**Conservation Discussions**

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***Economics-***

 ***Why; and What to Include in Conservation Planning.***

1. ***History***

Economics should be applied to **all** plans developed by the Natural Resources Conservation Service (NRCS). Numerous legislative and regulatory authorities, some dating back to 1936, direct what is now the Agency to incorporate a variety of economic analyses in its work. The authorities fall in three general areas: **1**) legislation that directs the Agency to use economics to guide its program implementation; **2**) on-farm conservation measures; and **3**) program and agency accountability. The National Environmental Policy Act of 1969 (NEPA) also cuts across all aspects of NRCS activities.

Most recently, the General Accounting Office (GAO) in October, 2014 that “USDA develop and provide information to farmers on the economic costs and returns of taking certain actions in regard to climate change.

Our actions as conservationists can have a direct impact on the finances, and perhaps the viability of farming operations. Our duty and responsibility providing economics cannot be taken lightly.

Economic information and analysis provides the basis for producers/landowners to be able to make informed decisions from a both a conservation **and** business perspective. Including economics adds to our credibility and ability to provide assistance to clientele. *“The most effective conservation is conservation that helps save money, or actually makes money”.* (former NRCS Chief Jason Weller)

1. ***Rationale***

Too often, the main focus of program contracts is the payment level. Focusing on just the conservation payments overlooks economics. If landowners and producers receive plans, or information on practices that lack economic information sufficient enough for them to understand the full consequences of implementing conservation on their land (such as maintenance and implementation costs), those conservation plans (and potential contracts) are more likely to be modified or cancelled.

Quality assurance reviews that have been done show that too many conservation plans have little or no documentation of economics in the conservation notes, documentation in the file, or environmental evaluations (NRCS-CPA-6 and NRCS-CPA-52 forms may not even have been filled out).

1. ***What Should Appropriate Documentation Look Like?***

The specific tools that can be used in illustrating the economics of a given plan or practice are not always specified, and can differ across a suite of plans and practices. In other discipline area (such as agronomy or engineering) requirements and considerations have prescribed tools or guides for conservation plans. This difference may require planners to ask more questions, to seek additional guidance, and utilize outside resources to answer some economic analysis questions.

So what economic considerations/documentation should be present in a conservation plan (case file)? It does not have to be a complex report. A form or page that shows baseline economic conditions, expected costs, returns, other changes, and planned future condition? This process is currently been done to describe the expected changes on the land (conservation planning)…..to do the same thing economically would not require a massive shift in thoughts, ideas, or implementation.

*“If we are moving dirt or moving dollars…..is there really much difference?”*

There are economic tools listed within the eFOTG, such as the CPPE Effects Tool that provides both expected changes in the physical effects, along with costs and human concerns. There are crop budget sheets, crop yield pages, and other economic resources as well. Customized comparisons and analysis can also be developed with input from associated specialists.

To help document economics in conservation planning, consider the following:

1. Fill out the CPA 52 completely for all plans, and practices. There is important economic and social information that is identified within this document. While this will most likely not provide *all* of the economic information required, it would provide an excellent start, and document economics had been discussed. Example CPA 52’s with the Economic and Social section completed are available on the Illinois Sharepoint, in the Ecological Sciences Section.
2. On large contracts, documentation can be provided that show the expected costs, benefits, or changes (as appropriate). The agency has easy to use tools: the CPPE tool, a Partial Budgeting tool (among others) available for field staff to use immediately. (<http://efotg.sc.egov.usda.gov/treemenuFS.asp>) (IL Section V)
3. In addition to specific tools, a number of supporting conservation resources regarding economics have been developed. These can be found in Conservation Discussions and Case Studies. A copy of these documents in the file would help document the topics being discussed with the producer/landowner. These are also found in Section V of the eFOTG.
4. Utilization of tools and support documentation as they are developed (as tools are often developed to meet current needs)….such as the Cover Crop Economics Decision Support Tool.

None of these tools can replace the importance of specific job estimates or bids before embarking on conservation projects to estimate direct costs. These tools can also serve as documentation of informed consent that the landowner/operator understands the economic ramification of the plan or practice they are undertaking (hopefully leading to fewer modifications and cancellations).

1. ***Summary***

The implementation of economics in our planning and contracting process can all be accomplished with tools and assets currently available, without the need for long ramp up times, long implementation schedules, or other program development or workload concerns.

By providing producers/landowners with more complete economic information, we should be able to:

* Provide better conservation planning;
* Allow for more informed decision making;
* Leading to lower modifications and de-obligations;
* Ultimately resulting in better long term relationships with our customers.
* These changes will also lead to better time and workload management for NRCS employees.

Taken together, the utilization of economics should provide for more effective communication, more effective contracts, and more conservation applied to the landscape.