

MYTH: Means testing such as adjusted gross income (AGI) limits and premium assistance caps will keep large, wealthy farmers from receiving assistance they do not need.

FACT: Reducing participation from any group of farmers will change the premiums for ALL farmers because it will change the risk pool. Crop insurance is, by statute, an actuarially sound program, which means more participants and more acres in the program, the more the risk will be spread - keeping premiums and costs down for all participants.

- GAO analysis in 2011 showed that a \$40,000 premium support cap would affect 26% of total insured liability in the crop insurance program. So while a premium support cap might only impact a small number of farmers, it would put a very large portion of crop production at risk.
- USDA has called a cap on premium support “ill advised,” noting regions with high-value crops (such as fruit, vegetable and organic crops), large-acreage farms and/or a higher risk of crop loss would be hit especially hard. USDA has noted that North Dakota, South Dakota, Texas, Minnesota, California, Arizona, Mississippi, Utah and Hawaii would all bear a disproportionate share of the effects of a cap on premium support.
- Even though crop insurance opponents note that only a small number of farmers would be affected by an AGI limit, it’s important to keep in mind that these farmers often farm a large number of acres. It is the acres impacted by an AGI limit, not the number of producers that will drive changes to premiums for ALL farmers.
 - Midsized family farms, large family farms and nonfamily farms represent only 10.3 percent of all farms in the United States. However, they represent 51.7 percent of the acres operated and 75.8 percent of the value of agricultural production.
 - In other words, depending on where an AGI limit were set, it could put at risk more than three-quarters of all agricultural production in this country.
 - Clearly, an AGI limit that would affect more than half of the acres planted would have a significant impact on the risk pool for crop insurance and would impact rates for every farmer.

Share of U.S. Farms, Acres Operated, and Value of Production by Farm Type

