

Conservation in a Time of Scarcity

Presentation to The Nature Conservancy

By Lynn Scarlett

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As I contemplated the current conservation landscape, I thought of a passage in *Alice in Wonderland*. Alice, coming upon a fork in the road, looks up to see the Cheshire cat eyeing her from a tree above. Seizing the opportunity for help, she asks: “Tell me, please, which way ought I to go from here.” The grinning cat replies: “That depends a good deal on where you want to get to.”

Yet perhaps reaching a destination is not as simple as the Cheshire cat advised. Success depends also on the lay of the land. And so it is with the Nation’s conservation journey.

Thinking of the Cheshire cat’s quip, I believe the conservation community knows where it wants to go. The challenge is how to succeed in a context of political, social, and economic change.

I want to explore the lay of the land—the political, social and economic tableau within which conservation goals must now unfold and tease out possible implications for policy strategies. That tableau offers a mix of both clear and cloudy elements. Let me begin with what seems clear, which has, I discern, two key dimensions.

First, national, state, and local levels of government face severe fiscal constraints. At the local level, many cities are facing large deficits. Atlanta, Philadelphia, New York, Chicago, Phoenix, and Los Angeles all have deficits greater than 10 percent of their general funds. At the state level, 46 states struggled to close budget shortfalls this year, including deficits in California and Texas in the double-digit billions. Shortfalls collectively approached \$126 billion, or 19 percent of the total budgets in the 46 deficit states. At federal level, deepening concerns about the deficit are driving a clamor for belt-tightening. For agencies like the Interior Department, 2012 cuts could range from 7 to 15 percent.

Second, the economy remains unstable. That instability stretches globally, despite pockets of economic dynamism in China and elsewhere. That instability is affecting private, foundation, and corporate philanthropic spending, which showed a 3.6 percent decline in 2009, with some individual sectors experiencing larger declines.

But let me turn to the blurrier picture. How might we diagnose the recent election? I am neither Freud nor Cassandra nor a Gallup pollster, but I offer a couple of observations on the election. Pundits and media headlines offer three prevailing explanations for the major turnover on the Hill and in State legislatures:

- It’s the economy
- It’s big government
- It’s Washington—and incumbents, generally

Probably the explanation resides in some mix of all of the above.

In the headlines, environmental issues are barely a blip on the screen of political and policy dialogues, with one exception—climate change. Even here, however, I perceive some ambivalence.

On the one hand, climate change has become a political symbol that transcends its scientific underpinnings and economic implications. Politically, for some Americans, climate change policy has come to represent Exhibit Two (after Health Care legislation) of Big Government. Cap and trade policy, in particular, has become a symbol for economic manipulation.

On the other hand, beyond the climate change symbolism, the conservation picture is far more complex and holds some basis for a wink of optimism. Californians voted resoundingly to sustain their clean energy and greenhouse gas reduction pathway. Moreover, those polled regarding their support for domestic energy production versus more environmental protection show near parity between the two preferences, with each garnering 46 to 47 percent support.

Consider conservation more broadly. Broad brush concepts—conservation, environment—receive barely a nod in polls or among Tea Party supporters. A google search shows just one local Tea Party chapter even mentioning the environment. But let us peer, instead, at specific issues perceived to directly touch the daily lives of people. Water issues continue to arouse significant concern. Sixty percent in a recent Gallup poll indicated that they worry “a great deal” about drinking water. That figure jumps to 74 percent if one includes those who worry a fair or great amount about drinking water.

Other issues also poll fairly strongly as arousing public concerns. Some 80 percent of those polled by Gallup are concerned a great deal or fair amount about river, lake and reservoir pollution and water supply issues. Seventy-six percent remain concerned a great deal or somewhat about air pollution. Even issues unrelated to human health poll fairly strongly. Plant and animal extinctions generate concerns among 65 percent of Americans.

My purpose is not to dissect these polls but to suggest that November’s voting results cannot be read as a mandate to override environmental investments. But let me paint into the tableau a few more elements. All these elements provide a prelude to talking about policy implications. I want to quickly mention four more brush strokes.

First is the existing regulatory backdrop—the Endangered Species Act, Clean Water Act, even the Federal Land Policy Management Act, and Natural Resource Damages Assessments, among other statutes. All of these laws require mitigation or recompense for various environmental impacts—whether to species, wetlands, or public lands, waters, and resources.

Those requirements imply the need for and sources of non-federal environmental investments. These dollars are significant. Natural Resource Damages settlements net an average payout of \$100 million per year. Occasionally, individual settlements exceed \$100 million. Such funds often combine with other sources to achieve significant environmental benefits. For example, \$3 million in NRD funds resulting from a settlement regarding harbor

contamination in Rhode Island were combined with private-sector and nonprofit funds toward purchase of 1.5 million acres of loon nesting habitat in Maine. Elsewhere, \$400,000 in NRD funds combined with Coast Guard and other nonprofit funding to protect and monitor common eider nesting habitat. Or consider wetland mitigation banks, which are emerging at a pace of 30 to 50 per year, and credits for many of these banks are “sold out.”

Let us turn now to a second brushstroke—the Nation’s huge water and wastewater infrastructure backlogs. The American Society of Civil Engineers grades drinking water and wastewater infrastructure as poor. These ratings are reflected in the estimated \$390 billion price tag to update or replace wastewater systems alone.

What do these enormous price tags have to do with a conservation mission? Cities across the Nation are looking for better, cheaper, smarter ways to meet their infrastructure needs. And sometimes—perhaps even often—that means going “natural”—investing in floodplain restoration, open space and permeable surfacing, and watershed protection. Philadelphia, for example, is proposing to convert 34 percent of its area to permeable surface at a fraction of the \$6-\$8 billion price tag to build tunnels and new pipes to eliminate sewage overflow. On a smaller scale, Seattle’s use of “green infrastructure” reduces stormwater runoff volumes at a cost 25 percent less than the traditional alternative.

The third brush struck on the landscape is the ongoing conservation investment commitments associated with existing programs. Those gathered know these data better than I do, but 25 states have state-level “purchase of agricultural easement” programs. Many states have passed conservation bonds, designated lottery funds to conservation, added fractions to sales taxes to support land acquisition, used real estate transfer fees to support conservation, and taxed oil, gas, and mineral production to provide environmental benefits. Indeed, over many years, the conservation community nationwide has been a big booster of these efforts. At the Federal level, Migratory Bird monies from Duck Stamps, Farm Bill conservation programs, other mandatory monies, and Department of Defense compatible use conservation funds all continue to support protection, restoration, and enhancement of lands, water, and wildlife. All these funding sources provide at least some buffer to the ebbs and flows and vulnerability of annual federal appropriations for conservation.

The final element of the conservation tableau pertains to natural hazards. Over the past century, the number of natural disasters has increased more than 40-fold, rising from less than 10 in the first decades of the last century to over 400 in the last decades of the 20th century. Costs to address these disasters climbed from \$1 billion in 1900 to more than \$200 billion in 2005.

Many of these disasters were amplified as consequence of ecosystem transformations and degradation. Ecosystem protection and restoration offer significant, often cost-effective strategies for reducing the impacts of these natural hazards. Investments in the protection or restoration of floodplains, coastal dunes, and sea marshes can enhance resilience to severe storms. For example, evaluation of dune protection in North Carolina showed marked reductions in threatened and destroyed buildings compared to areas without dune protection.

Let me recap the policy landscape, then turn to implications for policy strategies. On the negative side of the ledger are fiscal constraints, economic instability, and, among many new members in the Congress, a disinterest in environmental matters. Among the mixed signals are public attitudes—lukewarm, even skeptical, on abstract environmental matters but more supportive of environmental progress on specific issues. On the positive side, we see existing regulatory drivers for action, some continuing (and significant) funding flows, and BIG NEEDS that may be harnessed toward galvanizing environmental investments.

What are implications of this tableau for conservation? Beyond the imperative starting point of setting clear goals, I offer a quick spectrum of thoughts on five key strategy questions.

What's the message?

What are the tools?

Where's the money?

Who's the audience?

Who are the players?

Consider, first, the message. With strong public concern about tangible environmental issues, linking conservation action to those tangible issues offers a message and focus that transcend parties and ideology. “Watershed protection protects drinking water supplies;” “coastal restoration reduces storm vulnerability;” “floodplain restoration protects communities;” “enhancing forest health protects water supplies.” Where relevant, messages that highlight “better, cheaper, smarter” have broad, bipartisan appeal. Or, for the business community, messages that highlight a favorable return on investment are compelling.

Examples that affirm such messaging abound. In August, for example, Denver Water teamed up with the U.S. Forest Service to treat 38,000 acres of critical watersheds to reduce the risks of catastrophic fires that can result in extensive erosion and damage to streams and reservoirs. The \$33 million “Forest to Faucet” partnership was launched, in part, as Denver Water eyed 3 million acres of lodgepole pine forests devastated by pine beetles and recalled the enormous damage to its water supplies from the Hayman fire. Costs to address that damage have included over \$10.5 million at one reservoir, with another \$30 million or more in costs still looming to complete that restoration.

Linking conservation to tangible (and cost-effective) community benefits is especially relevant in the context of climate change adaptation strategies. Increases in high-intensity storms or frequency of catastrophic fires are occurring now—not hypothetically in the future. Changes in snow melt timing and precipitation patterns are occurring now. Sea level rise is occurring now—witness the November 25 *New York Times* article on Norfolk, Virginia regarding the 14.5-inch rise in sea level just since 1930. High-intensity storms, sea level rise,

changing precipitation patterns, and other climate change effects amplify the importance of protecting coastal sea marshes as storm buffers, or restoring flood plains, or conserving source water.

These are also opportunities to teach—locally—about climate change and its effects. They offer a way of building grassroots support for climate adaptation strategies, and, potentially, for mitigation actions, as well.

What about conservation tools in the current political climate, and who are some relevant players? Yes, of course, legislative opportunities exist with the upcoming Farm Bill to underscore the importance of conservation funding for ecology, economy, and community well being. But less obvious opportunities also exist. Sen. Inhofe has opined that he wants major water and wastewater infrastructure investments. Why not begin to sow the seeds of the need to include ecosystem alternatives in the mix?

So, too, are there many small, noncontroversial measures that could support cooperation, collaboration, and working landscapes. These include measures to: 1) support Service First co-locations of federal agency offices to enhance efficiency and strengthen landscape-scale, cross-agency coordination; 2) affirm agency authorities to enter into cooperative agreements with conservation partners; and 3) develop cross-cut budgeting for large landscape, collaborative conservation initiatives. These measures have good government, fiscally conservative dimensions and also provide major underpinnings for landscape-scale conservation. They may also resonant on the local-action message of Tea Party newcomers and old-fashioned conservatives, as they strengthen local action and local partnerships, while also finding favor with many Democrats.

But federal legislation may not be the ripest context for action. State and local action present opportunities to galvanize conservation policies and investments. With current economic instabilities, this is not a time for new conservation sales taxes, but it could be a time for state-level support of eco-infrastructure. Many cities are already developing climate change action plans that span mitigation and adaptation measures. These planning processes present an opportunity to add into the mix watershed-scale thinking for source water protection, stormwater management, and pollution abatement.

Consider Milwaukee's 28-city coordinated efforts on flood management and stormwater. The Milwaukee Metropolitan Stormwater District, with flood management authority across six regional watersheds, is working with 28 municipalities to coordinate water management across a 411 square-mile area. A central focus is on infrastructure "greening" and outreach to the agricultural community, as well.

But I want to add another potential locus of action. Think agencies, not just legislation.

Agencies have enormous latitude and capacity to reshape the conservation context. The current national administration is sympathetic to landscape-scale conservation, providing some leadership for agencies to strengthen their collaborative, cross-jurisdictional conservation efforts. What are some of these opportunities? I offer this list not as an agenda

for action but as examples to illustrate just how big a role agencies play in really enhancing the conservation context.

- **Natural Resource Damages Funding:** Trustee agencies could further encourage the prospects of offsite restoration and collaborative projects. For example, federal agencies have combined NRD funds with Coast Guard and nonprofit funds for eider nesting site protection. In the Northeast, using \$3 million in NRD funds resulting from a settlement regarding harbor contamination in Rhode Island, agencies partnered with private-sector and nonprofit organizations to fund the purchase of 1.5 million acres of loon nesting habitat in Maine
- **Principals and Guidelines:** Fuller accounting for the environmental benefits of water resource projects provides an opportunity to focus the analytic framework at a watershed/landscape-scale.
- **National Environmental Policy Act Implementation:** Encourage new guidance on cumulative effects and offsite mitigation, perhaps tailored after BLM's offsite mitigation guidance. Guidance updating could include definitions and methods for evaluating ecosystem services that could strengthen both ecosystem services evaluation and use of landscape-scale analytic framework. Key issue: how to extend boundaries of evaluation beyond the individual public land unit? Is there a role for cooperating agency status as platform for such analysis? What about use of DOI's regulation on consensus-based collaborative management options that allows such options to be identified as preferred alternative?
- **FERC relicensing guidance:** Mitigation provisions under the licensing process offer a potential source of funding for ecosystem services investments and a potential source of market demand. They also provide an opportunity for agencies to steer mitigation toward landscape-scale, high-priority, and multi-benefits conservation. These opportunities could be strengthened by updating the Hydropower Interagency Memorandum of Understanding to reference ecosystem services evaluation within the context of requirements to evaluate environmental impacts of projects and by setting mitigation funding priorities through mitigation guidance that emphasizes enhancing ecosystem services outcomes.
- **Farm Bill:** Options for improvement of the conservation provisions include consolidating programs that share common purposes and/or consolidating different payment types into a single, multipurpose payment system; targeting programs to high-priority conservation areas; developing better performance indicators; and improving returns on investment through use of landscape-scale approaches, competitive bidding to lower the cost of conservation contracts, and linking payments directly to performance.
- **ESA Conservation Banking:** Update guidance to on multi-species banking.

- **BLM Multi-unit Environmental Impact Statements:** Build upon BLM’s recent eco-regional assessments as a foundation for undertaking multi-unit environmental evaluations that would facilitate large, landscape-scale planning, conservation corridors, non-surface disturbance in high-conservation value areas.

I conclude this policy overview with the ever-important question of money. As no big surprise, I expect federal dollars for conservation grants and land acquisition to shrink in the near term. From an agency land manager’s perspective, these grant dollars are discretionary, and cuts in grants do not generally involve “reductions in force.” Agencies will strive, understandably, to hang on to their workforces during these constrained funding periods. For annual spending, a big question is the fate of the Land and Water Conservation Fund. If the efforts to move LWCF off-budget are unsuccessful, it is very difficult to envision full funding occurring under the current fiscal climate. The Administration pledged full funding, but, at \$900 million, that’s a tough pledge to fulfill when trying to find 7 percent or greater spending cuts to programs. It seems unlikely that the Congress will support full funding under its new composition.

At the federal level, for conservation funding, that leaves mandatory monies (Duck Stamp monies), NRD funds, Farm Bill conservation funding, and various other programs with ongoing funding. But these programs involve pretty big bucks—and they are further supplemented by continued State funding from bonds and other programs.

The issue, though, is never just the money. It’s the message and packaging. New members—federal and state—may be fiscally conservative. Some may want “no spending.” But many will want “smart spending.” And many will want spending for the basic infrastructure of their communities, community safety, and basic services like water. These needs present a big opportunity, mentioned earlier, to look at nontraditional funding bills to press for shifting from gray to green project funding—not just in cities but in the countryside, as well.

The same concept applies to Safe Drinking Water Revolving Loans and Clean Drinking Water Revolving Loan funds: can more of these funds be directed to source water protection, for example? Currently, these loan programs allow usage for source water protection—but just a fraction is actually used for those purposes. Can that change?

At least two states have promoted use of these funds for land protection. Ohio’s Water Restoration Sponsorship Program provides significant loan rate reductions for wastewater treatment projects if the recipient uses a portion of the savings to invest in watershed protection and restoration. Through its Green Acres Program, New Jersey adjusted its criteria to allocate CWA loan funds to give 3 times the weight to projects with a water supply protection benefit through land protections.

There is so much more to explore regarding conservation in a time of scarcity. But I want to end with a simple observation of optimism. Whatever the headlines in Washington and whatever the swaggers of some pundits and politicians, the American people—when

environmental issues link to matters in their backyard, want environmental protection,. They want restoration and conservation.