



What's Crop Insurance Got to Do with Conservation?

It's no surprise that the Farm Bill has big impacts on wildlife, endangered and common species alike. Eighty percent of threatened and endangered species are found on private landsⁱ, most of which is managed by America's farmers, ranchers and forest landowners. USDA, which implements the Farm Bill, dedicates tens of millions of dollars to helping restore and recover species like the sage grouse and red-cockaded woodpecker. Millions of acres of wetlands and riverside forest are home to abundant wildlife populations because of the Farm Bill.

Although the Farm Bill has an entire title dedicated to conservation, other areas of farm policy could have even greater impacts on wildlife and habitat through the 2012 Farm Bill. The Senate's Agriculture Reform, Foods and Jobs Act of 2012 eliminated direct payments and with those farm support payments gone, the farm safety net that many farmers rely on has shifted to crop insurance. Here's what this shift means for wildlife and habitat:

Increased grassland and wetland loss

Between 1982 and 2003, the U.S. lost 25 million acres of grassland, most of which was converted to cropland. Subsidies to farmers are an important factor driving this land use change because subsidies reduce the financial risks farmers face and government payments can make farming marginal land profitable.ⁱⁱ Similarly, a recent USDA report found that certain farm subsidies (crop insurance, marketing loans and disaster assistance payments) increased the conversion of habitat by 2.3 million acres in just a portion of the Northern Plains.ⁱⁱⁱ There are 12.9 million acres of wetlands adjacent to cropland. With crop prices at record highs, between 1.5 million and 3.3 million acres of wetlands are at risk of conversion.^{iv} The grasslands that we are losing are important habitat for migratory songbirds and Ducks Unlimited predicts that this level of wetland draining would lead to a loss of approximately 3 million ducks – 37 percent of prairie pothole waterfowl production.

Putting fragile land in the path of the plow

It's not only that insurance subsidy payments contribute to grassland conversion but that they contribute to this conversion on some of the most vulnerable land. Although the increase in crop insurance subsidies in the 1990s affected about 1 percent of the total cultivated cropland, the impact of



Western Meadowlark. Courtesy U.S. Fish and Wildlife Service.

those increases was the largest on low-productivity and sensitive land. Further, the Economic Research Service predicts that land likely to be converted to cropland because of crop insurance subsidies is found in watersheds with a greater number of imperiled vertebrates, plants, fish and mollusks.^v

Conservation Compliance protects against wildlife losses

The idea behind conservation compliance is simple: farmers receiving taxpayer support must take measures to protect environmental resources that provide valuable public benefits. Starting with the 1985 Farm Bill, producers receiving certain farm subsidies were required to meet reasonable requirements, collectively known as “conservation compliance.” Under the original conservation compliance provisions farmers plowing up native grassland or draining wetlands would be ineligible to receive any payments from direct payments, crop insurance, disaster payments and some farm loans. In 1996, crop insurance was removed from the list of programs subject to compliance but with direct payments eliminated in the Senate version of the 2012 Farm Bill and the draft House version it is time to re-link conservation compliance with crop insurance.

Conservation Compliance in the 2012 Farm Bill

As a result of a bipartisan floor amendment, the Senate version of the 2012 Farm Bill re-links

conservation compliance to crop insurance subsidies. The House version takes a weaker approach, making full compliance an optional regional program by applying grassland conversion requirements (also known as “sodbuster”) only to the Prairie Pothole region. In order to conserve grasslands, wetlands and the wide range of wildlife that depends on habitat on agricultural and working lands, the 2012 Farm Bill needs to link full conservation compliance provisions to crop insurance subsidies.

More Information on the Farm Bill

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ⁱ Scarlett, Lynn. 2009. The Endangered Species Act and Landowner Incentives. Presented at the ABA-ASI ESA Conference. Accessed at http://lynnsscarlett.com/uploads/2/7/9/5/2795360/aba-ali_final_narrative.pdf on July 5, 2012.

ⁱⁱ U.S. Government Accountability Office. 2007. Agricultural Conservation: Farm Program Payments Are an Important Factor in Landowners' Decisions to Convert Grassland to Cropland. GAO-07-1054. Accessed at <http://www.gao.gov/new.items/d071054.pdf> on 7/2/12.

ⁱⁱⁱ Claassen, R., Carriazo, F. Cooper, J. and Hellerstein, D. 2011. Do Farm Programs Encourage Native Grass Losses? Amber Waves: The Economics of Food, Farming, Natural Resources and Rural America. U.S. Economic Research Service. Accessed at <http://www.ers.usda.gov/amber-waves/2011-september/native-grassland.aspx> on July 5, 2012.

^{iv} Claassen, R., Breneman, V., Bucholtz, S., Cattaneo, A., Johansson, R., and Morehart, M. 2004. Environmental Compliance in U.S. Agricultural Policy: Past Performance and Future Potential. U.S. Economic Research Service. Report AES-832. Accessed at <http://webarchives.cdlib.org/sw1tx36512/http://www.ers.usda.gov/Publications/AER832/> on May 12, 2012.

^v Lubowski, R., Bucholtz, S., Claassen, R., Roberts, M., Cooper, J., Gueorguieva, A., and Johansson, R. 2006. Environmental Effects

of Agricultural Land-Use Change: The Role of Economics and Policy. U.S. Economic Research Service. Report ERR-25. Accessed at <http://www.ers.usda.gov/publications/err-economic-research-report/err25.aspx> on July 3, 2012.