

Golden Fleece: Risk Management Agency Risking Taxpayer Dollars



Overview

The U.S. Department of Agriculture's Risk Management Agency (RMA) is spreading holiday cheer for agricultural producers while putting lumps of coal in taxpayer stockings. Projected to cost at least \$15 billion this year, federally subsidized crop insurance needs to be trimmed. Rather than rein in this budget-busting program, RMA's Education and Outreach Cooperative Agreements Program underwrites efforts to expand it. For spending taxpayer dollars on efforts likely to increase the taxpayer tab for crop insurance and for such questionable expenditures as sponsoring the National Christmas Tree Association's 2012 trade show where the winner of the National Christmas Tree contest was announced, the Risk Management Agency rightfully earns a Golden Fleece.

Risk Management Education and Outreach Cooperative Programs

The USDA's Risk Management Agency pays outside organizations and companies to educate farmers and ranchers about federally subsidized crop insurance and other, often subsidized, options for managing agricultural risks.¹ Currently the two main programs are "Education and Outreach" and "Targeted States." While these programs purportedly help agricultural businesses better manage their risk, in essence they spend taxpayer dollars teaching farmers and ranchers how to get more taxpayer dollars, especially through subsidized crop insurance.

The most recent round of funding awarded nearly \$13 million for more than 100 different projects ranging from \$20,000 for three educational events in Minnesota to \$700,000 for the Pennsylvania Department of Agriculture for "Crop Insurance Education." Eligible recipients under these programs include universities, nonprofit organizations, state departments of agriculture, consulting groups, and even private for-profit organizations involved in the sale of Federal crop insurance.

A few projects receiving taxpayer dollars include:

- **National Christmas Tree Association (NCTA):** received a [\\$55,000 grant](#) "to provide crop insurance education and to help Christmas tree growers understand and manage risk." [Last year](#), RMA also awarded NCTA \$72,500 to help fund its 2012 convention and [trade show](#) in Sacramento where winners of the National Christmas Tree Contest and the National Wreath Contest were chosen. One participant described the convention on [Facebook](#) as: "3 days of parties for the NCTA board now the real meetings begin."
- **South Dakota Corn Growers Association:** \$99,924 grant "to provide crop insurance education" to a state with enrollment rates below the national average; a similar grant in 2006 spent \$140,000 on an [annual meeting](#) and other activities like a grassroots lobbying campaign for the 2008 farm bill and a humorist specializing in farm family relationships.
- **Prune Bargaining Association:** \$99,429 [grant](#) "to provide crop insurance education and to assure that the best ideas are generated and to reduce the risk that poorly thought out unilateral decision making reduces the competitive viability of producers." Huh? Sounds like the basis of the grant was "poorly thought out."

Spending Dollars to Spend Dollars

Taxpayers for Common Sense is awarding a Golden Fleece to RMA for confronting the fiscal cliff by spending taxpayer dollars to teach agricultural businesses how to get more taxpayer dollars. For years taxpayers have been responsible for an inordinate amount of business risks an agricultural producer faces, through such programs as direct payments, price supports, subsidized loans, disaster assistance, direct purchasing, and highly subsidized crop insurance. Costing more than \$11 billion in 2011, subsidized crop insurance, *where taxpayers pick up on average 60 cents of every dollar charged for insurance coverage*, is now the most expensive taxpayer support for agriculture with a projected 2012 cost of \$15 billion or more. RMA's Partnership and Cooperative Agreements Program will do nothing to trim taxpayer costs for crop insurance.

RMA's partnership programs are designed to increase crop insurance participation. Taxpayer dollars are targeted at crops not insurable under the basic catastrophic risk crop insurance policy—but which can receive other federal funds—specialty crops, and “underserved commodities.”² Crops not covered by federal crop insurance include “floriculture, ornamental nursery, Christmas trees, turf grass sod, aquaculture (including ornamental fish), and industrial crops.”³ These commodities can receive funding under the Noninsured Crop Disaster Assistance Program, amongst others. Specialty crops include fruits, nuts, honey, syrups, and other crops, while “underserved commodities” include livestock, forage, and any crop grown somewhere that crop insurance is available, but participation rates lag the national average. Finally, the “Targeted States” program is focused on only 16 states, mainly in New England and the Mountain West, that have a low level of crop insurance participation. That is, according to the RMA, states where not enough farmers and ranchers are buying subsidized crop insurance.

“Underserved” producers receive prioritized funding even though there may be a valid reason why more corn is not grown in dry places like South Dakota, and producers raising ornamental fish or turf grass have other ways of managing business risks. Some of these crops are not the vital food and fiber running our economy.

Conclusion

Taxpayers are not served by federal programs that spend money with the express purpose of spending more money later. Farmers and ranchers have plenty of unsubsidized options for managing risk. **There is no taxpayer interest in spending tax dollars on Christmas trees, turf grass, and goldfish.**

With taxpayers facing a fiscal cliff and record costs from the crop insurance program, RMA should not be spending our money finding ways to spend more of our money. The agricultural sector is on pace to follow-up 2011's year of record profits with the second highest profits in a generation this year.

The USDA Risk Management Agency is awarded the Golden Fleece for its Partnership and Cooperative Agreements Program that fails to wisely manage taxpayer dollars.

¹ <http://www.rma.usda.gov/aboutrma/agreements/>

² <http://www.rma.usda.gov/regs/2012/rmeoutreachpartnerships.pdf>

³ *ibid*