

# As Farm Safety Net Battle Wages On, Will Crop Insurance Need To Change?



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WASHINGTON, D.C.

The new Acting Administrator of USDA's Risk Management Agency (RMA) learned the importance of crop insurance - for both farmers and consumers - at an early age.

As a child growing up in rural Utah, Brandon Willis' family raised sheep. But his father gave him ground to grow berries with the hope of earning some extra money and starting a career in farming. The weather didn't cooperate and neither did his berries. Crop insurance wasn't available. Willis decided that farming was a little more difficult than it looked and law school was a better option.

"When I planned to go into farming it was pretty apparent that, without a safety net I couldn't do it. So that's one reason I feel strongly about crop insurance," Willis told Agri-Pulse.

After attending law school at the University of Wyoming and building a career that included a stint in Sen. Max Baucus' office, work at the Farm Service Agency and service as a confidential assistant to Agriculture Secretary Tom Vilsack - Willis is now serving as the RMA's acting administrator.

His agency provides the type of safety net he once hoped for on a whopping 281 million acres across the countryside - covering everything from apples to macadamia nuts, cherries to wheat, and yes, even berries.

"If having a food supply is in our nation's interest, we need the best and brightest to be engaged in agriculture, providing that food for us," he explained. "Without crop insurance we will not get the best and brightest back on our farms."

And consumers benefit, too. Willis said that, thanks to risk management policies and tremendous productivity on the farm, "American families pay less for food at the grocery store than people in any other nation."

However, Willis, suggested that the industry is not without its critics. Even though farmers repeatedly talk about the importance of maintaining current crop insurance programs as the core of the farm safety net, the voices for change are growing and becoming more vocal.

Willis told participants at a recent crop insurance industry convention to be ever vigilant about program integrity - clamping down on waste, fraud and abuse in the program - warning that crop insurance can't afford any negative publicity.

## Program integrity key

"Even if it's an unfair story, it's a story we can't have. So we will be looking, top to bottom, for ways to make sure that's not a reason that crop insurance gets cut," he explained.

Willis noted that the number of improper payments - which could include something as simple as clerical errors and are not technically considered fraud or abuse - has continued to decline from \$4.72 million to \$4.08 million.

At the same time, he encouraged the industry to look for new ways to expand crop insurance to an even wider geographic and political base, including more organic, specialty crops and pasturelands.

"While we have a strong core in the center of the nation, as agriculture continues to be in the spotlight, we better have a strong core in a lot of places," he explained. There are votes in a lot of places outside of the current program and we better have them in the program."

For example, Willis suggested that there are plenty of opportunities to protect more rangeland. The RMA's Livestock Forage Program, which he helped write when he worked as a Senate staffer, covers about 48 million acres.

But that's just a small piece of the 520 million acres of rangeland and forage in the U.S.

## Budget cutting target

As the program has grown dramatically in participation and the number of crops covered, so has the budget exposure - making crop insurance a more likely target for cuts in a budget-conscious Congress.

Eighty-six percent of all planted U.S. farmland is protected by crop insurance this year, up 2 percent from 2011 and a nearly three-fold increase from the late 1990s when only about 30 percent of farmers purchased policies, according to data from USDA's Risk Management Agency.

In the last 11 years, crop insurance outlays have increased from about \$33 billion in 2002 to a projected \$84.5 billion in 2013. And versions of the farm bill approved by the U.S. Senate and the House Agriculture Committee added more dollars to the program.

"We can't afford a program that doesn't work for everyone," Willis added.

The concern about potential budget cuts was echoed by a panel of farm organization lobbyists who participated in the crop insurance industry program. Along with concerns over the upcoming budget sequestration on March 1 and expiration of the continuing resolution on March 27, the lobbyists talked about payment limits and linking crop insurance to conservation compliance.

"The big lesson from 2012 is that farm policy worked," said the National Farmers Union's Mike Stranz. "We had a crop disaster of epic proportions with drought and early freeze. The ag economy is doing well right now That's a testament to risk management programs we have in place."

But the appetite for cuts is there, Stranz added.

"We've already seen it this year and I'm sure it's not going to stop anytime soon."

During the farm bill debate, Stranz said there were two "conspicuous amendments" regarding crop insurance on the Senate floor: linking crop insurance to conservation compliance and an adjusted gross income (AGI) test to scale back the premium subsidy by 15 percent for those with an AGI over \$750,000.

The conservation compliance amendment passed by 52 to 47 and the AGI test passed by 66 to 33.

"It will be interesting to see how that support in the Senate will translate into the House," Stranz added.

American Farm Bureau Federation's Mary Kay Thatcher noted that, "there is a trend toward programs "where farmers have skin in the game" and that's one of the benefits of crop insurance because farmers pay part of the premium. When Congress passed the Agricultural Risk Protection Act in 2000, the portion of the crop insurance premium that is subsidized by the federal government increased to roughly 60 percent.

"To me that trend also has implications for conservation compliance," she added. While noting that her organization, along with most of the others represented on the panel, is adamantly opposed to linking conservation compliance to crop insurance, she expressed personal concerns about "how long we can hold that linkage in abeyance." That's because several groups believe that conservation practices should be another part of the "skin in the game."

Conservation groups plan to make a renewed push this year to make sure that, as long as farmers receive a subsidy for part of their premium, they will be required to meet conservation compliance regulations. Δ

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