



For Immediate Release
June 14, 2012

Contact: Steve Ellis
202-546-8500 x126

The following is a statement by Ryan Alexander, President of Taxpayers for Common Sense at a press conference concerning SA 2201, an amendment introduced by Sens. Shaheen (D-NH) and Toomey (R-PA) placing a \$40,000 payment limitation on taxpayer subsidized crop insurance premium subsidies.

Thank you. I am Ryan Alexander, President of Taxpayers for Common Sense, a national nonpartisan budget watchdog. I want to thank Senators Shaheen and Toomey for their leadership on this issue. We strongly support their amendment to begin to rein in the out of control crop insurance program.

Unlike most of America, farm country has experienced record breaking profits during the economic downturn. With the country facing a \$1.3 trillion deficit and \$15 trillion debt, we cannot afford to be subsidizing guaranteed revenue for well off farmers. The simple fact is that, on average, 62 percent of crop insurance premium payments are subsidized by the taxpayer. So for every 38 cents producers pay, Uncle Sam chips in 62 cents. These premiums are used to guarantee as much as 75 to even 85 percent of revenue, and then if there is a loss – not necessarily a crop loss – the federal government pays again.

We probably can't undo this absurd scheme all at once, but we can improve the existing program to make it more fiscally responsible, and ensure it doesn't actually get worse, as it would if the shallow loss proposals in the Senate Farm Bill are adopted. The amendment Senators Shaheen and Toomey are proposing would do just that. It would stop the premium subsidy check at \$40,000. This limit would not affect the vast majority of farmers. This subsidy limit would bring the program in line with other existing commodity supports which do not have an open-ended commitment from taxpayers. And if you wanted to buy more coverage – you can. Just don't expect the taxpayer to further subsidize your choice.

The crop insurance subsidy program has turned risk management on its ear. Instead of helping farmers mitigate risk, in some cases the subsidies are promoting it. It's now too lucrative not to try to grow crops unlikely to produce in the region or on farm lands that are highly erodible or subject to flooding. But, hey, if you're gambling with house money, there's little to lose. The Shaheen/Toomey amendment is a common sense step toward making federally subsidized crop insurance more fiscally responsible. And that's why we wholeheartedly give it our support.

###