

# Farm finance and conservation

## How stewardship generates value for farmers, lenders, insurers and landowners

Farmers' own budgets show that farms can generate real financial value from conservation adoption. This financial value extends to farms' business partners – lenders, insurers and landowners. Their recognition of that value and incorporation of it into business practices and policies will result in more financial and environmental value for all.



### About this report

A report, published in September 2018 by Environmental Defense Fund and the agriculture managerial accounting firm K-Coe Isom AgKnowledge, includes three in-depth case studies of grain farmers who generated financial value through conservation adoption and a comparative analysis of the budgets of ten additional farms that either have or have not adopted conservation practices. The report also incorporates a study of the farm financial system and examines the financial implications of agricultural conservation to lenders, crop insurers, and farmland owners and investors.

“ This report takes an honest look at the economic viability of on-farm conservation, and it demonstrates that conservation and profitability can, and should, go hand in hand. ”

– Keith Alverson,  
Sixth-generation South Dakota farmer



Justin Knopf  
Knopf Farms, Kansas



Scott Henry  
LongView Farms, Iowa



Joshua Yoder  
Yoder Farms, Ohio

### Key findings

- 💰 **Conservation practices can pay.** Farmers who adopted conservation practices – combinations of no-till, cover crops, nutrient optimization and crop rotation – reported cost savings and more resilient crop yields.
- 🏡 **Payoffs come at the farm enterprise level.** Farmers saw cost increases in a couple of budget categories but found cost savings in multiple categories. Those savings added up for a net positive return.
- 🕒 **Getting it right takes time and effort.** It took the farmers a few years of experimentation to figure out how to integrate conservation practices into their operations in a way that minimizes cost and maximizes operational efficiency and benefits to soils and crops.
- ❓ **Conservation benefits are often unrecognized and unrewarded.** Agricultural lenders, crop insurers, and farmland owners and investors benefit from reduced costs and risks and increased profitability conferred by on-farm conservation. Yet those benefits are rarely recognized in their business practices and policies.
- 📁 **Conservation is a material issue for farm business partners.** The financial impacts of conservation matter for farmers' budgets, as well as those of the businesses and individuals in the broader farm financial system.
- 📈 **Creating incentives for conservation is in the financial interest of farm business partners.** There are a number of ways the farm financial system can encourage farmers to adopt conservation practices, including modified leasing terms, land appraisal practices, lending products or terms, and crop insurance policies.

Download the full report at [edf.org/farm-finance](https://edf.org/farm-finance).

### Report authors

Maggie Monast, Environmental Defense Fund  
Laura Sands, K-Coe Isom  
Alan Grafton, K-Coe Isom AgKnowledge