

ESTIMATED ECONOMIC IMPACT OF FEDERAL AGRICULTURAL CONSERVATION EASEMENT PROGRAMS (ACEP) ON COLORADO, 2009-2017: SUMMARY



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Between 2009 and 2017, federal Farm Bill investments in conservation easements in Colorado totaled some \$80 million in 2018 inflation-adjusted dollars to support the conservation of more than 129,000 acres of farm and ranch lands. Nationwide, the Agricultural Conservation Easement Program-Agricultural Land Easement (ACEP-ALE) program expects to support private lands conservation projects totaling the mandatory spending level of \$250 million in the 2018 fiscal year, or about 7% of anticipated demand and 50% of spending allocated to ACEP-ALE in 2016-17.

In anticipation of the 2018 Farm Bill debate, the Colorado land trust community has collaborated with Colorado State University to understand better the economic stimulus created by Farm Bill conservation easement programs in Colorado. We report the estimated economic impact of federal conservation easement payments to Colorado farmers and ranchers over the past two Farm Bills (2009-17).

Federal payments are economic stimulus from the perspective of the state economy. This stimulus should affect production, sales, job creation, land values, tax revenues and the like. Our economic impact modelling approach consisted of a survey to estimate how conservation easement recipients spend (or save) their payments and then 'shocking' the relevant sectors that have received injections of funds, in order to estimate total economic activity generated from those expenditures.

Some 122 parcels enrolled in a federal agricultural conservation easement program in Colorado between 2009 and 2017. Of those 122, we surveyed a sample of 67 landowners of the easements held by our partners in the Colorado land trust community and achieved an effective response rate of 66.15%.

Our survey results showed 37.2% of federal conservation easement participants in Colorado changed their agricultural practices in some way due to the easement

payment including: improved irrigation (27.9%), increased acreage (14%), and changes in crop mix and rotation (2.3%). Some 9.3% of survey respondents noted an improvement in their yields attributable to participation in the federal program and 11.6% of respondents indicated that they added outdoor recreation opportunities to their operations, for a total reported increase of 255 recreation days.

We found that over the last two Farm Bills the almost \$80 million (2018\$) in federal conservation easement payments to Colorado producers generated more than \$174 million in economic activity in the state, associated with the creation of 1,102 Colorado jobs and almost \$86 million in value-added. For every dollar of federal conservation easement investment in Colorado, \$2.19 of economic activity is generated due to direct, indirect and induced spending in the state.

Land trusts leverage federal dollars to receive local, state, or private dollars. In our sample, we found \$36 million (2018\$) in federal easement program funds were used to leverage \$69 million of local, state, or private funds for a rate of leverage on federal investment of about 2 to 1. We might expect a total state match in the neighborhood of \$150 million, if our sample is representative of the entire population of 122 federally supported conservation easements.

We also found our sample is predominantly rural, with 70% of federal easement acreage and 82% of direct expenditures going to rural counties. The redistribution of dollars from urban centers to the more rural areas could have important implications on the health of rural economies. This is a substantial injection of dollars largely going to rural Colorado communities in support of a vibrant and robust agricultural economy.

We anticipate the results of this economic impact analysis can help to inform the discussion of the importance of these programs to the Colorado economy, particularly its rural communities.