

## “Insuring” Farming and Conservation Success

The Farm Bill affects more U.S. land than any other piece of federal legislation in place today. For agricultural policy to best serve America’s needs in the 21st century, we need a modern Farm Bill that will sustain our farms, our lands, and our people. The Izaak Walton League has identified focused, cost-effective policies for the 2012 Farm Bill that can be implemented within existing frameworks and without additional spending. In fact, these recommendations can save taxpayer dollars while also ensuring conservation benefits. Taking these modest steps to protect and enhance our nation’s natural resources will promote sustainable agriculture, conserve fish and wildlife habitat, and provide economic opportunities for all Americans.

### **Izaak Walton League 2012 Farm Bill Priority:**

**Re-establish the connection between federal crop insurance premium subsidies and basic conservation compliance provisions aimed at protecting wetlands and reducing soil erosion.**

### **Crop Insurance Severed From Conservation Compliance**

Many Farm Bill programs that provide financial support to farmers include provisions known as “conservation compliance.” This system ensures that when public funds are voluntarily accepted by producers, the public benefits through basic protections for soil, water, and wetlands. However, the federal crop insurance program – soon to be the largest Farm Bill subsidy for farmers – does not carry common-sense conservation compliance provisions.

This problem has its roots in the 1996 Farm Bill, when lawmakers exempted crop insurance from long-standing conservation standards. The justification offered at the time was the need to encourage more farmers to sign up for crop insurance, which would decrease federal expenditures for disaster assistance. Since then, crop insurance enrollments have increased exponentially. Today, crop insurance participation rates exceed 80 percent for corn, soybeans, wheat, cotton, and peanuts; more than 264 million acres are insured across the country.

### **Taxpayers Provide a Safety Net**

Providing crop insurance as a “safety net” for American farmers makes sense. Farming is risky, and crop insurance can protect against the unpredictability of weather and ensure producers can meet our nation’s needs. However, federal crop insurance policies are often very different from the insurance policies we have for our cars or homes. For example, the average American car owner pays each year for car insurance but only receives an insurance payment if the car is damaged. On the other hand, many crop insurance policies pay out regardless of whether a crop is destroyed by drought, flourishing in perfect conditions, or anything in between.

Moreover, underwriting the cost of crop insurance costs taxpayers billions of dollars annually. **Federal payments to cover crop insurance premiums grew from \$500 million per year in the 1980s to more than \$7.4 billion in 2011.** On average, taxpayers cover 60 percent of a producer’s crop insurance premiums, although subsidies can be as high as 80

percent. **Over the next decade, crop insurance premium supports are projected to account for more Farm Bill spending than any program other than nutrition.**

### **Taxpayers Rapidly Losing Conservation Benefits**

Supporting farmers to ensure our country's ability to feed our citizens makes sense, but it also makes sense to ensure taxpayers receive conservation benefits in return. Current crop insurance policies encourage risky agricultural production directly at odds with our nation's conservation goals. Ensuring revenue for a crop year – regardless of actual production and with no limits on payments – rewards expanded production without consideration for damage to soil, wetlands, or even land productivity.

**Failure to reconnect crop insurance subsidies with conservation compliance has major implications for natural resources and conservation.** Many traditional farm support programs that have conservation provisions are not making payments because commodity prices have been (and are projected to continue to be) historically high. This means producers are not required to meet conservation compliance provisions. Policy changes in the 2012 Farm Bill would further weaken conservation efforts. Direct payments to major crop producers have historically been connected with conservation compliance. However, with record-high crop prices and the need to reduce the federal budget deficit, it is widely anticipated that Congress will eliminate direct payments and other traditional farm support payments in the 2012 Farm Bill – along with the conservation provisions tied to these payments.

These policy changes are not projected to yield major savings for taxpayers. Instead, spending for farm subsidies is shifting decidedly toward crop insurance, and there is steadfast opposition to reconnecting conservation compliance provisions to these subsidies. The long-standing covenant between taxpayers and producers is breaking down.

The League urges Congress to reconnect conservation compliance with crop insurance subsidies. **Reinstating basic standards to reduce soil erosion and protect wetlands as part of the single largest farm subsidy program will help conserve fish and wildlife, safeguard drinking water supplies, and provide flood protection.** At a time when the long-standing connection between taxpayer support and conservation compliance is eroding, this requirement is especially important. In addition, withholding payments from farmers who choose not to meet basic conservation standards will save taxpayer dollars.

In June 2012, the U.S. Senate approved an amendment to the 2012 Farm Bill to reestablish the connection between conservation compliance and federal crop insurance premium subsidies. It is important that the House of Representatives take similar steps.

Our recommendation is both fiscally responsible and continues long-standing support for America's farmers. It strikes a balance between protecting farmers and ensuring American taxpayers receive basic conservation benefits in return for billions of dollars in financial support.

***This is one of a series of fact sheets on Izaak Walton League priorities for the 2012 Farm Bill. Visit the League's Web site at [www.iwla.org/agriculture](http://www.iwla.org/agriculture) for more information.***