Farm Bill Reforms for the 118th Congress

NOVEMBER 2023

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CITIZENS AGAINST GOVERNMENT WASTE

About CAGW

Citizens Against Government Waste (CAGW) is a private, nonprofit, nonpartisan organization dedicated to educating the American public about waste, mismanagement, and inefficiency in government.

CAGW was founded in 1984 by J. Peter Grace and nationally syndicated columnist Jack Anderson to build public support for implementation of the Grace Commission recommendations and other waste-cutting proposals. Since its inception, CAGW has been at the forefront of the fight for efficiency, economy, and accountability in government.

CAGW has more than 1 million members and supporters nationwide. Since 1984, CAGW and its members have helped save taxpayers more than $2.4 trillion. CAGW publishes special reports, including the *Congressional Pig Book* and *Prime Cuts*, as well as its official newsletter *Government WasteWatch* and blog *The WasteWatcher*, to expose government waste and educate the American people on what they can do to stop the abuse of their hard-earned money. Internet, print, radio, and television news outlets regularly feature CAGW's publications and experts.

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Introduction

In their book *Tyranny of the Status Quo*, Milton and Rose Friedman said, "nothing is so permanent as a temporary government program."[1] Perhaps the greatest example of temporary government programs becoming permanent fixtures of policy and politics is the farm bill. What began as a 1933 New Deal program aimed at ensuring financial stability for farmers while the nation was plagued by the Great Depression and Dust Bowl, is now a bipartisan affair that Congress usually reauthorizes every five years.

The 118th Congress has been considering the reauthorization of the last farm bill, which was the Agriculture Improvement Act of 2018, with a series of listening sessions around the country held by the House Agriculture Committee, field hearings held by the Senate Agriculture Committee, and the opportunity to provide feedback and comments to both committees. Neither committee has introduced a bill for markup yet.

The farm bill covers a wide range of policy areas, including crop insurance, disaster assistance, energy, forestry, food programs, income and price supports, loan programs, nutrition, rural development, tariffs, and even broadband internet access. Members of Congress should proceed carefully when considering the farm bill and take steps to root out wasteful spending and reform or replace antiquated provisions that harm consumers.

The top priority for reform or elimination is the U.S. sugar program. The current program is an outdated, Soviet-style command-and-control program that uses import quotas, loans, marketing allotments, and tariffs to artificially inflate the price of sugar.[2] While the sugar program is a great deal for sugar producers, consumers and taxpayers get the short end of the stick and pay double the world average price for sugar. The sugar program also leads to job losses in a variety of sugar-using industries.

Sugar is not the only crop that receives wasteful federal subsidies. Dairy and peanut farmers also benefit from generous subsidies and price support programs. While perhaps not as egregious as the sugar program, these convoluted systems cost taxpayers billions of dollars each year and are long overdue for reform or replacement.

Crop insurance is another area that needs reform. Under the current system, there is no eligibility income limit. With the consolidation of farms in recent years, wealthy landowners now receive the most federal crop insurance benefits. Crop insurance reforms, including setting income caps on benefits, have been introduced for several years. The 2023 Farm Bill is the perfect time to enact these reforms and bring fairness back to federal crop insurance.

According to the Government Accountability Office (GAO), there are more than 133 different broadband programs across 15 different federal agencies, which creates significant fragmentation and overlapping funding.[3] They include broadband loan and grant programs at the Rural Utilities Services (RUS), which will be funded in the farm bill. Congress should determine whether they should be extended,

1 Friedman, Milton, and Rose D. Friedman, *Tyranny of the Status Quo*, Houghton Miflin Harcourt, 1984.

2 Citizens Against Government Waste (CAGW), *Critical Waste Issues for the 118th Congress*, January 26, 2023, https://www.cagw.org/reporting/critical-waste-118.

3 Government Accountability Office (GAO), "Broadband: A National Strategy Needed to Coordinate Fragmented, Overlapping Federal Programs," GAO-23-106818, Testimony before the Subcommittee on Oversight and Investigations, Committee on Energy and Commerce, House of Representatives, May 10, 2023, https://www.gao.gov/assets/gao-23-106818.pdf.

consolidated, or eliminated to prevent spending more money on duplicative broadband programs.

Citizens Against Government Waste (CAGW) has long advocated for commonsense reforms to several agriculture programs to reduce wasteful and unnecessary government spending and save consumers and taxpayers money. Congress should restore fiscal sanity and commonsense when considering the upcoming farm bill and eliminate provisions that have harmed consumers and wasted taxpayer dollars for decades.

The U.S. Sugar Program

The first sugar tariff was introduced in 1789, making protectionism in the sugar industry nearly as old as the country itself.[4] While the current sugar program is not quite as old, it is still an outdated program that is overdue for reform or retirement.

In 1934, the modern sugar program was created with the passage of the Jones-Costigan Amendment.[5] It was meant to be a temporary emergency measure to ensure the price of sugar was stable during the Great Depression by utilizing subsidies, production quotas, price supports and import tariffs. However, the Jones-Costigan amendment and its protectionist provisions were made permanent when the Sugar Act of 1937 was signed into law. This system was continually renewed with few changes until 1974, when the price of sugar tripled, and the program ended. The 1981 Farm Bill, the Agriculture and Food Act of 1981, reinstituted price support loans which continue to this day.[6]

Perhaps the most important aspect of the U.S. sugar program is the tariff rate quotas imposed on sugar imports. These tariff rate quotas require that 85 percent of sugar purchases be bought from domestic sugar producers and limit the amount of sugar that can be imported each year from 40 different countries. Any sugar that is imported beyond the quota is subject to a tariff. By restricting the amount of sugar that can be imported, the government forces Americans to pay sugar prices that are nearly double the price of sugar around the world.[7]

Tariff rate quotas are not the only way that the government protects domestic sugar producers. The Feedstock Flexibility Program, originally created in the 2008 Farm Bill, requires the Department of Agriculture's (USDA) Commodity Credit Corporation to buy sugar from domestic producers and then re-sell the sugar to bio-energy companies, usually at a loss, to avoid forfeitures of sugar loan collateral under the sugar program.[8] This system makes the federal government both a buyer and a seller of sugar and gives sugar producers another form of protection.

In addition to the high prices that the U.S. sugar program places on consumers, the current system has led to job losses in industries that rely on sugar imports. According to a 2005 International Trade Administration report, industries that make sugar-containing products lost 10,000 jobs from 1997 to 2002. Confectionaries and cereal producers are two of the largest producers of sugar-containing products and make up for approximately half of the job losses from 1997 to 2002.[9] The confectionary business has

4 Colin Grabow, "Candy-Coated Cartel: Time to Kill the U.S. Sugar Program," Cato Institute, April 10, 2018, https://www.cato.org/policy-analysis/candy-coated-cartel-time-kill-us-sugar-program.

5 Ibid.

6 Agriculture and Food Act of 1981, Pub. L. No. 97-98, 97th Congress (1981), https://www.congress.gov/bill/97th-congress/senate-bill/884.

7 Alliance for Fair Sugar Policy, "Modernize the Sugar Program," https://fairsugarpolicy.org/resources/one-pagers/#.

8 Colin Grabow, "Candy-Coated Cartel: Time to Kill the U.S. Sugar Program," Cato Institute, April 10, 2018 https://www.cato.org/policy-analysis/candy-coated-cartel-time-kill-us-sugar-program#.

9 U.S. Department of Commerce International Trade Administration, "Employment Changes in U.S. Manufacturing: The Impact of Sugar Prices" 2002 https://www.trade.gov/sites/default/files/2020-12/Employment%20Changes%20in%20U.S.%20Food%20Manufacturing_The%20Impact%20of%20Sugar%20Prices.pdf.

struggled to compete with global competitors because of the high price of sugar in the U.S. and has lost an estimated 4,600 jobs.[10]

Many of these companies have decided to close their U.S. factories and relocate the jobs to Mexico or Canada where they can avoid paying the artificially high sugar prices. One area that has been hit particularly hard by this trend is Chicago, Illinois, which was once home to several candy producers and had thousands of manufacturing jobs in the city. But in recent years, candy companies including Brach's, Fannie May, and Mars Wrigley, which opened its first manufacturing facility in the city in 1928, have closed their factories in Chicago.

Reforms to the sugar program have been proposed for many years, including in CAGW's *Prime Cuts* report.[11] The Sugar Policy Modernization Act of 2017, introduced during the 115th Congress, would have reformed the sugar tariffs and marketing allotments that are currently in place and eliminated the Feedstock Flexibility Program.[12] The current sugar program continues to impose artificially high costs on consumers and small businesses for the benefit of sugar growers and producers.

Congress should make reforms like those from the Sugar Policy Modernization Act of 2017 part of this year's farm bill. Reforming or replacing the sugar program would benefit consumers, food manufacturers, and taxpayers and bring American sugar policy into the twenty-first century.[13] CAGW estimates that eliminating the sugar program would save taxpayers $1.2 billion in the first year and $6 billion over five years.[14]

Dairy Subsidies

The dairy subsidy is a close second to the sugar program due to its complex tangle of subsidies and price supports. Through a series of federal Milk Marketing Orders, which are based historically on the distance from Eau Claire, Wisconsin, to where the milk is produced, the government sets minimum prices that dairy processors must pay for Grade A milk. These vary from region to region, and milk producers are forbidden to sell their product in another region.

While taxpayers dodged the worst outcome when the 2014 Farm Bill did not include the proposed Dairy Market Stabilization Program, the conference agreement instead included a new Dairy Product Donation Program, which allows the purchase of dairy products at market prices "for donation to public and private nonprofit organizations that provide nutrition assistance to low-income populations." The program, which was never considered in the House or Senate, would require the USDA to buy dairy goods when market prices drop below a certain threshold and continue these purchases until market prices resurface above the established threshold.

The 2014 farm bill also included the dairy margin coverage (DMC) program, which makes monthly payments to dairy farmers when milk prices are low relative to an index of dairy feed prices.[15] Total DMC payments in recent years have averaged about $500 million annually. As with other agriculture industries,

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10 Ibid.

11 CAGW, *2022 Prime Cuts*, October 2022, https://www.cagw.org/reporting/prime-cuts.

12 Rep. Virginia Foxx (R- N.C.), "Members Introduce Bipartisan, Bicameral Sugar Policy Modernization Act," November 7, 2007, https://foxx.house.gov/news/documentsingle.aspx?DocumentID=399129.

13 Council for Citizens Against Government Waste (CCAGW), "Coalition Letter: Support the Sugar Policy Modernization Act of 2017," February 21, 2018, https://www.ccagw.org/legislative-affairs/letters-officials/coalition-letter-support-sugar-policy-modernization-act-2017.

14 CAGW, *2022 Prime Cuts*, p. 12, October 2022, https://www.cagw.org/reporting/prime-cuts.

15 Daniel A. Summer, "Dairy Policy and the Next Farm Bill," American Enterprise Institute, May 2023, https://www.aei.org/research-products/report/dairy-policy-and-the-next-farm-bill/.

the dairy market has also become more concentrated resulting in most federal subsidies going to large dairy farmers while smaller farmers are left with fewer benefits.[16]

In addition to the regular dairy subsidies, the USDA paid approximately $3 billion in COVID-19 relief funds in 2020 and 2021 to dairy farmers.[17] Under the current system of DMC payments and the ad hoc COVID-19 relief payments, dairy producers, especially those with large farms and incomes, are disproportionately benefitting from the federal government.

While small in comparison with other federal commodity support programs, Congress should eliminate dairy subsidies. CAGW estimates that eliminating dairy subsidies would save taxpayers $92.4 million in one year and $462 million over five years.[18]

Peanut Subsidies

Programs supporting the peanut industry have existed in some form since the early 1900s. Originally, peanuts were subsidized with a production quota; only those who owned or leased production quotas from the government were allowed to produce. These valuable quotas drove up the cost of peanuts to nearly twice the world price. The 2002 Farm Bill eliminated these production quotas and replaced them with a new direct payment program to compensate farmers for removing this "resource," which cost taxpayers $1.3 billion over five years.

The 2014 Farm Bill eliminated the direct payments, but greatly expanded crop insurance to make up for the loss of those payments. In late 2014, producers of covered commodities, including peanuts, were allowed to choose to participate in either the Agriculture Risk Coverage (ARC) program or the Price Loss Coverage (PLC) program. Under the ARC program, USDA makes a payment for a covered crop in any year that "actual crop revenue" for the commodity is less than its "agriculture risk guarantee."

Under the PLC program, payments are made to farmers when the price for a crop drops below its "reference price." The 2018 Farm Bill set the reference price for peanuts at $535 per ton. A January 29, 2018, American Enterprise Institute (AEI) report put the benefits of the PLC program, which pays farmers $300 per acre whether they produce peanuts or not, into perspective: "$300 per acre on an average of about 250 acres is $75,000 in taxpayer payments to the average-sized peanut operation, over three times the U.S. poverty line wage for a family of three or four, and almost 50 percent higher than the median household income. These subsidies are being paid to business owners with an average net worth that exceeds $1.5 million."[19]

Many economists believe that the cost of the expanded crop insurance programs will significantly exceed initial estimates, as crop prices are beginning to fall much more quickly than projected.[20] A December 8, 2016, Congressional Budget Office (CBO) report found that if the ARC and PLC programs were eliminated for all crops, taxpayers would save $4.2 billion over the next decade.[21] Scrapping the peanut subsidy alone would save $53.5 million in the first year and $267.3 million over five years.[22]

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16 Ibid.

17 Ibid.

18 *2022 Prime Cuts,* p. 13.

19 Barry K. Goodwin and Vincent H. Smith, "Reflections on the US Sugar Program,", American Enterprise Institute, January 29, 2018, https://www.aei.org/research-products/report/reflections-on-the-us-peanut-program-its-nuts/.

20 David Rogers, "Payments to farmers may exceed farm bill's expectations" *Politico*, January 29, 2015, https://www.politico.com/story/2015/01/farm-bill-farmer-payments-114699.

21 Congressional Budget Office (CBO), "Eliminate ARC and PLC Payments on Generic Base Acres" December 8, 2016, https://www.cbo.gov/budget-options/2016/52171.

22 *2022 Prime Cuts,* p. 14.

Crop Insurance

The federal crop insurance program, which was established in the 1930s, is administered by the Federal Crop Insurance Corporation. It was a relatively small program until the Federal Crop Insurance Act of 1980 expanded the types of eligible crops and made federal crop insurance more accessible across the country.[23] However, enrollment fell short of projections. As a result, the federal government offered ad hoc payments to farmers following a flood in 1988.[24] This was the start of a cycle of ad hoc disaster relief payments to farmers, with subsequent disaster bills being enacted in 1989, 1992, and 1993.[25]

In the 1980s, most farmers who received federal crop insurance were enrolled in a plan that indemnified them against yield losses on their farms. This changed in 1996, when revenue insurance was first introduced. In the 2010s and to the present day, revenue insurance has been the most popular form of crop insurance. In 2022, 210 million acres were enrolled in revenue policies, while only 30 million acres were enrolled in yield-based policies.[26] The most recent trend in crop insurance has been rainfall index policies. This insurance policy, first introduced in 2007, insures forage, rangeland, and pasture crops, which farmers use to feed livestock that have been affected by a drought. According to AEI, the total acres covered by rainfall index policies have grown more than fourfold since 2013 and the government had a total liability of $67 billion in 2022.[27]

As federal crop insurance has expanded into new areas with more acres being covered, the cost for the program has increased. Estimates of the exact total vary. According to the GAO, the federal crop insurance program supported 1.2 million policies, covered 493 million acres, and cost the government approximately $9 billion a year from 2011 to 2021.[28] The CBO estimates that the program will cost more than $9 billion a year from 2022 to 2033.[29] However, actual costs for crop insurance often are much higher. In 2011 and 2012, the crop insurance subsidies cost $25.3 billion.[30]

Federal crop insurance has no income cap for those who can receive federal subsidies. As a result, the current system disproportionately benefits large agri-business and insurance companies. Because subsidies are paid based on production regardless of size, large farms receive most of the federal subsidies, sometimes as much as $1 million per year. According to a September 27, 2022, AEI report, more than 50 percent of crop insurance subsidies go to the largest 10 percent of farms, and 33 percent goes to the largest 5 percent of farms.[31] The farmers who receive most federal benefits have a much larger income than most farmers, and arguably need the subsidies the least.

The current crop insurance program can be reformed by imposing an income cap for beneficiaries of federal subsidies. This idea has long enjoyed bipartisan support in Congress. In the 115th Congress, the Assisting Family Farmers Through Insurance Reform Measures (AFFIRM) Act was introduced by Reps. Ron Kind (D-Wisc.) and Tom Petri (R-Wisc.) in the House of Representatives and Sens. Pat Toomey (R-

23 Federal Crop Insurance Act of 1980, Pub. L. No. 96-365, 96th Congress, (1980), https://www.congress.gov/bill/96th-congress/senate-bill/1125.

24 United States Department of Agriculture (USDA), "History of the Crop Insurance Program," https://legacy.rma.usda.gov/aboutrma/what/history.html.

25 Ibid.

26 Joseph W. Glauber, "The Growth of the Federal Crop Insurance Program, 2010-2022," American Enterprise Institute, February 2023, https://www.aei.org/research-products/report/the-growth-of-the-federal-crop-insurance-program-2010-22/#:~:text=In%201981%2C%20only%2045%20million,liability%20was%20almost%20%24195%20billion.

27 Ibid.

28 GAO "Farm Bill: Reducing Crop Insurance Costs Could Fund Other Priorities," February 16, 2023, https://www.gao.gov/products/gao-23-106228.

29 CBO, "USDA Mandatory Baseline and Appendix – May 2023," May 2023, https://www.cbo.gov/system/files/2023-05/51317-2023-05-usda_0.pdf.

30 Taxpayers for Common Sense, "Five Fast Facts about the Federal Crop Insurance Program," June 9, 2022, https://www.taxpayer.net/agriculture/five-fast-facts-about-the-federal-crop-insurance-program/.

31 Eric J. Belasco, Vincent H. Smith, "Who Receives Crop Insurance Subsidies?" American Enterprise Institute, September 7, 2022, https://www.aei.org/research-products/report/who-receives-crop-insurance-subsidy-benefits/.

Pa.) and Jeanne Shaheen (D-N.H.) in the Senate. The AFFIRM Act would have limited federal subsidies to $40,000 annually and ended federal subsidies for those with an adjusted gross income greater than $250,000. The bill would also have lowered the target rate of return for crop insurance companies from 16 percent to 8.9 percent and made information about subsidy recipients transparent and available for the public.[32]

The GAO has recommended that Congress enact an income limit for the crop insurance program, which would save the government millions of dollars and impact less than 1 percent of crop insurance program participants.[33]

The federal crop insurance program is rife with waste. Under the current system, insurance companies and large farms reap the rewards of an unlevel playing field. Enacting an income limit for recipients of federal crop insurance subsidies would save taxpayers money, prevent tax dollars from being wasted on those who do not need federal support, and would give small and family farms a better chance to succeed.

Broadband

In recent years, members of Congress and executive agencies have made bridging the digital divide one of their highest priorities. This goal became even more important during the COVID-19 pandemic, when Americans were suddenly forced to work and attend school from home. Bridging the digital divide is a laudable goal but the current approach the government is taking is inefficient, complicated, and wasteful.

According to the GAO, there are currently 133 programs across 15 different federal agencies, requiring a national strategy and improved coordination to reduce overlap and improve broadband access.[34] Among the agencies operating these programs are the USDA; the Federal Communications Commission (FCC); the Departments of Education, Commerce, Interior, Health and Human Services, Housing and Urban Development, and Treasury; and the National Telecommunications and Information Administration (NTIA). While some agencies have taken steps to share data to avoid duplication and overlap of service, members of Congress should proceed with caution when considering broadband provisions in the 2023 Farm Bill.[35]. According to FCC Commissioner Brendan Carr, up to $800 billion is available for broadband throughout the federal government, which is far more than enough to connect every household and business that wishes to be connected.[36]

In 1935, President Franklin D. Roosevelt signed Executive Order Number 7037, which created the Rural Electrification Administration (REA) with the goal of bringing electricity to rural communities. By 1981, 98.7 percent electrification and 95 percent telephone service coverage were achieved. Rather than declaring victory and shutting down the REA, the agency was transformed into the RUS in 1994 and then expanded to provide loans and grants to provide other utilities including telephone service to underserved areas of the country. That mission was further expanded in the 2002 Farm Bill to include providing broadband services to unserved or underserved areas of the country, which are generally defined

32 Senator Jeanne Shaheen (D-N.H.), "Shaheen, Toomey Introduce Bipartisan Crop Insurance Reform Bill That Would Deliver Nearly $35 Billion in Savings to Taxpayers," February 17, 2020, https://www.shaheen.senate.gov/news/press/shaheen-toomey-introduce-bipartisan-crop-insurance-reform-bill-that-would-deliver-nearly-35-billion-in-savings-to-taxpayers.

33 GAO, "Farm Bill: Reducing Crop Insurance Costs Could Fund Other Priorities," February 16, 2023, https://www.gao.gov/products/gao-23-106228.

34 GAO, "Broadband: National Strategy Needed to Guide Federal Efforts to Reduce Digital Divide," May 31, 2022, https://www.gao.gov/products/gao-22-104611.

35 Ibid.

36 Tom Schatz, "Debt ceiling deal should include spending cuts across the entire government," *The Hill,* May 27, 2023, https://thehill.com/opinion/congress-blog/4023893-debt-ceiling-deal-should-include-spending-cuts-across-the-entire-government/.

as communities with populations of less than 20,000, through the Rural Broadband Access Loan and Loan Guarantee Program (BAP).[37]

The BAP has been a textbook example of government waste. One example cited in CAGW's *2013 Prime Cuts* was the $667,120 given to Buford Communications of La Grange, Arkansas to build a hybrid fiber coaxial network and a new community center.[38] With a population of 122 residents, this total meant La Grange received $5,468 per resident for this one project.[39] A May 2022 GAO report noted that, "Despite numerous programs and federal investment $44 billion from 2015 through 2020, millions of Americans still lack broadband, and communities with limited resources may be most affected by fragmentation."[40]

Despite its record of underperforming and wasting taxpayer dollars, in 2018 Congress tasked the RUS with running the USDA's new ReConnect program. The ReConnect program provides funding for projects in eligible service areas where 90 percent or more households lack access to broadband at speeds of 100 megabits per second of download, and 20 megabits per second of upload, and provides them with broadband with speeds of at least 100 megabits per second download and 100 megabits per second upload.[41]

The ReConnect program has been funded through the regular appropriations process since its inception in 2018, when Congress approved $600 million to establish and run the program. However, in recent years ReConnect has received a massive infusion of taxpayer dollars. In fiscal year (FY) 2020, Congress appropriated $1 billion for the ReConnect program and in the Coronavirus Aid, Relief, and Economic Security (CARES) Act in response to the outbreak of the COVID-19 pandemic, included an additional $100 million for the ReConnect program. In FY 2022, Congress appropriated $2.363 billion for the ReConnect program through the regular appropriations process.

Congress provided the ReConnect program with another $1.926 billion in 2022 when it passed the Infrastructure Investment and Jobs Act (IIJA).[42] The money included in the IIJA is now being spent by the USDA, including $700 million in loans and grants that were unveiled on August 21, 2023.[43]

Bridging the digital divide is a noble goal, but so far, the federal government has taken a scattershot approach that includes a plethora of programs offered by a wide array of federal agencies, including the USDA. The USDA's ReConnect program has been around since 2018 and has been flush with money since the outbreak of the COVID-19 pandemic and passage of the IIJA. When Congress considers the 2023 Farm Bill, members should not give the ReConnect program more money until the dollars the program currently has in its coffers have been spent.

The program should also be reformed by focusing funding on truly unserved areas. The Rural Internet Improvement Act would create clear guardrails for the ReConnect program by requiring that at least 90 percent of households in a proposed service area lack broadband access and prioritizing areas

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37 CAGW, *Critical Waste Issues for the 118th Congress*, January 26, 2023, https://www.cagw.org/reporting/critical-waste-118.

38 CAGW, *2013 Prime Cuts*, p. 3, https://www.cagw.org/sites/default/files/users/user1/2013%20Prime%20Cuts%20Final_.pdf.

39 Ibid.

40 GAO, "Broadband: National Strategy Needed to Guide Federal Efforts to Reduce Digital Divide," May 31, 2022, https://www.gao.gov/products/gao-22-104611.

41 Congressional Research Service (CRS), "USDA's ReConnect Program: Expanding Rural Broadband," December 14, 2022, https://crsreports.congress.gov/product/pdf/R/R47017.

42 CRS, "Infrastructure Investment and Jobs Act: Funding for USDA Rural Broadband Programs," November 19, 2021, https://crsreports.congress.gov/product/pdf/IF/IF11918.

43 USDA, "Biden-Harris Administration Announces Nearly $700 Million to Connect People in Remote and Rural Areas to High-Speed Internet," August 21, 2023, https://www.usda.gov/media/press-releases/2023/08/21/biden-harris-administration-announces-nearly-700-million-connect#:~:text=WASHINGTON%2C%20Aug.%2021%2C%202023,speed%20internet%20through%20the%20ReConnect.

without service of 25/3 Mbps.[44] The legislation would simplify the application process, eliminate the threat of rate regulation, allow freedom to transfer awards to other qualified providers, and ensure tech neutrality.[45]

Another RUS program that is rife with waste is the Water and Waste Disposal System Loans and Grants Program (WWD), which was intended to improve quality of life and create jobs in rural communities. According to a July 2012 USDA Office of Inspector General (OIG) report, "as of September 30, 2011, RUS had obligated $3.3 billion in grants and loans to fund 854 WWD projects throughout the United States."[46] Only three of the 22 projects were completed on time, and the majority of projects were started five to 30 months after the funds were obligated. The RUS created only 415 new jobs through the WWD, which is "less than 20 percent of the actual jobs identified in planning estimates."[47]

The RUS has wasted money, continually failed to create jobs or increase broadband access and should be eliminated in the 118th Congress, which would save taxpayers $8.4 billion in the first year and $42.1 billion over five years.[48]

Supplemental Nutrition Assistance Program

Federal food assistance is yet another New Deal program that was made permanent and continually expanded over time. In 1939, the Food Stamp Program (FSP), now known as the Supplemental Nutrition Assistance Program (SNAP), was created by Secretary of Agriculture Henry Wallace and FSP Administrator Milo Perkins when they allowed people on relief to purchase orange stamps that matched the amount of their food expenses. The plan provided 50 cents of blue stamps, which could only be used to buy surplus food as determined by the USDA, for each dollar of orange stamps, which could be used for any type of food.[49] From 1939 to 1943, the FSP reached approximately 20 million people in nearly half of the counties in the U.S., had a peak participation of 4 million people, and cost a total of $262 million. In the spring of 1943, the FXP program ended because its core mission, "unmarketable food surpluses and widespread unemployment, no longer existed."[50]

The FSP laid dormant for 18 years until 1961, when President John F. Kennedy signed Executive Order 10914, ordering the Secretary of Agriculture to "make available for distribution, through appropriate State and local agencies, to all needy families a greater variety and quantity of food out of our agricultural abundance."[51] In February 1961, President Kennedy announced the initiation of Food Stamp pilot programs. The FSP was made permanent in 1964, when President Lyndon B. Johnson signed the Food Stamp Act of 1964 into law as part of his Great Society initiative and called the FSP "one of our most valuable weapons in the war on poverty."[52]

44 Rural Internet Improvement Act of 2023, H.R. 3216 and S. 130, 118th Congress (2023), https://www.congress.gov/bill/118th-congress/house-bill/3216, https://www.congress.gov/bill/118th-congress/senate-bill/130?q=%7B%22search%22%3A%22s.+130%22%7D&s=1&r=1.

45 Council for Citizens Against Government Waste, "CCAGW Joins Coalition Supporting Rural Internet Improvement Act," August 25, 2023, https://www.ccagw.org/legislative-affairs/letters-officials/ccagw-joins-coalition-supporting-rural-internet-improvement.

46 USDA, "Rural Utilities Service's Controls Over Water and Waste Disposal Loan and Grant Program for the Recovery Act," July 24, 2012, https://usdaoig.oversight.gov/reports/audit/rural-utilities-services-controls-over-water-and-waste-disposal-loan-and-grant.

47 Ibid.

48 CAGW, "2022 Prime Cuts Database," October 27, 2022, https://www.cagw.org/reporting/prime-cuts/database.

49 USDA, "A Short History of SNAP," September 11, 2018, https://www.fns.usda.gov/snap/short-history-snap.

50 Ibid.

51 President John F. Kennedy, "Executive Order 10914 – Providing for an Expanded Program of Food Distribution to Needy Families," The American Presidency Project, January 21, 1961, https://www.presidency.ucsb.edu/documents/executive-order-10914-providing-for-expanded-program-food-distribution-needy-families.

52 President Lyndon B. Johnson, "Remarks Upon Signing the Food Stamp Act," The American Presidency Project, August 31, 1964, https://www.presidency.ucsb.edu/documents/remarks-upon-signing-the-food-stamp-act.

Participation in and costs of the FSP continued to grow throughout the 1960s and 1970s until Congress took action to rein in costs in 1981 and 1982. The reforms enacted in those years included adding a gross income eligibility test and a net income test for participating households, counting retirement accounts as resources, and creating a state option to require applicants and participants to search for a job.[53]

In the mid-1990s, stricter work requirements were added to the SNAP program, including limiting benefits to three out of 36 months for participants without dependents who were not working or seeking work for a minimum of 20 hours each week. The reforms also required states to implement the Electronic Benefit Transfer (EBT) system and created the Temporary Assistance for Needy Families (TANF) program, which turned federal funding for cash assistance to needy families into a block grant program operated by individual states.[54] The Fiscal Responsibility Act of 2023 increased the age limit for work requirements for able-bodied adults without dependents from 49 to 54.[55]

The SNAP program has been riddled with fraud for most of its existence. Fraudulent activity takes place in a variety of ways, but the most common fraud is when participants use their EBT card at a retailer, and receive a portion of the total spent back in cash.[56] Another common method of defrauding SNAP is selling benefits to individuals in exchange for cash, or reselling food that was purchased using SNAP funds.[57] These individual cases may involve small transactions each time, but the total adds up to millions of taxpayer dollars being stolen.

In 2016 and 2017, 14 store owners in Baltimore were charged with stealing more than $16 million from the USDA by illegally exchanging food stamps for cash.[58] In September 2020, one meat store owner in Cincinnati was found guilty of exchanging more than $3 million of SNAP benefits in exchange for cash.[59] During the COVID-19 pandemic, increased SNAP benefits led to increased fraud. In Massachusetts, the Bureau of Special Investigations found that in FY 2022 more than $5 million in SNAP benefits were stolen in the state, more than one-third of the $13.5 million from all public assistance programs. The total across those programs, or 57.7 percent more than the $6 million in fraud before the pandemic-related funds were sent to the state.[60] As Congress moves forward with consideration of the farm bill, members should enact measures that would better recover stolen SNAP funds and put in place policies that would prevent or reduce future fraud from occurring.

CBO's May 2023 projections for the SNAP program stated that from FY 2023 to FY 2033, the average monthly participation will decrease from 42.3 million households per month to 35.1 households per month, yet the average monthly benefit per participant will increase from $227.25 per month in FY 2023 to $265.04 per month in FY 2033.[61] In other words, participation will decrease by 17 percent while benefits will increase by 14 percent, another reason for long overdue reforms to be adopted by Congress.

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53 USDA, "A Short History of SNAP," September 11, 2018, https://www.fns.usda.gov/snap/short-history-snap.

54 CRS, "The Temporary Assistance for Needy Families (TANF) Block Grant," June 22, 2023, https://crsreports.congress.gov/product/pdf/IF/IF10036.

55 Fiscal Responsibility Act of 2023, Pub. L. No. 118-5, 118th Congress (2023), https://www.congress.gov/bill/118th-congress/house-bill/3746/text.

56 Chris Edwards, "The Food-Stamp-Fraud Top Ten," *National Review*, June 12, 2023, https://www.nationalreview.com/2023/06/the-food-stamp-fraud-top-ten/.

57 Ibid.

58 Department of Justice, "Two More Retailers Sentenced to Federal Prison for Food Stamp Fraud," May 19, 2017, https://www.justice.gov/usao-md/pr/two-more-retailers-sentenced-federal-prison-food-stamp-fraud.

59 WLWT, "Findlay Market meat shop owner convicted of $3.4 million in food stamp fraud sentenced to 1 year in prison," September 23, 2020, https://www.wlwt.com/article/findlay-market-meat-shop-owner-convicted-of-dollar34-million-in-food-stamp-fraud-sentenced-to-1-year-in-prison/34130906#.

60 WWLP, "$5M identified in Massachusetts SNAP fraud audit," November 7, 2022, https://www.wwlp.com/news/crime/5m-identified-in-massachusetts-snap-fraud-audit/.

61 CBO, "Baseline Projections: Supplemental Nutrition Assistance Program," May 2023, https://www.cbo.gov/system/files/2023-05/51312-2023-05-snap.pdf.

One possible reform would be to convert SNAP into a discretionary block grant to the states, similar to TANF.[62] The states, which currently pay about half of the administrative costs, could use some of this money to pay for more of the expenses to run their own SNAP programs. As a condition of receiving these block grants, states would be required to create and enforce work requirements for participants.[63]

Another reform to SNAP that Congress should consider is rescinding President Biden's expansion of the Thrifty Food Plan (TFP). In August 2021, President Biden circumvented Congress and expanded TFP benefits. Under the new plan, benefits will rise by 25 percent over pre-pandemic levels on average.[64] CBO estimated this expansion would increase the cost of SNAP by 18 percent in FY 2022 compared FY 2021.[65] According to the GAO, the TFP reevaluation could be considered a rule under the Congressional Review Act (CRA) and is subject to review by Congress.[66] Members of Congress should rescind the increased benefits in the farm bill or take steps to overturn them through the CRA.

Like other agriculture programs, food stamps are a New Deal program that was meant to be a temporary measure but is now a permanent fixture in agriculture policy. As the program has expanded and become more expensive, taxpayers have been forced to foot the bill. Members of Congress should enact policies that would reduce fraud and recover already stolen taxpayer dollars and provide commonsense reforms to reduce wasteful spending.

Conclusion

As Congress continues consideration of the 2023 Farm Bill it is imperative that outdated agriculture programs be consolidated, reformed, or terminated. Programs that were originally introduced during the New Deal to temporarily assist farmers and consumers during the Great Depression and Dust Bowl are still around today, adversely impacting consumers and taxpayers through higher prices for the goods they purchase, and higher taxes being taken from their pockets.

The sugar program is first on the list of these programs that need to be retired. It causes consumers to pay twice as much for sugar as other countries. To avoid the high price of this crucial ingredient, sugar-producing industries have moved jobs from the U.S. to Canada and Mexico.

Crop insurance was originally introduced in the 1930s but started to rapidly expand in the 1980s and 1990s. Because there is currently no income cap on eligibility for federal crop insurance subsidies, large commercial farms receive almost all the benefits while small, family farms receive very few subsidies. Congress should enact legislation like the AFFIRM Act or impose other reforms that would level the playing field and reduce federal spending on crop insurance.

The federal government has made bridging the digital divide a priority in recent years. Currently, there are more than 133 different broadband programs administered by 15 different federal agencies and up to $800 billion available to connect every business and household that wishes to be connected. The variety of programs and massive amount of funding has led to duplication, overlap and wasteful spending. The USDA's ReConnect program has received a massive influx of cash since its inception in 2018, including

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62 Republican Study Committee, "Protecting America's Economic Security: Fiscal Year 2024 Budget," June 14, 2023, https://hern.house.gov/uploadedfiles/202306141135_fy24_rsc_budget_print_final_c.pdf.

63 Ibid.

64 *The Washington Post*, "Biden administration approves largest increase to food assistance benefits in SNAP program history," August 15, 2021, https://www.washingtonpost.com/business/2021/08/15/snap-food-assistance-benefit-boost/.

65 CBO, "The Budget and Economic Outlook: 2022 to 2032," May 2022, https://www.cbo.gov/publication/58147#_idTextAnchor139.

66 GAO, "United States Department of Agriculture – Applicability of the Congressional Review Act to the 2021 Updates to the Thrifty Food Plan," July 28, 2022, https://www.gao.gov/assets/730/721951.pdf.

billions from the CARES Act and the IIJA. The RUS, which operates the ReConnect program, has a history of wasting taxpayer dollars and should be eliminated, which would save billions of dollars.

The 2023 Farm Bill provides members of Congress the chance to deliver commonsense reforms to antiquated and harmful federal agriculture programs and policies. By reforming, replacing, or eliminating these programs, members of Congress can save taxpayer dollars, deliver lower prices for consumers, and make the U.S. more competitive on the global stage.

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