowners for whom timber harvest and income are important management goals.

[Lesson 5](#): Soil Expectation Value (SEV) - The Economics of Your Dirt



[Lesson 6](#): Forest Value - Valuing Land and Timber Together





The lessons utilize innovative streaming video.

Lesson 3: Inflation - Microsoft Internet Explorer

File Edit View Favorites Tools Help

 Economagic 

 Inflation

- Money today is worth more than in the future even exclusive of time preference
- Money's purchasing power diminishes over time because of inflation
 - Prices increase over time \$\$\$ ↑
 - The value of money decreases  ↓
- Example: What does \$1 buy today? What did it buy 10 or 20 years ago?

0:02:38 / 0:18:44

Lesson 3: Inflation
Review
Learning Objectives
Inflation

Done Internet



New terms link to a glossary.

Annual Series

A [payment series](#) that occurs every year. (Lesson 2)

Bare Land Value

See [Soil Expectation Value](#)

Base Year

The year used as the common reference point when keeping values in [constant dollars](#). Values in different years are all expressed in terms of the [purchasing power](#) of the common base year in order to remove the effect of [inflation](#). (Lesson 3)

Cash Flow

Any revenue or expense. (Lesson 4)

Commercial Thin (CT)

A thinning in which the trees removed are large enough to have commercial value and generate a net revenue. (Lesson 4)

Compound Interest

Compound interest is the effect of [interest](#) accruing on interest—interest not only accrues on the original amount ([principal](#)), but also on any interest that has already accrued. In this way the amount of interest increases each year. (Lesson 1)

Compounding

The growth of money over time due to [compound interest](#). (Lesson 1)



Each lesson is supported by:

- Printable handouts of PowerPoint slides (PDF format)
- A quiz to assess learning
- Exercises for practices
- Activities for application



Example Activity

- 1. Do you have a savings or investment account? Take a look at a recent statement and see what the balance of the account is and what interest rate it is earning.**
 - a. At that interest rate, what will the balance be in 5, 10, or 20 years?
 - b. Look online or in your local newspaper to see what interest rates are available at other banks. Could you earn more interest elsewhere? How would that change what your balance would be in 5, 10, or 20 years?
- 2. Estimate when your next timber harvest will be and how much the harvest will be worth. What is the present value of that harvest at different interest rates?**



Economagic Calculator—Does the math for you!