



## **WEEKLY WASTE REPORT for June 29, 2015**

### **Taxpayers, Ensured for Loss!!!**

Insurance protects against the rare and unforeseen, not the regular and predictable. You insure your car against accident, not oil change.

But, when the government is the insurer, this kind of obvious logic does not apply. Surprisingly (or maybe not), the Department of Agriculture (USDA) is paying out **hundreds of millions of dollars annually in “prevented planting” crop insurance to farmers who cannot plant their crops in SEASONAL WETLANDS.**<sup>1</sup>

At issue is the intersection of the “prevented planting” crop insurance and prairie potholes. What are prairie potholes? They are basically ground depressions that fill with water in the rainy spring and dry out in the summer and fall, and are mostly located in the upper-Midwest. The “prevented planting” program is taxpayer subsidized crop insurance that compensates farmers when **extreme** weather prevents planting.

The problem is, some farmers claim prevented planting **each year** for the regular flooding of prairie potholes.<sup>2</sup> In fact, **farmers in sixty-five counties**, mostly in the Dakotas, **have gotten payouts, 14 years in a row**, and in another twenty-nine counties have gotten payments 13 of the last 14 years. In most cases, insurance payments were greater what direct crop subsidies would have been.<sup>3</sup> These farmers are **raking in approximately \$310 million annually.**

No private insurer would stand for this and would either not offer insurance or would control for this kind of abuse. To their credit, the USDA is not complacent in this abuse. Several attempts have been made to close the prairie pothole loophole. As recently as last year, USDA “clarified” rules to effectively prohibit claims four years in a row.<sup>4</sup> But data suggests this new policy could be gamed. At the heart of the problem is that USDA simply does not have a definition of “Normal” weather.<sup>5</sup>

**So, if we know it is sure to happen, why are we insuring against it?**

<sup>1</sup> Cox, Craig, Soren Runquist, Anne Weir; *Boondoggle: “Prevented Planting” Insurance Tears Up Wetlands and Wastes Billions.* Environmental Working Group, Washington, D. C. April 2015

<sup>2</sup> Ibid

<sup>3</sup> Ibid

<sup>4</sup> Risk Management Agency-USDA. RMA Clarifies Prevented Planting Standards in the Prairie Pothole Region [Press Release]; August 2013

<sup>5</sup> Cox, Craig, Soren Runquist, Anne Weir; *Boondoggle: “Prevented Planting” Insurance Tears Up Wetlands and Wastes Billions.* Environmental Working Group, Washington, D. C. April 2015