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NEWS from U.S. Senator Bob Dole

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DOLE INTRODUCES FEDERAL CROP INSURANCE EXPANSION ACT OF 1977

WASHINGTON, D.C. -- Senator Bob Dole today introduced the Federal Crop Insurance Expansion Act of 1977 to replace the current disaster payments program which expires at the end of this year.

Dole called current efforts to alleviate the impact of natural crop disasters, "cumbersome, duplicative, inequitable, and ineffective." The current disaster payments program, administered by the Agricultural Stabilization and Conservation Service, is limited to producers with acreage allotments for upland cotton, wheat, corn, grain sorghum, and barley. "In addition to the program's limitation to certain crops planted on allotted acres," Dole said, "there are numerous inconsistencies in payment computations, eligibility requirements and program coverage."

The Kansas Senator added that the additional protection from crop losses provided by the present Federal Crop Insurance Corporation is not available in all agricultural counties, and does not cover all basic commodities in the counties where insurance is available.

The purpose of Dole's new legislation is "to replace these current efforts with a new, equitable, and comprehensive system of crop coverage. Specifically, my legislation requires FCIC to expand into all agricultural counties and provide coverage for six basic commodities wherever they are grown commercially." The six commodities are wheat, cotton, corn, rice, grain sorghum, and barley. Additional crops will be covered on a county-by-county basis.

Dole's bill also provides for a 25 percent Federal subsidy of the premiums producers pay into FCIC. "A premium subsidy of this size, together with the existing Federal payment of the Corporation's operating and administrative expenses, will reduce the cost of insurance to producers and make it a viable and attractive alternative to the disaster payments program."

The ranking Republican on the Agriculture Committee said that in addition to producers receiving more comprehensive coverage, taxpayers will save money. "The Department of Agriculture projects an impressive savings if an expanded FCIC were to replace the present crop insurance/disaster payments system. If existing programs were continued, the estimated cost in 1978 would be \$424.7 million. In contrast, a nationwide FCIC, operating with a 25 percent premium subsidy, assuming a participation level of at least 28 percent, will cost the taxpayer only about \$114 million."

SUMMARY OF SENATOR DOLE'S FEDERAL CROP INSURANCE EXPANSION ACT OF 1977

** Expand FCIC nationwide and make insurance available to all producers of wheat, cotton, corn, rice, grain sorghum, and barley. Other crops will be covered on a county-by-county basis.

** Provides for a 25% federal subsidy of the premiums farmers pay to FCIC. This would lower the cost of insurance enough to get the level of participation up to at least 50% of eligible farmers.

** Raises FCIC's capital stock from \$100 million to \$300 million. This is necessary for an expanded program.

** Provides for insurance for prevented planting losses caused by floods. This partly compensates for the termination of the prevented planting payments program.

** Gives FCIC discretionary borrowing authority so the corporation doesn't have to come to Congress for Supplementals to pull them through bad years.