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Oct. 28, 2013

Dear Farm Bill Conferee,

I write on behalf of the R Street Institute to urge your support for two important crop insurance reforms in any farm bill conference package. With the farm bill set to end the wasteful direct payments program and expand crop insurance subsidies, Congress must protect taxpayers by placing reasonable restrictions on the federal crop insurance program and maintaining the Senate bill's language on means-testing and conservation compliance.

The Senate-passed bill proposes a means test that would reduce federal premium support by 15 percentage points for recipients with adjusted gross incomes of more than \$750,000. This change will affect less than 1 percent of farmers nationwide and would still leave taxpayers on the hook for 47 percent of wealthy farmers' insurance premiums. On Oct. 11, the House passed a related "sense of the House" resolution to support the Senate's means test language, which would save taxpayers more than \$900 million over ten years. While the system remains far too expensive for taxpayers, we advise you to ensure that at least this modest reduction is realized.

In addition, we encourage preserving the Senate's so-called "conservation compliance" language. Conservation compliance saves both taxpayer dollars and sensitive land by requiring basic conservation as a prerequisite for federal subsidies. Between 2008 and 2011, more than 23 million sensitive acres have been lost to farmland. This results in increased farming in suboptimal areas where yields tend to be lower, wasting precious taxpayer dollars, as well as increased agricultural runoff and destruction of valuable wildlife habitats. Farmers are now and should continue to be free to use their land as they see fit, but risky farming should not be encouraged on the taxpayer dime. According to the Department of Agriculture's Economic Research Service, conservation compliance has saved taxpayers \$1 billion since 1985, while protecting millions of acres of land from over-farming.

Unlike some provisions, conservation compliance and means-testing in crop insurance both have widespread bipartisan support in both chambers. Given that both bills expand the crop insurance program by \$5 billion or more, it is crucial to keep the program from growing unmanageably large. Taxpayers deserve better than this bloated and wasteful system and these two policies represent steps in the right direction. We urge you to support their inclusion in any farm bill conference package.

Sincerely,

Lori Sanders  
R Street Institute