



Durbin-Coburn Crop Insurance Reform Amendment Reduces Crop Insurance Subsidies to Farmers with an Adjusted Gross Income over \$750,000

- Crop insurance is the only farm income support program that is not subject to some form of payment limitation or means testing.
- Amends the Federal Crop Insurance Act to reduce by 15 percent the level of crop insurance premium subsidies for participants with an Adjusted Gross Income (AGI) over \$750,000.
- Less than one percent of farmers would be affected - the vast majority of farmers will see no change in the level of federal premium support.¹
- To illustrate the impact of this reduction, the top three premium subsidy recipients from 2011 are displayed below:
 - **#1** (4,800 acres insured in Fla.) – Premium subsidies reduced from \$1.9 million to \$1.6 million.
 - **#2** (12,500 acres insured in Wash.) – Premium subsidies reduced from \$1.7 million to \$1.4 million
 - **#3** (27,000 acres insured in Minn.) – Premium subsidies reduced from \$1.6 million to \$1.4 million.
- This amendment does not prohibit farmers from purchasing crop insurance – it simply reduces subsidies for those most able to cover more of their own risk.
- A \$750,000 AGI is applied to traditional farm programs and consistent with other payment limitations included in the underlying bill. For example, farmers with an AGI greater than \$750,000 are ineligible to receive direct payments.
- The U.S. Department of Agriculture has more than a decade of experience implementing AGI-related mean tests. USDA maintains a database that crop insurance agents consult to determine a farmer's eligibility – AGI could be incorporated into this set of criteria.
- The Congressional Budget Office estimates that this amendment would save more than \$982 million over ten years.
- In 2011, the top one percent of the most profitable farm businesses collected in 15 percent of total premium support at an average of \$220,000 apiece; overall, the top 20 percent collected 73 percent of total premium subsidies at an average of \$55,000 apiece. By contrast, the remaining 80 percent received only 27 percent of these subsidies at an average of \$5000 apiece.
- At a time of record farm incomes and stark fiscal realities, now is the time to ask the largest and most successful farm businesses to cover more of their own risk in order to shield taxpayers from the rising costs of federal crop insurance.

Endorsing Organizations:

¹ Durst, Ron and Williamson, James. Federal Income Tax Reform and the Potential Effects on Harm Households. *Amber Waves* February 21, 2013. Economic Research Service, USDA.

American Conservative Union
Americans for Tax Reform
Campaign for Liberty
Carolina Farm Stewardship Association
Center for Individual Freedom
Comeback Farm
Community Food and Justice Coalition
Competitive Enterprise Institute
ConservAmerica
Cost of Government Center
Council for Citizens Against Government Waste
Defenders of Wildlife
Environmental Working Group
Food Democracy Now
Food Revolution Network
Illinois Stewardship Alliance
Kansas Rural Center
Land Stewardship Project
Less Government
Michael Fields Agricultural Institute
National Catholic Rural Life Conference
National Hmong American Farmers
National Sustainable Agriculture Coalition
National Taxpayers Union
National Young Farmers Coalition
Northeast Sustainable Agriculture Working Group
Organic Consumers Association
Pesticide Action Network North America
R Street Institute
Roots of Change
San Diego Hunger Coalition
Slow Food USA
Taxpayers for Common Sense
Taxpayers Protection Alliance
U.S. PIRG
Vital Systems
Wild Farm Alliance
Women, Food and Agriculture Network