On May 3, 2007, a Committee hearing disclosed billions of dollars of waste, fraud, and abuse in the federal crop insurance program. At the hearing, GAO testified that over 40% of program funding – over $10 billion – never reached the farmers that the program is designed to assist. Witnesses identified billions of dollars in excess subsidies for the private insurers that administer the program.

On June 18, 2008, Congress passed (over President Bush's veto) the Food, Conservation, and Energy Act of 2008 (H.R. 6124). Provisions in this legislation contain reforms to the crop insurance program that will produce significant savings for the taxpayer. The legislation reduces excessive subsidies for insurers, provides new funding for program enforcement, and modifies other provisions resulting in waste and abuse by farmers and insurers, saving an estimated $3.4 billion over the next decade.

Documents and Links

- H.R. 6124 at THOMAS