



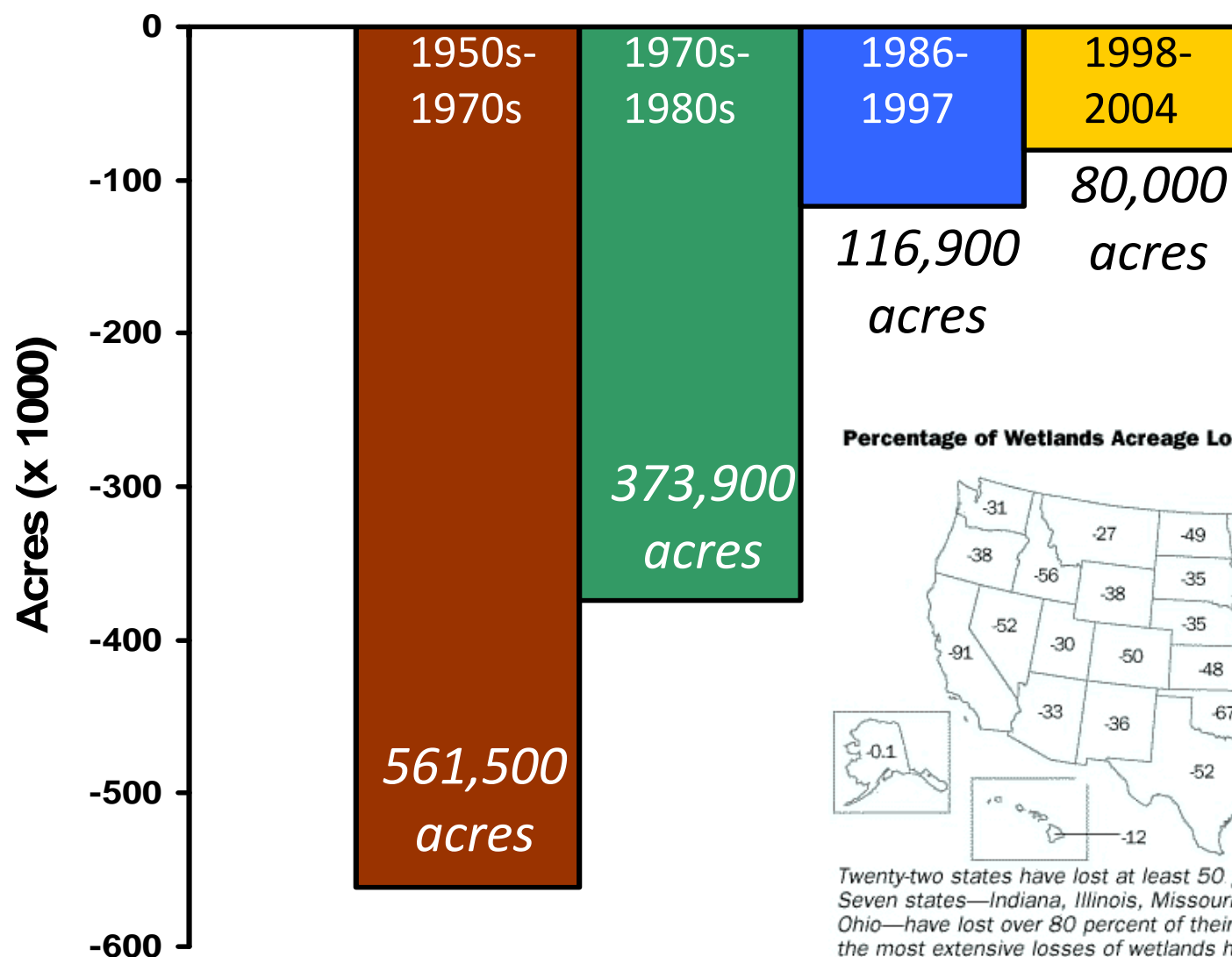
Linking Conservation to Crop Insurance: Critical to the Future of Waterfowl & Other Wildlife

**Eric Lindstrom
Government Affairs Representative
Ducks Unlimited, Inc.
Bismarck, ND**

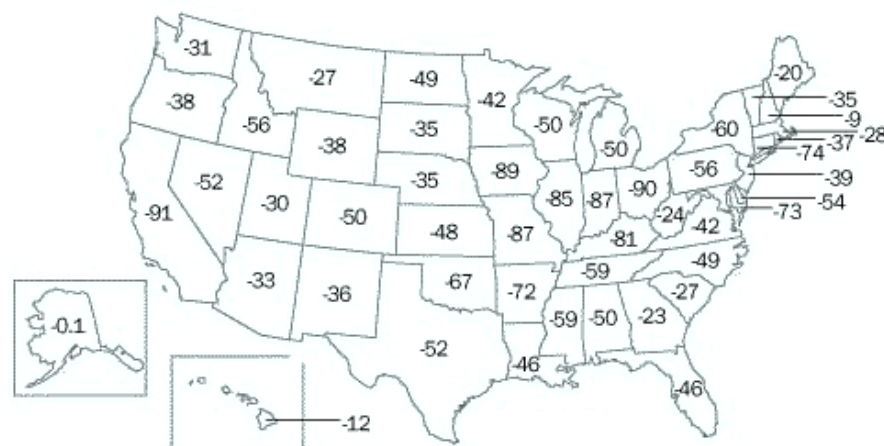
Conservation Compliance

- 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



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.

Source: Mitch and Gosselink, *Wetlands*, 2nd Edition, Van Nostrand Reinhold, 1993

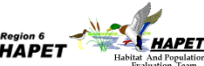
Present size and distribution of the breeding duck population

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)



Duck Pairs

- > 100
- 75-100
- 50-75
- 25-50
- 0-25



Region 6



Reynolds et al. 2006

U.S. Taxpayer Investment in Crop Insurance

Fiscal year government cost of federal crop insurance Dollars in millions								
Fiscal Year	Premium and other income *1	Loss claims	Claims paid in excess of premiums and other income	Premium subsidy	Administrative expense reimbursements	Other program fund costs	Other administrative and operating fund costs	Total government costs
2003	2,946	3,768	822	1,874	743	61	88	3,588
2004	3,133	2,828	(305)	2,387	900	60	83	3,125
2005	3,089	2,796	(293)	2,070	783	58	81	2,699
2006	3,617	3,585	(32)	2,517	960	81	44	3,570
2007	4,561	3,493	(1,068)	3,544	1,341	70	53	3,940
2008	6,741	5,024	(1,717)	5,301	2,016	41	96	5,737
2009	8,308	8,416	108	5,198	1,602	42	89	7,039
2010	5,282	2,759	(2,523)	4,680	1,371	40	103	3,671
2011	11,037	13,429	2,392	7,376	1,383	54	90	11,295
2012	13,058	18,428	5,370	7,149	1,411	49	92	14,071
Total	61,772	64,526	2,754	42,096	12,510	556	819	58,735

Source: FCIC Financial Statements

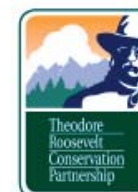
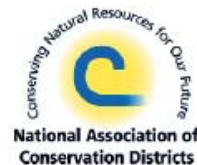
*1 A detailed breakout of Premium and other income data is provided in the accompanying table.

- 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...”*

November 11, 2013

The Honorable Debbie Stabenow,
Chairwoman
The Honorable Thad Cochran,
Ranking Member
Senate Committee on Agriculture,
Nutrition and Forestry
326A Russell Senate Office Building
Washington, DC 20510

The Honorable Frank D. Lucas,
Chairman
The Honorable Collin Peterson,
Ranking Member
House Committee on Agriculture
1301 Longworth House Office Building
Washington, DC 20515

Dear Chairwoman Stabenow and Chairman Lucas, Ranking Members Cochran and Peterson:

As former Chiefs of the Soil Conservation Service and Natural Resources Conservation Service, we are writing to share our strong support for conservation compliance and to highlight this conservation success story as you develop the new Farm Bill.

America's farmers produce far more than food and fiber — they also produce cleaner water, cleaner air, open spaces, and abundant habitat for wildlife and recreation. When conservation compliance was enacted as a part of the 1985 Farm Bill, it sparked a decade of unprecedented progress in limiting erosion, cleaning up waterways and protecting wetlands.

In exchange for farm program benefits, farmers agreed to adopt land management practices to reduce soil erosion and protect remaining wetlands on their cropland. As a result, soil erosion was cut by 40 percent on 140 million acres of cropland. Productivity was improved, drinking water protected and streams ran clearer in agricultural watersheds. Conservation compliance has contributed to a more sustainable agriculture and served both farmers and the environment very well. It must be continued.

Conservation practices not only provide substantial environmental benefits, but also help producers adapt to climate variability and enable them to successfully produce crops under adverse conditions. When implemented and maintained, cover crops, no till, active drainage water management, and many other practices help the land withstand drought and recover from flooding and other weather-related issues while still maintaining yields.

Today, high prices driven by strong demand for our commodities are boosting farm income but putting enormous pressure on our land and water resources. Maintaining the current conservation compliance provisions, which are both effective and achievable, is essential to our efforts to maintain the conservation gains of recent decades. As you take steps to modernize our farm safety net, we urge you to make sure that compliance provisions cover all income support, including eligibility for crop and revenue insurance premium subsidies.

- 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”*

Congress of the United States
Washington, DC 20510

November 13, 2013

The Honorable Debbie Stabenow
Chairwoman
Senate Agriculture Committee
326 Russell Senate Office Building
Washington, DC 20510

The Honorable Frank D. Lucas
Chairman
House Committee on Agriculture
1301 Longworth House Office Building
Washington, DC 20515

The Honorable Thad Cochran
Ranking Member
Senate Agriculture Committee
326 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Collin C. Peterson
Ranking Member
House Committee on Agriculture
1301 Longworth House Office Building
Washington, DC 20515

Dear Chairwoman, Chairman, Ranking Members and Farm Bill Colleagues:

As you reconcile differences between the House and Senate farm bills, we urge you to include reinstatement of the requirement that eligibility for crop insurance premium subsidies be linked to conservation compliance similar to provisions in the Senate-passed Farm Bill. Reinstating this requirement is critical to protect the future integrity of crop insurance and future generations of farmers.

In 1996 crop insurance premium subsidy eligibility was delinked from conservation compliance in order to encourage higher crop insurance participation, a goal which has now been met with 85 percent of crop production insured in 2012. Crop insurance is now the safety net for most farmers, providing a substantial source of risk management. For example, providing adequate risk protection which allowed the full use of need for ad hoc assistance.

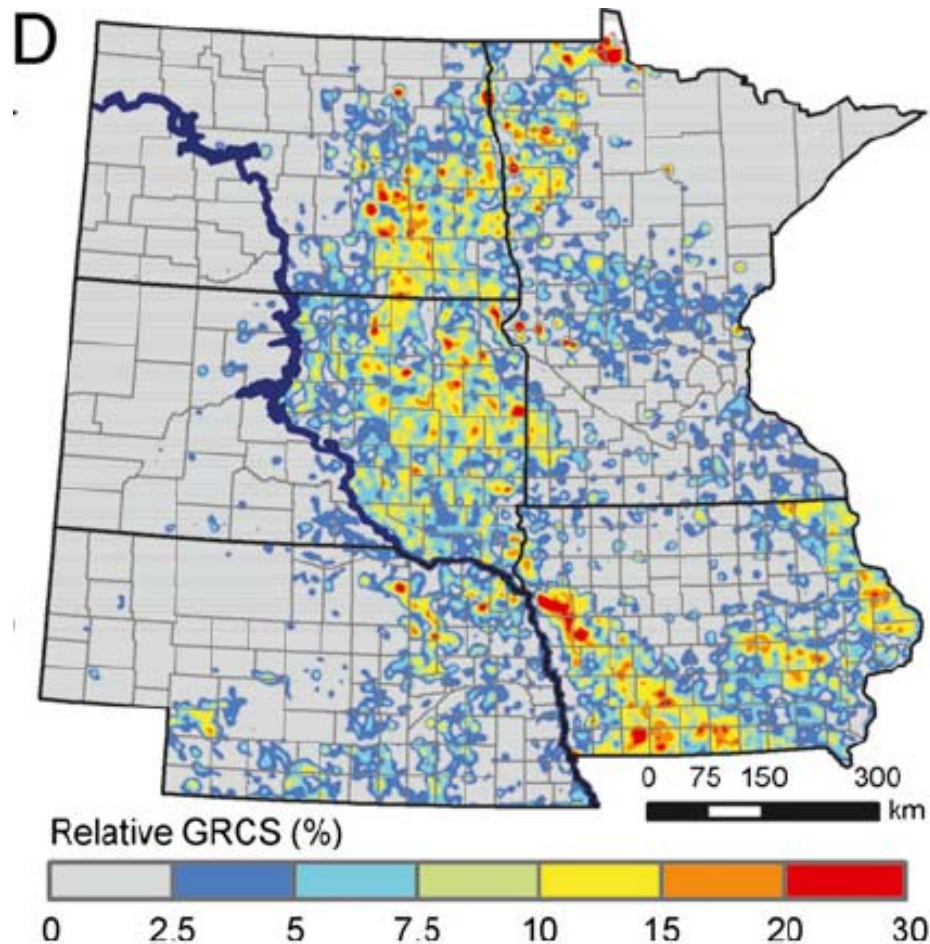
As crop insurance products have significantly expanded over the past decade to include revenue as well as production loss protection, and as commodity prices reached record levels in that same period, a substantial number of agricultural producers have been foregoing participation in Farm Bill Commodity Title programs with eligibility limited to conservation compliance because crop insurance provided adequate protection against production and revenue loss.

In much of the United States a healthy balance between production agriculture and conservation of natural resources has supported rural communities; however, that balance is in jeopardy, with the current trend of critical habitat losses and diminished sporting and other wildlife populations.

Recent land use change in the Western Corn Belt threatens grasslands and wetlands

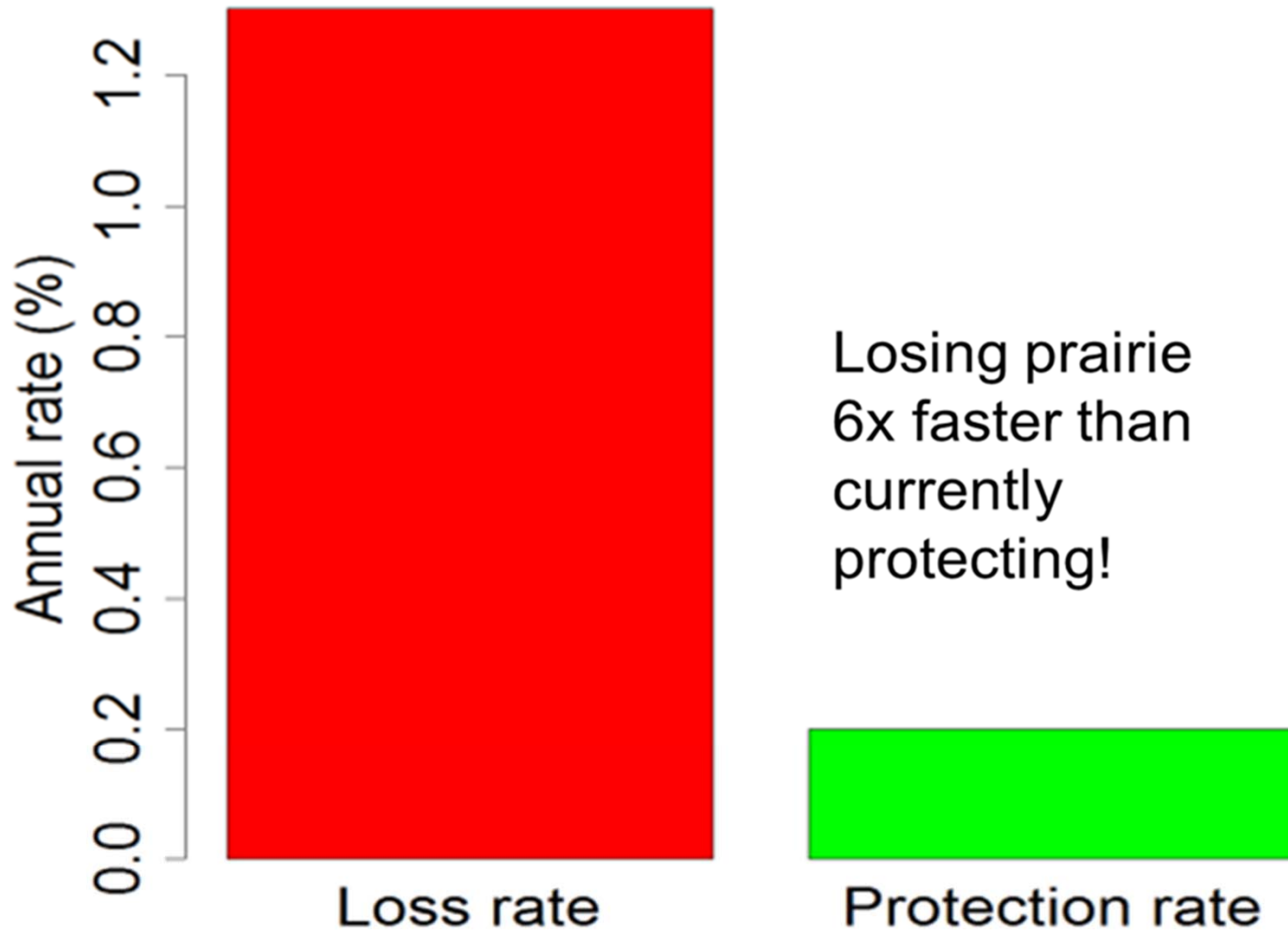
Christopher K. Wright¹ and Michael C. Wimberly

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



National Sodsaver:

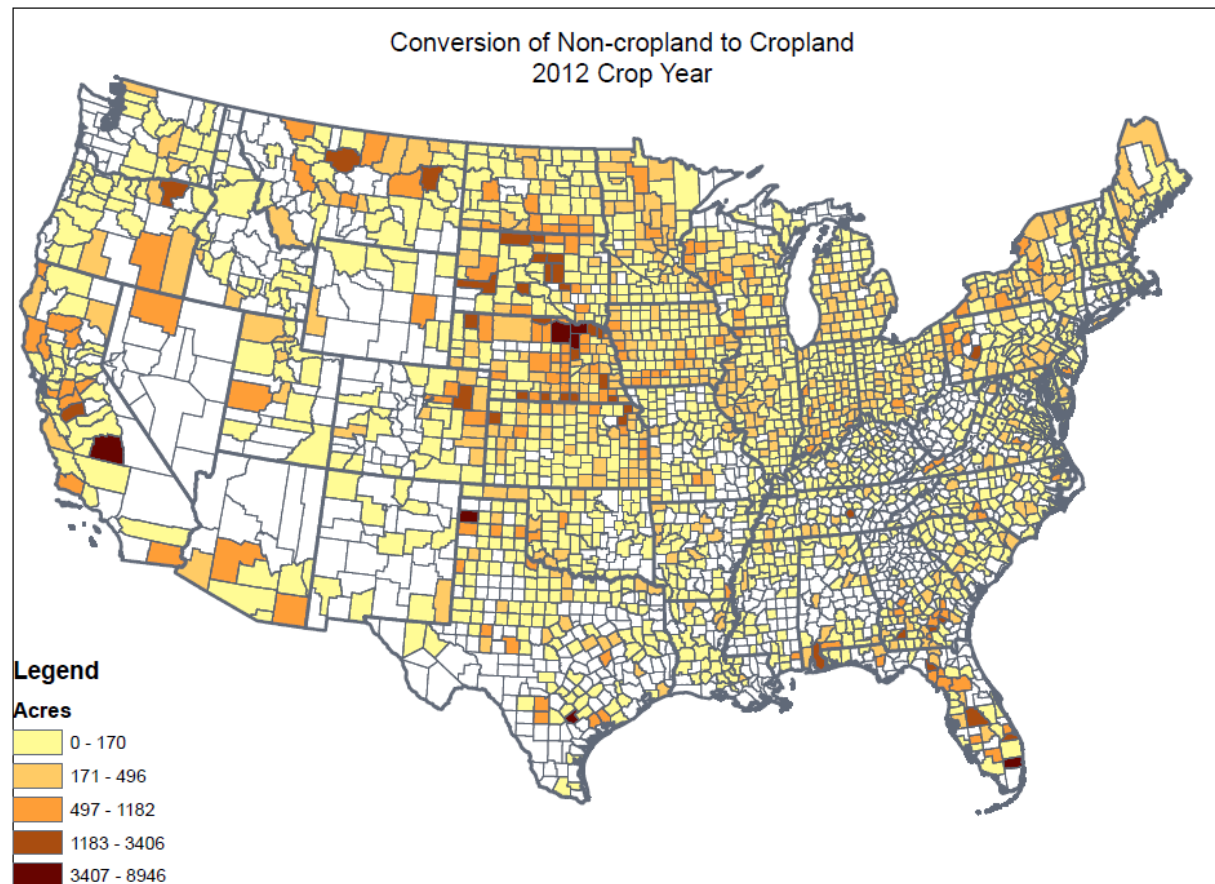
Preserving America's Last Remaining Native Grasslands

- 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

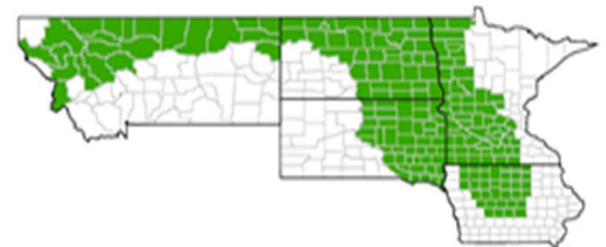


National vs. Regional Sod saver:

Creating a level playing field for all U.S. farmers and ranchers

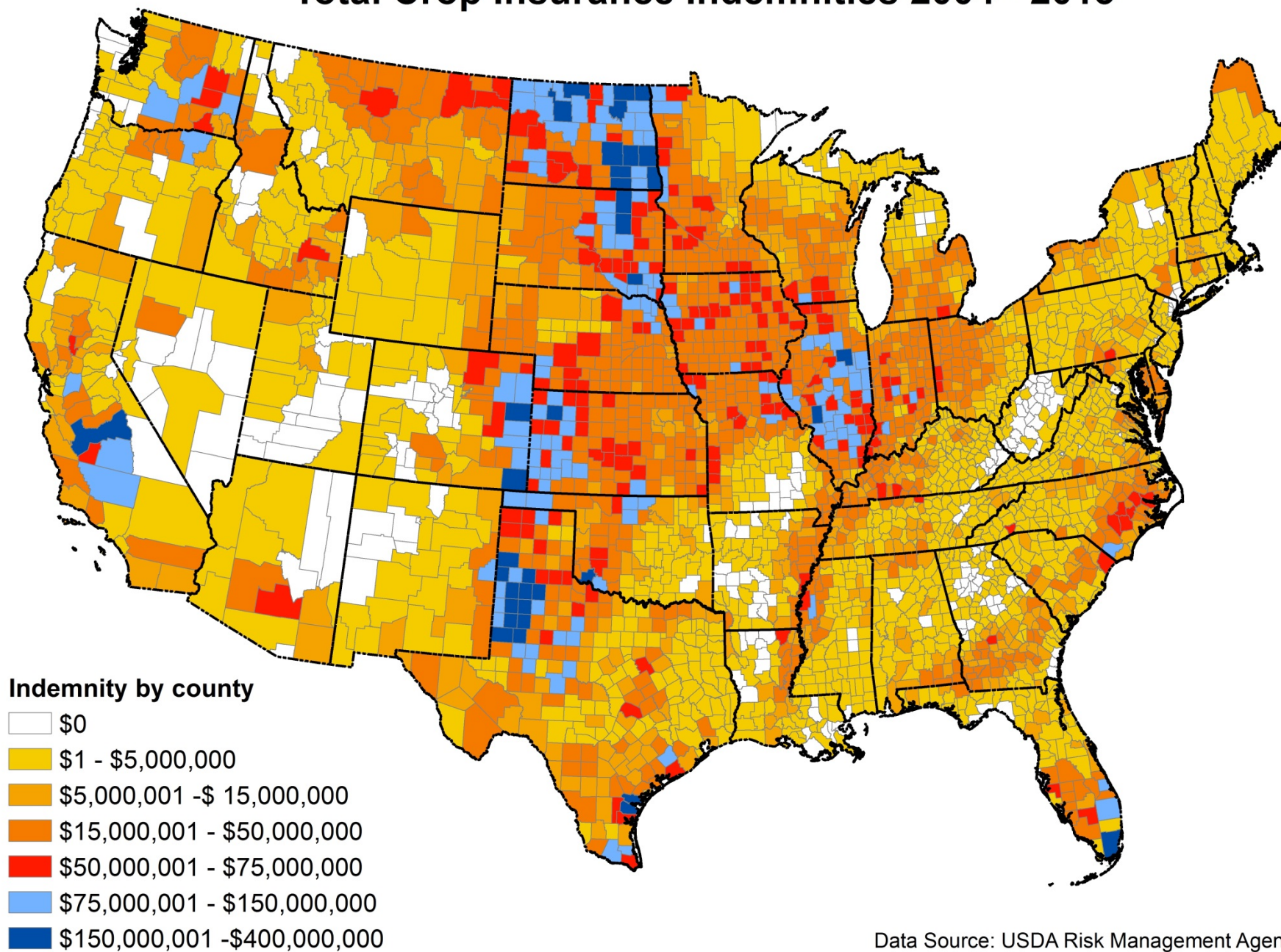


- Senate - national
House - regional-only
- ~400,000 new acres broken out in 2012
(Source: Farm Service Agency)
- 89% (>353K acres or nearly 9 out of 10) occurred outside the PPR.
- **National Issue, Requires National Policy Solution**



Maps Courtesy: USDA-FSA & RMA

Total Crop Insurance Indemnities 2004 - 2013



Data Source: USDA Risk Management Agency

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)

Yield coverage level (%)	CAT	50	55	60	65	70	75	80	85
Premium subsidy (%) for most policies (including those using basic and optional units)	100	67	64	64	59	59	55	48	38
Premium subsidy (%) for enterprise units		80	80	80	80	80	77	68	53
Premium subsidy (%) for whole farm units					80	80	80	71	56

Source: USDA, Risk Management Agency (<http://www.rma.usda.gov/data/premium.html>).

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.