

Assessing the Economic Impact of WRP on the Minnesota Economy

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Executive Summary

While the Natural Resources Conservation Service's (NRCS) conservation programs create many beneficial impacts on Minnesota's landscape, another important outcome is the economic impact of conservation programs on the Minnesota economy. This analysis evaluates the financial and technical assistance expenditure outlay for the Wetlands Reserve Program (WRP) in order to assess its impacts on the Minnesota economy. The analysis is performed using IMPLAN (Impact Analysis for Planning) software and databases within a Social Accounting Matrix (SAM) framework. IMPLAN was originally designed by the United States Forest Service, Federal Emergency Management Agency, and the Bureau of Land Management in an effort to improve land and resource management planning. SAM analysis gives a condensed picture of economic activity, measured in terms of expenditures, income, and revenue, within a given geographic region.

NRCS projected financial and technical assistance expenditures for WRP in FY2008 are **\$16,500,000**. Additional (state, local, private) matching expenditures for WRP for FY2008 were not included in the analysis.

Projected WRP expenditures in Minnesota of \$16,500,000 for FY2008 are estimated to generate **\$26,027,200** in new production of goods and services. This reflects the output multiplier of **1.57** showing that for every \$1 spent in Minnesota as a result of WRP, the multiplier effect generated \$1.57 in output.

Projected WRP expenditures in Minnesota of \$16,500,000 for FY2008 are estimated to generate **\$23,950,300** in wages and capital income. This reflects the value added multiplier of **1.45** showing that for every \$1 spent in Minnesota as a result of WRP, the multiplier effect generated \$1.45 in value added income.

Projected WRP expenditures in Minnesota of \$16,500,500 for FY2008 are estimated to create and/or support **261** jobs.

The projected expenditure of \$16,500,000 in the Minnesota economy through WRP in FY2008 resulted in a total economic output of \$26,027,200, created or maintained 261 jobs, and \$23,950,300 in value added. It is important to remember that value-added income and total output are complementary measures and can not be added together. This analysis reveals the magnitude of projected Minnesota NRCS WRP expenditures in the Minnesota economy. For every dollar spent in WRP, an average of \$1.57 in total output is generated. Finally, for every \$63,200 invested in WRP, one job is created or maintained in the Minnesota workforce.

While federal conservation programs, such as WRP, create many beneficial impacts on Minnesota's landscape, another important outcome is the economic impact of conservation programs on the Minnesota economy. This analysis shows that these types of programs provide an income stream which encourages construction of conservation practices, the use of easements, and employment.