Linking Conservation to Crop Insurance:
Critical to the Future of Waterfowl & Other Wildlife

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**Conservation Compliance**

- Enacted in 1985 Farm Bill

- Incentives linked to most farm program benefits - *decoupled from crop insurance in 1996*

- 30-year effective deterrent to wetland drainage and soil loss; not a “gotcha” program.

- Only real protection remaining for farmed wetlands & highly erodible lands (~3.3M wetland acres and 140M acres of HEL)

- 93% of producers (696,000 out 749,000 farms) in compliance
U.S. Wetland Status & Trends

- 1950s-1970s: 561,500 acres
- 1970s-1980s: 373,900 acres
- 1998-2004: -80,000 acres

Percentage of Wetlands Acreage Lost, 1780's-1980's

Twenty-two states have lost at least 50 percent of their original wetlands. Seven states—Indiana, Illinois, Missouri, Kentucky, Iowa, California, and Ohio—have lost over 80 percent of their original wetlands. Since the 1970's, the most extensive losses of wetlands have been in Louisiana, Mississippi, Arkansas, Florida, South Carolina, and North Carolina.

Present size and distribution of the breeding duck population

4,249,823 duck pairs

(Mallard, Northern Pintail, Gadwall, Blue-winged Teal, Northern Shoveler)

Reynolds et al. 2006
Pairs remaining if high risk wetlands were lost:

2,634,890 Duck Pairs
(37% reduction; ~3 M total breeding ducks)

Reynolds et al. 2006
U.S. Taxpayer Investment in Crop Insurance

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Premium and other income *1</th>
<th>Loss claims</th>
<th>Claims paid in excess of premiums and other income</th>
<th>Premium subsidy</th>
<th>Administrative expense reimbursements</th>
<th>Other program fund costs</th>
<th>Other administrative and operating fund costs</th>
<th>Total government costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>2,946</td>
<td>3,768</td>
<td>822</td>
<td>1,874</td>
<td>743</td>
<td>61</td>
<td>88</td>
<td>3,588</td>
</tr>
<tr>
<td>2004</td>
<td>3,133</td>
<td>2,828</td>
<td>(305)</td>
<td>2,387</td>
<td>900</td>
<td>60</td>
<td>83</td>
<td>3,125</td>
</tr>
<tr>
<td>2005</td>
<td>3,089</td>
<td>2,796</td>
<td>(293)</td>
<td>2,070</td>
<td>783</td>
<td>58</td>
<td>81</td>
<td>2,699</td>
</tr>
<tr>
<td>2006</td>
<td>3,617</td>
<td>3,586</td>
<td>(32)</td>
<td>2,517</td>
<td>960</td>
<td>81</td>
<td>44</td>
<td>3,670</td>
</tr>
<tr>
<td>2007</td>
<td>4,561</td>
<td>3,493</td>
<td>(1,068)</td>
<td>3,544</td>
<td>1,341</td>
<td>70</td>
<td>53</td>
<td>3,940</td>
</tr>
<tr>
<td>2008</td>
<td>6,741</td>
<td>5,024</td>
<td>(1,717)</td>
<td>5,301</td>
<td>2,016</td>
<td>41</td>
<td>96</td>
<td>5,737</td>
</tr>
<tr>
<td>2009</td>
<td>8,308</td>
<td>8,416</td>
<td>108</td>
<td>6,198</td>
<td>1,602</td>
<td>42</td>
<td>89</td>
<td>7,039</td>
</tr>
<tr>
<td>2010</td>
<td>5,282</td>
<td>2,759</td>
<td>(2,523)</td>
<td>4,660</td>
<td>1,371</td>
<td>40</td>
<td>103</td>
<td>3,671</td>
</tr>
<tr>
<td>2011</td>
<td>11,037</td>
<td>13,429</td>
<td>2,392</td>
<td>7,376</td>
<td>1,383</td>
<td>54</td>
<td>90</td>
<td>11,295</td>
</tr>
<tr>
<td>2012</td>
<td>13,058</td>
<td>18,428</td>
<td>5,370</td>
<td>7,149</td>
<td>1,411</td>
<td>49</td>
<td>92</td>
<td>14,071</td>
</tr>
<tr>
<td>Total</td>
<td>61,772</td>
<td>64,526</td>
<td>2,754</td>
<td>42,096</td>
<td>12,510</td>
<td>556</td>
<td>819</td>
<td>58,735</td>
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</table>

Source: FCIC Financial Statements

*1 A detailed breakout of Premium and other income data is provided in the accompanying table.

- Taxpayer subsidize ~62% of premiums; up to 80%; $1.4B in O & A expenses
- Significant increase in both % subsidized and total amount, 2003-2012
- CBO est. ~$90B over next 10 years; elimination of several Title I programs
There must be compromise on the road to a successful farm bill.

Our organizations represent millions of farmers, ranchers and wildlife enthusiasts. We continue to stand together to ensure a stable and profitable agriculture industry that conserves wetlands, highly erodible lands and soil. As a coalition, we support re-coupling conservation compliance to crop insurance and oppose AGI means testing for crop insurance.

CONGRESS: Pass a comprehensive five-year farm bill right away.
Recoupling has strong, bipartisan support

- All 7 former SCS & NRCS Chiefs support recoupling (1985-2012)

- “As you take steps to modernize our farm safety net support, we urge you to make sure compliance provisions cover all income support, including eligibility for crop and revenue insurance…”

- Bipartisan letter submitted by Sen. Tester (D-MT), Sen. Thune (R-SD), Rep. Fortenberry (R-NE), Rep. Thompson (D-CA)

- “Tying these programs together is good, common-sense policy and will benefit our economy and our land”
Recent land use change in the Western Corn Belt threatens grasslands and wetlands

Christopher K. Wright¹ and Michael C. Wimberly
Geographic Information Science Center of Excellence, South Dakota State University, Brookings, SD 57007

• 1.3 M acre “net change” of perennial grassland to cropland (2007-2011)

• Rate and scale of conversion not seen since the 1920s-30s

• “Federal crop insurance and disaster relief mitigate risk, creating incentives to convert grassland and work at cross purposes of other national policies intended to conserve grasslands”
Annual Loss vs. Protection Grassland

<table>
<thead>
<tr>
<th>Loss rate</th>
<th>Protection rate</th>
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<tbody>
<tr>
<td>0.0</td>
<td>1.2</td>
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<tr>
<td>0.2</td>
<td>1.0</td>
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<tr>
<td>0.4</td>
<td>0.8</td>
</tr>
<tr>
<td>0.6</td>
<td>0.6</td>
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<tr>
<td>0.8</td>
<td>0.4</td>
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<tr>
<td>1.0</td>
<td>0.2</td>
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<td>1.2</td>
<td>0.0</td>
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</tbody>
</table>

Losing prairie 6x faster than currently protecting!
National Sodsaver:
Preserving America’s Last Remaining Native Grasslands

- Reduce subsidy (50 percentage pts.) on converted sod for first 4 years
- Must establish an actual production history; can’t substitute other acres
- Free-market approach maintains landowner rights
- Saves $200M over 10 years
- Strong bipartisan support
National vs. Regional Sodsaver:
Creating a level playing field for all U.S. farmers and ranchers

- Senate - national
- House - regional-only

- ~400,000 new acres broken out in 2012
  (Source: Farm Service Agency)

- 89% (>353K acres or nearly 9 out of 10) occurred outside the PPR.

- National Issue, Requires National Policy Solution

Maps Courtesy: USDA-FSA & RMA
Take Home...

- We need Congress to pass a new 5-year Farm Bill
- Relinks conservation compliance and crop insurance
- National Sodsaver program
- These programs save taxpayers $, are sound fiscal and environmental policy and maintain strong bipartisan support.
- “Fair Deal” between America’s taxpayers & farmers
What will our conservation legacy look like?
## Table 1. Crop Insurance Premium Subsidies

(government-paid portion of premium as a percent of total premium)

<table>
<thead>
<tr>
<th>Yield coverage level (%)</th>
<th>CAT</th>
<th>50</th>
<th>55</th>
<th>60</th>
<th>65</th>
<th>70</th>
<th>75</th>
<th>80</th>
<th>85</th>
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<tbody>
<tr>
<td>Premium subsidy (%) for</td>
<td>100</td>
<td>67</td>
<td>64</td>
<td>64</td>
<td>59</td>
<td>59</td>
<td>55</td>
<td>48</td>
<td>38</td>
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<td>most policies (including</td>
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<td>those using basic and</td>
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<td>optional units)</td>
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<tr>
<td>Premium subsidy (%) for</td>
<td>80</td>
<td>80</td>
<td>80</td>
<td>80</td>
<td>80</td>
<td>80</td>
<td>77</td>
<td>68</td>
<td>53</td>
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<td>enterprise units</td>
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<tr>
<td>Premium subsidy (%) for</td>
<td>80</td>
<td>80</td>
<td>80</td>
<td>80</td>
<td>80</td>
<td>80</td>
<td>71</td>
<td>56</td>
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<td>whole farm units</td>
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Notes: Separate schedules apply for Group Risk Plan, Group Risk Income Protection, and livestock policies. A basic unit covers land in one county with the same tenant/landlord. An optional unit is a basic unit divided into smaller units by township section. An enterprise unit covers all land of a single crop in a county for a producer, regardless of tenant/landlord structure. A whole farm unit covers more than one crop.