

MINUTES
NATURAL RESOURCES SUBCOMMITTEE
50TH LEGISLATIVE SESSION
HOUSE OF REPRESENTATIVES

January 28, 1987

The meeting of the Natural Resources Subcommittee was called to order by Chairman Swift on January 28, 1987, at 8:10 a.m. in room 317 of the State Capitol.

All members were present. Also present were Carl Schweitzer, Senior Analyst for the Legislative Fiscal Analyst's Office (LFA) and Karen Vollstedt, Budget Analyst from the Office of Budget and Program Planning (OBPP).

Tape 44A

State Lands

Chairman Swift introduced John Hemmingson, of John Hemmingson Agency, The Farmers Insurance Group, who made a presentation on the Multiple Peril Crop Insurance Program (EXHIBIT 1).

Mr. Hemmingson explained that this program was designed to help farmers against a total disaster. Many farmers have dropped the program because it was another expense and didn't offer the real protection they needed because the entire farm had to be wiped out before the farmer could collect. Mr. Hemmingson said this program could be important when considering state lease lands because much of the educational budget comes from these funds. He said that in addition to protecting the state's revenue, this program would:

1. provide a centralized computerized report for all of the acres in crop in Montana,
2. provide accurate reports on the yields expected, and
3. the system can be used as a built-in audit system which will insure the state is getting the correct yields on all state-held farm lands.

Sen. Smith stated that if 70 percent of the state's farmers have this insurance it may be a good idea for the state to take a look at it. There is a possibility that it would increase the state revenue. Rep. Devlin

asked if the state could insure only its lands. Mr. Hemmingson replied that the state could only insure its portion because that is the only part they have an insurable interest in.

Department of Natural Resources and Conservation

Tape 44A:200

Larry Fasbender, Director, Department of Natural Resources and Conservation, gave an overview of the department and how it operates. Mr. Fasbender named the areas in which the department operates such as--oil and gas, grass and cropland, water and energy. The Legislature, by statute, requires DNRC to assist in maintaining and enhancing the environment and quality of life in the state.

Mr. Fasbender explained that the management of these resources is carried out by dividing them into five different divisions:

- Oil and Gas Conservation Division
- Conservation District Division
- Water Resources and Planning Division
- Energy Division
- Centralized Services Division

The Oil and Gas Division is attached to DNRC for administrative purposes only. This division regulates well drilling, well spacing, secondary recovery, waste of oil and natural gas and other related things. This division has 22 FTEs and has requested an operating budget of \$800,000 for the next biennium.

The Conservation District Division is the smallest division in DNRC. Mr. Fasbender said that are 5.2 FTEs in this division, four in Helena and one in Miles City. This division performs several functions for the 59 conservation districts and 30 grazing districts, such as technical support, legal support, and also financial assistance in forms of loans and grants.

The Water Resources and Planning Division is the largest division in the department. This division has considerable responsibility in various programs such as water rights, water development, and water reservation. The division has about 136 FTEs and an operation budget of about 4.5 million dollars.

The Energy Division has been one of the most prominent division in the department. Mr. Fasbender explained that with the slowdown of energy development, the division has reduced its scopes. This division is charged with administering the Montana major facility siting act, the energy emergency powers act, as well as a number of federal sponsored energy conservation programs.

The Centralized Services Division provides the managerial and administrative support to the rest of DNRC. Mr. Fasbender said this division employs about 41 people, which includes the director's office, front office, legal staff and a number of other managerial support functions.

Oil and Gas Division

Dee Rickman, executive secretary to the Board of Oil and Gas, explained the functions of this division. She explained this board is funded by a special revenue account and revenue is derived primarily from a conservation act. Other sources of revenue are drilling permit fees and service fees.

Mrs. Rickman explained that the Billings office has a large research center. The data gathered there is available for industry, the public, and state agencies to review.

Mrs. Rickman said that it is necessary to keep FTE flexibility in order for the division to respond to the level of industry activity. Mrs. Rickman said that rig activity has increased over the past three months, and that the future is indicating that in other parts of the country the price per barrel is approaching \$18 - \$20. Mrs. Rickman believes that Montana will start to have an increase in drilling activity as the price starts to filter into this area. Sen. Smith agreed that it is important to give the oil and gas commission the flexibility to put people back into the field when oil activity increases.

Conservation Districts Division

EXHIBIT 2 Conservation Districts Division

Ray Beck, administrator, Conservation Districts Division, described this division's functions, as stated in Exhibit 2.

Water Resources Division

EXHIBIT 3 - Program 24, Water Resources Division,
Montana Reserved Water Rights Compact
Commission

Sen. Galt testified for the Reserved Water Rights Compact Commission.

Tape 45A

Gary Fritz, administrator, Water Resources Division, spoke about the water rights program. He said that DNRC has a centralized water rights record system. In addition, the legislature has given the department a number of special duties under water rights administration.

Mr. Fritz explained that this division administers the water development program which includes private loans, public loans, coal severance tax loans, and water development grants. The division also administers the renewable resources development program and the resources indemnity trust fund grants.

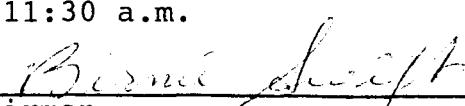
Mr. Fritz said that the legislature has given DNRC the responsibility for water reservations throughout the state. This allows conservation districts and others to apply for reservations for future use of water. The water adjudication program requires that all pre 1973 water rights in the state are adjudicated. Mr. Fritz said there are several areas of disagreement between DNRC and the water court. These questions are now before the Supreme Court. This has basically stalled the verification portion of the program.

The Water Resources Division also has a number of special statutory duties:

petitions to close basins for new water uses,
control ground water areas,
prevent waste of ground water, and
operate and maintain state-owned water
projects.

Mr. Fritz said DNRC also administers the flood plain management program, which requires the designation of flood plains.

The subcommittee concluded the DNRC presentation for the day and adjourned at 11:30 a.m.



Chairman,
Natural Resources Subcommittee

DAILY ROLL CALL

NATURAL RESOURCES

SUBCOMMITTEE

DATE 1-28-87

NAME	PRESENT	ABSENT	EXCUSED
Senator Boylan	✓		
Representative Devlin	✓		
Representative Manuel	✓		
Senator Smith	✓		
Representative Spaeth	✓		
Senator Story	✓		
Representative Swift	✓		



Farmers Insurance Group OF COMPANIES

JOHN HEMMINGSON AGENCY
2425 10th Avenue, South
Great Falls, MT 59405

January 15, 1987

Sub-Committee for
Natural Resources and Commerce

RE: Proposal to Insure State Lands
By John Hemmingson

THE BACKGROUND OF MULTIPLE PERIL CROP INSURANCE

The M.P.C.I. program grew out of the Government's program of Federal Crop Insurance Corporation (F.C.I.C.). This program was designed to help the farmers against a total disaster. The program worked for many years, but most farmers were dropping the program because it was another expense and didn't offer the real protection they needed because the entire farm had to be wiped out before you collected.

The Reagan Administration's philosophy came to bear in 1981, and with it, the idea to phase out the F.C.I.C. and turn the insurance program over to private carriers but still backed by the Federal Government. This is in process now with nearly 70% of all M.P.C.I. this year written by private carriers.

With the private carriers came some new concepts to make the program more appealing to the farmer. Instead of one unit farms, the farmers were allowed to have several units according to sections, crops, and farm practices thus providing much more effective coverage. This was followed by allowing the farmer to have I.Y.C.'s (Individual Yield Certification) taken from the individual farmer's proven yield over a three year period rather than the county average. These innovations have changed the Federal Crop program dramatically. The amount of protection in force is up 300% since 1980. (Figures from the American Assoc. of Crop Insurers - Washington, D.C.)

The program is aimed at protecting the farmer's cash flow position by insuring against low yields for any reasons. It also provides an excellent new management tool.

This concept is especially important when considering State Lease Lands because much of the educational budget comes from these funds. The losses incurred the last two years could have been avoided. In addition, it will insure correct projections in the future.

The principle of M.C.P.I. (Multiple Peril Crop Insurance) is to insure the individual farmers cash flow protection and the proper profit management. This principle would or should apply to the State of Montana which is Montana's largest farmers farming some 559,400 acres. This excludes land in use for grazing. (Information provided by Montana Department of Lands). The deadline for insuring for 1987 is April 15 of this year.

The State would place all crop share leased acres under the M.P.C.I. program. This is a United States government-backed insurance program that provides protection on crops from all perils beyond the farmer's control (hail, drought, grasshopper, etc.).

The viability of this program is evident by the fact that 65% of all insurable Montana acreage is covered under this plan. Most farmers who lease State land for agricultural purposes carry this insurance on their share, but the State share is left unprotected.

A simple illustration can highlight the aim and the benefit of this proposal. Cash revenues from agriculture for the State dropped last year 8.7 million to 6.3 million. That's 2.4 million dollars lost in 1984. The M.P.C.I. would have covered this loss.

The State for 1985 is estimating a further drop from 6.3 million to 5 million, again a loss of 1.3 million in their estimates, which we feel may be too optimistic. The drop may be substantially more than that estimate.

Taking the actual figures for 1984 and the State's own estimate for 1985, the State will have lost 3.7 million dollars that could have been protected by M.P.C.I. at an estimated cost of around \$400,000 a year. That's a savings for the State of Montana of nearly three million dollars in just two year.

In 1986 it appears the State would have received 3.64 back for every dollar worth of premium paid. This information was obtained by a press release in the December 28, 1986 Great Falls Tribune. The article is contained in this proposal.

In addition to the primary goal of protecting the State's revenue, there are three other major aspects of this program that may be beneficial in themselves as is the major M.P.C.I. proposal.

These side benefits are:

One - It will provide a centralized computerized report for all of the acres in crop in Montana.

- 1.1 - by legal description
- 1.2 - by acres
- 1.3 - by crop
- 1.4 - by practice - Summer Fallow - continuous cropping

Two - It will provide accurate reports on the yields expected because the ASCS actuarials will list the transitional yields or the

I.Y.C. (Individual Yield Certification) expected for the 1987 for each lessee.

Three, - The system can be used as a built-in audit system which will insure the State is getting the correct yields on all State held farm lands.

These side benefits are something not now available to the State. This available data should be interfaced with State's planned implementation of its own computerized system. This implementation of both systems may result in substantially more available data plus considerable cost savings.

PREVIOUS LOSS INFORMATION

The following pages contain the loss history on wheat from 1974 thru 1985. When this information was completed, we used estimates for 1985, but they are conservative. The loss history for 1986 is contained at the beginning of this proposal.

One of the most important questions that arises over this proposal is whether or not the state should self insure instead of purchasing Multi Peril Crop Insurance. Due to the government subsidies, the program is designed to pay out actually more than it receives in premium. Because of this, the State cannot self insure its' own crops for the same cost.

The other benefits that are gained thru this program will make it a very beneficial and cost effective program.

LOSS RATIO BY YEAR FOR WHEAT

<u>YEAR</u>	<u>GROSS PREMIUMS DOLLARS</u>	<u>INDEMNITIES PAID</u>	<u>LOSS RATIO</u>	<u>APPROX. PREM. SUB.</u>	<u>ADMIN. COST SUB.</u>	<u>REAL LOSS RATIO</u>
74	2,206,306	3,223,885	1.46%		902,687	187%
75	3,249,943	696,259	.22%		909,984	50%
76	3,415,812	881,462	20%		956,427	54%
77	3,341,099	2,212,053	66%		935,507	143%
78	3,116,475	1,993,001	73%		872,613	92%
79	3,649,317	3,031,976	1.38%		1,021,808	166%
80	6,454,629	23,454,629	365%		1,807,296	392%
81	13,315,218	19,473,713	146%	2,092,356	3,728,258	197%
82	14,843,858	6,725,680	45%	3,265,648	4,156,280	150%
83	9,023,474	9,434,963	105%	1,985,164	2,526,473	177%
84	12,112,000	46,522,000	384%	2,664,640	3,391,360	434% Source 0
85	21,000,000	156,500,000	750%	3,465,000	5,880,000	795% Source 2
TOTALS	95,728,123	277,149,621		14,309,798	27,088,792	

84 MPCl Statistics F.C.I.C. Estimated
85 Blended estimates of F.C.I.C. and Major MPCl Insurance Companies

1974 Through 1985 Crop Insurance Statistics

COSTS

Gross Premium Paid	95,728,123
Net Premium Paid	81,418,325

EXPENDITURES

Indemnities Paid	277,149,621
Premium Subsidies	14,309,798
Expense Subsidies	<u>27,088,792</u>
Total Program Cost	318,548,211

RATIOS

Gross Premium to Losses Paid	290%
Net Premium to Losses Paid	341%
Net Premium to Total Program Cost	392%

Montana wins crop-insurance race again

By T.J. GILLES

Tribune Agriculture Editor

Drought was a big story in the Southeast this year, but despite good crops, the Treasure State led the nation in the amount of crop-insurance money farmers received.

Montana farmers collected \$64.5 million in crop insurance during 1986, according to E. Eugene Gantz, executive vice president of the American Association of Crop Insurers.

That figure edged Texas' \$64.1 million for the dubious honor of leading the nation. California was third with \$40.2 million and North Carolina ranked fourth with \$38.3 million.

Gantz said Montana farmers received \$1.64 back for every dollar invested in crop-insurance premiums — leading the nation for the third straight year.

Last year, the ratio was about 8-1, as drought-caused losses in the state paid farmers some \$209 million in insurance receipts — more than one-third of the total paid out nationally.

"That was the worst we'd experienced anywhere in some 40 years of

insuring crops," Gantz said.

In 1984, the first year the drought had assumed statewide proportions, Montanans received a then-record \$86 million in insurance payments.

He added that "Montana is always among the leaders" in the number of acres insured and the percentage of farmland covered.

"One of the primary reasons is that you don't have much opportunity to diversify crops in Montana," Gantz said. "When you're limited to small grains, you've got more exposure, when you're down to a narrow range of crop options."

While the drought in the South made headlines this year, he said, farmers there have more diversity and alternative crops and thus aren't so vulnerable.

Gantz and Burdette Lortz, Billings-based head of the region's Federal Crop Insurance Corp., said grasshoppers were the main crop destroyer in Montana this year — especially in the northeast corner of the state.

Other insects such as aphids also

damage and mold among some late-harvested crops, particularly in the western Golden Triangle and on irrigated barley land in other areas.

"We had the grasshoppers early and then this flood (in the Milk River Valley)," Lortz said.

"The grasshoppers and other insects were so bad by mid-June — if they'd have kept on going like they were then, we figured we'd be paying around \$200 million," Lortz said. "They were taking everything, eating it right down to the dirt."

Timely rains and cooler temperatures in mid-summer slowed the hoppers, he said, and saved farmers and their insurers millions of dollars.

Gantz said that as federal disaster programs are being phased out and insurance is to replace such programs, participation likely will increase.

This year, some 6.2 million acres of Montana cropland were insured.

Programs for insuring hay and such non-grain crops as safflower have not been started, Lortz said, but may be coming.

But he added that even if there's

another major crop debacle in the state, the amount farmers can collect wouldn't return to record levels, as the value of crop coverage available has declined as cash prices have dropped.

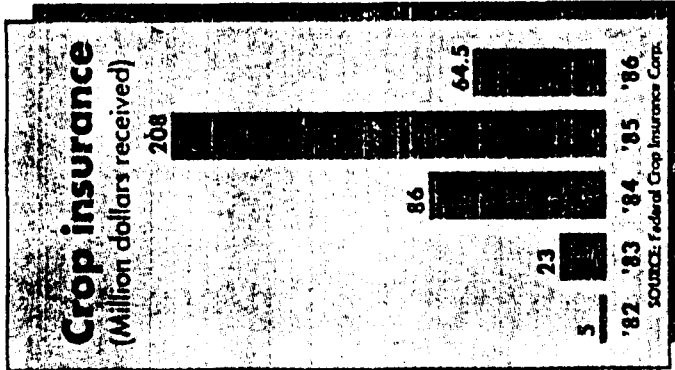
During 1986, he noted, farmers could insure wheat for up to \$3.30 per bushel — that's nearly \$1 per bushel above what average wheat prices in the state turned out to be after prices began topping when the farm program took effect in May and June.

The maximum coverage for 1987 is \$2.60 per bushel, he said, or farmers can pay lower premiums for coverage to \$1.50 or \$2 per bushel.

Still, the highest insurable level probably will remain above cash crop prices next year, according to U.S. Department of Agriculture projections of \$2.30-\$2.40 wheat.

"That's bad," Lortz said. "Then you get guys who farm for crop insurance," leaving crops in the field in the hope that they'll be rained or hailed upon or devoured by insects so the producer can collect the above-market insurance check.

"That ain't what it's for," he said.



got an early start on green crops, and more insurance was collected in the fall when rain caused sprout

Land Board cool to plan for crop insurance

HELENA (AP) — Members of the state Land Board assayed skepticism Monday about a proposal to take crop insurance on state-owned land leased to farmers. The board told the Department of State Lands to plan further to determine its ability to control lessees' participation in the program.

"There's a lot of merit in this proposal, but there are a lot of unanswered questions," Attorney General Mike Roy said.

He said that, with a deadline of Monday for obtaining insurance on winter wheat crops, the board would have time to solicit bids from competing insurance companies.

Gov. Ted Schwinden wondered why the state needs its share of revenue from state leases, since losses are seldom spread throughout the state as has hap-

pened with this year's drought. Most often, losses in one area are offset by good income from leases elsewhere, he said.

That diversity makes the state "self-insured," Schwinden said.

The proposal for the state to obtain "multiple perils crop insurance" came from John Hemmingson, a Farmers Insurance Group agent from Great Falls. Under the plan, the state would place all leased cropland under the federally backed insurance program, which provides coverage for "all perils beyond the farmer's control," such as hail, drought and grasshoppers, he said.

The state leases about 550,000 acres in exchange for a percentage of the revenue made by a farmer on the crop grown on the land.

Hemmingson said about 65 percent of all insurable

acreage is already insured under the program, and most farmers leasing state land are covered for their share of the lease.

But the state has no protection for its share of lease revenue when a disaster diminishes production from historical yields, he said.

The state is losing money by not having lease lands insured, according to Hemmingson. Lease revenue fell from \$8.7 million to \$6.3 million last year, and officials estimate a further drop of \$1.3 million this year.

While losing 3.7 million over two years, the state would have had to pay only \$800,000 in insurance premiums and could have saved nearly \$3 million in the process, he said. The coverage would provide the same stable "floor of revenue" to the state as is offered to the farmers, he said.

Hemmingson also said that, since 1981, the Federal Crop Insurance Corp. provides a subsidy to help landowners pay their premiums.

Schwinden questioned how long such a subsidy will exist and said the state should not enter into a program quickly if it may later have to back out when loss of the federal subsidy makes it too expensive.

State Lands Commissioner Dennis Hemmer said he had serious doubts about the ability of his agency to make sure lessees follow guidelines to qualify for the program. He also doubted sufficient information is available to determine what the guaranteed yield should be on a particular lease.

Land Board members agreed to consider the proposal at a future meeting and take action in time to meet the April 1 deadline for insuring spring wheat crops.



THE Farmers Insurance Group OF COMPANIES

JOHN HEMMINGSON AGENCY
2425 10th Avenue South
Great Falls, Montana 59405
Bus: (406) 727-7866

August 26, 1985

Dennis Hemmer
Commissioner - Dept of State Lands
1625 Eleventh Avenue
Helena, MT 59620

RE: Proposal to Insure State Lease Lands in Agricultural Use

EXECUTIVE SUMMARY TO MEMBERS AND COMMISSIONER OF STATE LAND BOARD

Present State statutes mandate that school trust lands be managed to "secure the longest measure of legitimate and reasonable advantage to the State".

Our proposal deals with insuring the State lease lands in farming use so that the State accomplishes what the law mandates.

The principle of M.P.C.I. (Multiple Peril Crop Insurance) is to insure the individual farmer cash flow protection and the proper profit management. This principle would or should apply to the State of Montana which is Montana's largest farmer farming some 559,400 acres. This excludes land in use for grazing. (Information provided by Montana Department of Lands) The deadline for insuring for 1986 is September 30 of this year.

The State would place all crop share leased acres under the M.P.C.I. program. This is a United States government-backed insurance program that provides protection on crops from all perils beyond the farmer's control (hail, drought, grasshopper, etc.).

The viability of this program is evident by the fact that 65% of all insurable Montana acreage is covered under this plan. Most farmers who lease State land for agricultural purposes carry this insurance on their share, but the State share is left unprotected.

A simple illustration can highlight the aim and the benefit of this proposal. Cash revenues from agriculture for the State dropped last year 8.7 million to 6.3 million. That's 2.4 million dollars lost in 1984. The M.P.C.I. would have covered this loss.

Dennis Hemmer

Page Two
August 26, 1985

The State for 1985 is estimating a further drop from 6.3 million to 5 million, again a loss of 1.3 million in their estimates, which we feel may be too optimistic. The drop may be substantially more than that estimate.

Taking the actual figures for 1984 and the State's own estimate for 1985, the State will have lost 3.7 million dollars that could have been protected by M.P.C.I. at an estimated cost of around \$400,000 a year. That's a savings for the State of Montana of nearly 3 million dollars in just two years.

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Three - The system can be used as a built-in audit system which will insure the State is getting the correct yields on all State held farm lands.

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Dennis Hemmer
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Finally, one other important factor is that the program is "cost effective". See supporting documents for the last four-year period.

There is also the fact that since it is a government-supported program, different insurance agencies cannot alter or change the price. Every Company must be the same. M.P.C.I. competition is limited solely to service as coverage and rates are identical.

We urge your examination and consideration of our proposal. We have done the preliminary study, and we know the program will work, and we can provide the service, equipment (i.e. computers) and the expertise. The program will be beneficial to all segments of the State Board of Land Commissions, especially the State Department of Education, because it will enhance and protect revenues for Montana's future - our young people in Montana Schools.

Again a reminder that to be in the program for 1986, the State must sign up by September 30, 1985.

An Explanation and History of M.P.C.I. Program

THE BACKGROUND OF MULTIPLE PERIL CROP INSURANCE

The M.P.C.I. program grew out of the Government's program of Federal Crop Insurance Corporation (F.C.I.C.). This program was designed to help the farmers against a total disaster. The program worked for many years, but most farmers were dropping the program because it was another expense and didn't offer the real protection they needed because the entire farm had to be wiped out before you collected.

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Dennis Hemmer
Page Four
August 26, 1985

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This concept is especially important when considering State Lease Lands because much of the educational budget comes from these funds. The losses incurred the last two years could have been avoided. In addition, it will insure correct projections in the future.

Reasons For the State of Montana's Participation

COST EFFECTIVENESS

The program, by its nature, insures that each year the State of Montana will be in a favorable position costwise. The reasons for this are twofold. One - the risk is spread all over this huge State of ours. If there is a drought in northeast Montana, usually there will be good crops in most other areas, meaning the amounts paid for losses in one area will usually exceed the cost of premium for the entire state.

Two - in a year of catastrophic disaster such as 1985 - where the drought and grasshoppers were statewide, the collection would be large enough to pay premiums for some ten years.

Examination of the Past Four Years:

	<u>Loss</u>	<u>Premium</u>	<u>State Collects</u>
1982	2-1	\$400,000	\$ 800,000
1983	1-1	400,000	even
1984	4-1	400,000	1,600,000
1985	10-1	400,000	4,000,000
1986		350,000	1,288,000

Based on estimated insurance on 100 acres at \$4.00 per acre.

We would recommend a meeting of the State Land Board to consider this important matter as soon as possible. We would be willing to make a presentation the week of August 26th as the September 30, 1985 deadline is nearly upon us.

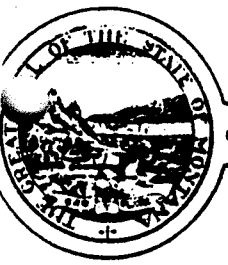
Sincerely yours,

John Hemmingson
Agent, Miller National Insurance Company

JGS:JH:me

cc: Senator Gene Thayer
Jack G. Stevens, C.P.A.
Terry Murphy, President, Montana Farmers Union

DEPARTMENT OF STATE LANDS



TED SCHWINDEN, GOVERNOR

STATE OF MONTANA

(406) 444-2074

1625 11TH AVENUE
HELENA, MONTANA 59620

September 3, 1985

*STATE LANDS
File
J*

Mr. John Hemmingson
2425 10th Avenue South
Great Falls, MT 59405

Dear Mr. Hemmingson:

I read with interest your proposal to insure the state cropshare on state agricultural lease land. The return to the school trust is very appealing. As I indicated to Mr. Akey, I and my staff would like to sit down with you and explore this further. I have a number of concerns about the state insuring its share which has led to our not investigating crop insurance before. They are:

1. It is my understanding that there are certain management requirements imposed on purchasers of Multi Peril Crop Insurance (M.P.C.I.) For example, it is my understanding that the purchaser must seed a certain number of times if the crop does not come up, that the purchaser may not use the crop for alternate purposes before a certain date, and that the purchaser is required to cut the crop. Assuming a present enrollment of 65% of our lessees, that still leaves the problem of how we ensure program compliance on the other 35%.
2. It is my understanding that absent a proven yield the MPC I is paid on the county average. That yield is normally somewhat lower than the average yield in the area. I have no idea of how many of our lessees have established a proven yield. If we have to go with the county average, the benefit would decrease significantly.

I would appreciate any information you could bring with you on these two subjects plus information on the administrative duties and data that would have to be furnished by the Department.


I must be honest with you, I have serious concerns about whether such a program for our crop share is administratively workable. I also need to make you aware that the Department does not have \$400,000 readily available and that the agency would in all likelihood have to put the contract out for bid. I realize that the rates are set, but I think we would be bound by state purchasing law.

J

My staff and I will work as expeditiously as possible on this, however, researching the ramifications and being in a position to make a recommendation to the Board and purchasing a policy by September 30 is going to be difficult at best.

If you will contact me, I will set up a meeting at your earliest convenience.

Sincerely,



Dennis Hemmer, Commissioner
Department of State Lands

jc

c: Land Board Members



Farmers Insurance Group OF COMPANIES

JOHN HEMMINGSON AGENCY
2425 10th Avenue South
Great Falls, Montana 59405
Bus: (406) 727-7866

September 12, 1985

CERTIFIED MAIL

Mr. Dennis Hemmer
Commissioner - Dept. of State Lands
1625 Eleventh Avenue
Helena, Montana 59620

Dear Sir:

This letter is in response to Dennis Hemmer's letter of September 3, 1985, and our subsequent conference on September 10, 1985.

ANSWERS TO THE CONCERNS OUTLINED IN YOUR LETTER

1. One of the main areas of concern was how to administrate the program regulations. Some of this which includes reseeding a crop if it has winter killed. In this instance, the producer would be required to reseed if the weather conditions permitted. In some instances this year where there were thin stands the producer was not required to reseed because of the lack of available moisture. The basic reasoning behind this was to stop putting more money into a crop that had very little chance because of the lack of moisture.

One of the other concerns that were mentioned was alternate use of the crop. The producer has the right to cut the crop for hay any time and the crop insurance can be taken off. This year on a great deal of property we allowed the producers to hay the crop and also collect crop insurance because no real value existed in the grain potential so therefore, we did not lose anything.

Another concern that was mentioned is that the producer is required to harvest the crop. This is not true. In the case where the crop height is below a point where it can reasonably be harvested, we zero the crop out and pay the loss. If a farmer has only a two (2) bushel or whatever crop above the cutting line and feels the cost of harvesting is greater than the value of two (2) bushels we will subtract two (2) bushels from his guaranteed production. This year we adjusted thousands of acres that were not required to cut.

The management requirements placed on the producer are things he normally does. We have very few problems with

Mr. Dennis Hemmer
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any producer in the state complying to the general management conditions. Inherently, the farmer tries to get a good crop, so therefore, we haven't any problem with his farming practices.

The M.P.C.I has offered to come to Montana and help set up the management requirements.

2. The A.S.C.S. applies a yield for every tract of land. This yield is not necessarily a county yield. It actually reflects the yields of lands next to it. Our guarantee for the 1986 year are based from these yields.

Also, some producers who have yields much greater than the assigned yield can prove their yield under the "Actual Production History" format. This allows them to have a much greater yield guarantee for essentially the same price.

When the farmers did this they had to prove their yields on all units, because of this the state has a great deal of its property with a much greater than average yield already established.

Due to the above guidelines of the M.P.C.I program the benefits should not decrease for the State of Montana.

Mr. Hemmer also showed a great deal of concern about the premium. One important factor is that the premium is due in October of 1986. At this time, the government subsidy is deducted, so this is not a cash expense. The remainder of the premium has all the accrued losses deducted from the premium.

So basically, this is not a budget item because of the greater than one to one actuarial ratio. In years where you may have to pay a partial premium the revenue increases will be substantially higher. In the years M.P.C.I. pays the state it will have the effect of stabilizing the state's revenues from crop lands.

If the state shows to set up it's own insurance program for state crop lands, the cost would be much greater.

One of the greatest advantages to the state is the computerized records and the audit control this program would place on the lands. This will have a tendency to make all of their producers aware that when they drop below 75% of an average crop that someone, an adjustor, is going to make out a written report to the cause of the loss. The state also

Mr. Dennis Hemmer
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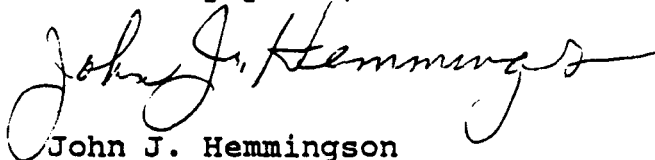
will be able to identify by area who does a good job.
Some of the information this program will furnish to the
state is as follows:

1. Acres seeded on each parcel.
2. Kind of crop.
3. Crop practice (summer fallow, continuous
crop).
4. Minimum guaranteed revenue.
5. Seeding date.
6. Actual production of parcel.
7. Cause of loss if one occurs.

Attached is a letter from the Great Northwestern Agency who
represents Miller National Insurance Company which was mailed
to Mr. Hemmer. Also, attached is a letter to Bob McGraw from
the M.P.C.I requesting copies of the Federal Register.

If you have any other questions, please call or write. Again
we call your attention to the September 30, 1985 deadline for
sign-up. We are also available for a presentation to the
State Land Board as soon as possible.

Sincerely yours,



John J. Hemmingson
Agent, Miller National Insurance Company

JJH:jeb

Enclosures (2)

cc: Ted Schwinden - Governor
Jim Waltermire - Secretary of State
Mike Greely - Attorney General
Andrea Bennett - State Auditor
Ed Argenbright - Superintendent of Public Instruction
Senator Gene Thayer
Jack G. Stevens, C.P.A.
Terry Murphy, President, Montana Farmers Union

REPLY MESSAGE

AA PRINTERS & LITHOGRAPHERS, Great Falls, Montana

TO MR. DENNIS HEMMER, COMMISSIONER
DEPARTMENT OF STATE LANDS
STATE OF MONTANA
1625 11TH AVE., HELENA, MT. 59620

FROM

Phone 1-406-453-6581
GREAT NORTHWESTERN AGENCY
P.O. BOX 2352
GREAT FALLS, MONTANA 59403
"Our Experience Makes The Difference"

SUBJECT: MULTI-PERIL CROP INSURANCE

DATE: 9-9-85

MESSAGE

DEAR MR. HEMMER:

THIS OFFICE HAS RECEIVED A COPY OF YOUR LETTER TO MR. JOHN HEMMINGSON REGARDING THE STATE OF MONTANA'S ENTRY INTO THE FEDERALLY SPONSORED MULTI-PERIL CROP INSURANCE PROGRAM.

WE HAVE SUBSEQUENTLY CONTACTED THE F.C.I.C. REINSURANCE DIVISION IN KANSAS CITY TO RESPOND TO YOUR CONCERNS REGARDING THIS MATTER. THEY EXPECT TO BE ABLE TO RESPOND IN WRITING TOWARDS THE LATTER PART OF THIS WEEK.

MR. HEMMINGSON HAS MENTIONED THAT YOU ARE ALSO INTERESTED IN THE ACTUARIAL BACKGROUND OF THIS PROGRAM. IT IS OUR UNDERSTANDING THAT RATES ARE SET SUCH THAT 90% OF PREMIUM IS PAID IN INDEMNITIES AND 10% IS HELD FOR "CATASTROPHIC RESERVE". ADMINISTRATIVE COSTS RELATIVE TO THIS PROGRAM ARE BORNE BY A SEPARATE FUND OUTSIDE OF THE PREMIUM BASE AND ARE NOT USED IN THE ABOVE PAYBACK PERCENTAGES. IN ADDITION, THE FEDERAL GOVERNMENT SUBSIDIZES THE PREMIUM BASE FROM BETWEEN 16% AND 24% DEPENDING UPON OPTIONS CHOSEN BY THE INSURED.

IF THIS OFFICE CAN BE OF FURTHER ASSISTANCE TO YOU, PLEASE FEEL FREE TO CALL.

VERY TRULY YOURS,
PLEASE REPLY TO →

SIGNED



N.F. RUSSELL, MANAGER

REPLY

CC: JOHN HEMMINGSON, GREAT FALLS, MT.
CC: BOB MCGRAW, FCIC, K. C.

DATE

SIGNED

TO: MR. BOB MCGRAW
FEDERAL CROP INS. CORPORATION
BOX 293
KANSAS CITY, MO. 64141

GREAT NORTHWESTERN AGENCY
P.O. BOX 2352
GREAT FALLS, MONTANA 59403
"Our Experience Makes The Difference"

SUBJECT: STATE OF MONTANA

DATE: 9-9-85

FOLD ↑
MESSAGE

DEAR BOB:

AS PER OUR PHONE CONVERSATION THIS DATE, ENCLOSED IS A COPY OF A LETTER FROM THE DEPARTMENT OF STATE LANDS COMMISSIONER FOR MONTANA, MR. DENNIS HEMMER, REGARDING THEIR ENTRY INTO THE MULTI-PERIL CROP INSURANCE PROGRAM.

PLEASE GIVE INSIGHTS FROM YOUR OFFICE REGARDING MR. HEMMER'S CONCERNS.

ALSO, THE STATE WOULD LIKE TO HAVE COPIES OF THE FEDERAL REGISTER PERTAINING TO THE ACTUARIAL RATE STRUCTURE OR SOME CONFIRMATION OF SAME.

THANKS FOR YOUR HELP.

VERY TRULY YOURS,

NOLAN F. RUSSELL, MGR.

NFR/jo

ENC. 1

PLEASE REPLY TO →

SIGNED

Nolan F. Russell

REPLY

*P.S. Also enclosed
is a copy of
A letter to State Com
from this office*

DATE

SIGNED

THIS COPY FOR PERSON ADDRESSED



United States
Department of
Agriculture

Federal Crop
Insurance
Corporation

Reinsurance
Division

P. O. Box 293
Kansas City
Missouri 64141

September 19, 1985

Mr. Dennis Hemmer, Commissioner
Department of State Lands
Capitol Station
Helena, Montana 59620

Dear Mr. Hemmer:

Please find enclosed statistical information for the state of Montana as requested during our telephone conversation on 9/16/85. Included in the information are premiums, losses and loss ratios for crop insurance on Barley, Oats and Wheat for the past twelve years.

I have received a copy of your letter, dated September 3, 1985, to Mr. John Hemmingson. You addressed two major concerns. Enclosed is a 1986 crop insurance policy for Wheat and additional clarification material which should help answer your questions regarding those topics. If I can be of any further help, feel free to contact me.

Sincerely,

Robert L. McGraw

ROBERT L. MCGRAW
Crop Insurance Specialist

Enclosures



The Federal Crop Insurance
Corporation is an agency of the
Department of Agriculture

STATE	CROP	NO. OF CONTRACTS	NO. OF LOSSES	GROSS ACHS (000)	NET ACHS (000)	LIABILITY (000)	FINAL PREMIUM (000)	W.D. EXP PREMIUM (000)	LUSSES (000)	L/R	A/R	L/C
MICHIGAN	TOTAL	752	20	103	96	17,525	1,005	1,021	34	3	5.74	.19
MINNESOTA	WHEAT	1,934	30	478	429	41,614	2,588	2,719	203	8	6.23	.49
	DATS	815	40	30	27	1,410	87	95	23	27	6.13	1.65
	FLAX	39	0	2	2	81	12	12	0	18	4.34	.00
	SUGAR BEET	202	41	51	38	12,925	644	703	115	18	5.89	.89
	CORN	4,033	50	568	487	11,681	4,687	5,067	62	11	5.80	.05
	SMET CORN	128	3	7	6	1,770	89	89	0	10	7.80	.05
	BEANS	54	1	6	6	1,070	80	80	1	1	7.45	.05
	GRAIN SORGHUM	1	0	0	0	0	0	0	0	0	17.03	.00
	HYBRID SEED	44	0	4	4	1,343	279	110	47	45	7.60	4.32
	PEAS-GEN	246	10	4	4	1,081	104	217	14	6	7.50	.48
MISSISSIPPI	SORGHUM	312	16	31	30	2,816	214	5,587	441	8	5.51	2.28
	SORGHUM	5,370	316	839	708	9,302	5,309	154	56	38	6.01	2.28
	POTATOS	48	1	8	8	2,563	154	686	29	7	7.24	.33
	BARLEY	792	12	123	111	8,853	641	686	29	7	7.24	.33
	TOTAL	13,926	526	2,153	1,865	25,503	14,837	15,748	982	7	5.82	.39
MISSOURI	WHEAT	40	29	8	8	607	59	60	273	461	9.74	44.90
	WHEAT	38	4	2	2	1,802	51	63	11	27	2.71	6.60
	COTTON	154	2	40	37	13,372	808	851	20	3	6.04	1.15
	CORN	4	0	1	1	64	3	3	14	486	4.51	21.89
	GRAIN SORGHUM	95	16	10	17	1,195	55	503	21	38	4.60	1.74
	SOYBEANS	1,057	247	379	348	71,078	5,502	5,503	1,364	30	10.97	3.32
	TOTAL	1,388	300	454	417	59,168	5,478	5,534	1,703	31	9.42	2.93
	WHEAT	761	228	67	50	4,241	325	326	624	193	7.64	14.71
	WHEAT	52	0	2	2	71	2	2	0	80	3.96	5.33
	PEACHES	9	0	1	0	81	10	11	0	0	1.88	.00
MONTANA	CORN	4,018	187	418	309	44,606	3,562	3,567	185	5	7.99	.41
	POP CORN	1,287	171	117	88	10,255	696	697	98	14	6.79	.95
	GRAIN SORGHUM	5	0	0	0	0	0	0	0	10	4.65	.00
	TORACCO	5	0	0	0	0	0	0	0	1	7.50	.22
	SOYBEANS	5,965	282	944	674	90,864	6,812	6,823	203	1	4.95	36.32
	BARLEY	14	6	1	1	36	3	3	14	51	6.95	36.32
	TOTAL	12,269	424	1,545	1,124	150,770	11,440	11,463	1,127	10	7.59	36.75
	WHEAT	3,788	586	1,940	1,613	116,602	8,865	8,966	11,657	122	7.60	10.00
	DATS	71	24	5	5	171	10	30	15	15	15.53	39.41
	SUGAR BEET	15	0	1	1	47	27	28	4	0	3.06	.00
CORN	26	1	1	1	47	27	28	4	0	10.20	.00	
BEANS	1	0	0	0	0	0	0	0	14	4.65	.78	
TOTAL	2,593	583	761	649	39,544	2,729	3,889	6,429	177	9.58	11.20	
VERMONT	TOTAL	6,444	1,099	2,713	2,271	157,655	12,729	12,894	16,189	177	8.08	10.27
NEBRASKA	WHEAT	6,668	1,255	817	617	51,409	4,906	5,087	3,939	80	9.54	7.66
	DATS	189	20	2	2	205	31	31	23	74	10.44	7.69
	SUGAR BEET	17	4	2	2	859	41	51	41	101	4.72	4.76
	CORN	9,498	425	1,937	1,492	30,138	13,860	14,347	852	63	4.20	5.48
	POP CORN	64	1	10	8	11,874	670	945	115	13	7.68	.97
	BEANS	617	23	190	68	11,871	1,701	1,701	170	4	9.01	.00
	GRAIN SORGHUM	2,449	115	318	227	26,135	1,623	1,784	170	0	9.70	.00
	HYBRID SEED	112	0	21	15	5,891	2,337	2,337	138	0	3.12	.00
	SOYBEANS	5,306	158	672	339	45,629	2,337	2,337	138	0	3.12	.00
	POTATOS	308	68	38	29	1,644	164	163	184	112	9.96	11.19
TOTAL	25,516	2,070	3,716	2,805	649,225	24,612	25,501	5,461	22	5.48	1.22	
NEVADA	WHEAT	2	0	1	1	207	12	12	0	0	5.71	.00
	BARLEY	3	0	2	2	131	8	8	0	0	6.20	.00
NEW JERSEY	CORN	4	0	1	1	191	15	15	0	0	7.83	.00

STATE	NO UNITS INSURED	NO. OF LOSSES	RECORDED \$ PREMIUM	ESTIMATED \$ INDEMNITY	SURPLUS OR DEFICIT (-)	LOSS RATIO	DOLLAR LIABILITY	GROSS ACRES	POTENTIAL ACRES
ALABAMA	0	0	0	0	0	.00	0	0	1,720
ALASKA	19	0	43,789	0	43,789	.00	637,094	8,146	22,100
ARIZONA	12	1	5,971	11,000	-5,029	1.84	161,657	1,143	64,372
ARKANSAS	0	0	0	0	0	.00	0	0	1,070
CALIFORNIA	183	130	168,279	517,293	-349,014	3.07	1,079,880	26,409	1,052,706
COLORADO	132	13	34,447	37,453	1,994	.94	319,171	5,330	331,794
CONNECTICUT	0	0	0	0	0	.00	0	0	100
DELAWARE	22	0	3,532	0	3,532	.00	85,452	1,002	61,000
GEORGIA	11	4	1,153	2,044	-891	1.77	16,756	709	22,450
IDAHO	672	77	209,149	114,429	94,720	.55	2,894,899	36,831	1,251,830
ILLINOIS	10	6	1,841	23,164	-21,323	12.59	13,722	246	14,830
INDIANA	19	8	1,295	6,253	-4,958	4.83	29,251	421	14,660
IOWA	1	0	40	0	40	.00	528	8	3,220
KANSAS	83	10	12,954	7,866	5,088	.61	127,117	2,875	129,610
KENTUCKY	27	10	6,254	14,907	-8,653	2.39	88,992	1,057	45,190
LOUISIANA	0	0	0	0	0	.00	0	0	640
MAINE	3	0	154	0	154	.00	2,857	43	420
MARYLAND	12	1	910	943	-33	1.04	20,856	239	109,228
MASSACHUSETTS	0	0	0	0	0	.00	0	0	130
MICHIGAN	33	21	3,132	12,600	-9,468	4.02	48,118	691	39,500
MINNESOTA	1,390	221	457,962	397,319	60,643	.87	7,137,028	85,050	1,331,338
MISSISSIPPI	0	0	0	0	0	.00	0	0	860
MISSOURI	42	15	4,234	18,576	-14,342	4.39	59,154	1,212	28,720
MONTANA	5,371	2,301	1,952,171	10,933,336	-8,981,165	5.60	19,785,420	388,017	2,186,320
NEBRASKA	155	41	35,071	91,840	-56,769	2.63	32,6549	6,609	94,240
NEVADA	0	0	0	0	0	.00	0	0	41,600
NEW JERSEY	3	1	78	1,013	-935	12.99	1,360	17	29,100
NEW MEXICO	11	0	6,690	0	6,690	.00	33,836	953	48,080
NEW YORK	6	0	222	0	222	.00	3,961	59	19,780
NORTH CAROLINA	44	32	2,380	35,882	-33,502	15.08	41,977	538	89,860
NORTH DAKOTA	7,046	1,085	1,512,284	1,119,295	392,989	.74	16,548,552	310,444	2,981,452
OHIO	2	0	22	0	22	.00	751	11	17,500
OKLAHOMA	8	3	1,761	1,499	262	.85	18,411	235	80,280
OREGON	309	28	88,849	27,382	61,467	.31	1,983,296	31,546	296,387
PENNSYLVANIA	23	0	909	0	909	.00	23,338	271	106,939
SOUTH CAROLINA	30	18	4,341	21,672	-17,331	4.99	58,476	826	32,480
SOUTH DAKOTA	407	105	148,642	115,490	33,152	.78	981,734	24,185	847,230
TENNESSEE	3	0	1,221	0	1,221	.00	16,973	272	15,550
TEXAS	18	2	9,016	1,300	7,716	.14	81,558	1,303	119,530
UTAH	11	4	8,060	7,166	894	.89	62,597	1,036	160,720
VERMONT	9	0	0	0	0	.00	0	0	1,975
VIRGINIA	47	27	3,217	30,973	-27,756	9.63	49,532	614	149,930
WASHINGTON	204	40	65,962	106,201	-40,239	1.61	1,156,046	15,877	904,380
WEST VIRGINIA	0	0	0	0	0	.00	0	0	11,500

CROP: OATS

STATE	NO UNITS INSURED	NO. OF LOSSES	RECORDED \$ PREMIUM	ESTIMATED \$ INDEMNITY	SURPLUS OR DEFICIT (-) RATIO	DOLLAR LIABILITY	GROSS ACRES	POTENTIAL ACRES
ALABAMA	1	0	40	0	40	605	25	34,700
ALASKA	11	0	9,828	0	9,828	88,808	525	1,000
ARIZONA	0	0	0	0	0	0	0	3,980
ARKANSAS	10	3	0	900	-900	0	0	28,340
CALIFORNIA	9	3	6,445	6,000	445	60,946	1,742	233,240
COLORADO	10	5	2,007	4,548	-2,541	14,695	512	74,440
FLORIDA	3	1	228	1,901	-1,673	3,943	130	28,650
GEORGIA	14	14	2,064	47,103	-45,039	50,116	1,019	82,380
IDAHO	2	0	502	0	502	5,909	97	63,220
ILLINOIS	25	2	1,219	429	790	27,139	483	1,559,000
INDIANA	4	0	547	0	547	7,951	135	96,510
IOWA	433	43	17,635	12,800	4,835	352,189	5,576	4,703,061
KANSAS	31	6	1,385	7,481	-1,096	17,151	426	309,380
LOUISIANA	0	0	0	0	0	0	0	12,800
MAINE	14	0	5,276	0	5,276	67,603	1,223	52,140
MARYLAND	0	0	0	0	0	0	0	15,700
MICHIGAN	68	39	6,713	23,400	-16,687	94,582	1,888	457,930
MINNESOTA	1,361	305	91,402	160,641	-69,239	1,537,081	27,287	2,998,890
MISSOURI	73	10	7,231	7,618	-387	100,245	2,330	94,810
MONTANA	167	103	64,157	254,727	-190,570	454,410	11,752	297,190
NEBRASKA	152	31	22,641	24,197	-1,556	203,719	4,833	690,650
NEVADA	0	0	0	0	0	0	0	4,230
NEW JERSEY	0	0	0	0	0	0	0	4,586
NEW MEXICO	0	0	0	0	0	0	0	20,550
NEW YORK	11	0	1,762	0	1,762	24,629	315	317,126
NORTH CAROLINA	2	1	70	1,474	-1,404	1,347	31	51,600
NORTH DAKOTA	1,041	287	164,366	192,874	-28,508	1,201,643	32,699	1,609,011
OHIO	29	7	1,148	700	448	18,455	320	378,600
OKLAHOMA	19	5	3,545	9,800	-6,255	26,155	724	203,910
OREGON	0	0	0	0	0	0	0	110,040
PENNSYLVANIA	38	0	1,290	0	1,290	19,105	359	365,717
SOUTH CAROLINA	5	3	297	1,285	-988	5,931	141	57,990
SOUTH DAKOTA	478	116	99,027	229,905	-130,878	795,874	21,644	2,662,030
TEXAS	65	18	9,780	17,590	-7,810	60,674	3,092	1,244,310
UTAH	0	0	0	0	0	0	0	8,501
VERMONT	1	0	60	0	60	932	23	2,730
VIRGINIA	0	0	0	0	0	0	0	7,400
WASHINGTON	2	0	58	0	58	1,071	17	46,960
WEST VIRGINIA	0	0	0	0	0	0	0	2,300
WISCONSIN	273	54	14,338	19,525	-5,187	218,283	4,168	1,244,110
WYOMING	19	11	2,426	25,450	-23,024	15,397	456	70,320
TOTAL	4,371	1,065	537,487	1,045,348	-507,861	5,457,088	123,972	20,248,032

INDEMNITY ESTIMATE FOR 1985 FCIC ONLY
AS OF SEPTEMBER 06, 1985

CROP: WHEAT

SUMMARY BY CROP

STATE	NO UNITS INSURED	NO. OF LOSSES	RECORDED \$ PREMIUM	ESTIMATED \$ INDEMNITY	SURPLUS OR DEFICIT (-)	LOSS RATIO	DOLLAR LIABILITY	GROSS ACRES	POTENTIAL ACRES
ALABAMA	467	191	173,175	811,786	-638,611	4.69	2,544,296	32,944	721,720
ALASKA	2	0	0	0	0	.00	0	0	800
ARIZONA	10	0	8,312	0	8,312	.00	237,319	1,034	222,710
ARKANSAS	233	42	33,084	161,874	-128,790	4.89	368,568	4,731	1,896,150
CALIFORNIA	191	115	252,630	395,997	-143,367	1.57	2,822,243	28,798	1,049,660
COLORADO	1,931	332	1,209,172	652,697	556,475	.54	9,451,614	152,661	4,171,990
CONNECTICUT	0	0	0	0	0	.00	0	0	770
DELAWARE	24	3	3,983	825	3,158	.21	89,200	905	54,770
FLORIDA	144	106	72,239	375,303	-303,064	5.20	696,158	9,383	160,965
GEORGIA	816	472	326,955	1,036,957	-710,002	3.17	3,791,994	45,418	1,326,690
IDAHO	937	151	476,461	293,365	183,096	.62	8,462,199	66,619	1,839,268
ILLINOIS	862	298	165,404	653,760	-487,356	3.95	2,034,199	21,584	2,028,070
INDIANA	866	296	77,417	340,035	-262,598	4.39	1,661,642	17,366	1,354,553
IOWA	127	20	22,772	49,875	-27,103	2.19	221,263	2,705	156,320
KANSAS	8,682	1,320	1,994,861	1,967,307	27,554	.99	27,120,431	414,763	14,168,790
KENTUCKY	182	59	37,347	81,048	-43,701	2.17	546,596	5,590	827,760
LOUISIANA	100	11	24,086	28,358	-4,272	1.18	251,932	3,912	467,140
MAINE	3	0	277	0	277	.00	4,354	39	870
MARYLAND	34	0	3,166	0	3,166	.00	113,296	1,033	155,400
MASSACHUSETTS	0	0	0	0	0	.00	0	0	20,710
MICHIGAN	152	45	10,001	36,098	-26,097	3.61	248,450	2,792	889,570
MINNESOTA	6,722	518	1,815,107	1,058,353	756,754	.58	30,199,532	311,283	4,117,175
MISSISSIPPI	114	57	66,989	308,432	-233,443	4.48	768,750	9,325	909,950
MISSOURI	2,448	791	524,576	1,689,457	-1,164,881	3.22	6,666,835	81,044	3,306,360
MONTANA	11,738	4,637	6,609,388	27,926,149	-21,316,761	4.23	90,080,319	1,307,352	6,003,230
NEBRASKA	4,599	823	1,763,403	2,468,976	-705,573	1.40	21,949,532	259,819	3,242,215
NEVADA	0	0	0	0	0	.00	0	0	32,990
NEW JERSEY	19	8	2,761	10,224	-7,463	3.70	65,473	669	68,980
NEW MEXICO	271	5	335,082	14,929	320,153	.04	1,708,311	40,447	812,360
NEW YORK	7	0	0	0	0	.00	0	0	188,990
NORTH CAROLINA	710	567	118,137	727,756	-609,619	6.16	1,497,520	17,516	752,170
NORTH DAKOTA	25,700	5,647	7,210,734	7,722,453	-511,719	1.07	98,651,970	1,543,984	12,572,980
OHIO	753	79	45,803	16,079	29,724	.35	1,185,786	11,750	1,354,018
OKLAHOMA	3,758	928	1,651,782	2,908,306	-1,256,524	1.76	19,460,761	280,204	8,189,340
OREGON	611	49	323,337	144,500	178,837	.45	11,601,980	111,523	1,395,523
PENNSYLVANIA	88	3	4,105	2,500	1,605	.61	101,034	1,209	257,877
RHODE ISLAND	0	0	0	0	0	.00	0	0	150
SOUTH CAROLINA	361	221	95,660	356,039	-260,379	3.72	1,115,592	14,209	526,420
SOUTH DAKOTA	2,544	663	1,174,426	1,176,464	-2,038	1.00	10,693,934	210,303	4,791,244
TENNESSEE	111	28	35,548	132,245	-96,697	3.72	476,988	5,215	996,040
TEXAS	1,347	443	1,173,977	2,104,410	-930,433	1.79	7,610,981	153,708	8,562,340
UTAH	89	37	50,268	99,050	-48,782	1.97	446,459	7,154	317,370
VERMONT	2	0	198	0	198	.00	3,658	38	1,370
VIRGINIA	392	113	35,420	232,210	-196,790	6.56	506,525	5,964	435,470

STATE	CROP	NO. OF CONTRACTS	NO. OF LOSSES	GROSS ACRES (000)	NET ACRES (000)	LIABILITY (000)	FINAL PREMIUM (000)	W.O. EXP PREMIUM (000)	LOSSES (000)	L/R	A/R	L/C
IOWA	SWEET CORN	1	0	*	*	8	1	1	0	0	6.29	.00
	POP CORN	23	3	2	1	219	19	19	6	45	6.03	2.88
	BEANS	17	1	1	1	87	7	7	0	16	7.77	6.00
	GRAIN SORGHUM	1	1	1	1	92	237	237	22	4	4.21	1.20
	HYBRID SEED	13,628	404	1,426	1,023	2,432	6,884	7,356	301	4	4.99	1.00
	SOYBEANS	33,398	1,226	4,030	2,973	163,467	23,837	25,031	809	3	4.33	.15
KANSAS	WHEAT	12,000	1,470	2,489	1,747	135,619	11,122	11,731	4,572	12	8.20	3.37
	OATS	96	10	4	56	106	54	50	5	1	5.79	1.03
	CORN	605	10	805	54	1,007	49	50	37	4	6.09	.36
	BEANS	322	5	203	150	211	1,023	1,024	37	2	7.02	.78
	GRAIN SORGHUM	1,725	5	37	23	13	485	486	10	2	9.01	.19
	SOYBEANS	325	158	37	237	15,215	136	137	151	11	11.70	13.89
BARLEY TOTAL	15,536	1,616	2,892	2,037	165,636	13,368	14,000	4,780	136	8.07	12.89	
KENTUCKY	WHEAT	30	33	12	93	169	10	10	10	102	6.08	6.20
	POP CORN	876	5	2	1	642	109	108	38	4	6.90	.24
	GRAIN SORGHUM	14	5	9	6	193	10	10	7	16	5.24	.90
	TOBACCO	55	0	4	9	76	41	41	0	0	5.59	.00
	SOYBEANS	2,314	11	45	35	18,475	388	388	13	3	3.14	.00
	BARLEY TOTAL	3,622	57	193	146	4,721	2,109	2,132	77	824	7.60	62.86
LOUISIANA	WHEAT	43	27	12	11	787	77	75	367	176	9.82	46.72
	RICE	57	23	13	11	74	183	188	151	118	3.21	58.11
	COTTON	137	2	2	1	10	172	176	100	58	9.34	2.93
	CORN	1,333	2	201	201	845	220	220	183	83	9.34	5.79
	GRAIN SORGHUM	523	150	10	10	845	56	56	154	19	6.60	6.42
	SOYBEANS TOTAL	808	244	137	205	32,137	3,348	3,355	1,349	40	10.42	4.20
MAINE	OATS	1	0	*	*	2	*	*	0	0	6.62	.00
	CORN	2	0	*	*	6	*	*	0	0	7.94	.00
	APPLES	5	0	*	*	149	20	20	0	0	5.71	.00
	POTATOES	10	0	*	*	360	28	28	0	0	5.51	.00
	BARLEY TOTAL	10	0	1	1	504	28	28	0	0	5.51	.00
	WHEAT	17	2	*	*	48	36	36	0	0	7.33	.09
SOYBEANS	6	0	*	*	93	6	6	0	0	6.85	.00	
BARLEY TOTAL	23	2	3	3	592	42	42	1	2	7.13	.14	
MASSACHUSETTS	CORN	3	0	*	*	6	15	15	0	0	5.72	.00
	CRANBERRY	14	0	*	*	477	15	15	0	0	3.18	.00
	BARLEY TOTAL	17	0	*	*	477	15	15	0	0	3.18	.00
	WHEAT	118	0	5	4	446	17	19	0	0	3.75	.00
	OATS	10	0	*	*	37	3	3	0	0	4.06	.96
	SUGAR BEET	190	1	4	4	110	423	423	0	21	3.70	.00
MICHIGAN	CORN	39	10	4	4	7,814	99	99	1	0	8.09	.18
	BEANS	124	1	12	12	1,297	103	106	1	0	7.64	.10
	SOYBEANS	14	0	12	12	1,818	60	60	0	0	3.20	.00
	POTATOES	14	0	7	7	1,450	768	782	0	0	3.71	.00
	BARLEY TOTAL	574	3	75	71	13,450	768	782	3	0	3.71	.00
	WHEAT	1,495	9	364	325	31,351	1,978	2,090	32	2	6.31	.10

STATE	CROP	NO. OF CONTRACTS	NO. OF LOSSES	GROSS ACRES (000)	NET ACRES (000)	LIABILITY (000)	FINAL PREMIUM (000)	W.O. EXP PREMIUM (000)	LOSSES (000)	L/R	A/R	L/C	
MINNESOTA	OATS	712	4	26	23	1,224	73	81	5	7	5.99	.40	
	SUGAR BEET	132	0	33	31	10,259	525	569	116	0	13.52	1.08	
	CORN	3,343	340	454	387	67,271	3,723	4,073	1,160	21	2.00	.07	
	SWEET CORN	11	0	7	7	1,789	60	60	1	10	7.48	.00	
	BEAN SORGHUM	1	0	0	0	348	48	48	1	10	19.00	.00	
	GRAIN SEED	211	2	1	1	983	98	100	10	10	7.89	1.00	
	HYBRID SEED	191	0	672	564	7,276	175	179	17	6	7.89	1.00	
	WHEAT	4,433	223	672	564	7,276	175	179	17	6	7.89	1.00	
	SOYBEANS	612	1	94	87	1,672	100	100	39	0	7.90	2.31	
	POTATOE	612	1	94	87	1,672	100	100	39	0	7.90	2.31	
BARLEY TOTAL	11,404	316	1,699	1,467	20,171	11,524	12,284	473	4	5.73	.23		
MISSISSIPPI	WHEAT	41	29	9	8	617	60	60	25	42	9.75	41.45	
	KENTON	32	2	24	22	1,593	492	512	71	25	2.79	2.27	
	CORN	82	2	24	22	1,593	492	512	71	25	2.79	2.27	
	GRAIN SORGHUM	69	13	13	13	895	44	44	10	770	3.59	27.61	
	SOYBEANS	593	188	273	205	35,237	2,613	2,613	1,069	23	4.96	1.14	
	TOTAL	822	232	273	205	35,237	2,613	2,613	1,069	42	10.85	5.92	
	MISSOURI	WHEAT	746	146	62	49	4,203	322	324	42	131	7.67	10.08
		RICE	44	0	1	1	28	1	1	0	0	6.80	4.75
		KENTON	3	0	1	1	22	1	1	0	0	4.19	.00
		PEACHES	9	0	1	1	1	1	1	0	0	10.20	.00
CORN		2,422	113	254	187	26,813	2,061	2,061	119	6	7.68	.44	
POP CORN		1	0	1	1	1	1	1	0	0	17.79	.84	
GRAIN SORGHUM		633	61	50	37	4,203	281	281	36	13	6.59	.00	
POBACCO		49	131	498	355	48,132	3,523	3,523	95	9	7.32	.00	
SOYBEANS		3,201	131	498	355	48,132	3,523	3,523	95	9	7.32	.00	
BARLEY TOTAL		7,121	460	868	630	84,042	6,222	6,238	690	511	9.95	39.32	
MONTANA	WHEAT	2,462	46	1,283	1,068	73,713	5,885	5,945	937	16	7.98	1.27	
	OATS	10	10	1	1	137	22	22	20	191	16.13	14.69	
	SUGAR BEET	14	0	1	1	522	13	14	0	0	5.91	.00	
	CORN	1,686	66	463	396	2,224	2,251	2,294	554	05	9.90	.00	
	BARLEY TOTAL	4,122	123	1,752	1,470	97,363	8,186	8,292	1,511	18	8.41	1.55	
	NEBRASKA	WHEAT	6,656	829	819	616	51,470	4,913	5,095	2,721	55	9.57	5.22
		OATS	139	4	1	1	498	23	23	11	163	10.71	7.76
		SUGAR BEET	7,048	242	1,387	1,067	215,740	10,042	10,427	343	46	4.65	7.16
		CORN	465	1	71	53	9,425	709	734	100	105	7.04	7.04
		BEAN SORGHUM	1,999	158	231	165	19,597	1,211	1,271	27	20	9.59	.14
GRAIN SEED		41	0	6	4	1,694	1,167	1,167	47	6	6.86	.00	
HYBRID SEED		3,985	93	349	251	33,594	1,727	1,771	56	03	9.14	.17	
SOYBEANS		289	60	37	28	1,949	156	156	25	16	3.92	1.58	
POTATOE		289	60	37	28	1,949	156	156	25	16	3.92	1.58	
RYE TOTAL		20,693	1,252	2,916	2,199	337,106	19,131	19,827	3,366	18	6.71	1.00	
NEVADA	WHEAT	3	0	3	3	233	14	14	0	0	6.30	.00	
	BARLEY TOTAL	3	0	3	3	233	14	14	0	0	6.30	.00	
NEW JERSEY	CORN	3	0	3	3	19	2	2	0	0	10.47	.00	
	SOYBEANS TOTAL	3	0	3	3	26	2	2	0	0	6.78	.00	
NEW MEXICO	WHEAT	63	10	23	21	1,031	220	215	85	39	21.30	8.29	
	BARLEY TOTAL	63	10	23	21	1,031	220	215	85	39	21.30	8.29	

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NEW MEXICO	COTTON	61	10	5	4	1,028	93	91	44	48	9.04	4.29	
	CORN	42	0	1	1	1,227	16	19	0	70	7.13	7.13	
	GRAIN SORGHUM	172	22	58	28	3,469	450	443	214	48	19.22	6.17	
NEW YORK	WHEAT	27	0	2	2	167	9	9	0	0	5.22	.00	
	FORAGE SEEDING	1	0	0	0	13	1	2	1	39	6.26	24.44	
	CORN	22	0	6	6	878	49	49	0	0	5.54	.00	
	GRAPES	105	0	4	4	2,951	196	230	0	0	6.65	.00	
	APPLES	112	0	1	1	2,583	40	41	0	0	6.89	.00	
	SOYBEANS	1	0	1	1	3	0	0	0	0	9.80	.00	
	BARLEY	174	1	13	13	4,606	296	331	1	0	5.53	.01	
NORTH CAROLINA	WHEAT	153	97	12	11	1,022	78	80	304	388	7.64	29.46	
	COTTON	29	17	2	2	1,253	67	71	536	376	10.79	42.78	
	PEACHES	706	46	85	76	11,752	1,014	1,018	120	120	18.99	1.00	
	CORN SORGHUM	1	0	1	1	383	48	48	0	0	12.74	.06	
	APPLES	4	1	82	4	1,527	648	500	97	1	3.70	.08	
	TOMATOES	502	27	40	35	4,258	503	907	128	11	8.82	.28	
	PEANUTS	13	7	43	4	2,193	102	102	328	22	11.64	37.51	
	POTATOES	18	1	3	3	2,193	28	102	10	2	4.64	17.19	
	BARLEY	6,844	223	277	241	195,515	7,057	7,636	1,411	606	3.61	37.72	
	NORTH DAKOTA	WHEAT	8,480	77	2,409	1,950	127,788	9,494	9,930	426	130	7.43	37
		FLAX	535	16	4	3	1,474	181	187	9	1	12.25	1.61
FORAGE SEEDING		55	0	13	11	476	172	186	0	21	6.51	.00	
SUGAR BEET		263	13	30	36	3,978	382	388	36	1	9.11	.39	
CORN		349	16	53	46	4,838	445	446	19	1	8.19	.12	
BEANS		1	0	1	1	24	0	0	0	0	8.00	.00	
GRAIN SORGHUM		2,057	191	396	315	24,497	1,960	1,997	287	15	8.00	1.17	
SUNFLOWERS		384	10	59	46	4,062	372	392	13	0	9.15	.00	
SOYBEANS		26	0	6	6	1,832	92	92	0	0	5.03	.00	
POTATOES		3,272	49	54	43	26,074	2,132	2,270	163	0	8.18	.62	
BARLEY		1	0	1	1	21	0	0	0	0	11.70	.00	
RYE		16,003	384	3,606	2,915	200,276	15,430	16,110	970	6	11.70	.48	
OHIO		WHEAT	454	8	19	14	1,482	60	62	7	12	4.07	.69
		CORN	228	0	1	1	40	2	2	0	0	5.50	.00
	SUGAR BEET	877	27	132	107	21,465	792	803	14	14	3.69	.07	
	CORN	40	0	1	1	6	0	0	0	0	7.10	.00	
	POP PIES	19	0	1	1	377	27	28	0	0	7.24	.00	
	HYBRID SEED	185	0	1	1	245	12	12	0	0	7.47	.00	
	TOMATOES	657	18	85	65	9,437	510	522	16	0	4.87	.17	
SOYBEANS	17	0	1	1	4	46	46	0	0	5.22	.00		
TOTAL	2,177	54	242	191	34,638	1,524	1,554	38	2	4.40	.11		
OKLAHOMA	WHEAT	2,222	484	702	524	38,309	3,329	3,461	3,265	98	8.69	8.52	
	CORN	80	10	14	10	1,156	128	119	1	518	8.57	44.43	
	CORN SORGHUM	22	10	17	13	325	30	30	0	26	11.08	1.84	
	GRAIN SORGHUM	149	6	11	9	4,616	210	210	9	4	9.23	.20	
	PEANUTS	10	4	12	10	1,681	212	212	9	4	5.54	.55	
	SOYBEANS	15	6	11	10	1,681	212	212	9	4	12.60	4.20	
	BARLEY	556	497	747	560	46,275	3,922	4,045	3,289	59	17.09	7.11	
OREGON	WHEAT	394	3	222	149	14,000	481	544	14	3	3.44	.10	

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OREGON	OATS	1	0	*	*	15	*	6	0	0	9	.00
	SUGAR BEET	3	0	*	*	13	1	1	0	0	7	.00
	CORN	3	0	*	*	9	1	1	0	0	5	.00
	WHEAT	3	0	*	*	9	1	1	0	0	5	.00
	APPLES	13	0	*	*	200	11	12	0	0	6	.00
	GRAPES	9	0	*	*	393	31	34	0	0	6	.00
	PEACHES	1	0	3	3	79	6	6	82	263	10	20
	SOYBEANS	16	0	1	1	379	1	4	0	0	7	.00
	POTATOES	2	0	1	1	503	59	6	0	0	5	.00
	BARLEY TOTAL	675	7	498	198	18,571	726	804	97	13	3	.52
PENNSYLVANIA	WHEAT	15	0	*	*	27	1	1	0	0	3	.00
	OATS	77	0	*	*	329	89	90	0	0	6	.00
	CORN	39	10	8	8	621	21	109	0	0	6	.01
	APPLES	2	0	*	*	188	2	21	0	0	5	.00
	GRAPES	2	0	*	*	6	4	4	0	0	10	.00
	SOYBEANS	1	0	*	*	45	6	6	0	0	1	.00
	POTATOES	1	0	*	*	8	4	4	0	0	0	.00
	BARLEY	1	0	*	*	9	6	6	0	0	3	.00
	TOTAL	155	12	12	3,314	213	232	232	0	45	6	1.74
	SOUTH CAROLINA	WHEAT	159	109	22	27	1,744	149	149	509	352	8
OATS		3	0	3	3	36	136	133	27	1438	5	79.00
CORN		49	213	8	8	356	499	499	716	144	10	5.06
PEACHES		307	10	41	40	5,054	516	516	110	2	8	14
COTTON		1	0	*	*	27	3	3	0	0	9	.00
GRAIN SORGHUM		802	13	14	14	885	999	1,073	131	13	9	.00
APPLES		2	0	*	*	6	6	6	0	0	13	.00
POTATOES		219	10	35	35	425	60	60	12	10	16	.39
SOYBEANS		1	16	3	3	4	1	1	21	22	17	.00
BARLEY TOTAL		1,587	168	130	126	51,499	2,912	2,983	1,427	49	5	78.27
SOUTH DAKOTA	WHEAT	1,473	63	396	325	17,061	1,890	1,987	400	21	11	2.34
	OATS	47	22	36	30	140	118	125	23	19	19	2.86
	FLAX	70	20	4	4	21	18	18	12	2	12	1.20
	CORN	1,372	20	215	168	444	40	42	12	2	16	.06
	GRAIN SORGHUM	45	1	24	20	353	136	138	3	1	9	.18
	SUNFLOWERS	133	23	191	144	330	147	155	10	7	10	.16
	SOYBEANS	1,234	10	29	24	1,030	173	155	20	1	14	.99
	BARLEY	11	0	1	1	31	3	3	0	0	11	.00
	RYE TOTAL	5,322	127	904	725	57,796	4,895	5,087	473	10	8	.82
	TENNESSEE	WHEAT	10	20	1	1	97	8	8	20	243	8
COTTON		73	3	12	10	429	112	112	20	2	9	.00
CORN		9	10	2	2	133	55	59	2	2	7	.14
GRAIN SORGHUM		183	10	10	7	171	85	85	40	51	6	3.06
TOBACCO		157	2	1	1	4	2	2	0	0	4	.00
SOYBEANS		2	9	10	7	43	275	281	0	213	9	.90
BARLEY TOTAL		338	9	27	21	3,859	275	281	35	16	7	15.91
WHEAT		1,857	193	541	423	22,976	3,258	3,283	1,111	34	14	4.84
OATS		71	18	23	19	141	156	156	8	13	14	19.53
COTTON		3,818	275	970	659	5,013	8,650	8,650	2,185	25	10	2.64
CITRUS TREES	124	129	8	8	7106	274	274	3,076	73	7	3.41	
SUGAR CANE	10	0	2	2	300	62	62	0	0	4	.00	
BEEF	14	0	2	2	543	32	32	0	0	5	.00	
CORN	644	46	202	156	22,504	1,187	1,189	240	20	5	1.07	

STATE	CROP	NO. OF CONTRACTS	NO. OF LOSSES	GROSS ACRES (000)	NET ACRES (000)	LIABILITY (000)	FINAL PREMIUM (000)	M.O. EXP PREMIUM (000)	LOSSES (000)	L/R	A/R	L/C	
TEXAS	GRAIN SORGHUM	1,307	52	426	315	27,630	2,022	2,035	152	8	7.32	.55	
	PEANUTS	126	6	14	12	2,739	2,234	2,234	11	0	8.56	.41	
	SUNFLOWERS	5	0	68	49	5,588	694	692	71	10	11.62	.00	
	SOYBEANS	20	20	3	2	138	17	17	2	11	12.43	1.27	
	BARLEY	20	3	2,269	1,658	177,893	16,761	16,756	7,389	44	19.42	1.30	
	TOTAL	8,307	750									1.15	
UTAH	WHEAT	65	2	19	17	1,215	121	124	10	8	9.98	.80	
	OATS	3	0	0	0	0	4	4	0	0	12.10	.00	
	CORN	11	0	0	0	478	52	52	0	0	19.82	.00	
	APPLES	40	2	4	4	382	33	33	12	35	10.70	.03	
	BARLEY	121	4	24	22	2,128	211	214	21	10	8.93	1.00	
	TOTAL	1,242	109	83	77	20,074	1,084	1,111	210	0	9.25	.00	
VERMONT	WHEAT	1	0	0	0	3	0	0	0	0	5.43	.00	
	CORN	9	0	1	1	67	6	6	0	0	9.43	.00	
		TOTAL	10	0	1	1	70	6	6	0	0	0.00	.00
	WHEAT	72	56	2	2	185	14	14	60	427	7.61	32.52	
	OATS	2	0	0	0	0	5	5	0	0	9.35	.00	
PEACHES	4	4	0	0	38	3	3	0	0	13.64	50.49		
CORN	369	24	53	50	7,685	533	533	16	417	6.96	.00		
GRAIN SORGHUM	7	1	1	1	427	56	56	64	114	6.31	.00		
APPLES	579	1	1	1	1	9,109	310	310	40	3	8.85	10.25	
PEANUTS	176	1	1	1	1	1,831	147	149	1	2	3.14	.11	
SOYBEANS	173	1	1	20	18	1,831	147	149	1	2	8.05	.13	
BARLEY	173	11	11	83	77	20,074	1,084	1,111	210	678	9.71	38.75	
	TOTAL	1,242	109	83	77	20,074	1,084	1,111	210	678	9.71	38.75	
WASHINGTON	WHEAT	1,301	2	745	455	52,519	1,708	1,972	8	0	3.25	.02	
	CORN	2	0	5	5	2,162	120	120	0	0	4.57	.00	
	SWEET CORN	1	0	0	0	0	0	0	0	0	6.84	.00	
	BEANS	1	0	0	0	21	1	2	0	0	7.69	.00	
	APPLES	25	0	2	2	4,253	328	325	0	0	7.07	.00	
	APRANBERRY	8	0	2	2	89	17	18	0	0	7.69	.00	
	PEAS-GREEN	1	0	2	1	651	40	47	0	0	6.19	.00	
	PEAS-ORGY	1	0	6	1	15	15	15	0	0	6.19	.00	
	POTATOES	11	0	0	0	0	0	0	0	0	5.80	.00	
	BARLEY	1,985	3	956	581	69,572	2,791	3,099	30	4	5.93	.24	
	TOTAL	1,985	3	956	581	69,572	2,791	3,099	30	4	5.93	.24	
WEST VIRGINIA	CORN	0	0	0	0	79	6	6	0	0	7.27	.00	
	BARLEY	1	0	0	0	82	6	6	0	0	6.60	.00	
	TOTAL	1	0	0	0	161	12	12	0	0	7.24	.00	
WISCONSIN	WHEAT	32	1	14	14	127	7	7	1	19	5.32	1.03	
	ORAGE SEEDING	161	0	0	0	187	11	12	0	0	6.09	.00	
	FORAGE PROD	19	0	0	0	10	1	1	0	0	6.09	.00	
	CORN	45	0	73	68	12,425	713	770	3	0	5.95	.02	
	BEANS	1	0	0	0	0	0	0	0	0	5.20	.00	
	APPLES	1	0	0	0	0	0	0	0	0	6.75	.00	
	PEAS-GREEN	2	0	2	2	67	1	2	0	0	9.05	.00	
	PEAS-ORGY	108	0	2	2	470	1	2	0	0	5.27	.00	
	POTATOES	139	0	2	2	378	1	2	0	0	5.27	.00	
	BARLEY	10	1	87	81	14,949	874	908	4	1	4.74	.00	
	TOTAL	970	1	87	81	14,949	874	908	4	1	4.74	1.06	
WYOMING	WHEAT	201	17	75	59	3,730	343	366	57	17	9.20	1.52	
		TOTAL	201	17	75	59	3,730	343	366	57	17	9.20	1.52

STATE	CROP	NO. OF CONTRACTS	NO. OF LOSSES	GROSS ACRES (000)	NET ACRES (000)	LIABILITY (000)	FINAL PREMIUM (000)	W.D. EXP PREMIUM (000)	LOSSES (000)	L/R	A/R	L/C
WYOMING	OATS	12	0	2	2	79	9	9	0	0	11.72	.00
	SUGAR BEET	15	3	2	2	419	14	15	11	75	13.35	2.52
	CORN	15	0	2	2	319	35	35	0	0	11.01	.00
	BEANS	51	0	5	4	765	61	62	0	0	17.94	.00
	POTATOES	59	0	1	1	895	44	44	0	0	4.91	.00
	BARLEY	360	21	18	7	855	46	50	1	2	5.60	.11
	TOTAL			93	76	7,062	533	581	68	12	7.83	.91

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION



ROBERT SCHWINDEN GOVERNOR

1520 EAST SIXTH AVENUE

STATE OF MONTANA

DIRECTOR'S OFFICE (406) 444-6699

HELENA, MONTANA 59620

CONSERVATION DISTRICTS DIVISION
OF
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

The Conservation Districts Division is responsible under state law (76-15-101 through 810) to assist Montana's 59 conservation districts and 30 state grazing districts. Montana's conservation districts are legal subdivisions of state government responsible by law for soil and water conservation work within their boundaries. State grazing districts are also formed under Montana statute that gives them the power to lease or purchase grazing lands to develop and manage district controlled lands and to allocate grazing preferences among members and nonmembers.

The Conservation Districts Division has five full time employees. Four in the Helena office and one person stationed in Miles City. The division also contributes funding equivalent to a .2 position towards a secretary position in Miles City. There are 10 main categories of responsibility administered by the division.

A. Conservation Districts Supervision and Assistance

The division is responsible by law to assist and supervise local conservation districts. Approximately 75 percent of the division's man hours and budget are spent in this category.

Although the division has some supervisory powers, our efforts are mainly program assistance. Since basically all of Montana is included in conservation districts, the concerns, projects, and activities vary greatly across the state. District responsibility requires them to develop and carry out long-range programs that will result in the conservation and improvement of our soil and water resources, to provide assistance in the planning and application of conservation measures, and to encourage maximum participation of the general public and all local public and private agencies to fulfill this purpose.

Conservation districts represent about 15,000 cooperators totaling around 44 million acres. These numbers are increasing significantly because of the Food Security Act and responsibilities placed on districts.

By 1990, any agricultural producer that is farming marginal lands must have a district approved conservation plan before they are eligible for agricultural assistance programs. Also, 7 million acres have been targeted in Montana to be included into the Conservation Reserve Program. Districts play a big role in both of these programs as well as the sod buster portion of the Act. Districts are looking to us for increased financial and technical assistance to address these responsibilities, both of which we are having difficulty providing. The brighter side of this is that the CRP could bring in 400 to 700 million dollars to the state over the next 10 years. Using a multiplying factor of 7 for every dollar a farmer or rancher spends, this program has the potential to generate 2.8 to 4.9 Billion dollars in our communities.

Districts are receiving an increased amount of requests for assistance from urban and developing areas as well. Approximately 430 units of state and local governments receive assistance annually from districts. (Soil surveys, water inventories, assistance with waste disposal, services to builders, contractors, planning commissions, municipal officials, schools, hospitals, industries, small landowners)

Our assistance comes in the form of technical help with projects or problems dealing with wind erosion, water and stream bank erosion, flooding, water pollution, water quality assessments, water reservations, range activities, timber management, streambed and land preservation permits, mining impacts, public meetings, pipeline routing, weed control, wilderness studies, urban activities, legal opinions, supervisor and employee training, budgeting, and the list goes on.

The division personnel are called upon by districts to generally assist supervisors in carrying out their powers, programs and responsibilities and securing the cooperation and assistance of the federal, state, and local government.

B. Rangeland Management Coordination

The Conservation Districts Division is responsible by law to serve as an advisor, counselor, and coordinator for and between persons and agencies involved in range management in Montana. We are directed to create understanding and compatibility between the many users of rangeland including sportsmen, recreationists, ranchers, and others, and to promote and coordinator the adoption and implementation of sound range management plans to minimize conflicts between governmental agencies and private landowners.

Currently there are 22 active range committees. During 1986, these committees sponsored over 25 individual events including range tours, range rides, county range camps, range workshops and seminars, Montana Range Days, and Montana Youth Range Camp.

C. Grazing District Supervision and Assistance

The Conservation Districts Division is responsible for the administration of the Montana Grass Conservation Act (Grazing District Law), acting in an advisory capacity to the districts; to supervise and coordinate the formation and operation of grazing districts incorporated under the law; and for the purpose of working out uniform plans for the use of lands within the boundaries of the districts to conform with recognized conservation practices. This includes assistance to 30 state grazing districts who in turn represent 1,353 permittees covering 10,501,070 acres of land.

The division requests and handles records and fees submitted by the districts, advises district staff on district operation and laws, submits expenditure reports to the districts and administers the incorporation or, extension of, and dissolution of districts.

D. Loan and Grant Programs

The Conservation Districts Division administers a low interest rangeland improvement loan program. Funding for this program was provided from the Renewable Resource Development fund and authorized by the 1979, 1981, and 1983 legislative sessions.

To date, 119 applications have been received totaling \$1,701,235. Fifty-two loans have been completed for \$744,191. Total acres improved equal 301,095 with improvements completed or in progress including:

14 stockwater wells	6,775 acres reseeding
89.2 miles stockwater pipeline	65 spring developments
2,180 acres mechanical renovation	165 stockwater tanks
3,355 acres brush/weed control	8 new grazing systems
101.6 miles fencing	158 wildlife habitat
28 stockwater reservoirs	301,095 acres improved

The division administers the conservation districts project grant program. This program is made possible from funding received from 1/2 of 1 percent of the coal tax, which was authorized by the legislature in 1981. To date, 129 projects have been funded from this program including:

- 28 conservation tillage
- 5 saline seep
- 15 weed control
- 18 streambank stabilization
- 7 erosion control
- 14 water management
- 15 technical assistance
- 10 administrative assistance
- 5 education, range camps

- 8 soil surveys
- 2 pasture reclamation & management
- 1 forest management
- 1 farmland protection (preservation)

The division also administers funds authorized by the legislature to be used for administration of individual districts. The funds are being distributed through an application process and are used for: salaries, 85 percent; education, 6 percent; meetings, 2 percent; per diem and travel, 3 percent; and supplies and equipment 4 percent.

Because of low county mill levys, these funds are very important to the districts for day to day operations, required activities under state law, (310, water reservations, stream access, soil and water conservation, and protection activities as required by law) and federal law (conservation compliance, CRP, sodbuster, swampbuster).

E. Watershed Planning

The Conservation Districts Division works through a cooperative agreement with the Soil Conservation Service on multipurpose water development projects in Montana under Public Law 566.

At the present time, three watershed projects are being developed under the agreement.

- 1 Pasture Creek, McCone County, flood prevention project (planning stage)
2. Mill creek, Park County, gravity pressure irrigation project (design stage)
3. Lower Birch Creek, Pondera County, water conservation and rehabilitation of structures.

Ten other projects have been completed under this program. They include:

- Lower Willow Creek, Granite County, irrigation reservoir
- Box Elder Creek, Sheridan County, flood control (dam)
- Jaw Bone Creek, Wheatland County, flood control (dam)
- Sidney Water Users Assn, Richland County, irrigation (pump out of Missouri)
- City of Shelby, Toole County, flood control (dam)
- Big Spring Creek, Fergus County, flood control (several dams)
- Newland Creek, Meagher County, irrigation (dam)
- Alkali Creek, Yellowstone County, flood control (dam)
- Cedar Creek, Flathead County, flood control - M & I water
- Baker Lake, Fallon County, flood control (dam)

F. Conservation District Water Reservation

The 1973 Montana Water Use Act gave conservation districts the authority to reserve water for future beneficial use (MCA, 85-2-316). Districts must apply to the Board of Natural Resources and Conservation to reserve water. The Board granted agricultural water reservations to 14 conservation districts in the Yellowstone River basin in December 1978. These districts have developed implementation plans and continue to put reserved water to beneficial use.

In the Clark Fork River basin, Granite County Conservation District has submitted an application to store reserved irrigation water in two tributary reservoirs. In addition, Mile High conservation district has conducted a county water resources survey and is considering the possibility of applying for reserved water.

The 1985 legislature passed HB 680 (85-2-331) which called for a basin-wide water reservation proceeding in the Missouri basin similar to that done in the Yellowstone. Also, districts along the Little Missouri have expressed interest in reserving water. This was not included under HB 680.

The role of the CDD in the water reservation process is to inform CDs of the process to assist them in the application process, to assist with DNRC review of reservation applications, to assist CDs in contracting with consultants, and to provide funding and technical assistance for implementing existing reservations.

G. Coordinated Resource Management Planning (CRMP)

CRMP is a process wherein planning and resource management on lands with intermingled ownership is undertaken regardless of ownership boundaries. Eight agencies are involved in the process through a memorandum of understanding. They include the Bureau of Land Management, Forest Service, Department of State Lands, Department of Fish, Wildlife and Parks, Extension Service, Soil Conservation Service, MT Association of Conservation Districts, and DNRC. The Conservation Districts Division personnel currently chair both the state executive group and state task group for CRMP.

H. Interagency Land Use Coordination

The CDD is directed in MCA, 76-15-105(4) to "secure the cooperation and assistance of the United States and the agencies of this state in the work of the districts."

To fulfill these duties, the division:

1. Reviews federal and state land exchange proposals on behalf of CDs.

2. Coordinates interagency efforts associated with CD special projects (i.e., the Milk River study; the Double Fork Ranch project, etc.).
3. Participates on the Governor's Planning Task Force, which reviews federal agency land use plans, on behalf of DNRC and CDs.
4. Participates on the Governor's Wilderness Committee, which has helped develop the Governor's recommendations on the RARE II and SB 393 issues.

I. Conservation Education

Conservation district law (76-15-105) directs the CDD to assist the CDs in carrying out their programs and to disseminate information throughout the state concerning the activities and programs of the CDs.

The division is involved in the following conservation education activities:

1. The division has been involved with the Agriculture in Montana Schools Program since its start. This includes providing the program with conservation education materials, assistance in the preparation of soil monolithes for the classroom, informing the CDs of AMS activities, and encouraging CD involvement.
2. Presenting conservation education information in the monthly division information sheet and during CD workshops.
3. Working with CDs and other agencies on a project intended to develop computer software for teaching soil and water conservation in the public schools and 4-H programs.
4. Assisting in conservation education activities such as Youth Range Camp, Montana Range Days, etc.

J. Riparian Management Program (RMP)

The division received \$39,000 from the RRD program in the fall of 1985. The objective of the program is to implement demonstration projects that utilized primarily nonstructural riparian area protection/stabilization measures including establishment of vegetative cover, grazing management, sloping, fencing, log cribbing, root balls, etc. In some cases, limited amounts of riprap may be included in the projects, but this must be kept to a minimum. The demonstration projects should be able to show that there are other, inexpensive methods that will protect or stabilize streambank areas as an alternative to the placement of riprap or other structural protection methods.

To date, one project has been completed. This is the Rocky Creek II project in Gallatin County at a cost of \$11,383.67. The results of this project have been very favorable.

The spending plan for the remaining \$27,616.33 is as follows:

Prairie Co. CD - \$4,500 - BLM/DNRC Ten Mile Creek Project
Meagher Co. CD - \$7,000 - Smith River Projects (3)
Deer Lodge Valley CD - \$7,000 - Little Blackfoot River Project
Dawson Co. CD - \$2,000 - Yellowstone River Project
Flathead CD - \$7,000 - Ashley Creek/Spring Creek Project

Ray Beck

Program 24 - Water Resources Division
Montana Reserved Water Rights Compact Commission

The Montana Reserved Water Rights Compact Commission was established in 1979 by SB 76. The Commission is authorized to negotiate on behalf of the state to settle federal reserved water rights claims made by Indian tribes and federal agencies in Montana. The Water Policy Committee recommends legislation to extend this program through 1993.

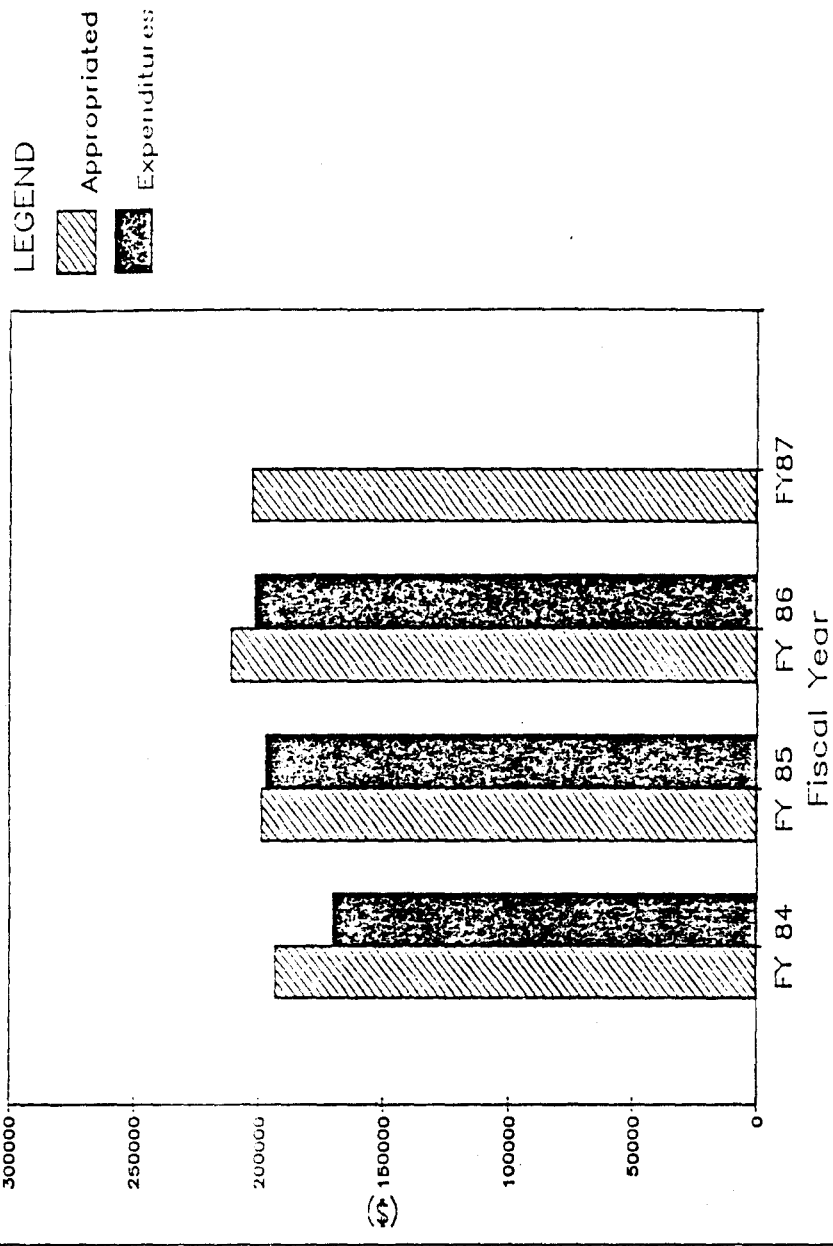
The proposed legislation (SB 92) extends the filing deadline for Indian tribes and federal agencies to submit claims for federal reserved water rights and extends the authority of the Compact Commission to resolve the federal claims by compact. Under existing law, the filing suspension and the authority of the Commission expire July 1, 1987. The program is therefore included as a modified budget, however, budget figures are also provided for FY86 and FY87.

The Compact Commission is composed of nine appointed members, of which four are current or former members of the legislature, four are appointed by the Governor and one is appointed by the Attorney General. The Commission is supported by a technical staff of six, including an attorney/program manager, an agricultural engineer, a civil engineer, a hydrologist, a research specialist, and a secretary.

The Commission was established to provide an alternative to litigation of federal reserved water rights in state court. Wyoming, which has only one reservation in the state, chose to litigate the reserved rights of the Shoshone and Arapahoe Tribes and has spent in excess of \$8 million. With seven reservations, two national parks, five wildlife refuges, and millions of acres of national forests, litigation of these rights would be a very expensive alternative for Montana.

In 1985, the Commission concluded a compact with the Fort Peck Tribes, which was ratified by the Montana Legislature and the Fort Peck Tribal Council. The total amount spent by the Commission to achieve that settlement was less than \$1 million. The Commission is currently negotiating with six tribes and four federal agencies.

Reserved Water Rights Compact Commission



	Fiscal Year 1984	Fiscal Year 1985	Fiscal Year 1986	Fiscal Year 1987
Appropriations	\$ 193,440	\$ 199,060	\$ 211,303 ¹	\$ 202,900
Expenditures	\$ 170,314	\$ 197,292	\$ 201,832	
Rebate	\$ 23,125	\$ 1,768	\$ 9,471	

¹ After the 2 percent reduction.

Department of Natural Resources and Conservation
 FY 88-89 Budget Summary Sheet

Date: 27-Jan-87
 FY: 1988 & 1989
 Level: Modified
 Program: 24 - Water Resources & Planning

BUDGET	-----24001 - R W R C C-----				Sub-Cmt 1989	Comments
	1986 Actual	1987 Approp ¹	1988 EB	1989 EB		
0000 FTE.....	6.00	6.00	6.00	6.00		
1100 Salaries.....	114,317	133,131	133,810	133,303		
1300 Other compensation.....	14,468	7,500	15,500	15,500		
1400 Employee benefits.....	16,858	19,972	19,848	20,082		
1500 Health insurance.....	6,663	8,445	8,280	8,280		
1600 Vacancy savings.....	0	(15,750)	(6,477)	(6,467)		
Total personal services	152,306	153,298	170,961	170,698		1. The Reserved Water Rights Compact Commission was established in 1979 by SB 76. Section 2-15-212, MCA.
2021 Contracted services-inflation.	0	0	(55)	(111)		
2022 Supplies & materials-inflation.	0	0	0	0		
2023 Communications-inflation.....	0	0	55	84		
2025 Rent-inflation.....	0	0	0	0		
2026 Utilities-inflation.....	0	0	0	0		
2100 Contracted services.....	18,454	17,276	24,516	24,517		
2200 Supplies & materials.....	1,914	2,121	1,795	1,795		
2300 Communications.....	6,690	6,160	7,596	7,597		
2400 Travel.....	16,639	21,599	21,599	21,599		
2500 Rent.....	414	226	150	150		
2600 Utilities.....	0	0	0	0		
2700 Repair & maintenance.....	273	516	1,950	1,950		
2800 Other expenses.....	1,581	1,319	1,200	1,200		
Total operating expenses	45,965	49,602	58,806	58,781		
3100 Equipment.....	3,560	0	0	0		
3400 Intangible assets.....	0	0	0	0		
Total equipment	3,560	0	0	0		
** TOTAL OPERATIONS	201,831	202,900	229,767	229,479		
4000 Capital outlay.....	0	0	0	0		
5000 Local assistance-state sources	0	0	0	0		
6100 Grants-state sources.....	0	0	0	0		
6200 Grants-federal sources.....	0	0	0	0		
Total grants	0	0	0	0		
** TOTAL ASSISTANCE	0	0	0	0		
7000 Benefits and claims.....	0	0	0	0		
8000 Transfers.....	0	0	0	0		
9000 Debt service.....	0	0	0	0		
** TOTAL OTHER	0	0	0	0		
-----TOTAL BUDGET-----	201,831	202,900	229,767	229,479		

¹Does not include 2% reduction effective December 1986.

Date: Jan-87
FY: 1988 & 1989
Level: Modified

Program: 24 - Water Resources & Planning

FUNDING	1986 Actual	1987 Approp	1988 EB	Sub-Cmt 1988	1989 EB	Sub-Cmt 1989	Comments
01100 General Fund.....			114,884		114,740		
02104 DNRC - RIT.....			114,883		114,739		
			=====	=====	=====	=====	
			229,767		229,479		
			-----		-----		
			-----TOTAL FUNDING-----				

VISITORS' REGISTER

~~Natural Resources Sub~~ COMMITTEE

BILL NO. _____

DATE Jan 28, 1987

SPONSOR _____

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Jam Jamison	DNRC		
Neil Ricketman	"		
Ray Beck	" CDD	X	
Jane Holzer	MSCA	x	
Larry Fashbender	DNRC	X	
John Zinne	MSCA	x	
DAVE DREBY	DNRC	X	
Chris Tweeter	Res. Water Rts Compact Comm'n	X	
Jack E. Walt	" " " "	X	
John Cunningham	DNRC	X	
Gary Fritz	WRD	✓	
Marcia B. Rundle	Res. Water Rts. Comp. Comm.	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Community Services

<u>Refugee</u>	<u>1988</u>	<u>1989</u>
Executive	\$200,000	\$200,000
LFA Current Level	\$180,941	\$180,941
Difference	\$19,059	\$19,059

- - - - -Issues - - - - -

This program provides assistance to Indo-Chinese refugees such as funding day care services and foster care. The program is 100 percent federal funds.

1. The difference between the LFA and executive funding is due to the LFA funding the program at the fiscal 1986 actual expenditures and the executive funding the program at a level somewhat below the fiscal 1987 appropriation to reflect the reduced activity in this program.
2. Issues:
 - a. What is the anticipated level of funds available and at what level does the legislature wish to fund the program.

3. Committee Issues

Committee Action

LFA Book: pg B-122

EXC Book: pg S-260