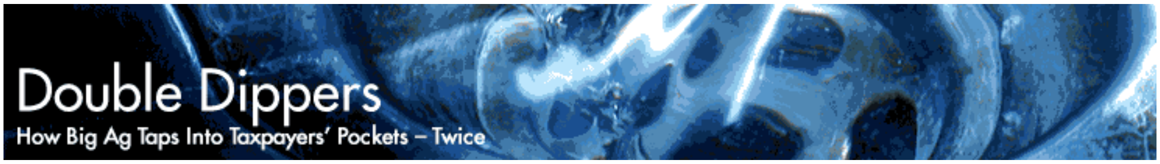

How Big Ag Taps Into Taxpayers' Pockets – Twice

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Some of America's richest agribusinesses are double dipping from U.S. taxpayers' pockets at a rate of hundreds of millions of dollars a year, according to an Environmental Working Group (EWG) computer investigation of federal crop and water subsidies to California's Central Valley Project (CVP).

At a time of record federal budget deficits and scarce, expensive water, thousands of Central Valley farms get cheap, taxpayer-subsidized water to grow surplus crops the government subsidizes a second time with price supports. EWG found that in 2002, the latest year for which figures are available for both types of subsidies, the approximately 6,800 farms in the CVP, the largest federally-operated irrigation system in the nation, took in by conservative estimate $538 million in crop and water subsidies combined.

The figure is based on an earlier EWG investigation that used state and federal data to calculate the value of CVP water subsidies from the Bureau of Reclamation at $416 million in 2002. Now, using Department of Agriculture (USDA) crop subsidies data compiled annually by EWG, we have documented that many of these same farms are also getting hefty crop subsidy payments — $122 million in 2002 alone, and $891 million from 1995 to 2004.

EWG found:

- In 2002, almost one in five CVP farms got both crop and water subsidies. These farms received water subsidies worth an estimated $121.5 million, and crop subsidy checks totaling another $122.3 million. Combined, the average subsidy payment was almost $200,000 per farm.

- More than one in four CVP farms got double subsidies for at least one year between 1995 and 2004. Crop subsidy checks to these farms in that period totaled more than $891 million. These farms received more than $152 million worth of water subsidies in 2002 alone, so their combined subsidy take over ten years could well top $2 billion.

- Roughly one-third of the 2.7 million acre-feet of subsidized irrigation water the CVP delivered in 2002 went to grow crops eligible for USDA subsidies. Cotton and rice were the biggest subsidy sweepstakes winners by far. These two crops accounted for more than one-fourth of CVP irrigation water delivered in 2002 and 92 percent of the crop subsidies received by CVP farms that year.

- Some California dairy operations are not double dippers but triple dippers. They receive taxpayer-subsidized water to grow corn, for which they receive crop subsidies. They feed the corn to cattle to produce milk, cheese and other products eligible for federal dairy subsidies. EWG identified 23 of these triple dippers in the CVP. Together they received more than $3 million in combined subsidies in 2002.

In 2002, the ten biggest double dippers in California reaped almost $20 million in water and crop subsidies combined. The five biggest — Dresick Farms of Huron, Burford Ranch of Fresno, Hansen Ranches of Corcoran, Sumner Peck Ranches of Madera, and Starrh & Starrh Cotton Growers of Shafter — each received more than $2 million in combined federal subsidies in 2002.

Table: Top 10 double dippers in 2002

Farm Name	Farm Location	Crop subsidy payments received		Estimated water subsidies received (2002)	Total crop and water subsidies received (2002)
DRESICK FARMS INC	Huron	$326,350	$12,907	$2.3-2.7 million	$2.3-2.7 million
BURFORD RANCH	Fresno	$1,433,593	$64,119	$2.1-2.5 million	$2.1-2.5 million
HANSEN RANCHES	Corcoran	$9,996,854	$2,143,732	$1,500	$2.1 million
SUMNER PECK RANCH	Madera	$5,446,924	$1,905,232	$220,000	$2.1 million
STARRH & STARRH COTTON GROWERS	Shafter	$8,816,433	$1,976,882	$110,000	$2.1 million
HARRIS FARMS	Coalinga	$783,927	$40,000	$1.8-2.2 million	$1.9-2.2 million
VANN BROS.	Williams	$2,942,285	$727,348	$1.0-1.2 million	$1.7-1.9 million
K-4 FARMS	Yuba City	$4,661,624	$739,278	$910,000	$1.6 million
KODA FARMS	South Dos Palos	$3,968,541	$1,116,582	$470,000	$1.6 million
HALL COMPANY	Firebaugh	$4,087,798	$874,919	$590,000	$1.5 million

Sources: [3,4]

The distribution of both crop subsidies and water subsidies in the CVP is highly uneven, with the biggest farms getting most of the subsidies. Not surprisingly, the same skewed distribution is true among double dippers.

We looked at farms that got CVP water subsidies in 2002 and crop subsidies for at least one year between 1995 and 2004. Ten percent of the farms accounted for 51 percent of all of the crop subsidies, with the average payment per farm totaling more than $2.4 million during the ten-year period. The top 5 percent, fewer than 100 farms, got 34 percent of the crop subsidies — more than $3 million each on average.

To put these figures into perspective, in 2002 the average crop subsidy payment nationwide was $18,321. That year the average payment to CVP farmers was $99,614. It's clear that double dipping is not a policy that helps struggling family farmers make a living — the original intent of both crop and water subsidies — but an opportunity for wealthy agribusiness corporations to "game" the system so that taxpayers pay for their finished products and raw materials.

Eleven times since 1982, Congress has considered legislation to prohibit farms from receiving both water and crop subsidies. Each bill was blocked by the agricultural lobby. Both the National Academy of Sciences and the Government Accountability Office have called for an end to double dipping, and in 1990 the Interior Department's Inspector General told the Bureau of Reclamation it should work with USDA to "discontinue expeditiously...the practice of providing dual subsidies." [1] Neither the Bureau nor USDA did anything to end or reduce double dipping.

That's not acceptable — especially now.

The Bureau of Reclamation is in the process of renewing long-term contracts for CVP irrigation districts that promise 43 percent more subsidized water by 2030, even though hundreds of thousands of acres are going out of crop production. Renewing the water contracts at bargain-basement prices, while ignoring the inherent conflict of growing subsidized crops with subsidized water, will lock in double dipping for another 25 to 50 years.

Meanwhile, the federal crop subsidy program grows more bloated each year, with new EWG figures showing $12.5 billion in price supports paid nationwide in 2004. The U.S. is under pressure to comply with a World Trade Organization ruling that U.S. cotton subsidies are illegal and harmful to Third World economies. Earlier this year, President Bush proposed reducing crop subsidies, then backed down after an outcry from the farm lobby. But on July 7, at the G8 summit in Scotland, Bush renewed his call for subsidy reform, saying the U.S. "want[s] to work with the [European Union] to rid our respective countries of agricultural subsidies" by 2010. [2]

There's no need to wait. Eliminating double dipping is a common-sense idea the White House could accomplish with a stroke of the pen. It would make federal farm policy more fair to the majority of farmers in California and other states, who receive neither crop nor water subsidies. It would save taxpayers hundreds of millions of dollars a year. If the president is serious about getting rid of wasteful and inequitable farm subsidies, ending double dipping is an ideal place to start.