

# FARM BILL PRIMER

ECONOMIC AFFAIRS INTERIM COMMITTEE  
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## BACKGROUND

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The federal farm bill celebrates its 90<sup>th</sup> anniversary this year, having first been drafted in 1933. According to Farm Aid, the bill was drafted:

"In the wake of the Great Depression and the Dust Bowl, to address the needs of America's farmers at a time when hunger and poverty were widespread in the country. During the depths of the Depression, farmers kept producing to scrape by, but Americans had no money to buy up their goods. The environmental catastrophe of the Dust Bowl intensified the crisis. Farm prices tanked and the federal government responded by paying farmers to cut back on their production, and then buying surplus agricultural goods to provide for hundreds of thousands of hungry Americans."<sup>1</sup>

There have been 18 iterations of the farm bill with a new version passing through Congress roughly every five years. When the farm bill is up for renewal, the federal government reviews the bill in its entirety, with the House and Senate Agriculture Committees each working on their own versions of the bill, which must pass their respective chambers before the chambers collaborate to consolidate the versions and finalize the bill to send to the President.

There are two principal expiration dates for the farm bill: the end of the *fiscal year* (September 30, 2023) and the end of the *crop year*<sup>2</sup> (December 31, 2023). Major issues and consequences for expiration of the bill are:

- For programs with mandatory funding that is provided by the farm bill and have provisions that expire at the end of FY2023, authority to operate may cease.
- For programs with a fiscal year authorization that are funded with discretionary appropriations, or for programs with mandatory spending authorized but not appropriated by the farm bill – such as the Supplemental Nutrition Assistance Program (SNAP) – an appropriations act or continuing resolution could allow operations to continue.
- For the farm commodity and dairy support programs that expire after the 2023 crop year, the consequences of expiration begin on January 1, 2024, when inactive and outdated laws – commonly called “permanent law” – would be restored for dairy, the first commodity affected in the new crop year.<sup>3</sup>

The 2018 Farm Bill expires on September 30, 2023. If Congress does not approve a final version by that date, they will need to vote to temporarily extend the 2018 Farm Bill to maintain funding for some of the programs in the bill. Not all programs will require the extension as they have been permanently authorized funding and do not expire.

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<sup>1</sup> <https://www.farmaid.org/issues/farm-policy/farm-bill-101/>

<sup>2</sup> The end of a crop year is the last month in which a commodity is typically harvested. A marketing year is the 12 months following harvest during which a crop is typically sold and is eligible for commodity program benefits. Dairy is the exception because milk is produced or “harvested” daily, and the current Dairy Margin Coverage program pays producers monthly is a payment is triggered. The dairy crop year and marketing year run from January 1 until December 31.

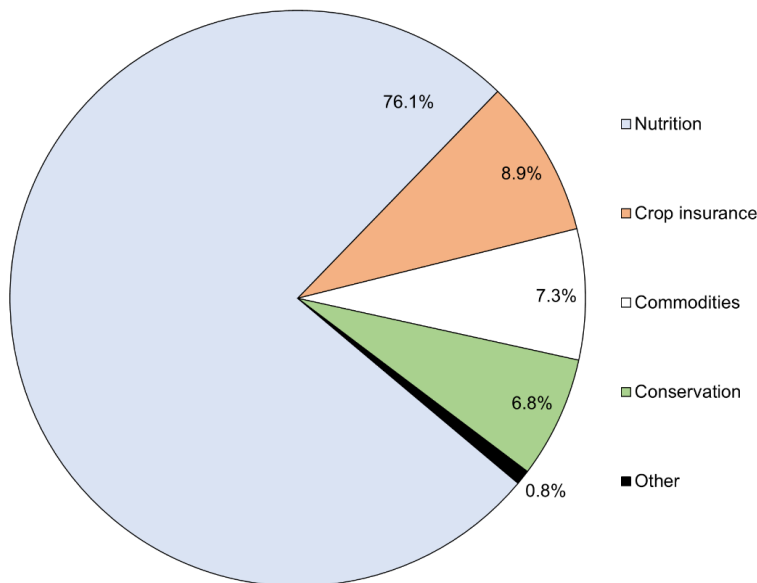
([CRS Report R47659](#))

<sup>3</sup> [CRS Report R47659](#)

## 2018 FARM BILL

Each farm bill builds on the previous version, so the 2023 Farm Bill will be an amended version of the 2018 Farm Bill. It will contain reauthorized programs and may eliminate programs or add new programs. The Congressional Budget Office projected the total cost of the 2018 Farm Bill would be \$428 billion over the 5-year period of 2019-2023. While there are 12 titles in the 2018 Farm Bill, most of the budget was allocated to four policy areas: nutrition, crop insurance, commodities, and conservation.<sup>4</sup>

Projected outlays under the 2018 Farm Act, 2019–23



Source: USDA, Economic Research Service based on Congressional Budget Office, Direct Spending Effects for the Agriculture Improvement Act of 2018, December 11, 2018.

## TITLES

### TITLE I: COMMODITIES

BUDGET: \$314 BILLION OVER 5 YEARS, 7.3% OF TOTAL

Title I has been in place since the first farm bill in 1933 and provides for several programs for farmers growing commodities. Farm commodity programs support farm income by making payments and reducing financial risks from uncertain weather and market conditions.

#### Key Programs

- **Marketing Assistance Loan (MAL) & Loan Deficiency Payments (LDP):** The MAL program has been a significant feature of US farm policy since the 1930s, and the LDP program since the 1980s. The MAL program provides loans to farmers collateralized by eligible stored commodities, and price support to borrowers

<sup>4</sup> <https://www.ers.usda.gov/topics/farm-economy/farm-commodity-policy/farm-bill-spending/>

when market prices drop below levels specified in statute. The LDP program provides payments to farmers eligible to receive price support under the MAL program.

- **Price Loss Coverage (PLC) & Agricultural Risk Coverage (ARC)**: Authorized by the 2014 and 2018 Farm Bills and provides financial protection for farmers during times of low revenue or drops in crop prices.
- **Sugar Programs**: Starting with the 1981 Farm Bill, the program uses tariffs and quotas to help protect U.S. sugar farmers (including sugar beets) from competition from tropical exporting countries.
- **Dairy Promotion (Dairy “Checkoff Program”)**: Created and administered under the Dairy Production Stabilization Act of 1983; national producer and importer program for dairy product promotion, research, and nutrition education.
- **Dairy Margin Coverage (DMC)**: Authorized by the 2014 Farm Bill, this is a voluntary program that provides dairy operations with risk management coverage that pays producers when the difference (the margin) between the national price of milk and the average cost of feed falls below a certain level selected by the program participants.

## PERMANENT LAW CONSIDERATIONS

Permanent law refers to a set of non-expiring provisions from the 1938 and 1949 farm bills that remain in statute but are temporarily suspended in each iteration of the farm bill, citing for example, that “the following provisions of the Agricultural Adjustment Act of 1938 . . . [and] the Agricultural Act of 1949 shall not be applicable to the 2014 through 2023 crops . . . and shall not be applicable to milk . . . through December 31, 2023.”<sup>5</sup> These commodity support provisions are consistently suspended in the farm bill as they are based on a parity price<sup>6</sup> from the 1910-1914 period and do not reflect current technology, productivity gains, modern farming practices, or international trade agreements. These laws would support dairy, wheat, rice, cotton, and corn. According to the Congressional Research Service, the permanent laws are kept because:

If the permanent law suspension were to expire, the U.S. Department of Agriculture (USDA) would be required to implement permanent law, which is likely more expensive to the government and consumers than the current farm bill. Under permanent law, USDA would be required to support eligible commodities at levels that exceed 2023 market prices. USDA has found during previous farm bill reauthorizations that billions of dollars of additional government expenditures could occur if the suspension were to expire.<sup>7</sup>

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<sup>5</sup> [CRS report R47659](#); p. 4

<sup>6</sup> Parity price refers to the relationship between prices that farmers receive for their products and prices they paid for inputs during a benchmark period of 1910-1914. [CRS Report 47659](#) p. 5

<sup>7</sup> [CRS Report 47659 Summary](#)

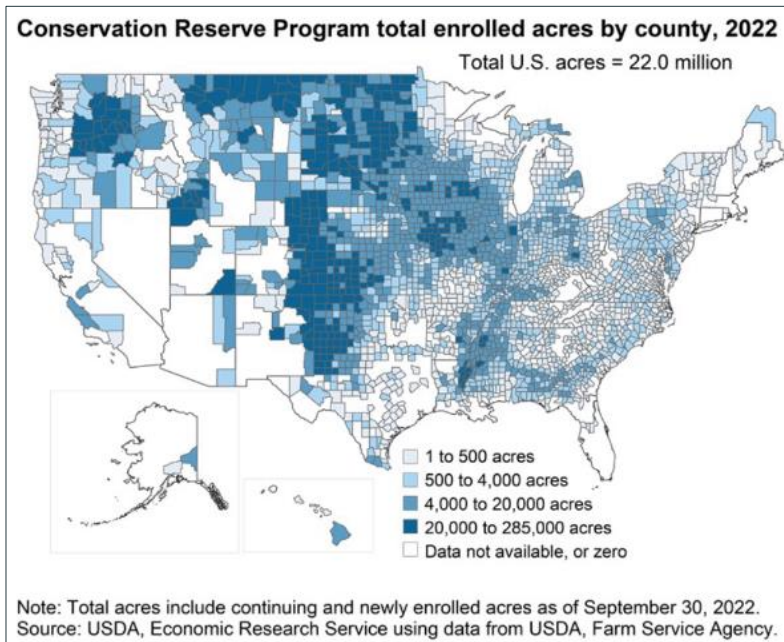
## TITLE II: CONSERVATION

\$29 BILLION, 0.8% OF TOTAL

The Conservation Title, which focuses on encouraging or maintaining farming practices for environmental protection, was first addressed in the 1985 Farm Bill. However, programs dating back to the 1950s and 60s, such as the America’s Soil Bank program, provided a framework for what is now Title II.

### Example Programs

- **Conservation Reserve Program (CRP)** is administered by the Farm Service Agency (FSA) as a land conservation program and aims to re-establish valuable land cover to help improve water quality, prevent soil erosion, and reduce loss of wildlife habitat via 10–15-year land contracts.
- **Environmental Quality Incentives Program (EQIP)** provides technical and financial assistance to agricultural producers and forest landowners to address natural resource concerns.
- **Conservation Stewardship Program (CSP)** rewards and incentives farmers for farm practices that protect the environment.



### EXPIRATION OF PROGRAMS & EXTENSION OF FUNDING<sup>8</sup>

Most of the farm-bill authorized conservation programs have authorized funding for the duration of a typical farm bill (4 to 6 years). In the 2018 Farm Bill, many conservation programs have funding authorized through FY2023 however some programs received extended funding with the Inflation Reduction Act (IRA, or P.L. 117-169). These programs’ funding authority now expire in FY2031 to coincide with the IRA’s 10-year budget window and include the Agricultural Conservation Easement Program (ACEP), Conservation Stewardship Program (CSP), Environmental Quality Incentives Program (EQIP), and Regional Conservation Partnership Program.

It’s important to note that not all policy provisions within these programs are extended through FY2031 with the IRA. Provisions that are set to expire in FY2023 and are not reauthorized will not apply to funds extended to an overall program. For example, the EQIP program was extended through the IRA and within EQIP, funding provisions for wildlife habitat funding, air quality funding, and on-farm conservation innovation trials were also

<sup>8</sup> [CRS Report 47659](#) p. 10-12

extended. However, provisions for livestock funding, payment limits and organic payment limits were not extended and will need reauthorization in the 2023 Farm Bill to continue under the EQIP program.

### TITLE III: TRADE

\$2 BILLION, 0.7% OF TOTAL

Title III promotes exports, supports international food aid programs, helps oversee adherence to the World Trade Organization (WTO) agreements, and includes United States Agency for International Development (USAID) programs.

#### Example Programs

- **Food for Peace** (also in Title I, II, and V) provides loans to countries that buy US commodities, donations of US commodities, and technical assistance to foreign farmers and agribusiness.
- **Food for Progress** donates US commodities to foreign countries to incentivize their governments to lower trade barriers and modernize their agricultural sectors.

### TITLE IV: NUTRITION

\$326 BILLION, 76% OF TOTAL

As seen in the pie chart on page 1, Title IV is the largest part of the budget for the 2018 Farm Bill. The major program in Title IV is SNAP, or Supplemental Nutrition Assistance Program, which helps prevent hunger across the country and assists more than 40 million low-income Americans, including children, who account for 4 out of ten SNAP recipients, as well as low-income older adults (60 years and older), people with disabilities, and those on fixed incomes. Nationally, SNAP participation is highest overall in rural areas and small towns (16% of households for each category) compared to metro counties (13% of households).

#### Other Programs

- **Fresh Fruit and Vegetable Program (FFVP)** promotes fresh fruits and vegetables in high need elementary schools throughout the U.S. Enacted in the 2008 Farm Bill, this is a permanent program, and would not be affected by an expiration after September 30, 2023.
- **Food Insecurity Nutrition Incentive** incentivizes SNAP participants to purchase fruits and vegetables at farmers' markets, supermarkets, convenience stores and retail food stores. Like the FFVP, this program is permanently authorized and funded.
- **Food Distribution Program on Indian Reservations (FDPIR)**: Instead of SNAP, this food distribution program distributes USDA foods to low-income households living on Indian reservations, to Native American families residing in designated areas near reservations, and in the State of Oklahoma.
- **Emergency Food Assistance Program (TEFAP)** provides emergency food assistance for low-income and elderly Americans.

## FUNDING FOR SNAP

The SNAP program is not a permanent program but appropriations can allow programs to continue even if the underlying authorization has not been extended. After September 30, 2023, many of the programs under Title IV could continue to operate if funding for the SNAP account were provided in appropriations acts, including:

- SNAP and related grant programs (such as the SNAP Employment & Training Program);
- Purchase and distribution of TEFAP commodities;
- FDPIR;
- Nutrition assistance funding for U.S. territories; and
- Community Food Projects.<sup>9</sup>

## TITLE V: CREDIT

### \$2 MILLION EARNINGS FROM INTEREST PROJECTED OVER THE YEARS OF THE 2018 FARM BILL

Title V includes federal loan programs that provide farmers with the credit they need to launch, grow, and sustain their farming operations. The Farm Service Agency (FSA), necessary for farmers who are not able to receive credit through commercial lenders, runs several of its programs through the Farm Bill. The FSA offers direct loans and also guarantees loans provided by partner banks and farm credit institutions.

### Key Programs

- **Direct Operating Loans** are used to purchase items such as livestock and feed, farm equipment, fuel, farm chemicals, insurance, and family living expenses; to make minor improvements or repairs to buildings and fencing; and for general farm operating expenses.
- **Microloans** are smaller operating loans designed to meet the needs of small and beginning farmers, non-traditional and niche operations by easing some requirements and offering less paperwork.
- **Direct Farm Ownership Loans** are used to purchase or enlarge a farm or ranch, construct a new or improve existing farm or ranch buildings, and for soil and water conservation and protection purposes.
- **Guaranteed Loans** enable lenders to extend credit to family farm operators and owners who do not qualify for standard commercial loans and help protect banks from losses if farmers struggle to pay back the loan.
- **Heirs Property Relending Program**: The 2018 Farm Bill included provisions to help heirs' property landowners resolve ownership issues and succession on farmland with multiple owners.

## TITLE VI: RURAL DEVELOPMENT

### BUDGET IN THE 2018 FARM BILL PROJECTED TO HAVE A POSITIVE RETURN

Title VI includes programs for rural development, including rural business loans, water sewage systems, rural broadband, and housing programs.

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<sup>9</sup> [CRS Report R47659](#) (p. 13-14)

## Example Programs

- **Value-Added Producer Grants** help individual farmers or groups of farmers process and market new products made from raw agricultural goods or to market products that are local or produced in a notable way.
- **Community Facilities Direct Loan & Grant Program** provides affordable funding to develop essential community facilities in rural areas, including everything from rural hospitals and fire departments to food pantries and community gardens.

## TITLE VII: RESEARCH, EXTENSION AND RELATED MATTERS

\$694 MILLION, 0.16% OF TOTAL

Title VII provides for grants, partnerships, and other programs, investing in beginning farmers, research institutions, and land-grant universities, as well as environmental, crop, and farm management innovation.

## Example Programs

- **Beginning Farmer and Rancher Development Program** provides education, outreach, mentoring, and technical and land-access assistance for the next generation of farmers and ranchers.
- **Agriculture and Food Research Initiative** aims to combat obesity; improve rural economies; mitigate climate vulnerabilities; train farmers; increase food production and create new sources of energy.
- **Foundation for Food and Agriculture Research (FFAR)** issues grants for agricultural research that draw matching dollars. Authorized in the 2014 Farm Bill and expanded with funds in the 2018 bill. Has issued \$185 million in grants to date.

## TITLE VIII: FORESTRY

\$4 MILLION, 0.001% OF TOTAL

Title VIII supports healthy US forests, especially on private lands, through financial assistance and easements.

## Key Program

- **Healthy Forest Reserve Program** offers cost-share agreements to landowners to enhance biodiversity, protect endangered species, and advance carbon sequestration.

## TITLE IX: ENERGY

\$471 MILLION, 0.1% OF TOTAL

Title IX supports on-farm renewable energy systems, including solar and wind power, as well as rural energy programs tied to biofuels.

## Example Programs

- [Rural Energy for America Program Energy Audit & Renewable Energy Development Assistance Grants](#) assist rural small businesses and farmers by conducting and promoting energy audits and providing renewable energy development assistance.
- [Biorefinery, Renewable Chemical, and Biobased Product Manufacturing Assistance Program](#) provides loans for the development of new technologies for biofuels, renewable chemicals, and other products.

## TITLE X: HORTICULTURE

\$1 BILLION, 0.23% OF TOTAL

Title X addresses the needs of producers of “specialty crops”, which are fruits, vegetables, nuts, and nursery crops. Hemp is also considered a specialty crop. These crops are not covered under Title I because they only represent 1.5% of all US farmland. While specialty crops may have a small footprint, these crops are usually valuable, comprising 21% of total agricultural sales.

### Key Programs

- [Specialty Crop Block Grants](#) help fruit, vegetable, and nut producers stay competitive by providing grants to states for infrastructure, local markets, and trainings for producers.
- [Farmers Market and Local Food Promotion Program \(FMLFPP\)](#) supports market opportunities for local farmers and businesses.
- [National Organic Program](#) governs USDA Organic standards and accredits organic certifiers.

## TITLE XI: CROP INSURANCE

\$38 BILLION OVER 5 YEARS, 8.9% OF TOTAL

Congress first authorized federal crop insurance in 1938, which assists producers with financial losses that result from natural disasters. Since 1996, farmers who accept other federal benefits, such as Title I subsidies or other disaster support, are required to purchase crop insurance. Presently, the government pays for approximately two-thirds of the cost of the insurance, and farmers and ranchers pay the remaining third. The program is permanently authorized and funded by the Federal Crop Insurance Act, as amended (7 U.S.C. § 1501 et seq.) and does not expire with the 2018 Farm Bill.

### Key Programs

- [Whole Farm Revenue Protection](#) covers farms that grow a variety of crops and discounts insurance costs for more diverse farms, recognizing that crop diversity acts as an inherent risk reduction strategy.
- [Disaster Assistance Programs](#) (also under Title I) help farmers and ranchers stay afloat in the wake of severe weather and natural disasters. Includes Livestock Forage Disaster Program ([LFP](#)), Livestock Indemnity Program ([LIP](#)), Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish ([ELAP](#)), and Emergency Livestock Relief Program ([ELRP](#)).
- [Emergency Farm Loans](#) support farmers and ranchers hit by quarantines and natural disasters.



- **Noninsured Crop Disaster Assistance Program (NAP)**: A crop insurance program for producers who grow crops that are ineligible for crop insurance under the Federal Crop Insurance Act. This program has permanent authority as well.

## TITLE XII: MISCELLANEOUS

\$1.9 BILLION, 0.45% OF TOTAL

The final title is a catch-all title to tie up any loose ends and covers a wide range of agricultural programs from livestock research to maple syrup production, outreach for the socially disadvantaged to agriculture and food defense.

### Key Programs

- **Outreach Assistance for Socially Disadvantaged and Veteran Farmers and Ranchers** prioritizes support for minority farmers, as well as Native American, veteran, and women farmers.
- **The Commission on Farm Transitions**: This commission was authorized in the 2018 Farm Bill to study issues surrounding the transition of agricultural operations from established farmers and ranchers to the next generation, including access to, and availability of land and infrastructure; affordable credit; adequate risk management tools; and apprenticeship and mentorship programs.

## PROGRAM RESOURCES

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### TITLE I: COMMODITIES

**Price Loss Coverage (PLC) & Agricultural Risk Coverage (ARC) – through FSA**: [Fact Sheet](#)

**Dairy Promotion (Dairy “Checkoff Program”)**: [Certified Qualified Programs](#)

**Dairy Margin Coverage (DMC)**: [Fact Sheet](#)

**Marketing Assistance Loan (MAL) & Loan Deficiency Payments (LDP)**: [Programs Primer](#)

### TITLE II: CONSERVATION

**Conservation Reserve Program (CRP)**: [Fact Sheet](#)

**Environmental Quality Incentives Program (EQIP)**: [Fact Sheet](#)

**Conservation Stewardship Program (CSP)**: [Is CSP Right for Me?](#)

### TITLE IV: NUTRITION

**Fresh Fruit and Vegetable Program (FFVP)**: [Program Fact Sheet](#)

**Food Insecurity Nutrition Incentive**: [FAQs](#)

**Food Distribution Program on Indian Reservations:** [Program Fact Sheet](#)

**Emergency Food Assistance Program:** [Fact Sheet](#)

TITLE V: CREDIT

**Farm Loans:** [Overview & Fact Sheet](#)

**Conservation Loan Program:** [Fact Sheet](#)

**Land Contract Guarantees Program:** [Fact Sheet](#)

TITLE VI: RURAL DEVELOPMENT

**Value-Added Producer Grants:** [Fact Sheet](#)

**Community Facilities Direct Loan & Grant Program:** [Fact Sheet](#)

TITLE IX: ENERGY

**Biorefinery, Renewable Chemical, and Biobased Product Manufacturing Assistance Program:** [Fact Sheet](#)

TITLE X: HORTICULTURE

**Specialty Crop Block Grants:** [2022 Grant Awards](#) (Montana projects begin on p. 124)

**Local Agriculture Market Program (LAMP) – [Umbrella program](#)** that partially combines the Farmers Market and Local Food Promotion Program (FMLFPP) and Value-Added Producers Grant Program (VAPG) from Title VI.

TITLE XI: CROP INSURANCE

**Disaster Assistance Programs:** [At a Glance Fact Sheet](#); [LFP Fact Sheet](#); [LIP Fact Sheet](#); [ELRP Fact Sheet](#); [NAP/ELAP Honey and Honeybee Fact Sheet](#)

**Emergency Farm Loans:** [Program Fact Sheet](#); [Emergency Disaster and Declaration Process Fact Sheet](#)

**Noninsured Crop Disaster Assistance Program:** [NAP Fact Sheet](#)