

Durbin Grassley Crop Insurance Subsidy Reform Amendment

The Durbin-Grassley amendment would reduce the level of federal premium support for crop and revenue insurance participants with an Adjusted Gross Income (AGI) over \$700,000 (for single individuals, \$1.4 million for married couples) by 15 percentage points for all buy-up policies beyond catastrophic coverage. In other words, wealthy individuals would be required to pay about half of their own insurance premiums, rather than having the bulk of the premium paid for by the taxpayer.

- The Durbin-Grassley amendment- *which has passed the Senate twice*- amends the Federal Crop Insurance Act to reduce by 15 percent the level of crop insurance premium subsidies for individual participants with an Adjusted Gross Income (AGI) over \$700,000.
- On average, taxpayers subsidize 62 percent of a farmer's crop insurance premium. 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.
- Crop insurance is the only farm subsidy program that is not subject to some form of means testing. Commodity subsidies and conservation payments are *currently* limited to individuals or entities with an AGI of less than \$900,000. The Senate Agriculture Committee-passed farm bill (S. 3042), would lower that means test to \$700,000.
- According to the Government Accountability Office, reducing premium subsidies for the highest income farmers
 - would affect less than one percent of farmers- meaning the vast majority of farmers will see no change in the level of federal premium support;
 - will not cause farmers to exit the program; and
 - will not affect the actuarial soundness of the program.
- Of the roughly 7,000 highest income farmers identified by GAO, half live in just five states: Texas, Kansas, Illinois, Iowa, and California. Conversely, GAO found that 22 states had fewer than fifty highest income participants, including Alabama, Alaska, Delaware, Pennsylvania, South Carolina, Nevada and Utah. (see GAO Appendix III)
- Only 16 percent of farmers participate in Federal crop and livestock insurance.
- The Congressional Budget Office estimates that this amendment would save more than \$490 million over ten years.

Taxpayers for Common Sense supports this common sense provision to create a cost-effective, transparent safety net for agricultural producers that is responsive to current needs and conditions, and in which all parties are held accountable for producing results benefitting the public interest.