

Central Problem

- Wet Spring in 2011
- Large number of Prevented Planting claims
- High Rates of Erosion—50 tons/acre
- Policy Confusion
- Increasingly wet springs



Crop Insurance System

- USDA Risk Management Agency (RMA)
- Federal Crop Insurance Corporation (FCIC)
- Protect against drops in yield, reductions in price
- Many forms of crop insurance



Policy Changes

- Encourage cover crops after PP claims
- Premium increases for noncompliance
- Education on cost-share programs, general cover crop benefits

Cover Crops

- Kinderiene & Karcauskiene- "Effects of different crop rotations on soil erosion and nutrient losses under natural rainfall conditions in Western Lithuania."
- Less erosion
- Soil benefits
 - Organic Matter
 - Soil structure
 - Microbial life



Erosion and Crop Yields

- Pimentel et al- "Environmental and Economic Costs of Soil Erosion and Conservation Benefits"
- High rates of erosion=lower crop yields
- STEEP
- Reduces nutrient reserves, organic matter
- Topsoil vs. Subsoil- Palouse soils significantly deeper than average
- Reductions offset by synthetic fertilizer

Model Precipitation and PP

- Use Stata for regression analysis
- NOAA climate data
- RMA insurance claim data
- Predict PP acreage

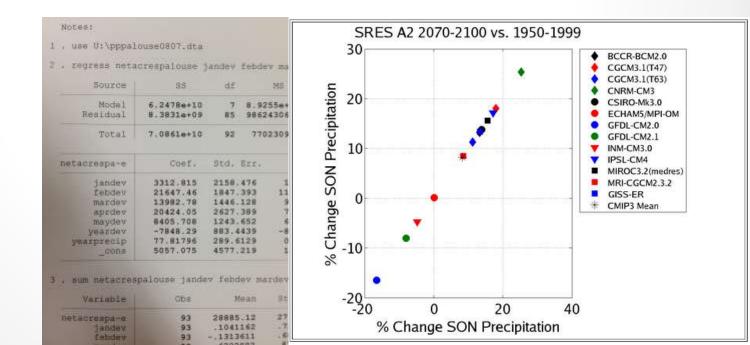


Table 2: Prevented Planting and Precipitation in the Palouse Region

t-value

1.10

Coefficient

5057.075

(4577.219)

	(Std. Error)				(Std. Dev.)
jandev	3312.815	1.53	3.472441	-1.200787	.1041162
	(2158.476)				(.7244545)
febdev	21647.46	11.72**	1.184567	-2.031102	1313611
	(1847.393)				(.6874081)
mardev	13982.78	9.67**	2.054528	-2.673819	.6782882
	(1446.128)				(.8776061)
aprdev	20424.05	7.77**	.9450787	7675197	.2642358
	(2627.389)				(.4833687)
maydev	8405.708	6.76**	1.960866	-2.155118	.3042194
· ·	(1243.652)				(1.21386)
yeardev	-7848.29	-8.88**	2.197874	-4.558032	9729918
	(883.4439)				1.790732
yearprecip	77.81796	0.27	24.83465	7.751968	16.09056
	(289.6129)				(4.680534)

Max

 $R^2 = 0.8817$

Mean

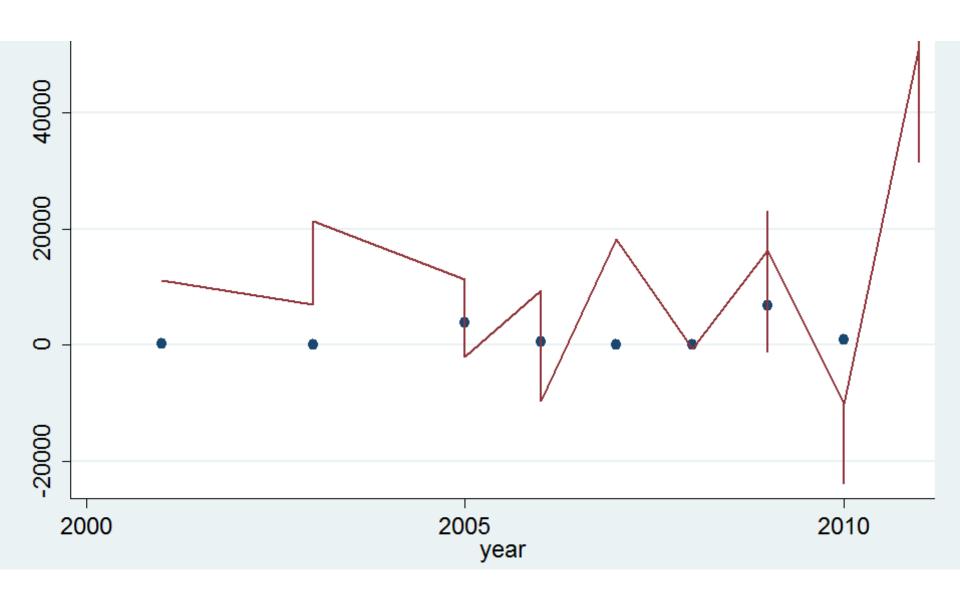
Min

*=Significant at 0.10

**=Significant at 0.05

Variable

constant



Analysis of Policy

- Precipitation models vary
- Winter/Spring precipitation increase, Summer/Fall precipitation decrease
- Without precipitation increase, retains ~32,000 tons of soil/year
- Under the RCP 8.5 climate scenario in 2030-2060, retains ~41,000 tons of soil/year
- Costs producers \$13.45/acre

Ethical Considerations

- Policy development is advocacy
- Consider implications for all parties
 - o Easy to focus on one group, issue
- Interest groups

Prevented Planting, the Economy, and the Environment

- Encourage sustainable management practices
- Conserve valuable soils
- Sustain high yields
- Maintain fiscal responsibility



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