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## **The Benefits of Economics in Master Planning**

*by Wesley Bushnell and Jimmie Jackson*

There is nothing more fun or rewarding or informative in the life of an economist than the completion of a well written economic analysis. Those who focus on the future should consider the merits of economic analysis. Master Planning is the art of bringing the future into the present so that we may realize a vision of the future. The passage of time has an interesting effect on planning. Time can cause assumed positive impacts to evaporate and dismissed negative impacts to explode at the most inopportune time. Most importantly, Master Planning is the beginning of a long process of managing change in which an economic analysis is vital to ensuring an unbiased, well thought-out end-state.

At its core, an economic analysis is an evaluation system, a method by which various alternatives of achieving a given objective are evaluated within the context of a common metric in an effort to identify the course of action that provides the most beneficial return. By this definition, an economic analysis is no different than the evaluation systems of any discipline, it differs only in the metric by which alternatives are compared and contrasted. A life, health and safety evaluation would most likely use the number of accidents avoided as a common metric. A biological assessment would use an environmental factor such as habitat units as a common metric. An economic analysis is an evaluation system based on scarcity and uses dollars as the metric. The devolution of all things into a matter of dollars seems to cause some significant consternation. It is a truth that money is not the most important consideration, even an economist must accept that, but it is also a truism that money is the unit of measure into which all things can be stated and therefore compared.

An economic analysis ensures practicality and effectiveness. We've all been there, in a meeting or on a teleconference call, when someone with vision begins to describe in detail the exact dimensions and amenities of a never seen but long sought after product hidden in a forest of wayward thoughts. More common is the proposal of an idea which is minimally different from the accepted course of action but contains the promise of significant savings. To achieve the brilliant ideas we are forced to analyze alternative courses of action. It is a level of effort we might wish to avoid in the name of saving time and energy in an already compressed schedule. This is the cost of the economic analysis, time spent in analysis. In the great sum of all things this cost is probably pretty minimal when compared to the total cost of the project. One of the benefits of engaging in this step and performing our due diligence may be the discovery, however improbable, of something truly beneficial to the Soldier and taxpayer. It is hoped that for any significant issue encountered, prior to pursuing any one course of action, the decision maker will have engaged in a systematic analysis of multiple courses of action in an effort to identify the most effective alternative. At its core, a decision is an investment; an investment in the fact which what you choose to do is more profitable than that which you have chosen not to do.

An economic analysis provides validation. In a word: 'Beware!' 'Beware your assumptions.' Although 'assume' is not a dirty word in the realm of the economist, it does not mean that economists or anyone else should make their assumptions carelessly. To assume that energy features are cost effective in all regions and all locations is careless. To assume the inclusion of Leadership in Energy and Environmental Design features in building design is cost effective is careless. Basically, to assume cost effectiveness in any feature that is not required by building code or mandated by guidance is careless. There is a dual benefit of economic analysis in providing validation to an argument: you need not guess at the cost effectiveness of a feature and, if queried, you are able to prove the validity of your argument to others.

An economic analysis allows you to provide a level of proof to your ideas: that an idea is practical, that it is the best course of action and that your assumptions are valid. But finally, if you don't like any of the above justifications for engaging in an economic analysis, let me apply the lash as opposed to logic. In the end, you have no choice. AR 420-1 requires that some level of economic analysis be done when justifying most any endeavor including consideration of Soldier housing, purchase or lease of a relocatable building and many issues as small as the redistribution of excess furnishings requires an economic analysis. Guidance also requires that any military construction project over \$2 million must include an economic analysis as part of the DD Form 1391. Within the planning process, an economic analysis along with a validated site plan must be provided prior to the commencement of a planning charrette. In other words, your Master Plans must survive the test of cost effectiveness otherwise they are doomed to remain plans and not realities.

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