

House Ag Committee- Farm Bill Markup

Crop Insurance – SNAP (Amendment Debate)

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Note: This is an unofficial transcript of a portion of the House Ag. Comm. 2013 Farm Bill Markup



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Rep. Jim McGovern (D., Mass.): The stories of widespread crop insurance fraud continue to surface. Just a few months ago, federal investigators discovered a crop insurance fraud scheme in eastern North Carolina to steal \$100 million from the crop insurance program, and just last month an insurance agent and four potato growers and packers went to trial in Washington on charges of defrauding the federal government of more than \$9.6 million in insurance payments.

And there are more examples. In Texas a crop loss adjuster pleaded guilty to falsifying appraisals supporting more than \$700,000 in fraudulent loss claimed for cotton, grain and sorghum farmers. A Virginia insurance agent was sentenced to 27 months in prison, three years supervised release and restitution for a conspiracy to make false statements to federal agencies. According to the indictment, the agent knew that crop yield histories were false and advised clients on how to receive payments for fictitious losses.

A Carroll County, Iowa farmer was sentenced to 20 months in prison plus three years of supervised release after pleading guilty to conspiracy, charges of bank fraud, farm program fraud, crop insurance and bankruptcy fraud. He was ordered to pay restitution of \$2.3 million. He was ineligible for crop insurance and other federal benefits because his farm violated conservation standards, and he was charged with putting the property in the name of a hired hand in order to conceal that fact.

My friend, the ranking member, recently acknowledged the problem of crop insurance fraud when he said, “There is five times as much fraud in crop insurance than in food stamps.” Secretary Vilsack said that the percentage of error and fraud rate is higher in crop insurance than it is in SNAP, and if you reduce the error rate in crop insurance, you’re talking about tens of millions, and potentially hundreds of millions of dollars in savings.

Mr. Chairman, I'm not advocating for fraud in any government program, but Congress has spent countless hours talking about the fraud in the SNAP program, a program that has an incredibly low error rate. Shouldn't we want the same for our crop insurance program? My amendment would help make that a reality by requiring the error rate for the crop insurance program to be equal to or less than the error rates for SNAP before any of the proposed spending cuts to SNAP take effect.

If the committee really wants to target fraud, waste and abuse rather than just cutting SNAP in the name of fiscal authority, then we should make sure that programs that have real abuse are targeted before a program with the lowest error rate. And I'm hoping that there's a little bit of outrage over the fraud in this program and we'll have overwhelming bipartisan support in favor of my amendment. I yield back the balance of my time.

Chairman: The gentleman yields back. Does anyone seek recognition?

Rep. Collin Peterson (D., Minn.): Mr. Chairman.

Chairman: Does the gentleman move to strike the last word?

Rep. Peterson: Yeah, move to strike the last word.

Chairman: He's recognized for five minutes.

Rep. Peterson: Well, I should just clarify. I was talking to some reporters and I got carried away when I said five times. The reality is we don't know. There maybe is more fraud in crop insurance than SNAP, but nobody knows.

We have made progress in both programs. We're using data mining to determine where there's a problem. And that's why you read those statistics, because we were able to catch people that were abusing the system through efforts that we've made to try to tighten up on the program. Frankly, we should put more money into data mining, both in SNAP and in crop insurance so we can...because it kind of tells you where the problem is.

So I don't see how you would ever figure out what the level was, number one, but number two, you know, we keep talking about like somehow or another we're cutting SNAP. We're not actually cutting any benefits. What we're doing is we're...what they're doing here is changing how you qualify for SNAP.

And I have some disagreement in terms of what I would do, but I really think this categorical eligibility is a problem, because you're treating people differently in different states. Some people in some states are getting benefits, and the same exact people in another state won't get benefits. That's what this is about. And that's what we ought to be focused on.

So I just... I just think your amendment is unworkable. I'd be happy to try to work with you to see if we can do a better job of getting at the bottom of this, but I don't

see how you would ever be able to figure out what this level of fraud is to compare the two.

Rep. McGovern: If the chairman?

Chairman: Yeah.

Rep. McGovern: I look forward to working with the gentleman. I would still like to have a voice vote on this—

Rep. Peterson: Yeah, well, that's fine.

Rep. McGovern: Simply because we have documented cases of abuse which is serious. And going back to categorical eligibility, I mean, I guess my...when people say that nobody will be adversely impacted—

Rep. Peterson: Oh, yeah, they will. No question about it. But it's—

Rep. McGovern: That was my point in the previous [thing].

Rep. Peterson: But I mean...and I really have some...that, you know, somehow or another this is justified, that it makes it easier to administer for the state. Well, that may be true, but the reality of the way this works is this. The state decides that they want to have a higher income eligibility for a certain welfare program in that state.

So then, when they make that decision, then that's what qualifies those people under that welfare program for SNAP. So what's happening is the state is qualifying these people and then we're paying for it. And I really have a problem where, I mean, where you set up a program where somebody else decides how much and who gets paid, and then you have to pay for it. I mean, that's not a sensible program, as far as I'm concerned, but...

Rep. McGovern: If the gentlemen would just yield... Yeah, you know, which again leads to my point earlier that I think there's a more thoughtful way to approach this.

Rep. Peterson: Yes.

Rep. McGovern: Part of the benefit of categorical eligibility is that there are multiple programs out there for poor people, and when they go to one, they can automatically get enrolled in the other. So without it, I mean, I think there's a fear that people who are eligible for benefits will not get them, people who deserve them.

Rep. Peterson: Well—

Rep. McGovern: And it cuts back on state paperwork, and that's all good. But there's a right way to do this and there's a wrong way to do this, and I would just say that what we're doing is the wrong way to approach it.

Rep. Peterson: Half of the people in my district who qualify for benefits, more than half of the people that qualify don't get the benefits. And I can tell you a number of them, it's because they don't want the benefits. That's just not what they want to do. And there's others in that group that maybe don't know they have the benefits coming. But there are some people that don't take the benefits because they've chosen not to. And there are people like that out there.

Rep. McGovern: With families with kids, it's tough.

[End of recording.]