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February 27, 2025 Testimony on farmer disaster funding

Vermont farmers need a safety net

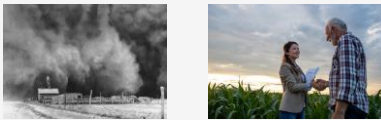
Vermont remains underserved by crop insurance



Slide 1

Every Vermont farmer works hard to plan so they will be able to manage all kinds of agricultural risks, but with increasing frequency and severity of weather events and vagaries of agricultural markets, many farmers who haven't previously enrolled in Federal crop insurance recognize the increasing need for a safety net that works.

1938: Crop insurance program created



1980: Congress created public-private partnership with insurance companies

1996: The USDA Risk Management Agency, or RMA, was created to oversee and administer crop insurance.

Slide 2

In response to the devastation of the Dust Bowl in the 1930's, the Federal Government instituted the first crop insurance program. FCIP (Federal Crop Insurance Program) went through a number of changes over the years. It became a public-private partnership in 1980 when Congress passed the Federal Crop Insurance Act, creating a partnership between the federal government and private insurance companies. The USDA Risk Management Agency, or RMA, was created in 1996 to oversee and administer crop insurance.

What percentage of U.S. crops are covered by crop insurance?

Farms in the United States 1,900,487 farms
Acres of U.S. land in farms 880,100,848 acres

- NCIS reports that crop insurance protects more than 90% of America's planted acres.
- According to RMA, approximately 85% of planted acreage for major crops in the U.S. is covered by crop insurance.

Slide 3

What % of U.S. crops are covered by crop insurance?

The 2022 Census of Agriculture reports that there are nearly 2 million (1,900,487) farms in the United States with over 880 million (880,100,848) acres of U.S. land in farms. National Crop Insurance Services, or NCIS, reports that in 2023 "more than 9 out of every 10 acres of planted land in America was covered" with crop insurance, today protecting more than 90% of America's planted acres." RMA reports coverage of "planted acreage of major crops" at 85%.

Percentage of Vermont ag acres insured

2022 Census of Agriculture - Vermont land enrolled in crop insurance							
	140-179 acres	180-219 acres	220-259 acres	260-499 acres	500-999 acres	1,000-1,999 acres	2,000 or more acres
farms	17	16	14	69	99	58	32
							Total # of farms enrolled
							305
acres	766	1,596	760	8,366	21,419	26,891	48,603
							Total # of acres enrolled
							108,401

According to the 2022 Census of Agriculture, 108,401 Vermont acres are insured by crop insurance.

This is just over 9% of Vermont's 1,173,890 acres of farmland.

Slide 4

Percentage of Vermont ag acres insured

So how does this compare with Vermont crops covered by crop insurance? With 85-90 percent of U.S. planted acres covered by crop insurance, Vermont producers appear to be decidedly underserved by Federal crop insurance programs with only 7% of Vermont farms participating, enrolling only 9.4 percent of Vermont's farm acres.

https://www.nass.usda.gov/Publications/AqCensus/2022/Full_Report/Volume_1_Chapter_2_County_Level/Vermont/st50_2_008_008.pdf

Table 8, page 1 and page 3

USDA Risk Management Agency Targeted States Cooperative Agreements for Outreach Education 2000 - 2020



- Maine
- Vermont**
- New York
- Rhode Island
- Delaware
- Maryland
- Wyoming
- Utah
- Hawaii
- New Hampshire
- Massachusetts
- Connecticut
- New Jersey
- Pennsylvania
- West Virginia
- Nevada
- Alaska

Slide 5 Low crop insurance enrollment in Vermont is not a new situation. Starting in 2000, RMA initiated Targeted States Cooperative Agreements. The purpose of the Targeted States program was to deliver crop insurance education and information to farmers and ranchers in States where there were low levels of participation and availability, and producers were underserved. There were originally 12 states designated, and in the final years of this program there were 17 states identified as eligible for Targeted States funding. Note that 12 of the 17 states were in the Northeast region.

What Federal risk management programs are available to Vermont farmers?

RMA programs available through private insurance agents:

- All-County Revenue Protection
- Crop Revenue Flexibility
- Actual Production History (APH) Insurance
- Supplemental Coverage Options (SCO)
- Multiple Peril Crop Insurance (MPCI)
- National Crop Insurance Surety
- Farm & Ranch Income Loss
- Agriculture
- Livestock
- Livestock Gross Margin
- Livestock Risk Protection
- Nursery

RMA programs available through Farm Service Agency:

- Livestock Gross Margin - Dairy Cattle
- Crop Revenue Flexibility
- Actual Production History (APH) Insurance
- Supplemental Coverage Options (SCO)
- Multiple Peril Crop Insurance (MPCI)
- National Crop Insurance Surety
- Farm & Ranch Income Loss
- Agriculture
- Livestock
- Livestock Gross Margin
- Livestock Risk Protection
- Nursery

Slide 6 These are lists of the Federal risk management programs available to Vermont farmers through RMA and FSA. In some cases a producer can work with their crop insurance agent to request a Written Agreement that, if approved, could allow them to get a policy that exists in a nearby location.

2023 crop year insurance - commodities

USDA United States Department of Agriculture A Risk Management Agency State Profile 2023 Crop Year

Vermont Crop Insurance
February 2024

Crops	Insured Acres	Total Acres	Percent Insured
Apples	916	2,257 #	41
Barley	83	210	40
Corn	67,933	84,174	81
Forage Seeding	0	2,607	0
Fresh Market Sweet Corn	43	180	24
Peaches	N/A	34 #	N/A
Soybeans	7,128	8,488	84
Wheat	N/A	876	N/A
# 2022 NASS Census			

<https://www.rma.usda.gov/sites/default/files/2024/04/Vermont-2023-State-Profile.pdf>

Slide 7 There are a limited number of individual crop policies available to Vermont producers. These are for apples, barley, corn, forage seeding, fresh market sweet corn, peaches, soybeans, and wheat. Notice that the highest levels of coverage in Vermont are for soybeans and field corn.

2023 crop year insurance programs

Program	County Availability	Total Liability
Crop Pilot Program		
Agriculture (Rainfall Index)	All Counties	\$256,426
Pasture, Rangeland, Forage (Rainfall Index)	All Counties	\$4,345,426
Micro Farm Revenue Protection	All Counties	\$0
Whole-Farm Revenue Protection	All Counties	\$0
Dairy Revenue Protection	All Counties	\$27,440,496
Dollar Liability Program		Total Dollar Liability
Livestock Gross Margin - Cattle		\$0
Livestock Gross Margin - Dairy Cattle		\$0
Livestock Risk Protection - Feeder Cattle		N/A
Nursery		\$0

<https://www.rma.usda.gov/sites/default/files/2024/04/Vermont-2023-State-Profile.pdf>

Slide 8 In addition to individual crop policies, there are some other insurance products for Vermont farm enterprises. The Whole Farm Revenue Protection Policy and Micro Farm Revenue Policy were specifically designed for diversified operations, but no Vermont farms have enrolled in these programs since WFRP was introduced in 2014, or Micro Farm since that was added a few years later.

2023 Vermont Agriculture Flood Loss and Damage



In 2023, Vermont farms suffered more than \$16 million in losses across more than 27,000 acres.

A huge majority of survey respondents - 70% - reported that they had no crop or livestock insurance.

Slide 9 Following the catastrophic losses experienced by Vermont farmers in 2023, the Vermont Agency of Agriculture, Food and Markets conducted a survey and reported on the loss and damage impact. According to the final figures from the Agency survey, Vermont farms suffered more than \$44.7 million in losses across more than 27,000 acres. Seventy percent of survey respondents reported that they had no crop or livestock insurance.

What are some of the obstacles to crop insurance participation for VT farmers?



Slide 10

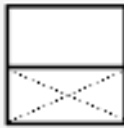
When assessing some of the obstacles to farmer participation in crop insurance, it must be noted that not all insurance products are available in all counties or in all states. Nearly all crops that don't have separate policies available can be covered through WFRP. However, eligibility and enrollment are complicated and require an onerous amount of records and paperwork. Many crop insurance agents refuse to write these policies. A few weeks ago I did a search of licensed crop insurance agents enrolling and servicing policies in Vermont and came up with a list of 34 agents, some of whom only provided service for certain, limited insurance products. Only 3 were listed as providing service on WFRP.

FSA Disaster assistance: NAP

NAP is triggered when a farm has a 50% or greater crop loss.

The first 50% that is lost is covered by the farmer (like a deductible).

Basic NAP coverage provides indemnity payments for a percentage of the crop loss that exceeds 50 percent.



Slide 11

FSA's Noninsured Crop Disaster Assistance Program, commonly known as NAP, is a disaster assistance program that can provide some protection for crops that have no crop insurance. These indemnity payments tend to be very low because they only cover a small percentage of the loss.

NAP is not "triggered" until a farm has a 50% or greater crop loss. The first 50% that is lost is covered by the farmer, like an insurance deductible.

Basic NAP coverage provides indemnity payments for a percentage of the crop loss that exceeds that 50 percent threshold.

Although the premiums for this coverage are low and in some cases may be waived, the indemnity payments that the farmer receives are far below the farmers' input costs and will not cover what they need to replant their next crop and stay in business.

The need for protection



Slide 12

It is NOT that farmers don't want a safety net for protection against catastrophic weather events or devastating market fluctuations, but crop insurance was not designed to meet the needs of small, beginning, specialty crop, and organic farmers. Insurable commodities vary by location and depend on the existence of applicable data to verify the projected value of a farmer's product. This variability in a crop's insurability places small, beginning, and specialty crop growers at a disadvantage.

Many of the rules and structure of crop insurance incentivize monoculture commodity production over specialty crops and diversification.

Vermont farmers need a safety net



Slide 13

Extreme weather events are increasing in frequency and severity, but Federal risk management programs like crop insurance and disaster assistance are not meeting the needs of Vermont farmers.

Thank you for this opportunity to share this information.

Resources

National Sustainable Agriculture Coalition (NSAC) Blog. January 19, 2023. "Don't Harm Crop Insurance, Improve It!"

<https://sustainableagriculture.net/blog/dont-harm-crop-insurance-improve-it/#:~:text=While%20more%20than%2085%20percent%20of%20planted,not%20served%20at%20all%20by%20the%20program.>

National Crop Insurance Services (NCIS). November 7, 2024. "540,645,430 Acres in Crop Insurance and Counting"

<https://cropinsuranceinamerica.org/540645430-acres-in-crop-insurance-and-counting/#:~:text=540%2C645%2C430%20Acres%20in%20Crop%20Insurance,Why%20the%20tremendous%20growth?>

USDA Economic Research Service (ERS). Updated January 5, 2025. "Risk Management – Crop Insurance at a Glance"

[https://www.ers.usda.gov/topics/farm-practices-management/risk-management/crop-insurance-at-a-glance#:~:text=Federal%20Crop%20Insurance%20Program%20insured%20acreage,-Download%20chart%20image&text=Starting%20in%202016%2C%20insured%20acres,and%20Forage%20\(PRF\)%20coverage](https://www.ers.usda.gov/topics/farm-practices-management/risk-management/crop-insurance-at-a-glance#:~:text=Federal%20Crop%20Insurance%20Program%20insured%20acreage,-Download%20chart%20image&text=Starting%20in%202016%2C%20insured%20acres,and%20Forage%20(PRF)%20coverage)

USDA National Agricultural Statistics Service (NASS). 2022 Agricultural Census.

<https://www.nass.usda.gov/Publications/AgCensus/2022/>
https://www.nass.usda.gov/Publications/AgCensus/2022/Full_Report/Volume_1,_Chapter_2_County_Level/Vermont/st50_2_008_008.pdf (Table 8, page 1 and page 3)

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<https://agriculture.vermont.gov/severe-weather-and-flooding-agricultural-impacts-survey-2024>

USDA Risk Management Agency (RMA). "Managing Your Farm Risk"

<https://www.rma.usda.gov/about-crop-insurance/managing-your-farm-risk>