

ATT: Farm Bill

June 7, 2012

Dear Senator,

As you consider the Agriculture Reform, Food, and Job Act of 2012, we urge you to place limits on the federal crop insurance premium subsidies granted to individual farmers, establish income limits for subsidy recipients, and require that recipients be actively engaged in farming.

Federal crop insurance is a valuable tool for producers – one which we support. Farmers need to be able to manage risks of failed crops and low prices to maintain their farms from year to year. But the emergence of crop insurance as the primary element of farm policy requires that it be subject to payment limitations and eligibility requirements, just like traditional farm programs.

Federal farm spending is undergoing a major shift from traditional farm payments to insurance subsidies. The federal government now pays an average of 60% of crop insurance premiums. Under the proposed new farm bill, projected crop insurance expenditures are more than double traditional farm programs. The shift to subsidized insurance will mean that there is no subsidy cap and no eligibility requirement for beneficiaries of the primary farm program.

The result will be an increase in the already excessive subsidies to the nation's largest farms. In 2011, more than 10,000 large farms each received over \$100,000 in crop insurance premium subsidies and 26 received over \$1 million.

Capping individual premium subsidies and setting income limits will not deny farmers access to needed risk protection. It is also important to note that it would not deny or cap insurance payments (indemnities) to farms facing losses. Rather, it would limit subsidies on the front end for payment of premiums. These subsidies are highest in the best of times because it costs more to insure a crop at market value when its price is high, than when its price is low.

We are a diverse group, including farm, rural, international and environmental organizations. But we are united by the belief that America is best served by responsible policy that directs risk management assistance to farmers who need it and caps it at levels that do not subsidize the largest farms to drive out small, mid-size and beginning farmers, both here and abroad.

Thank you for considering our views.

Sincerely,

Center for Rural Affairs
Environmental Working Group
National Farmers Union
National Sustainable Agriculture Coalition
Oxfam America