American Farmland Trust

SEED FALL COVER FOR SPRING SAVINGS:
A CROP INSURANCE REWARD PROGRAM FOR COVER CROPS

Background

Cover crops are increasingly being used as a conservation and crop production practice that reduces nutrient leaching, soil loss, and runoff, while also improving soil health. The Illinois Nutrient Loss Reduction Strategy shows that cover cropping can be one of the most effective in-field strategies for reducing both nitrate-nitrogen and total phosphorus lost from corn-soybean fields.

Much like the experience with no-till in the early 1990s, we see farmers experimenting and learning how best to use this practice. Currently the practice is used on a limited number of acres, with conservative estimates showing the use of covers on nearly 500,000 acres in 2015, or 2.3 percent of Illinois' farmland planted to corn or soybean.

This is a small percentage but cover crop usage has been steadily increasing: in 2010 only 1 percent of federal cost share funding under EQIP was used for cover crops, but in 2015 it was 10 percent.

To meet water quality and soil health goals, the acres protected by cover crops must continue to increase.

Crop insurance is an integral part of the farm safety net that provides protection for farmers when adverse weather impacts their crop yields. Cover crops can improve the resiliency of Illinois farm operations by improving the soil's ability to absorb and hold water for crops. Cover crops help prevent erosion and can reduce leaching of nitrate-nitrogen through tile water. Because more resilient soil results in less yield variation from year to year, another benefit may be fewer insurance claims over time.

This pilot program is mean to test whether a small crop insurance reward applied to fields planted in cover crops would incentivize more use of the practice across Illinois. A similar pilot program in Iowa was very effective – receiving applications for more than 170,000 additional cover crop acres in 2018.

Program Description

- **$5/acre reward available to farmers using cover crops.** Only acres that are not receiving cost share funding from other sources are eligible and acres in priority watersheds receive a higher ranking

- **Easy to apply:** farmers will need to certify their cover crop acres with FSA in the fall and use their FSA 578 form to apply




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- **Public-private partnership:** the discount is offered by each farmer's individual insurance provider, but is funded by a combination of state funds and private contributions.

- **Soil and Water Conservation Districts promote the program, rank and submit applications to IDOA, and verify acres.** They are compensated for the extra time required to do so.

- **Through an agreement between IDOA and RMA,** the farmer receives the cost share assistance as a deduction that appears on his/her crop insurance bill.

Step-by-Step Procedure

Farmers apply for discount AFTER planting cover crops.

Step 1

Farmers certify cover crop acres with FSA office and receive FSA 578 form along with maps. This documentation is used to apply for discount.

Step 2

Farmers submit cover crop reward applications to IDOA by Jan. 15. They submit maps, 578, and a 1-page application form.

Step 3

IDOA/SWCDs verify eligibility (not enrolled in other cover crop programs), and rank applications (is field in a priority). IDOA notifies successful applicants and reports acreage to RMA.

Step 4

SWCDs do spot checks for verification in February (while winter terminating cover crops species can still be identified).

Step 5

RMA works with Approved Insurance Providers to apply discount to crop insurance invoices. Invoices sent in March show cover crop discount.

Budget Overview

	2020		2021		2022	
	UNITS	TOTAL COST	UNITS	TOTAL COST	UNITS	TOTAL COST
COVER CROP DISCOUNT ($5/AC)	50,000	250,000	100,000	500,000	200,000	1,000,000
SWCD COMPENSATION ($100/CONTRACT)*	500	50,000	1,000	100,000	2,000	200,000
TOTAL		$300,000		$600,000		$1,200,000
TOTAL COST (3 YEAR PILOT)			**$2,100,000**			

****Assumes farmers enroll an average of 100 acres/farmer (contract)****