

April 20, 2012

The Honorable Debbie Stabenow
Committee on Agriculture, Nutrition and Forestry
United States Senate
133 Hart Senate Office Building
Washington, DC 20510

Dear Sen. Stabenow:

Farmers are exceptional stewards of their land and water resources. They have to be. Their livelihood depends on preserving those resources. Even more important for most producers is a desire to conserve so that the resource can be passed on to the next generation to farm. Most farmers throughout America view protecting agricultural land as more than a worthwhile goal. It is a lifelong commitment. These farmers not only lead by example on their own farms, but they actively work to promote land stewardship elsewhere. Voluntary conservation programs developed over the past 30 years help farmers and ranchers play a major role in improving our environment while also expanding their sources of income and keeping them on their land.

The undersigned groups urge you to oppose attaching conservation compliance provisions to the crop insurance program. We fear this would cause numerous unintended consequences, including the potential loss of financing from our lenders, an undermining of the public/private partnership between the federal government and crop insurance companies, and a potentially unbalanced approach to a new mandate (depending on whether such a program covers only program crop commodities or is also applied to specialty crops).

The 1985 farm bill included two compliance provisions—highly erodible land conservation (sodbuster) and wetland conservation (swampbuster). The two provisions, collectively referred to as conservation compliance, require that in exchange for certain U.S. Department of Agriculture (USDA) program benefits, a producer agrees to maintain a minimum level of conservation on highly erodible land and not to convert wetlands to crop production.

Conservation compliance affects most USDA benefits administered by the Farm Service Agency (FSA) and the Natural Resources Conservation Service (NRCS). These benefits include commodity support payments, disaster payments, farm loans and conservation program payments. If a producer is found to be in violation of conservation compliance, a number of penalties are enforced.

Some groups and individuals believe that crop insurance should be added to the list of benefits that could be lost if a producer is found to be out of compliance. Federal crop insurance premium assistance was originally included as a benefit that could be denied under the conservation compliance provisions; however, this was removed in the 1996 farm bill. This was due largely to the fact that Congress wanted to encourage producers to purchase crop insurance and to do so at higher levels of buy-up coverage so that ad hoc disaster assistance became unnecessary.

Since elimination of direct payments appears inevitable and high commodity prices have resulted in few or no counter-cyclical payments or marketing loans, some are concerned there is no motivation for producer compliance with conservation requirements. Such groups fail to recognize that producers are the original conservationists and they want to take care of their land. It will also still be required for commodity support payments, disaster payments, farm loans and other conservation benefits. Farm groups are willing to attach conservation compliance to any new commodity programs encompassed in this farm bill, but such linkage should not be required for crop insurance.

It is critical to maintain a workable crop insurance program. Without it, many producers could not secure financing. In addition, if there was a severe weather occurrence and producers became out of compliance, serious issues could arise in their ability to secure financing.

We believe it unwise to make any changes in this farm bill that would dissuade producers from purchasing crop insurance. With elimination of direct payments, crop insurance is an absolute necessity for producers. If we do not have a workable crop insurance program and a high level of participation in that program, we will invariably fall back into the cycle of annual ad hoc disaster assistance programs.

It is also important to remember that implementing a crop insurance/conservation compliance provision would not be simple, nor are the details of such a proposal yet fleshed out. Who will enforce these compliance provisions? With the FSA furloughing staff and planning to close 130 offices, is there sufficient personnel? Will compliance provisions be applied to owners of land or operators? Will specialty crops be included under such a mandate or simply applied to program crop commodities?

We appreciate your consideration of our views and urge you to reject the linkage of crop insurance with conservation compliance requirements.

Sincerely,

American Association of Crop Insurers
American Farm Bureau Federation
American Soybean Association
American Sugar Alliance
ARMtech Insurance Services, Inc.
CGB Diversified Services
Crop Insurance and Reinsurance Bureau
Crop Insurance Professionals Association
COUNTRY Mutual Insurance Company
Farm Credit Council
Farmers Mutual Hail Insurance Company of Iowa
Great American Insurance Company
Heartland Crop Insurance, Inc.
Independent Community Bankers of America

John Deere Insurance Company
NAU Country Insurance Company
National Association of Wheat Growers
National Barley Growers Association
National Corn Growers Association
National Council of Farmer Cooperatives
National Sorghum Producers
National Sunflower Association
Producers Ag Insurance Group, Inc.
Rain and Hail, LLC
Rural Community Insurance Services
Southwest Council of Agribusiness
United Fresh Produce Association
US Canola Association
USA Dry Pea & Lentil Council
Western Growers
Western Peanut Growers Association