Congress of the United States

Washington, DC 20515

March 29, 2024

The Honorable David Scott
Ranking Member
House Committee on Agriculture
1010 Longworth House Office Building
Washington, D.C. 20515

The Honorable Glenn "GT" Thompson
Chairman
House Committee on Agriculture
1010 Longworth House Office Building
Washington, D.C. 20515

Thank you for your leadership in drafting a Farm Bill this year. We write to strongly urge you to support the inclusion of a voluntary crop insurance premium incentive for farmers who use cover crops in the upcoming Farm Bill.

The Farm Bill provides an opportunity to align crop insurance with risk-reducing soil health practices. Cover crop premium savings programs have a proven history of success at both the state and federal levels. The Risk Management Agency (RMA) has partnered with Illinois, Iowa, Indiana, and Wisconsin to create popular state programs that have incentivized adoptions of cover crops on thousands of acres, and in 2021 and 2022, RMA supported a federal program called the Pandemic Cover Crop Program (PCCP). The PCCP offered a voluntary, user-friendly option for farmers to save money by planting cover crops, including those who did not have access to a state program, by providing a $5 per acre crop insurance savings for farmers. Support for the program was not limited to just one region; farmers in 48 states enrolled over 12 million acres in the PCCP in 2021[1], and the program was permitted to be combined with available state funding to significantly increase crop insurance savings for farmers.

The Federal Crop Insurance Program (FCIP) is widely used to stabilize farm incomes, improving farm survivability by seven years on average, and reducing the probability of bankruptcy by 70%.[2] Unfortunately, FCIP costs are expected to increase by up to 37% if climate adaptation practices, like cover crops, are not utilized.[3] Farms that do not use risk-mitigating practices are more vulnerable to increasingly frequent extreme weather events and add costs to the FCIP.[4] In contrast, the use of cover crops is associated with reduced risk that can reduce crop insurance claims, especially in drought and flood years. University of Illinois and USDA research shows that in 2019, farmers who planted cover crops and used no-till methods were 24% less likely to claim prevented planting loss due to unusually wet weather.[5] Aligning the FCIP with risk-reducing practices

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1 American Farmland Trust, 2022. What State Received the Most Pandemic Cover Crop Program Funding? https://farmland.org/what-state-received-the-most-pandemic-cover-crop-program-funding/

2 Kim, Youngjune & Yu, Jisang & Pendell, Dustin, 2019. "Effects of Crop Insurance on Farm Disinvestment and Exit Decisions," SCC-76 Meeting, 2019, April 4-6, Kansas City, Missouri 288092, SCC-76: Economics and Management of Risk in Agriculture and Natural Resources.

3 Andrew Crane-Droesch, Elizabeth Marshall, Stephanie Rosch, Anne Riddle, Joseph Cooper, and Steven Wallander , "Climate Change and Agricultural Risk Management Into the 21st Century." USDA ERS, July 2019. https://www.ers.usda.gov/webdocs/publications/93547/err-266.pdf?v=8927.6

4 Office of Management and Budget. 2022. Climate Risk Exposure: An Assessment of the Federal Government's Financial Risks to Climate Change. Washington, D.C., United States: White House. White Paper. https://www.whitehouse.gov/wp-content/uploads/2022/04/OMB_Climate_Risk_Exposure_2022.pdf (May 20, 2022).

Wang, R., Rejesus, R., and Aglasan, S. 2021. Warming temperatures, yield risk and crop insurance participation, European Review of agricultural Economics, Volume 48, Issue 5 ppg 1109-1131 https://doi.org/10.1093/erae/jbab034

like cover crops is a commonsense measure to reduce costs to taxpayers and improve the crop insurance program's financial sustainability.

Cover crops boost farm incomes by enhancing soil health, including reduced erosion and nutrient loss, sequestering carbon, suppressing weed growth, and fixing nitrogen for cash crop use. Healthy soils have higher water-holding capacity, and reduced runoff, which also lead to water quality improvements. Despite these economic and environmental benefits, as of the 2017 USDA census, cover crops were only planted on about 5% of cropland acres.[6] A per acre crop insurance premium cost reduction, for example, such as the one proposed in H.R. 3478, the Conservation Opportunity and Voluntary Environment Resilience Program (COVER) Act, would recognize the reduced risk associated with cover crops, therefore lowering financial barriers for farmers investing in their soil.

According to a 2023 poll conducted by the National Wildlife Federation, 78% of U.S. row crop farmers support discounted crop insurance premiums for producers who use in-field risk-reducing conservation practices like cover crops.[7] Unfortunately, funding for the PCCP expired in 2023, though the demand for a similar program remains; by seeding the ground for the future, including a cover crop incentive in the upcoming Farm Bill will modernize the crop insurance program, help farmers transition to a critical soil health practice, and equip U.S. farms and ranches to address 21st century problems.

As the Agriculture Committee works to develop a draft Farm Bill, we urge the committee to include such a program in the final package. Aligning risk with the positive benefits of cover crops will strengthen the crop insurance program, deliver key environmental, and water quality benefits, and help farmers realize the promise of a more prosperous future.

Sincerely,

[[SIGNATURES]]

5 AGree, 2022. Conservation and Crop Insurance Research Pilot. Accessed Dec 4, 2023 https://foodandagpolicy.org/homepage/focus-areas/agriculture-data/conservation-and-crop-insurance-research-pilot/

6 Farmland Information Center, 2018, 2017 Census of Agriculture, American Farmland Trust. https://s30428.pcdn.co/wp-content/uploads/sites/2/2021/01/AFT_FIC_CensusOfAg2017_rev1.5.21.pdf

7 National Wildlife Federation. 2023. Poll: Farmers Overwhelmingly Support Reducing Insurance Costs for Producers Who Plant Cover Crops. https://www.nwf.org/Latest-News/Press-Releases/2023/5-3-23-Polling-Reduced-Insurance-Costs