

**MEMBER STATEMENT FOR THE 2023 HOUSE AGRICULTURE COMMITTEE
MEMBER DAY HEARING**

REP. EARL BLUMENAUER

DECEMBER 6, 2023

Chairman Thompson and Ranking Member Scott,

Thank you for providing the opportunity to share my priorities for the upcoming Farm Bill.

As the Committee is aware, one of my priorities is reforming the federal crop insurance program to reduce wasteful spending and make the program work better for more farmers.

On Monday, GAO published a landmark report detailing how the program is failing taxpayers and producers alike. While I fully support a fair and well-targeted farm safety net to guarantee the security of our food system, I think most people would agree that giving millionaires hundreds of thousands of dollars to heavily subsidize the cost of crop insurance is neither fair nor well-targeted.

Yet that is precisely what GAO found: there are 1,341 producers making more than \$900,000 in annual gross income that have nearly two-thirds of their insurance premium paid for by the federal government. Millionaires do not need taxpayers to help them afford crop insurance.

Many people are worried that reforming the crop insurance program would hurt smaller family farms who rely on this safety net to manage risk inherent in agriculture. But the numbers show that this program is disproportionately skewed not toward small family farmers but toward the biggest agribusinesses. In fact, only 1 in 5 farmers can afford to participate in the program at all, yet the rising federal price tag for crop insurance is not helping more producers access insurance.

As proof of just how consolidated the benefits of the program are, GAO found that 1 percent of policyholders received 22 percent of premium subsidies. Even worse, the top 1 percent of policy holders got \$464,900 each. This is far from the risk management tool for small family farmers that it should be. The picture is even worse in Oregon, known for its agricultural diversity. In my state, 89 percent of farmers receive no subsidies from the federal government. None. Small and mid-sized farmers around our state – the ones who actually grow our food – get lip service.

But even that is only half of the picture: not only do taxpayers generously subsidize crop insurance premiums, but they also guarantee sky-high profits for private insurance companies that administer the program. Free market advocates should be scandalized that the Department of Agriculture guaranteed insurance providers a 16.8 percent rate of return over the last decade – far exceeding the 10.2 percent market-based rate of return.

And while the federal government is projected to spend \$100 billion on crop insurance in the next decade, who is receiving these subsidies and how much they are receiving is a black box, since crop insurance is the only farm safety net program without basic transparency requirements, income limits, or payment caps.

That is why I introduced the Assisting Family Farmers through Insurance Reform Measures Act to make commonsense reforms to the crop insurance program so that it works better for more farmers, reduces wasteful federal spending, and protects taxpayers. I am also proud of my work with Congressman Ralph Norman on the Crop Insurance Transparency Act, to inject much-needed transparency into the crop insurance program.

With a tight Farm Bill baseline but multiple programs in need of more funding, the crop insurance program is a rare place to find easy savings, and I hope the Committee will consider these proposals.