

This document was prepared by the USDA-Natural Resources Conservation Service, New Mexico State Office to support social and economic evaluations of NRCS practices in the state.

Click on any of the following topics to learn more:

[Economic Considerations](#)  
[Social Considerations](#)  
[Environmental Justice](#)

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## **ECONOMIC CONSIDERATIONS**

It is the policy of the Department of Agriculture and the Natural Resources Conservation Service that economic principles be included in all planning and agency resource allocation activities (GM200- Economics, Subpart A, 400). Economic principles must be applied in the planning, implementation, and evaluation of agency policies and program activities to provide the most cost-effective assistance to customers, cooperators, and partners for the sustained use of natural resources.

Economic principles and techniques, including cost effectiveness, economic feasibility, and benefit-cost analysis will be applied to all program formulation, management, and evaluation activities of the agency.

Basic economic information should be collected and analyzed by the conservation planner. However, the planner is not required to collect financial information from clients. Financial information is very helpful in developing individual conservation plans, but not absolutely necessary. The planner only uses financial information the client freely offers. Financial information found in conservation plans may include crop or livestock budgets, income/expense statements and inventory lists of equipment. Confidential financial information is not for public use and is privately kept in the conservation plan documentation. The resource conservationist can conduct economic analysis of individual conservation plans. The designated NRCS economist should conduct economic analysis of "area-wide" conservation plans.

Economic effects of alternative actions should be provided to NRCS customers in order for them to make informed resource conservation decisions. NRCS policy permits cost effectiveness analysis, partial budgeting, profitability analysis, and other appropriate analyses when requested by the client. NRCS policy prohibits field offices from obtaining financial information beyond that volunteered by the client.

For nationwide consistency in the application of economics in all NRCS activities, the National Resource Economics Handbooks/Economics Reference Manual and other directives will be used

as guidance. As guidance for the integration of economics into conservation planning, program implementation, and program evaluation at the field, state, regional and national offices of the agency. Economic principles and techniques shall be used at all levels of the agency in order to satisfy the goal of maximizing benefits per dollar expended as legislated for selected U.S. Department of Agriculture conservation programs.

### **FOTG Section 3, Evaluation Criteria**

The purpose of economic analysis is to provide information to decision makers to make informed decisions. Decision-makers can be landowners, land users or individuals providing financial assistance. Decision-makers want to know the benefits and costs of conservation plans before they make land use decisions. Therefore, the planner must clearly and concisely present technical and economic information to the decision-maker.

In order to assure that Department policies with respect to social and economic concerns are implemented uniformly, NRCS NM evaluates every action with respect to seven factors: Cost Effectiveness, Land, Capital, Labor, Management, Risk and Sustainability. These factors are not always in “dollars”; resources can be valued in “non-monetary” units such as hours, tons, animal units or qualitative terms such as “reduced risk”.

**Cost Effectiveness** - Cost Effectiveness analysis is a means of comparing alternatives. It essentially asks, “is the recommended alternative the lowest cost means of achieving the desired outcome,” and allows consideration of both “dollar” and “non-dollar” benefits and costs. NRCS planning must consider the cost effectiveness of the recommended alternative, which typically involves presentation of various alternatives to the producer, and may (depending upon the complexity of the alternatives being considered) involve cost studies, or budgets.

**Land** - Land is the basic unit of production. It is where crops are grown, livestock grazed and wildlife produced. Land is measured in acres (or hectares). Productivity on the land is measured as units of production (pounds, bushels, etc.). Farm machinery and structures are also included with land. The availability of land pre- and post- practice implementation should be considered in light of eligibility for USDA programs, as well as on-site and off-site impacts (e.g. proximity and potential impacts to sensitive land uses, potential downstream impacts, etc.)

**Capital** - Capital represents the landowners “ability to pay” for farm or ranch improvements. Capital is a measure of the landowner’s monetary assets (dollars), physical assets (land & machinery) their ability to borrow money (credit), obtain financial assistance (cost-share) or barter “goods and services”. A sound practice will not jeopardize a producer’s ability to maintain normal enterprise operations, and can be assessed in detail through enterprise budgeting.

**Labor** – Labor represents the landowner’s “ability to work” or hire “workers”. Labor is measured in units of time (hours, years). Labor includes the landowner, family, hired help or

other trained workers. The availability of labor can influence the viability of a recommended set of improvements, and must be considered.

**Management Level** - Management level measures the land user's "knowledge, skills and ability" to operate the farm or ranch. The management level is measured in qualitative units of skill level.

**Risk** - Risk is the exposure to monetary loss, injury or damage to resources. Risk is measured in qualitative units. Risk affects crop and livestock/wildlife yields, flexibility, timing, cash flow and other resources. The risk resulting from the conservation plan affects the landowner, those living or working on the farm, the local community and people traveling near the planning area.

**Profitability** - Profitability describes the relative benefits and costs of the farm or ranch operation, and is often measured in dollars. An activity is profitable if the benefits are greater than the costs.

## SOCIAL CONSIDERATIONS

NRCS provides assistance to protect, maintain, and improve, soil, water, air, plant, and animal plus human resources. Social and cultural considerations are apart of this assistance. Social evaluations are conducted by the NRCS to meet the requirements of law, executive orders, administrative decisions and directives.

Social evaluation attempts to identify the effects, both positive and negative, of specific practices and programs on quality of life and social well being. Social evaluation provides a basis for minimizing adverse effects and for maximizing beneficial effects during the planning of a project or program.

Even when not required by the law, social evaluation is a valuable planning tool because it identifies areas of potential conflict and options for decision making that might not otherwise be apparent. Most importantly, social evaluation demonstrates a commitment by NRCS to consider social needs as well as resource conservation needs.

## ENVIRONMENTAL JUSTICE

On February 11, 1994, President Clinton issued the Environmental Justice Executive Order. It provides direction to all federal agencies to incorporate Environmental Justice concerns into our existing programs.

Environmental Justice is a mandate to change or make the difference in the lives of those who could be or have been adversely impacted by environmental effects resulting from government actions. An environmental injustice occurs whenever a person carries an environmental burden for the alleged "good" of society – a burden the rest of society does not bear to a comparable

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degree. Research shows that minority groups and low-income people most often suffer environmental injustices.

Environmental Justice means that all populations, including minority and low-income, are provided the opportunity to comment before decisions are made on government programs and activities affecting human health or the environment. It means they share in the benefits of and be or not be excluded from, and not affected in a disproportionately high and adverse manner by these programs and activities.

According to the National Environmental Policy Act (NEPA) agencies must:

- Analyze the environmental effects of proposed Federal actions, including human health, economic, and social effects on minority and low-income populations.
- Provide opportunities for community input in the NEPA process, including identifying potential effects and mitigation measures in consultation with affected communities and improving the accessibility of meeting, crucial documents, and notices.

USDA's goals in implementing this Executive Order are as follows:

- To incorporate Environmental Justice considerations into USDA's programs and activities and to address Environmental Justice across mission areas.
- To identify, prevent, and/or mitigate, to the greatest extent practicable, disproportionately high and adverse human health or environmental effects of USDA programs and activities on minority and low-income populations.
- To provide, to the greatest extent practicable, the opportunity for minority and low-income populations to participate in planning, analyzing, and making decisions that effect their health or environment, including the identification of program needs and designs.
- NRCS has traditionally worked with those landowners who require conservation plans and technical assistance to participate in USDA programs. NRCS realizes the importance of serving all customers in rural areas and communities.