Cost of areal reduction of gulf hypoxia through agricultural practice

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HIGHLIGHTS

• We calculate the cost to reduce Gulf hypoxia using agricultural conservation policy.
• Total annual policy cost is 9.2 billion USD not including agricultural price shocks.
• The Task Force hypoxia reduction goal is met in only twice in a 40 year simulation.

GRAPHICAL ABSTRACT

A major share of the area of hypoxic growth in the Northern Gulf of Mexico has been attributed to nutrient runoff from agricultural fields, but no estimate is available for the cost of reducing Gulf hypoxic area using agricultural conservation practices. We apply the Soil and Water Assessment Tool using observed daily weather to simulate the reduction in nitrogen loading in the Upper Mississippi River Basin (UMRB) that would result from enrolling all row crop acreage in the Conservation Reserve Program (CRP). Nitrogen loadings at the outlet of the UMRB are used to predict Gulf hypoxic area, and net cash farm rent is used as the price for participation in the CRP. Over the course of the 42 year simulation, direct CRP costs total more than $388 billion, and the Inter-Governmental Task Force goal of hypoxic area less than 5000 square kilometers is met in only two years.

1. Introduction

Hypoxic growth in the Northern Gulf of Mexico causes large ecological damage and associated economic costs. Nutrients from agricultural practices in the Mississippi/Atchafalaya River Basin (MARB) are considered to be the major factor contributing to this hypoxic growth
Such a change. The effects of such a large change would propagate US Corn Belt from production. We do not propose the enactment of gram. We note that the policy we simulate removes a large part of the we simulated the change of all row crop land in the UMRB (54,185,298 and plant a long-term, resource-conserving cover. The CRP establishes the CRP, the government pays a producer to take land out of production of labor, machinery and other inputs with the effect on yield. Under sense, since it ends all agricultural operations including soil disturbance and application of agricultural chemicals. The price of application of the CRP conservation practice is also simpler to compute than alternative practices. Price calculation of other practices requires apportionment of labor, machinery and other inputs with the effect on yield. Under the CRP, the government pays a producer to take land out of production and plant a long-term, resource-conserving cover. The CRP establishes payment rates based on the average cash rent for comparable land (Food, Conservation, and Energy Act of 2008, Public Law 110–246, title II, section 2110, paragraph (b), dated June 18, 2008). The data on average cash rent of non-irrigated farm land used in CRP calculations is available at http://quickstats.nass.usda.gov/sector_desc=ECONOMICS&commodity_desc=RENT&agg_level_desc=COUNTY, accessed 9/1/2014.

The Upper Mississippi River Basin (UMRB) was selected for simulation of the effect of participation in the CRP on the size of the Gulf hypoxic area. Land use in the UMRB is approximately 40% agricultural, and the basin contains about 15% of the drainage area of the MARB. USGS estimates using the SPARROW (Spatially Referenced Regression On Watershed attributes) model (Smith et al., 1997) calculate that about 52% of the nitrate discharged to the Gulf is from the UMRB (Goolsby et al., 1997).

3. Use of CRP to meet task force goal

Given the magnitude of estimates of nutrient reduction required to meet the Task Force goal, about 60% by the most recent estimate (Obenour et al., 2013; Scavia et al., 2013), we hypothesized that a very large change to the current agricultural production configuration in the UMRB would be required to achieve a useful reduction in Gulf hypoxic area. The USDA Conservation Effects Assessment Project (CEAP) estimates that treatment of all under-treated acres in the UMRB would decrease nitrogen loadings by 33% from current agricultural practice (Conservation Effects Assessment Project (CEAP) Cropland Modeling Team, 2012), clearly insufficient to meet the Task Force goal. Therefore we simulated the change of all row crop land in the UMRB (54,185,298 acres in UMRB-SWAT) to grass under the Conservation Reserve Program. We note that the policy we simulate removes a large part of the US Corn Belt from production. We do not propose the enactment of such a change. The effects of such a large change would propagate through commodity prices and employment, and could even lead to internal migration. To model a politically feasible policy, for example, the acreage could be distributed among all watersheds in the Mississippi Basin. For the purposes of modeling and simulation of a perturbation of the nutrient delivery system to the Gulf of Mexico, the removal from production of all acreage in a single basin is simpler, and achieves the same result as an analysis of a distributed CRP acreage.

4. Methods

We used the Soil and Water Assessment Tool (SWAT) for simulation of the effect of an agricultural conservation policy on nutrient loadings in the Mississippi (Arnold and Fohrer, 2005). SWAT is a landscape level model for simulation of distributed hydrology, plant growth, nutrient use and fate, and agricultural practices, among many other processes.

SWAT is widely used, and refereed journal citations of SWAT currently number 1451. SWAT divides the landscape into sub-watersheds connected by a stream network. Within each sub-watershed, all unique combinations of land cover, soil and soil type are modeled individually. While designed for use on large, ungauged basins, all of the processes that SWAT simulates can be calibrated to available data. Our selection of SWAT was based on the proven capabilities for simulation of hydrology, which compares favorably with specialized hydrological models (Smith et al., 2012), and for simulation of agricultural practices.

A special version of SWAT has been set up for the study of biofuel feedstock production in the UMRB. A detailed description of the inputs to SWAT-UMRB, including land use, management practices, soils, fertilizer application, and meteorological data, is available in Srinivasan et al. (2010). SWAT_UMRB was set up with 131 sub-watersheds, the 8 digit HUCs delineated by the USGS. SWAT-UMRB runs on a daily time step, and uses maximum and minimum temperatures and daily precipitation for basic weather inputs, where a separate weather data set was calculated from historical observations for each sub-basin for 1960–2001 using the gridded data approach of Di Luzio et al. (2008). National Hydrography Dataset was the source for stream configuration and the accompanying 90 m digital elevation model (DEM) provided slopes for watershed configuration and topographic parameter estimation using the SWAT ArcView interface. The soil data used was from the STATSGO base from the NRCS, USDA (http://www.nrcs.usda.gov/wps/portal/nrcs/detail/soils/survey/?cid=nrcs142p2_053629). Land use was obtained from the Cropland Data Layer (CDL) (http://nassgeodata.gmu.edu/CropScape/) and 2001 National Land Cover Data Base (NLCD2001, http://www.mrlc.gov/index.php).

SWAT-UMRB has been validated and applied in several studies (Secchi et al., 2011). The simulation of nitrogen loadings is the basis of this study, and a comparison of the simulated sum of nitrites and nitrates compared with observed values at Grafton, IL is shown in Fig. 1. The mean error is 7%. The distribution of errors is approximately normal, with a mean of 15.4 thousand metric tons and a standard deviation of 104.0. The two largest errors are an under-prediction of −232 thousand metric tons in 1987, where the simulation lags a year behind a large multi-year decrease in nitrogen loading, and an over-prediction of 226 thousand metric tons in 1993.

There has been no published linkage from SWAT-UMRB simulation outputs to the size of Gulf hypoxic area. Current biological models of Gulf hypoxic area use spring nitrogen loadings measured close to the mouth of the Mississippi River as a primary determinant (Scavia et al., 2013). There have also been several studies that use linear regression on weather based inputs and spring nitrogen loading at the mouth of the Mississippi River to predict Gulf hypoxic area (Turner et al., 2012; Mattern et al., 2013). There is a high correlation between monthly nitrogen flux at the outlet of the UMRB at Grafton, IL, and monthly nitrogen flux at the outlet of the MARB, and a strong correlation among nitrogen flux at both locations and the estimated area of Gulf hypoxia (Goolsby, 2000). We hypothesized that a statistical model regressing the observed
where the values of the coefficients $\beta_1$ and $\beta_2$ are shown in Table 1, along with the parameters of the error distribution. Both parameters are highly significant.

Summary statistics are residual standard error: 4382 on 24 degrees of freedom, multiple R-squared: 0.9143, adjusted R-squared: 0.9072, F-statistic: 128.1 on 2 and 24 DF, p-value: 1.565e-13. We used the Akaike information criterion (AIC) to compare this regression model with the biological model from (10). The dependent variable in the regression is the estimated Gulf hypoxic area, and updates at http://www.gulfhypoxia.net. The nutrient response curve for nitrogen estimated with the biological model of Scavia et al. (2013) approaches a hypoxic area of zero for nitrogen flux of zero. Therefore we forced the regression to go through zero by not including an intercept in the regression estimate. The regression results are shown in Table 1 for the following regression:

\[
nitrogen\text{flux} = \beta_1 \text{nitrogen}\text{flux} + \beta_2 \text{nitrogen}\text{flux}^2 + \text{random error}
\]

5. Results and discussion

The spatial setup for SWAT divides the watershed into subbasins connected by a stream network. Within each subbasin, unique combinations of landcover, slope, and soil type are defined as hydrologic response units (HRUs). To simulate participation in the CRP, we changed the landuse for each HRU with a row crop landcover to a grass cover. The result was a change in land use to grass for 219,281 square kilometers. From the SWAT output, we calculated nitrogen loadings from each subbasin by monthly aggregation of the daily loading of nitrates and nitrites as N, where load is equivalent to stream mass flux (Aulenbach et al., 2007). After running SWAT for 42 years, we used the simulated May nitrogen flux from the UMRB outlet at Grafton, IL in the regression model (Table 1) to predict Gulf hypoxia area. The nitrogen fluxes for the two simulations are compared in Fig. 3. The large variation in the effect of conversion to CRP is the most important feature, and is counter-intuitive in that where the conservation practice (CRP) has the largest effect, the nutrient flux to the Gulf is also highest. This variation is due to the nature of agricultural pollution, which is an event driven phenomenon, where the driving events are rainfall and snowmelt. A May monthly flux where rainfall was low results in a smaller flux reduction while producing a smaller area of Gulf hypoxia. A high rainfall month shows a large reduction in flux due to the CRP, but Gulf hypoxic area remains large because of the increase in surface runoff. This is evidence that weather should be taken into account when setting a standard for Gulf hypoxic area size. If the 5 year moving average used as the standard were conditioned on rainfall or some comparable weather metric, the standard would reflect the underlying physical processes and results of conservation practices in a more meaningful way. (See Fig. 4.)

The high variability of nitrogen flux has important implications for the effects of conservation measures as global climate change continues. Wu et al. (2012) studied the UMRB under four General Circulation Models (GCMs) with different greenhouse gas emission scenarios.

Fig. 2. Comparison of kernel density estimates of probability density functions of the residuals from the statistical model linking nitrogen loadings at Grafton, IL to Gulf hypoxic area and the residuals from the most recent biological model (Scavia et al., 2013).
that results in a 5000 sq.km. hypoxic area.

Percent change from current landuse. The horizontal black line in (a) is the nitrogen flux from existing agricultural landuse with conversion to CRP scenario, (b) reduction in nitrogen due to CRP and (c) reduction in nitrogen as a percent change from current landuse. The nitrogen flux that results in a 5000 sq.km. hypoxic area.

They found that water yield and variability in the UMRB would increase in the spring, at the time when the nutrient pulse that nourishes Gulf hypoxia occurs. Given the results in Fig. 3, we expect that the Task Force goal would be met in even fewer years where there was an increase in atmospheric carbon dioxide and climate change.

Although the CRP average price at the county level is available, where a large amount of land goes into the program and increased demand (Wu and Lin, 2010; Wu et al., 2013). We aggregated cash rent for non-irrigated land from county level to 8-digit HUC using a GIS and standard areal proration. Using the 8-digit HUC cash rent for non-irrigated land means as prices, and the CRP area in each HUC, we calculated that the annual cost for 54.19 million acres of CRP would be $9.247 billion. Over the course of the 42 year simulation direct CRP costs total more than $388 billion and the Task Force goal is met in only two years (Fig. 4).

We assume that the UMRB has an agricultural production structure that is representative of the whole MARB, i.e., it would not be possible to find an area outside the UMRB where large reductions in nitrogen loading could be realized at lower cost than the CRP in the UMRB. That assumption is supported by a spatial regression where Sparrow estimates of nitrogen loadings and average crop sales at the 8-digit HUC level explain 76% of the variation of cash rent for non-irrigated farmland. Nitrogen loading is spatially correlated with land value and production, and it is unlikely that a “bargain” conservation practice will be available in another large contributing watershed in the MARB (Fig. 4).

6. Conclusion

The effect of removing millions of acres of the most productive farmland in the world from production will have indirect costs that dwarf the cost of the CRP rental. For every 1 million acres of corn production removed, corn price increases in the first period by $0.04 per bushel (Hausman et al., 2012). Corn, soybeans and wheat are highly correlated and can all be expected to rise. Other commodities using small grains as inputs, such as meat, will also increase. The CEAP cropland study for the UMRB ( Conservation Effects Assessment Project (CEAP) Cropland Modeling Team, 2012) reports that in 2007 corn was produced on 32 million acres. Assuming a linear response, the effect of a shock of this magnitude would be expected to result in an increase of $2.88 per bushel, where the monthly U.S. corn price has ranged between $4.49 and $7.13 per bushel in 2013 (available on-line, http://www.usda.gov/nass/PUBS/TODAYRPT/agrp1013.pdf, accessed 12-11-2013). It is highly unlikely that the response to a supply shock of this magnitude would be linear. We expect that commodity price increases would be much higher, and the effects more far reaching throughout the economy.

The supply of agricultural land is highly inelastic, and the withdrawal of this amount of land from production would drive agricultural land values higher (Wu and Lin, 2010). Higher agricultural land values would of course require higher CRP payments (Wu et al., 2013), so that our estimate of the direct costs of CRP rental for the UMRB would be low. An analysis of these and other effects of such a massive shock to the agricultural system are beyond the scope of this paper. It is clear, however, that our estimate of $9.247 billion per year for a low probability of meeting the Task Force hypoxic goal is at the lower tail of the distribution of direct cost estimates. The results of this study show that it will be very costly to achieve the Task Force goal of a limited area of Gulf hypoxia, and may be beyond the capability of agriculture as it is currently organized.

Conflict of interest

The authors declare that they have no actual or potential conflict of interest.

References
