

Policy Memo

To: California Senators Alex Padilla and Laphonza Butler

From: Kenzie Goan

Subject: Reforming the US Farm Bill to Redirect the Federal Crop Insurance Program's (FCIP) Subsidies and to Increase Funding for Farm Bill Conservation Programs

Summary:

Currently, federal farm subsidies, such as crop insurance and direct payment programs, costs the United States \$68.1 annually. While it is important to fund the nation's farmers and ranchers, these subsidies disproportionately fund a select few commodity crops (e.g., corn, soybeans, wheat, cotton, and sugar), 94% of insurance coverage goes to only six commodities, which directly supports the continuation of conventional monoculture (Schnepf). For years, conventional monoculture has been advertised as the only way to feed the planet's growing population. But this is misinformation. In reality, monoculture is a threat to food security. According to a study from the University of Minnesota's Institute on the Environment, only 55% of the world's crop calories "directly feed humans. However, 36% of these produced calories go to animal feed, of which 89% is lost, such that only 4% of crop-produced calories are available to humans in the form of animal products. Another 9% of crop-produced calories are used for industrial uses and biofuels and so completely lost from the food system" (Image 1) (Cassidy, et al.). On top of that, industrial monoculture has major environmental impacts and is not resilient against climate change's impacts. Firstly, monoculture causes habitat loss and decreases biodiversity from clearcutting. "Forests are burned and cleared in order to make way for cattle pasture land, or replaced with crops such as corn, soy, and wheat, which are turned into feed for animals" (City of Boston). When these forests are removed, it releases greenhouse gases into the atmosphere, removes natural carbon sinks, and decreases biodiversity. The prominent issue with monocropping is that it puts all the eggs in one basket. In a biodiverse ecosystem, a threat to one crop may not be a threat to others. But when you grow a single crop in a field that is genetically identical, there is a complete lack of biodiversity. When it's the same crop, a pest or disease can easily jump from one plant to the next. Thus, every plant is vulnerable to threat. Secondly, monoculture increases soil degradation, erosion, and flooding. Monoculture is very extractive in

nature. “Monocrops keep adding the same things and depleting the same things, leading to less biodiverse, resilient, and mineral-rich soil. Monocropping reduces organic matter in soil and can cause significant erosion. This decreases the diversity and abundance of bacterial communities in soil, which in turn undermines plant health and ultimately the health of the humans who eat the plants” due to decreased nutrient density (Robbins). Therefore, government funded monoculture is unsustainable. On the other hand, regenerative farming grows a diversity of crops in a sustainable way that can feed and nourish the planet, but they do not receive the same level of support from federal subsidies. Within the Farm Bill, conservation programs only receive 7% of the total bill spending (Image 2). Important programs like the Environmental Quality Incentives Program (EQIP) and the Conservation Stewardship Program (CSP) fund farmers to offset the cost of practices that improve soil health and water quality. However, due to lack of funding, “between 2010 and 2020 just 31 percent of farmers who applied to EQIP and 42 percent of those who applied to CSP were awarded contracts” (Sharma, et al).

Drawbacks of Current Policies:

The Inflation Reduction Act (IRA), signed into law by President Biden in 2022, attempted to solve this issue. The Inflation Reduction Act will provide an additional \$19.5 billion over five years to fund the USDA Farm Bill’s conservation programs that bring climate change resilience and mitigation benefits. While this is a step in the right direction, a report has found that due to the increased number of applications during FY2023, only 25% of farmers apply to EQIP and 30% of farmers applying to CSP gained contracts in the first year of IRA’s availability. These acceptance rates are very similar to those before IRA funding was available. So, the fact that additional IRA funding did not provide meaningful change to the number of farmers accepted illustrates just how much investment these programs still need. On top of that, the majority of the IRA’s conservation program funding goes to Climate-Smart Agriculture and Forestry (CSAF) greenhouse-gas-mitigating and carbon sequestration activities. The USDA’s definition of what practices are deemed “climate-smart” leaves out hundreds of traditional conservation, natural resource, and wildlife habitat practices currently requested by many farmers are not considered climate-smart “enough,” meaning they are ineligible for additional funding by the IRA. According to the USDA’s NRCS Financial Assistance Program Data on EQIP and CSP from 2020 to 2022, “51% or nearly \$2.6 billion of the \$5.1 billion in

obligations -- are not considered climate-smart as determined solely by USDA” (Image 3) (United States Senate Committee on Agriculture, Nutrition, and Forestry). It is clear that the IRA favors a one-size-fits-all approach over local and traditional conservation practices that are just as important to the sustainability of agriculture. In addition, this doesn’t address the root of the problem, The Farm Bill’s subsidies towards monoculture. Reallocating nearly \$20 billion in agricultural funding to solely finance existing “climate-smart” or conservation practices, allows the federal government and the USDA to evade their need to provide the means for US farmers to grow more food on less land and with fewer emissions.

Recommendation:

Instead of simply redirecting agriculture funds to CSFAF practices within conservation programs, we must reform the US Farm Bill to redirect the Federal Crop Insurance Program’s (FCIP) Subsidies and further Increase and expand the funding for Farm Bill Conservation Programs to support the demand from producers. Currently, the FCIP makes it more difficult and expensive for farmers to grow a diverse set of crops because the FCIP requires farmers to sign up for individual coverage of each crop. Meaning, the more crops a farmer grows, the more difficult it is to apply for coverage. To reform FCIP, we must first increase use of the Whole-Farm Revenue Protection Program (WFRP). The WFRP is a great program in theory that allows farmers to insure more diverse crops and bases farm success on revenue rather than yield of individual commodity crops. However, this program lacks attention and awareness. WFRP needs to be reformed to invest more in staff training and resources to increase awareness and support more regenerative farming practices. Furthermore, the FCIP should be reformed in the next Farm Bill to reduce support towards monoculture by dropping aspects like the “yield-exclusion provision,” which is a loop-hole for farmers to drop bad-yield years that determine their insurance. The FCIP should also be reformed to reduce subsidies that don’t provide conservation benefits and increase conservation compliance provisions that require conservation practices in return for subsidies. On a similar note, farmers should gain subsidies if they conduct practices that reduce harm to crops caused by drought, flood, intense heat, and other extreme weather. These adjustments would increase regenerative practices since they are known to increase crop yields and soil health. In addition to the FCIP, conservation programs like EQIP and CSP must increase in funding and this funding must equitably support traditional conservation, natural resource, and habitat restoration that are in high demand. These reforms may be challenging to

implement since monoculture has been subsidized since WWII, but increased education has led to more demand for regenerative farming subsidies by producers.

Image 1:

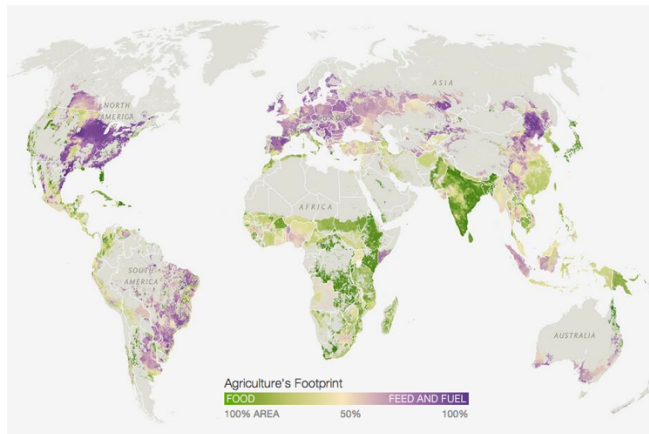


Image 2:

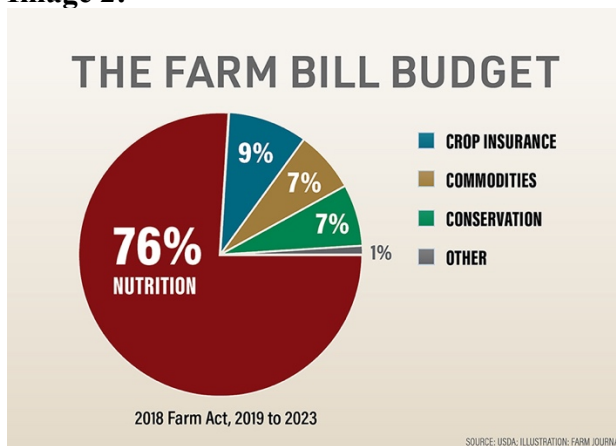
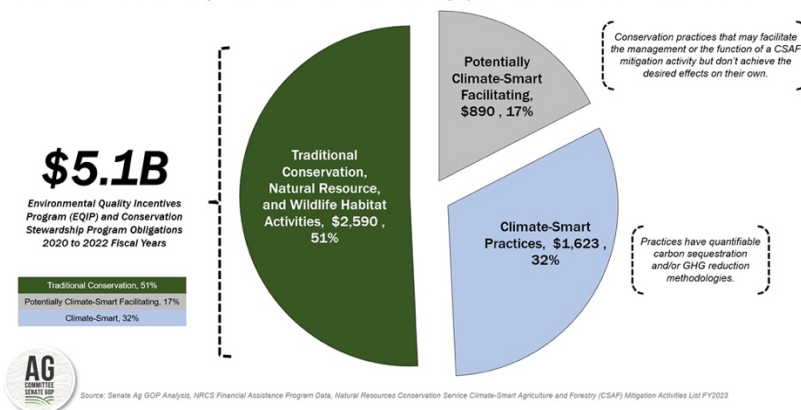


Image 3:

Most Conservation Activities Excluded From IRA

Estimated EQIP and CSP Obligations Based On Conservation Category, Million Dollars, Fiscal Years 2020 to 2022



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