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# **Agricultural Conservation in the 2018 Farm Bill**

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## Agricultural Conservation in the 2018 Farm Bill

The Agriculture Improvement Act of 2018 (2018 farm bill, P.L. 115-334, Title II) included a number of changes to agricultural conservation programs, including reauthorizing and amending existing programs, directing existing program activities to specific resource concerns, shifting funds within the title, and authorizing a budget-neutral level of funding.

Debate over the conservation title in the 2018 farm bill focused on a number of issues in the different versions in the House- and Senate-passed bills (H.R. 2). These differences were resolved in a House-Senate conference to create the enacted bill, which is a mix of both versions that were passed by both chambers. The enacted bill reauthorizes and amends portions of most all conservation programs; however, the general focus is on the larger programs, namely the Conservation Reserve Program (CRP), Environmental Quality Incentives Program (EQIP), and Conservation Stewardship Program (CSP).

Most farm bill conservation programs are authorized to receive mandatory funding and are not subject to appropriation. According to the Congressional Budget Office (CBO), the conservation title of the 2018 farm bill makes up 7% of the bill's total projected mandatory spending over 10 years, which is \$60 billion of the total \$867 billion. The conservation title is budget neutral over the 10-year baseline; however, the 2018 farm bill is projected to increase funding in the first five years (+\$555 million over FY2019-FY2023) and decrease funding in the last five years (-\$561 million over FY2024-FY2028). Generally, the 2018 farm bill reallocates mandatory funding within the conservation title among the larger programs.

The two largest working lands programs—EQIP and CSP—were reauthorized and amended under the enacted bill, but in different ways. The House-passed bill would have repealed CSP and created a stewardship contract within EQIP, whereas the Senate-passed bill would have reauthorized CSP and reduced program enrollment. The enacted bill creates a mix of both the House- and Senate-passed bills by reauthorizing CSP and reducing program enrollment, as well as creating a new incentive contract within EQIP. Funding for CSP is shifted away from an acreage limitation under prior law to limits based on funding. EQIP is expanded and reauthorized with increased funding levels.

The largest land retirement program—CRP—is reauthorized and expanded by increasing the CRP enrollment limit in annual increments from 24 million acres in FY2019 to 27 million by FY2023. To offset this increased enrollment level, the enacted bill reduces payments to participants, including cost-share payments, annual rental payments, and incentive payments. The 2018 farm bill also reauthorized and amended the Agricultural Conservation Easement Program (ACEP). Most of the changes to ACEP focus on the agricultural land easements by providing additional flexibilities to ACEP-eligible entities and authorize an increase in overall funding.

The Regional Conservation Partnership Program (RCPP) is reauthorized and amended by shifting the program away from enrolling land through existing conservation programs to a standalone program with separate contracts and agreements. Under the revised program, USDA is to continue to enter into agreements with eligible partners, and these partners are to continue to define the scope and location of a project, provide a portion of the project cost, and work with eligible landowners to enroll in RCPP contracts.

While the 2018 farm bill does not create new conservation programs, it does require that a number of existing programs direct a dollar amount or percentage of a program's funding to a resource-specific issue, initiative, or subprogram. Through these directed policies Congress has established a level of support, or required investment, to be carried out through implementation to target specific issues such as nutrient runoff or groundwater protection. The directed policy may also reduce the implementing agency's flexibility to allocate funding based on need, as well as reducing the amount available for activities under the larger program that may not meet a resource-specific provision.

High commodity prices in years past, changing land rental rates, and new conservation technologies have led over time to a shift in farm bill conservation policy away from programs that retire land from production (CRP) toward programs that provide assistance to lands still in production (EQIP and CSP). Much of this shift occurred following the 2008 farm bill (FY2009-FY2013) and continued under the 2014 farm bill (FY2014-FY2018) as the level of total mandatory program funding for CRP was reduced relative to EQIP and CSP. Funding for easement programs (ACEP) also declined somewhat under the 2014 farm bill, but is projected to level off under the 2018 farm bill. Partnership program (RCPP) funding has also increased in recent farm bills, but remains relatively small compared to the other categories of programs.

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Federal agricultural conservation assistance began in the 1930s with a focus on soil and water issues associated with production and environmental concerns on the farm. During the 1980s, agricultural conservation policies were broadened to include environmental issues beyond soil and water concerns, especially issues related to production, such as erosion and wetlands loss that had effects beyond the farm. Many of the current agricultural conservation programs were enacted as part of the Food Security Act of 1985 (1985 farm bill; P.L. 99-198, Title XII). These programs have been reauthorized, modified, and expanded, and several new programs have been created, particularly in subsequent omnibus farm bills. While the number of programs has increased and new techniques to address resource challenges continue to emerge, the basic federal approach has remained unchanged—voluntary farmer participation encouraged by financial and technical assistance, education, and basic and applied research. The U.S. Department of Agriculture (USDA) administers the suite of agricultural conservation programs through two primary agencies—the Natural Resources Conservation Service (NRCS) and the Farm Service Agency (FSA).

The conservation title of the Agriculture Improvement Act of 2018 (2018 farm bill; P.L. 115-334, Title II)<sup>1</sup> reauthorized and amended many of the largest conservation programs and created a number of new pilot programs, carve-outs, and initiatives. The House- and Senate-passed farm bills (H.R. 2) each included a number of amendments to existing conservation programs, many of which did not overlap. This generally resulted in the inclusion of a mix of amendments from each chamber being in the enacted bill.<sup>2</sup> The Congressional Budget Office (CBO) projects that total mandatory spending for the title will increase by \$555 million during the first five years of the 2018 farm bill (FY2019-FY2023), compared to a continuation of funding levels authorized in the Agricultural Act of 2014 (2014 farm bill; P.L. 113-79). Mandatory spending for the title over 10 years (FY2019-FY2028) is projected by CBO to be reduced by \$6 billion, relative to the 2014 farm bill authorized levels. Generally, the bill reallocates funding within the conservation title among the larger programs and pays for increases in the short term with reductions in the long term.<sup>3</sup>

**Figure I. Common Conservation Program Abbreviations**

Acronym	Program Name
ACEP	Agricultural Conservation Easement Program
ALE	Agricultural Land Easement (easement within ACEP)
AMA	Agricultural Management Assistance program
CIG	Conservation Innovation Grants (subprogram of EQIP)
CLEAR	Clean Lakes, Estuaries, and Rivers (initiative of CRP)
CREP	Conservation Reserve Enhancement Program (subprogram of CRP)
CRP	Conservation Reserve Program
CSP	Conservation Stewardship Program
ECP	Emergency Conservation Program
EQIP	Environmental Quality Incentives Program
EWP	Emergency Watershed Protection program
FW	Farmable Wetlands program (subprogram of CRP)
GSWP	Grassroots Source Water Protection program
GLCI	Grazing Land Conservation Initiative
HFRP	Healthy Forests Reserve Program
RCPP	Regional Conservation Partnership Program
SHIPP	Soil Health and Income Protection Pilot
VPAHIP	Voluntary Public Access and Habitat Incentive Program
WFPO	Watershed and Flood Prevention Operations
WRE	Wetland Reserve Easement (easement within ACEP)

Source: CRS.

<sup>1</sup> Conference Report, H.Rept. 115-1072.

<sup>2</sup> For a larger discussion of the entire 2018 farm bill, see CRS Report R45525, *The 2018 Farm Bill (P.L. 115-334): Summary and Side-by-Side Comparison*.

<sup>3</sup> For additional analysis of the 2018 farm bill budget, see CRS Report R45425, *Budget Issues That Shaped the 2018 Farm Bill*.

## Conservation Program Changes

The 2018 farm bill reauthorized and amended all of the major USDA agricultural conservation programs. Generally, farm bill conservation programs can be grouped into the following types based on similarities: working lands, land retirement, easement, conservation compliance, and partnership and grants (see **Figure 1** and **Figure 2** for a list of conservation programs). Most of these programs are authorized to receive mandatory funding (i.e., they do not require an annual appropriation), and include funding authorities that expire with most other farm bill programs at the end of FY2023.

Other types of conservation programs—such as watershed programs, emergency programs, and technical assistance—are authorized in legislation other than the farm bill. Most of these programs have permanent authorities and receive appropriations annually through the discretionary appropriations process. These programs are not generally addressed in the context of a farm bill and are not covered in detail in this report, except for cases where the 2018 farm bill made amendments to the program.

This section provides a general discussion of programmatic-specific amendments made to various conservation programs and subprograms. For a detailed section-by-section analysis of amendments in the 2018 farm bill, including statutory and U.S. Code citations, see **Appendix**.<sup>4</sup> Unless otherwise noted, conservation programs discussed in this section are authorized to receive mandatory funding through the borrowing authority of the Commodity Credit Corporation (CCC).<sup>5</sup> For additional analysis of conservation program funding, see the “Budget and Baseline” section.

### Land Retirement

Land retirement programs authorize USDA to make payments to private landowners to voluntarily retire land from production for less-resource intensive uses. The primary land retirement program is the Conservation Reserve Program (CRP). CRP includes a number of subprograms, many of which were codified or reauthorized in the 2018 farm bill. The farm bill also authorizes a number of initiatives and pilot programs.

#### Conservation Reserve Program (CRP)

CRP was originally authorized in the 1985 farm bill and has been reauthorized and amended a number of times since. The program provides financial compensation for landowners, through an annual rental rate, to voluntarily remove land from agricultural production for an extended period (typically 10 to 15 years) to improve soil and water quality and wildlife habitat. CRP operates under two types of enrollment—general and continuous. General enrollment provides an opportunity for landowners to enroll in CRP through a nationwide competition during a specific period of time. Continuous enrollment is designed to enroll the most environmentally desirable land into CRP through specific conservation practices or resource needs. Unlike general enrollment, under continuous enrollment, land is typically enrolled at any time and is not subject to competitive bidding. Many of the 2018 farm bill amendments apply to continuous enrollment contracts, including the creation of new pilot programs and amendments to existing subprograms. A detailed analysis of amendments to CRP may be found in **Table A-2**.

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<sup>4</sup> **Appendix** is organized according to the subtitle structure within the 2018 farm bill’s conservation title (title II). This report is not organized as such and therefore references to various subtitle tables may not appear sequentially.

<sup>5</sup> For additional information on the CCC, see CRS Report R44606, *The Commodity Credit Corporation: In Brief*.

**Figure 2. USDA Agricultural Conservation Program by Type**  
(under enacted 2018 farm bill)

Type	Program(s)
<b>Farm Bill Agricultural Conservation Programs</b>	
<b>Working Lands</b> —programs allow private land to remain in production, while implementing various conservation practices to address natural resource concerns specific to the area.	<ul style="list-style-type: none"> <li>• Environmental Quality Incentives Program (EQIP)</li> <li>• Conservation Stewardship Program (CSP)</li> </ul>
<b>Land Retirement</b> —programs provide federal payments to agricultural landowners for temporary changes in land use or management to achieve environmental benefits.	<ul style="list-style-type: none"> <li>• Conservation Reserve Program (CRP)</li> <li>• Conservation Reserve Enhancement Program (CREP)</li> <li>• Farmable Wetlands (FW) program</li> <li>• CLEAR30</li> <li>• Soil Health Income Protection Pilot (SHIPP)</li> </ul>
<b>Easement</b> —programs impose a permanent land-use restriction that is voluntarily placed on the land in exchange for a government payment	<ul style="list-style-type: none"> <li>• Agricultural Conservation Easement Program (ACEP)</li> <li>• Healthy Forests Reserve Program (HFRP)</li> </ul>
<b>Compliance</b> —prohibits a producer from receiving most federal farm program benefits (including conservation assistance) when conservation requirements for highly erodible lands and wetlands are not met.	<ul style="list-style-type: none"> <li>• Highly erodible land conservation (sodbuster)</li> <li>• Wetland conservation (swampbuster)</li> <li>• Sodsaver</li> </ul>
<b>Partnership and Grants</b> —programs that use partnership agreements to leverage program funding with non-federal funding or provide grants to states or research organizations.	<ul style="list-style-type: none"> <li>• Regional Conservation Partnership Program (RCPP)</li> <li>• Conservation Innovation Grants (CIG)</li> <li>• Voluntary Public Access and Habitat Incentive Program (VPAHIP)</li> </ul>
<b>Other</b> —programs and provisions that do not fit easily into the above categories. Authority is generally derived from farm bill legislation	<ul style="list-style-type: none"> <li>• Grassroots Source Water Protection (GSWC)</li> <li>• Grazing Land Conservation Initiative (GLCI)</li> <li>• Desert terminal lakes</li> <li>• State technical committees</li> </ul>
<b>Non-Farm Bill Conservation Programs</b>	
<b>Technical Assistance</b> —programs provide landowners with science-based conservation information and technical (e.g., engineering and biological) expertise unique to the region and land use type. Usually does not include financial assistance.	<ul style="list-style-type: none"> <li>• Conservation Operations (includes Conservation Technical Assistance, Snow Survey, Soil Survey, and Plant Materials Centers)</li> </ul>
<b>Emergency</b> —programs provide disaster assistance for private farm and forest land rehabilitation and impairments to watersheds. Programs are usually funded through supplemental appropriations acts.	<ul style="list-style-type: none"> <li>• Emergency Conservation Program (ECP)</li> <li>• Emergency Watershed Protection (EWP) program (includes floodplain easements)</li> <li>• Emergency Forest Restoration Program (EFRP)</li> </ul>
<b>Other</b> —programs that do not fit easily into the above categories. Authority is generally derived from non-farm bill legislation.	<ul style="list-style-type: none"> <li>• Agricultural Management Assistance (AMA)</li> <li>• Water Bank program</li> <li>• Soil and Water Resources Conservation Act (RCA)</li> <li>• Resource Conservation and Development Program (RC&amp;D)</li> </ul>

**Source:** CRS.

**Notes:** Generally programs that are authorized under Title XII of the Food Security Act of 1985, as amended, are considered to be farm bill programs. Most nonfarm bill programs are authorized outside of farm bill legislation. Amendments to these program may occur in farm bills, but their program authority and funding authority is provided separate from omnibus farm bills.

Congressional debate over CRP in the 2018 farm bill centered on how to increase enrollment limits, while not increasing overall cost. As such, the enacted bill incrementally increases the enrollment cap while reducing various rental rates, cost-share payments, and incentive payments. The 2018 farm bill increases the enrollment limit in annual increments from 24 million acres in

FY2019 to 27 million acres in FY2023.<sup>6</sup> This increase in enrollment is partly offset by reducing rental rates for general contracts to 85% of the county average rental rate and to 90% of the county average rental rate for continuous contracts. Cost-share payments are limited to the actual cost of establishing the approved practices, including not more than 50% for seed mix costs. The enacted bill also establishes minimum enrollment levels for continuous contracts (8.6 million acres by FY2022) and grassland contracts (2 million acres by FY2021).

### **Conservation Reserve Enhancement Program (CREP)**

CREP was originally created as a CRP initiative in 1997, but was not codified into statute as a CRP subprogram until the 2018 farm bill. The provision in the 2018 farm bill is similar to the original version of CREP in that it authorizes USDA to enter into agreements with states to target designated project areas with continuous CRP enrollment contracts. Projects are designed to address specific environmental objectives through targeted continuous, noncompetitive, CRP enrollment that typically provides additional financial incentives beyond annual rental payments and cost-share assistance.

The new language in the 2018 farm bill allows existing CREP agreements to remain in force, but allows them to be modified if mutually agreed upon. CREP agreements are generally with states, but the 2018 farm bill expands eligible partners to include nongovernmental organizations (NGO). The enacted bill formalizes agreement requirements with partners, including matching fund contributions (previously not less than 20% of the project cost) and possible waiver of such contributions. The enacted bill requires the matching fund contribution to be a negotiated part of the agreement, or not less than 30% if most of the funds are provided by an NGO. Payments from an eligible partner may be in cash, in-kind, or through technical assistance. Additional requirements for select cost-share payments, incentive payments, and maintenance payments are also included. Specific requirements are included related to grazing, forested riparian buffers, and drought and water conservation agreements.

### **Farmable Wetlands (FW) program**

The FW program was created in the Farm Security and Rural Investment Act of 2002 (2002 farm bill; P.L. 107-171) as a pilot within CRP to enroll farmable or prior converted wetlands into CRP in exchange for additional financial incentives. The 2018 farm bill reauthorized FW program at the current 750,000 acre enrollment limit.

### **CRP Grassland Contracts**

The 2014 farm bill authorized grassland contracts under CRP, which enrolls grassland, rangeland, and pastureland into 14 to 15 year CRP contracts. Only select grazing practices are allowed under the contract in exchange for annual and cost-share payments. The 2018 farm bill reauthorizes the contracts and increases the enrollment limit to not less than 2 million acres by FY2021 from the previous limit of not more than 2 million acres. USDA may not use unenrolled grassland acres for other types of CRP enrollment. The enacted bill also prioritizes the enrollment of expiring CRP land, land at risk of development, or land of ecological significance.

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<sup>6</sup> CRP is authorized to spend such sums as necessary to enroll up to the maximum number of allowable acres. This funding is mandatory and average close to \$2 billion annually.

## Other CRP Initiatives

### *CLEAR 30*

The 2018 farm bill creates a new pilot program referred to as CLEAR 30, which enrolls expiring CRP land into 30-year contracts devoted to practices that improve water quality. CLEAR refers to the Clean Lakes, Estuaries, And Rivers initiative that is authorized to enroll land in continuous contracts that would reduce sediment and nutrient loading, and harmful algal blooms. Under a CLEAR 30 contract, the landowner must maintain the land in accordance with an approved plan and adhere with the terms and conditions of the contract. Contract holders receive compensation in thirty annual cash payments similar to those calculated under general CRP contracts. Technical assistance is required for each contract and agreement. USDA must create the CRP plan for a contract, but management, monitoring, and enforcement may be delegated to another federal agency, state, or local government, or to a conservation organization.

### *Soil Health and Income Protection Pilot (SHIPP)*

The 2018 farm bill also creates a new SHIPP pilot program under CRP to remove less productive farm land from production in exchange for annual rental payments and to plant low-cost perennial cover crops. Eligible land is limited to (1) land in states selected by the Secretary within the prairie pothole region, (2) land that has a cropping history in the three years prior to enrollment, but which was not enrolled in CRP during that time period, and (3) land that is considered to be less productive than other land on the farm. No more than 15% of a farm may be enrolled in the pilot and no more than 50,000 acres of the CRP may be used for the pilot. Under a SHIPP contract, a participant would be required to plant a USDA-approved, low-cost, perennial, conserving-use cover crop at the participant's expense. In return the participant would receive an annual rental payment that is 50% of the general CRP annual rental payment, or higher for beginning, limited-resource, socially disadvantaged or veteran participants. Contracts are three to five years in duration, but can be terminated early if considered necessary by USDA; or if the participant agrees to pay back the annual rental payments. Harvesting, haying, and grazing are allowed outside of the local nesting and brood-rearing period, subject to additional conditions.

## Working Lands Programs

Working lands conservation programs allow private land to remain in production, while implementing various conservation practices to address natural resource concerns specific to the area. Program participants receive some form of conservation planning and technical assistance to guide the decision on the most appropriate practices to apply, given the natural resource concerns and land condition. Participants receive federal financial support to defray a portion of the cost to install or maintain the vegetative, structural, or management practices agreed to in the terms of the contract.

The two main working lands programs are the Environmental Quality Incentives Program (EQIP) and the Conservation Stewardship Program (CSP). Combined, both programs account for more than half of all conservation program funding. The 2018 farm bill amended both programs, but in different ways and to different degrees. A detailed analysis of amendments to EQIP and CSP is provided in **Table A-3** and **Table A-4**, respectively.

## Environmental Quality Incentives Program (EQIP)

EQIP is reauthorized and expanded in the enacted bill. The program provides financial and technical assistance to producers and private landowners to plan and install structural, vegetative, and land management practices on eligible lands to alleviate natural resource problems. Eligible producers enter into contracts with USDA to receive payment for implementing conservation practices. Approved activities are carried out according to an EQIP plan approved by USDA and developed with the producer that identifies the appropriate conservation practice(s) to address identified resource concerns on the eligible land. The program is reauthorized through FY2023 with a graduating level of mandatory funding—\$1.75 billion in FY2019 and FY2020; \$1.8 billion in FY2021; \$1.85 billion in FY2022; and \$2.025 billion in FY2023.

The new law includes a number of amendments to EQIP that focus on water quality and quantity-related practices, soil health improvement, and wildlife habitat improvement. The law also reduces the funding allocation for livestock-related practices from 60% to 50%, and increases the allocation for wildlife-related practices from 5% to 10%.

One of the larger changes the 2018 farm bill makes to EQIP is that water conservation system payments are expanded to include irrigation and drainage entities that were previously ineligible. Eligible entities may be states, irrigation districts, groundwater management districts, acequias, land-grant mercedes, or similar entities. Practices must be implemented on eligible land of the producer, land adjacent to a producer's eligible land, or land under the control of the eligible entity. Adjusted Gross Income (AGI) and payment limits may be waived for eligible entities, but USDA may impose additional payment and eligibility limits. Priority is given to applications that reduce water use. It is unclear how this expansion in eligibility, compared with the previous producer-only policy, may affect implementation of the program.

## Conservation Stewardship Program (CSP)

CSP provides financial and technical assistance to producers to maintain and improve existing conservation systems and to adopt additional conservation activities in a comprehensive manner on a producer's entire operation. CSP contracts must meet or exceed a *stewardship threshold* for at least two priority resource concern at the time of application and meet or exceed at least one additional priority resource concern by the end of the contract. The House-passed bill would have repealed CSP and created a stewardship contract within EQIP, whereas the Senate-passed bill would have reauthorized CSP and reduced program enrollment. The enacted 2018 farm bill creates a mix of both the House- and Senate-passed bills with amendments. The enacted bill reauthorizes CSP, but amends how the program limits future enrollment. The new law shifts CSP from a program limited by acres (10 million acres annually under prior law; approximately \$1.4 billion in FY2018) to one limited by total funding (\$700 million in FY2019 in mandatory funding, increasing to \$1 billion in FY2023). CBO projects this change from prior law will reduce the program by more than \$12.4 billion total over ten years (see **Table 2**) for a total cost of \$5.1 billion. Reduced spending from this reduction offset increased mandatory spending in other conservation programs (see **Figure 3**).

In addition to the amended funding structure of CSP, the enacted bill also made a number of amendments to the program. CSP's ranking criteria is amended to focus on an application's actual and expected increase of conservation benefits, and to add a cost competitive selection criteria for similar applications. Contract renewal options are amended to require renewal applicants to compete with new applications, whereas previously their acceptance was guaranteed. Additionally, payments for adopting cover crops, grazing management, and

comprehensive conservation plan development are amended to include higher and more comprehensive payment options.

## **Other EQIP and CSP Initiatives and Subprograms**

### ***Conservation Innovation Grants (CIG)***

CIG is a subprogram under EQIP that awards competitive grants to state and local agencies, nongovernmental organizations, tribes, and individuals to implement innovative conservation techniques and practices. The 2018 farm bill expands project eligibility to include community colleges, urban farming, and monitoring practices. A new on-farm conservation innovation trial is authorized at \$25 million annually from total EQIP funding. The new on-farm trial funds projects through producers or eligible entities that test new or innovative conservation approaches, such as those related to precision agriculture technologies, nutrient management, soil health, water management, crop rotations, cover crops, irrigation systems, and other USDA approved approaches.

### ***EQIP Conservation Incentive Contract***

The House-passed farm bill would have repealed CSP and created a stewardship contract within EQIP. While the 2018 farm bill retained CSP and also authorized a new Conservation Incentive Contract under EQIP. The new EQIP incentive contracts are limited to select priority resource concerns within specific geographic regions. No more than three priority resource concerns may be identified in each geographic region. EQIP incentive contracts extend for five to ten years and provide annual payments to incentivize increased conservation stewardship and the adoption, installation, management, and maintenance of conservation practices. In determining payment amounts, USDA is required to consider the level and extent of the practice being adopted, the cost of adoption, income forgone due to adoption, and compensation ensuring the longevity of the practice.

The new EQIP incentive contracts exhibit some similarities with CSP contracts, including addressing priority resource concerns; and providing annual payments for adopting, maintaining, and improving practices. The EQIP incentive contracts also include notable differences from CSP, including a no *stewardship threshold* for entry;<sup>7</sup> no comprehensive requirement for addressing resource concerns; no whole-farm enrollment; and no limit on payments. Pending implementation of EQIP incentive contracts, it is unclear what impact they may have on CSP enrollment or on general EQIP contracts.

### ***CSP Grassland Conservation Initiative***

Amendments under the commodities title (Title I) of the 2018 farm bill changed how base acres are used to calculate eligibility for certain commodity support programs.<sup>8</sup> Base acres not planted to a commodity program-eligible crop within the last ten years are ineligible for select commodity support programs. Under the 2018 farm bill, these acres are now eligible for a one-time enrollment into a new Grassland Conservation Initiative under CSP.

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<sup>7</sup> Under CSP, participants must meet or exceed a stewardship threshold for at least two priority resource concern at the time of application and meet or exceed at least one additional priority resource concern by the end of the contract.

<sup>8</sup> Base acres are historical program acres used to determine eligibility for certain farm bill commodity support programs. For additional information on farm commodity programs, see CRS Report R45525, *The 2018 Farm Bill (P.L. 115-334): Summary and Side-by-Side Comparison*.

While the new grassland initiative is within CSP, it has separate requirements from other CSP contracts. Unlike CSP, the grassland initiative would not require whole-farm enrollment. The initiative has no required stewardship threshold for entry, requiring the participant to only meet or exceed one priority resource concern by the end of the contract. Whereas CSP contracts must meet or exceed a stewardship threshold for at least two priority resource concern at the time of application and meet or exceed at least one additional priority resource concern by the end of the contracts. Grassland initiative contracts are short term—five years with no renewal or reenrollment option, and a participant may terminate the contract without penalty at any time. Payments under the initiative are not subject to the CSP payment limit, but cannot provide more than \$18 per acre.

## Easement Programs

Easement programs impose a permanent land-use restriction that is voluntarily placed on the land in exchange for a government payment. The primary conservation easement program is the Agricultural Conservation Easement Program, which provides financial and technical assistance through two types of easements (1) agricultural land easements (ALE) that limit nonagricultural uses on productive farm or grass lands, and (2) wetland reserve easements (WRE) that protect and restore wetlands. The other conservation easement program—the Healthy Forests Reserve Program (HFRP)—was reauthorized in the forestry title (Title VIII) of the 2018 farm bill and is not covered in this report.<sup>9</sup>

### Agricultural Conservation Easement Program (ACEP)

The 2018 farm bill reauthorizes and amends ACEP. Most of the changes made to ACEP in the 2018 farm bill focus on the ALE. Under ALE, USDA enters into partnership agreements with eligible entities to purchase agricultural land easements from willing landowners to protect the agricultural use and conservation values of the land. The enacted bill provides additional flexibilities to ACEP-eligible entities, including the eligibility of “buy-protect-sell” transactions in which an eligible entity purchases land prior to the acquisition of an ALE, agrees to hold an ALE on the land, and then transfer the land within a select time period to a farmer or rancher. The bill also amends the nonfederal cost share requirements by removing the requirement that an eligible entity’s contribution be equal to the federal share, or at least 50% of the federal share if the entity includes contributions from the private landowner. The nonfederal portion contributed by the eligible entity may include cash, a landowner’s donation, costs associated with the easement, or other costs as determined by USDA. Other flexibilities provided eligible entities include the consideration of geographical differences, terms and conditions of easements, and certification criteria of eligible entities. Several amendments reduce the roll of USDA in the administration of ALE, including amendments to the certification of eligible entities, the right of easement enforcement, and planning requirements. For a detailed analysis of amendments to ACEP see **Table A-7**.

By comparison, the 2018 farm bill made fewer changes to WRE. Most of the amendments to WRE center on compatible use and vegetative cover requirements. Compatible use authorization is expanded to include consultation with the state technical committee, consideration of land management requirements, and improving the functions and values of the easement. Requirements for a WRE plan were amended to allow for the establishment or restoration of an

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<sup>9</sup> HFRP is administered by NRCS, similar to other conservation easement programs, but authorized in the forestry title. For additional information about amendments to HFRP, see the Forestry section of CRS Report R45525, *The 2018 Farm Bill (P.L. 115-334): Summary and Side-by-Side Comparison*.

alternative vegetative community that is hydraulically appropriate on the entirety of the WRE if it would benefit wildlife or meet local resource needs.

In other amendments to ACEP, Congress specified new directions regarding USDA's handling of the subordination, exchange, modification, or termination of any ACEP easement. The enacted farm bill increases mandatory funding for ACEP from the FY2018 authorized level to \$450 million annually for FY2019 through FY2023.<sup>10</sup>

## **Other Conservation Programs and Provisions**

### **Regional Conservation Partnership Program (RCPP)**

The 2014 farm bill created RCPP from four repealed programs. The 2018 farm bill reauthorized RCPP and made a number of amendments to the program (see **Table A-8** for a detailed analysis of RCPP amendments). Prior to the 2018 farm bill, RCPP utilized 7% of existing conservation programs (referred to as *covered programs*<sup>11</sup>) through RCPP projects that were defined by eligible partners. Eligible partners would define the project's area, goals, and resource concerns to be addressed through the use of covered programs. Partners would enter into project agreements with USDA, in which they would provide a "significant portion" of the overall cost of the project. USDA issued no regulations for RCPP and instead utilized funding notices and operated it with the regulations of the covered programs.

Amendments enacted in the 2018 farm bill shift RCPP away from using contracts from covered programs to establishing RCPP as a stand-alone program with its own contracts. Prior to the 2018 farm bill, USDA would enter into agreements with a partner on a project that would target covered program contracts in an agreed upon area for a defined resource goal. The actual contract with the farmer or rancher, however, would be an EQIP, CSP, ACEP, or HFRP contract. The enacted bill no longer uses this framework; instead it requires USDA to use a contract specific to RCPP that will fund eligible activities similar to those available under covered programs, but not using the funds of those programs. The list of covered programs is also expanded under the bill to include EQIP, ACEP, CSP, HFRP, CRP, and Watershed and Flood Prevention Operations (WFPO).<sup>12</sup>

The 2018 farm bill maintains RCPP's broad partner-focused goal of creating opportunities to leverage federal conservation funding for partner-defined projects. Additionally, the revised program provides additional flexibilities to partners, including the make-up of a partner's project contribution, guidance and reporting requirements, agreement renewals, and in the application process.

Mandatory funding for the program is increased to \$300 million annually for FY2019 through FY2023 from \$100 million annually under prior law. However, RCPP no longer receives a percentage of funding from covered programs, which could change the overall scale of RCPP depending on how this change is implemented. The allocation of funding is also amended to

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<sup>10</sup> The 2014 farm bill authorized \$400 million in FY2014, \$425 million in FY2015, \$450 million in FY2016, \$500 million in FY2017, and \$250 million in FY2018.

<sup>11</sup> Covered programs included EQIP, CSP, ACEP, and HFRP.

<sup>12</sup> Despite the inclusion of CRP and WFPO, CREP and Watershed Rehabilitation—subprograms of CRP and WFPO, respectively—are specifically excluded.

provide 50% to state and multi-state projects and 50% to projects in critical conservation areas (CCA) as selected by USDA.<sup>13</sup>

### **Watershed and Flood Prevention Operations (WFPO)**

The WFPO program provides technical and financial assistance to state and local organizations to plan and install measures to prevent erosion, sedimentation, and flood damage and to conserve, develop, and utilize land and water resources.<sup>14</sup> Project costs are shared with local partners. Smaller projects may be authorized by the Chief of the NRCS, whereas larger projects must be approved by Congress. The 2018 farm bill made few amendments to WFPO, the most substantial being the authorization of permanent mandatory funding of \$50 million annually. Historically, the program received discretionary funding through the annual appropriations process—most recently \$150 million in FY2018.<sup>15</sup>

### **Conservation Compliance**

Two farm bill provisions require that in exchange for certain USDA program benefits, a producer agrees to maintain a minimum level of conservation on highly erodible land and not to convert wetlands to crop production. These provisions were originally authorized in the 1985 farm bill as highly erodible land conservation (*Sodbuster*) and wetland conservation (*Swampbuster*). They are collectively referred to as *conservation compliance*.<sup>16</sup> The 2018 farm bill amends wetland conservation provisions to specify that (1) benefits cannot be denied if an exemption applies and (2) affected landowners must have the opportunity to be present during an on-site inspection. The enacted bill also authorizes annual discretionary appropriations for wetland mitigation banking. For a detailed analysis of amendments to the wetland conservation provisions, see **Table A-1**.

A third type of compliance requirement introduced in the Food, Conservation, and Energy Act of 2008 (2008 farm bill; P.L. 110-246) addressed crop production on native sod (*Sodsaver*). While *Sodsaver* is not included in the conservation title of the farm bill, it operates in a manner similar to conservation compliance requirements in that benefits are reduced if production occurs on native sod.<sup>17</sup>

## **Policy Issues That Shaped the Conservation Title**

Beginning with the Agriculture and Food Act of 1981 (1981 farm bill; P.L. 97-98), agricultural conservation has been a stand-alone title in all farm bills. The breadth of the conservation title has grown with each passing omnibus farm bill. Debate over the 2018 farm bill focused on the differences within the conservation title of the House- and Senate-passed bills (H.R. 2). The conference agreement resolved these differences to create a final version of the title in the enacted law that represents a mix of proposals from the two versions. Overarching themes of the

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<sup>13</sup> Current CCAs include Chesapeake Bay Watershed, Great Lakes Region, Mississippi River Basin, Colorado River Basin, Longleaf Pine Range, Columbia River Basin, Prairie Grasslands Region, and California Bay Delta.

<sup>14</sup> The WFPO program consists of projects built under two authorities—the Watershed Protection and Flood Prevention Act of 1954 (P.L. 83-566) and the Flood Control Act of 1944 (P.L. 78-534). For additional information on WFPO, see CRS Report RL30478, *Federally Supported Water Supply and Wastewater Treatment Programs*.

<sup>15</sup> For additional information, see CRS Report R45406, *FY2018 and FY2019 Appropriations for Agricultural Conservation*.

<sup>16</sup> For additional information, see CRS Report R42459, *Conservation Compliance and U.S. Farm Policy*.

<sup>17</sup> For additional information, see CRS Report R45525, *The 2018 Farm Bill (P.L. 115-334): Summary and Side-by-Side Comparison*.

conservation title include (1) targeting of funds or acres in existing programs, (2) a shifting of funds among the different types of conservation programs, including a continued emphasis on working lands programs, and (3) provisions that address environmental regulations through voluntary conservation measures.

## Directed Policies Within Existing Programs

The 2014 farm bill focused on simplifying and consolidating programs within the conservation title. Conversely, the 2018 farm bill does not create new programs, but it does require that a number of existing programs direct a specific level of funding or acres, or percentage of a program's funding, to a resource- or interest-specific issue, initiative, or subprogram. **Table 1** highlights some of the directed policies created by the 2018 farm bill and compares them with prior law. Some of these policies existed prior to the 2018 farm bill, but did not include a specified funding or acreage level. Through these directed policies Congress has specified a level of support or required investment that USDA is to achieve through program implementation. One potential consequence of these directed policies may be reduced flexibility of the implementing agency to allocate funding based on need, as well as reduced total funds or acres available for activities of the larger program that may not meet a resource-specific provision. Most of the conservation programs in the 2018 farm bill are authorized to receive mandatory funding, so these directed policies also have funding, unless Congress subsequently directs otherwise.

**Table 1. Directed Policies in the 2018 Farm Bill**

Grouped by Program

Provision	Prior Law (U.S. Code citation)	Enacted 2018 Farm Bill (section)
<b>Conservation Reserve Program</b>		
Grassland Contracts	No more than 2 million acres of total CRP enrollment (16 U.S.C. 3831(d)(2)(A)).	No less than 2 million acres of total CRP enrollment by FY2021. Prohibits uses of these acres for other CRP contracts (§2201(c)(2)).
CLEAR initiative	NA	40% of continuous enrollment contracts (§2201(c)(3)).
Continuous enrollment	None	No less than 8.6 million acres of total CRP enrollment by FY2022 (§2201(c)(3)).
FWP	No more than 750,000 acres of total CRP enrollment (16 U.S.C. 3831b(c)(1)).	No more than 750,000 acres of total CRP enrollment (§2203).
SHIPP program	NA	No more than 50,000 acres of total CRP enrollment (§2204).
<b>Environmental Quality Incentives Program</b>		
EQIP livestock practices	At least 60% of total EQIP funds to be used for payments related to livestock practices (16 U.S.C. 3839aa-2(f)(1)).	At least 50% of total EQIP funds to be used for payments related to livestock practices (§2304(c)).
EQIP wildlife practices	At least 5% of total EQIP funds to be used for payments to benefit wildlife habitat (16 U.S.C. 3839aa-2(f)(2)).	At least 10% of total EQIP funds to be used for payments to benefit wildlife habitat (§2304(c)).
EQIP air quality	Requires \$25 million of EQIP funds annually be used to address air quality concerns (16 U.S.C. 3839aa-8(b)).	Requires \$37 million of EQIP funds annually be used to address air quality concerns (§2307(2)).
CIG on-farm trials	NA	Requires \$25 million annually be used for an on-farm conservation innovation trial (§2307(c)).

Provision	Prior Law (U.S. Code citation)	Enacted 2018 Farm Bill (section)
<b>Other Programs</b>		
ECP	None	Require 25% of available discretionary funding be set aside until April 1 <sup>st</sup> to repair and replace fencing (§2403(e)(6)).
VPAHIP	None	Requires \$3 million of total funding provided be used to encourage public access on land covered by WRE under ACEP (§2406(4)).
Source water protection	NA	Requires 10% of all farm bill conservation program's funding each fiscal year (except CRP) be used to encourage conservation practices related to water quality and quantity that protect source waters for drinking (§2503(d)).
RCP	Requires USDA to reserve 7% of EQIP, CSP, ACEP, and HFRP funds and acres for RCP projects. (16 U.S.C. 3877d(c))	None.

**Source:** CRS based on provisions in P.L. 115-334.

**Notes:** NA indicates 'not applicable' because the provision did not exist under prior law. None indicates that while the program or provision was, or is, in existence that no carve-out of funding was, or is, required in law. For additional discussion on programs and provision in the table see the "Conservation Program Changes" section as well as **Appendix**.

## Budget and Baseline

Most farm bill conservation programs are authorized to receive mandatory funding. According to CBO, the conservation title makes up 7% of the total projected 2018 farm bill spending over 10 years, which is \$60 billion of the total \$867 billion (see **Table 2** and **Figure 3**).<sup>18</sup> Historically, funding for the conservation title has experienced both increases and decreases within farm bills. The 2018 farm bill conservation title is budget neutral over the 10-year baseline; however, it is projected to increase funding in the first five years (+\$555 million over FY2019-FY2023) and decrease funding in the last five years (-\$561 million over FY2024-FY2028).<sup>19</sup> While most titles received an increase in authorized mandatory funding over the projected 10-year baseline, three titles, including conservation, did not.<sup>20</sup>

### Conservation Baseline & Score

Most conservation programs receive an authorization (budget authority) for mandatory funding in omnibus farm bills. Generally, the bill authorizes and pays for the mandatory funding (expressed as outlays) with a multiyear budget estimate when the law is enacted. The Congressional Budget Office (CBO) determines the official cost/savings estimate when bills are considered based on long-standing budget laws and rules.<sup>21</sup>

<sup>18</sup> CRS Report R45425, *Budget Issues That Shaped the 2018 Farm Bill*.

<sup>19</sup> CBO, "Baseline Projections for Selected Programs," April 2018, <https://www.cbo.gov/about/products/baseline-projections-selected-programs>. The CBO baseline is an estimated projection at a particular point in time of what future federal spending on mandatory programs would be under current law. The CBO score is an estimate of the cost impact of a change in law in relation to the baseline. A neutral score implies that spending does not increase or decrease over the baseline amount.

<sup>20</sup> The other two titles reduced in the 2018 farm bill were Rural Development (-\$2.5 billion) and Crop Insurance (-\$104 million), over the 10-year baseline.

<sup>21</sup> For more information, see CRS Report 98-560, *Baselines and Scorekeeping in the Federal Budget Process*.

The budgetary impact of mandatory spending proposals is measured relative to an assumption that certain programs continue beyond the end of the farm bill. The benchmark is the CBO **baseline**—a projection at a particular point in time of future federal spending on mandatory programs under current law. The baseline provides funding for reauthorization, reallocation to other programs, or offsets for deficit reduction. Generally, most large conservation programs, such as CRP and EQIP, are assumed to continue in the baseline as if there were no change in policy and it did not expire. However, some of the smaller conservation programs are not assumed to continue beyond the end of a farm bill, such as VPAHIP.

The baseline used to develop the 2018 farm bill was the CBO baseline that was released in April 2018.<sup>22</sup> It projected that if the 2014 farm bill were extended, farm bill conservation programs would cost \$60 billion over the next 10 years (FY2019-FY2028). Most of that amount, 93%, was in three programs—EQIP, CSP, and CRP.

When a new bill is proposed that would affect mandatory spending, CBO estimates the **score** (cost impact) in relation to the baseline. Changes that increase spending relative to the baseline have a positive score; those that decrease spending relative to the baseline have a negative score. Budget enforcement rules use these baselines and scores to follow various budget rules. When a new law is passed, the **projected cost at enactment** equals the **baseline** plus the **score**. This sum becomes the foundation of the new law, and may be compared to future CBO baselines as an indicator of how actual spending transpires as the law is implemented and market conditions change.

**Table 2. Budget Projections for the Conservation Title of the 2018 Farm Bill**  
(outlays in millions of dollars, five- and ten-year totals)

Program (Section Number)	Five years (FY2019-FY2023)			Ten years (FY2019-FY2028)		
	April 2018 CBO baseline	Score of P.L. 115-334	Projected cost at enactment	April 2018 CBO baseline	Score of P.L. 115-334	Projected cost at enactment
CRP (2201)	10,507	-189	10,318	22,085	0	22,085
CSP (2301) <sup>a</sup>	8,764 <sup>b</sup>	-3669	5,095	17,729 <sup>b</sup>	-12,426	5,303
EQIP (2302) & CSP (2308) <sup>a</sup>	7,968 <sup>c</sup>	2660	10,628	16,697 <sup>c</sup>	8,451	25,148
Watershed pgms. (2401) <sup>d</sup>	0	95	95	0	317	317
GSWP (2405)	0	5	5	0	5	5
VPAHIP	0	50	50	0	50	50
Feral Swine (2408)	0	75	75	0	75	75
ACEP (2601)	1,347	786	2,133	2,597	1,779	4,376
RCPP (2701)	578	742	1,320	1,078	1,742	2,820
Other <sup>e</sup>	-485	NA	-485	-497	NA	-497
Conservation Title Total	28,679	555	29,234	59,689	-6	59,682

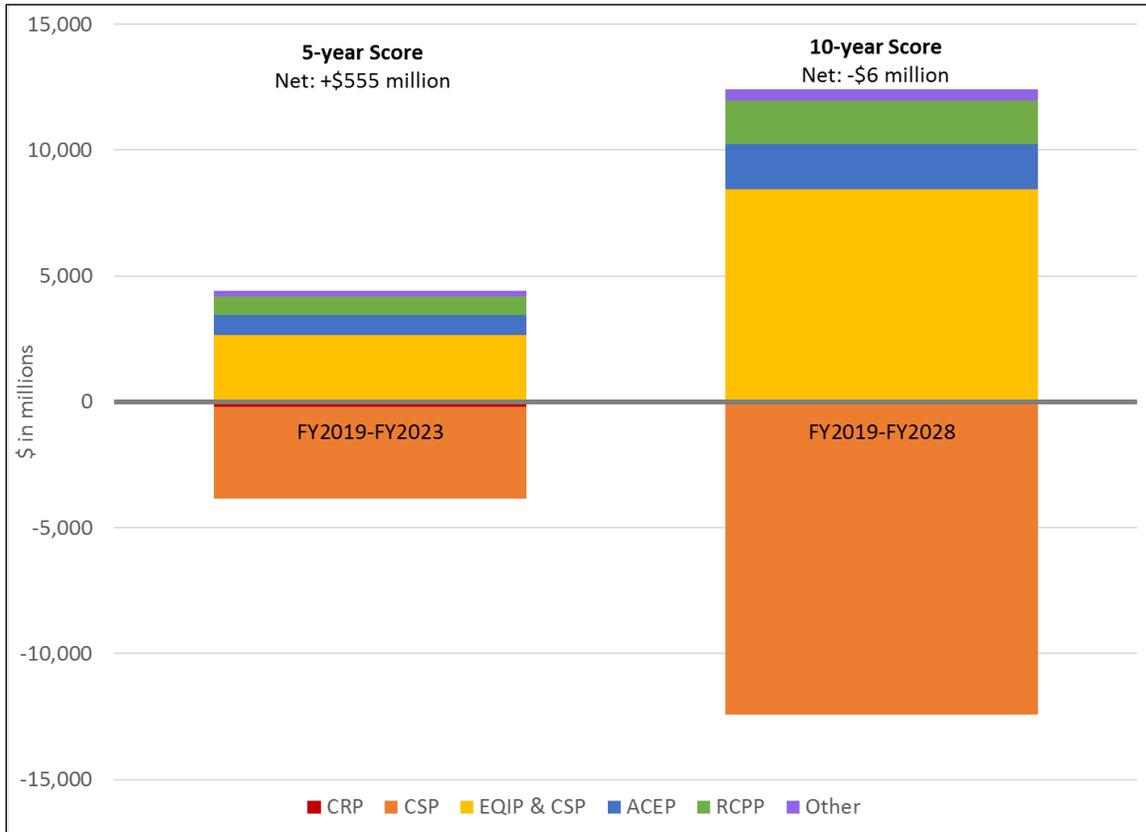
**Source:** CRS. Compiled from CBO, “Baseline Projections,” April 2018, <https://www.cbo.gov/about/products/baseline-projections-selected-programs>, and at the title level in the table notes in CBO, “Cost Estimates for H.R. 2,” <https://www.cbo.gov/publication/54284>, July 24, 2018.; and CBO cost estimate of the conference agreement for H.R. 2, <https://www.cbo.gov/publication/54880>, Dec. 11, 2018.

- a. The CBO Score of the 2018 farm bill includes two entries for CSP; one for the CSP contracts entered into *before* enactment (under §2301) and those entered into *after* enactment (combined with EQIP; §2308).
- b. The baseline for CSP in this table is reflected on the same line as the standalone CSP score (§2301) and not with the combined EQIP & CSP line (§2308).

<sup>22</sup> CBO, “Baseline Projections for Selected Programs,” April 2018, <https://www.cbo.gov/about/products/baseline-projections-selected-programs>, and at the title level in the table notes in CBO, “Cost Estimates for H.R. 2 as passed by the House of Representatives and as passed by the Senate,” <https://www.cbo.gov/publication/54284>, July 24, 2018.

- c. The baseline for the combined EQIP and CSP score (§§2302 and 2308, respectively) only reflects the EQIP baseline. See table note a, above, for additional explanation.
- d. New, permanent, mandatory funding is authorized under section 2401 for the Watershed Protection and Flood Prevention Act (16 U.S.C. 1001 et seq.), as amended. This section can fund multiple watershed programs, including WFPO and Watershed Rehabilitation.
- e. The April 2018 CBO baseline includes other small programs (e.g., AMA) and adjustments (e.g., sequestration) which are combined as Other in this table. These provisions did not affect the score of the 2018 farm bill and are not discussed in this report.

**Figure 3. 2018 Farm Bill Conservation Title Score**  
(by program, dollars in millions)



**Source:** CRS using CBO cost estimate of the conference agreement for H.R. 2, <https://www.cbo.gov/publication/54880>, Dec. 11, 2018.

**Notes:** The chart includes the Conservation Reserve Program (CRP), Conservation Stewardship Program (CSP), Environmental Quality Incentives Program (EQIP), Agricultural Conservation Easement Program (ACEP), and Regional Conservation Partnership Program (RCPP). Other includes funding for Watershed Protection and Flood Prevention Operations (§2401), Grassroots Source Water Protection (§2405), Voluntary Public Access and Habitat Incentive Program (§2406), and Feral swine eradication and control pilot program (§2408). The CBO Score of the 2018 farm bill includes two entries for CSP; one for the CSP contracts entered into *before* enactment (under §2301) and those entered into *after* enactment (combined with EQIP; §2308).

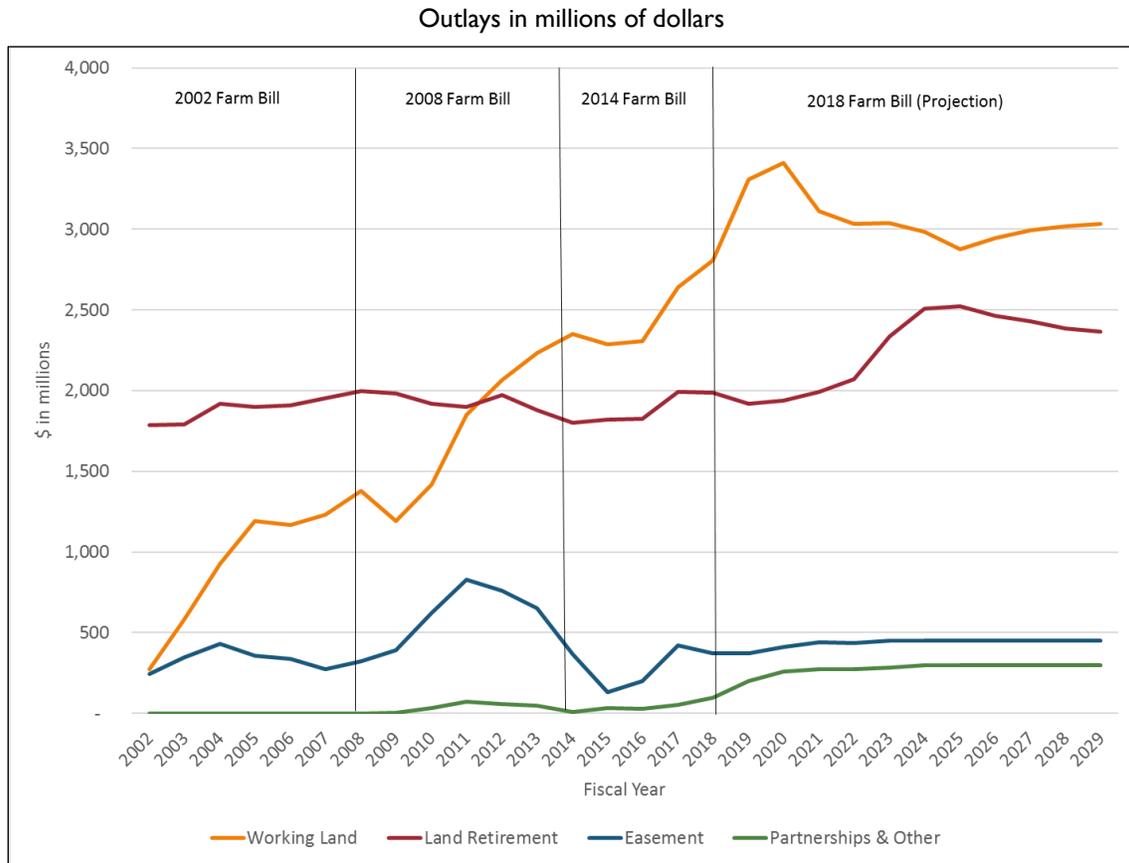
## Historical and Programmatic Shifts in Conservation Funding

The bulk of mandatory spending for conservation is authorized for working lands and land retirement activities. While recent farm bills have increased funding for easement and partnership programs, they remain relatively small compared to three main programs—EQIP, CSP, and CRP

(see **Table 2** and **Figure 4**). The 2018 farm bill conservation title is considered budget neutral over the ten-year baseline and generally reallocates funding among the larger existing programs.

Over time, periods of high commodity prices, changing land rental rates, and new conservation technologies have led to a shift in farm bill conservation policy away from land retirement and toward an increased focus on working lands programs. Much of this shift occurred following the 2008 farm bill and continued in the 2014 farm bill as the level of total mandatory program funding for land retirement programs declined relative to working lands programs (see **Figure 4**). Increasingly, the separation between land retirement programs and working lands programs has become blurred by an increase in compatible use allowances for grazing and pasture use under land retirement programs. Most conservation and wildlife organizations support both land retirement and working lands programs; however, the appropriate “mix” continues to be a subject of debate.

**Figure 4. Farm Bill Conservation Program Mandatory Spending, FY2002-F2029**



**Source:** CRS using CBO baseline data, FY2001-FY2019.

**Notes:** FY2002 through FY2018 include actual spending levels. FY2019 through FY2029 are projected spending levels. Chart does not include sequestration or savings from repealed programs. Working lands include the Environmental Quality Incentives Program (EQIP), Conservation Stewardship Program (CSP), Agricultural Management Assistance (AMA), and earlier programs; land retirement includes the Conservation Reserve Program (CRP) and subprograms; easement includes the Agricultural Conservation Easement Program (ACEP) and earlier programs; and other includes the Regional Conservation Partnership Program (RCPP) and other programs.

Additionally, some conservation program supporters are divided over the relative benefits of shorter-term land retirement programs (CRP) versus longer-term easement programs (ACEP).

Unlike land retirement programs, easement programs impose a permanent or longer-term land-use restriction that the land owner voluntarily places on the land in exchange for a government payment. Supporters of easement programs cite a more cost-effective investment in sustainable ecosystems for long-term wildlife and land preservation benefits. Supporters of short-term land retirement programs cite the increased flexibility and broader participation compared with permanent or long-term easement programs. The 2018 farm bill did not amend the duration of ACEP easements, but did create two new subprograms under CRP that would provide additional options for longer-term CRP contracts (30 years under CLEAR30) and shorter-term CRP contracts (3-5 years under SHIPP).<sup>23</sup>

In recent years, Congress has placed greater emphasis on programs that partner with state and local communities to target conservation funding to local resource concerns. These partnership programs leverage private funding with federal funding to multiply the level of assistance in a selected area. The 2014 farm bill repealed a number of these partnership programs and replaced them with RCPP. The 2018 farm bill amends and expands the number of partnering opportunities under RCPP, CREP, and CIG. However, based on available funding, these programs remain relatively small compared to others in the conservation title.

## **Environmental Regulation and Voluntary Conservation**

USDA has cited voluntary conservation practices as a way to address environmental concerns and potentially reduce the need for traditional regulatory programs.<sup>24</sup> A number of provisions in the conservation title speak to the relationship between voluntary conservation measures and environmental regulation. One such provision is regulatory certainty. Regulatory certainty refers to using voluntary measures to address a specific resource concern in exchange for the “certainty” that additional measures will not be required under future regulations.<sup>25</sup> A new regulatory certainty section in the 2018 farm bill (§2503(f)) authorizes USDA to provide technical assistance under the farm bill conservation programs to support regulatory assurances for producers and landowners, under select conditions.

The 2018 farm bill also makes existing regulatory certainty measures permanent, including the Working Lands for Wildlife Initiative, which was created in 2012 as a partnership between NRCS and the U.S. Fish and Wildlife Service (FWS). Under this partnership agreement, private landowners who voluntarily make wildlife habitat improvements on their land through NRCS conservation programs, and agree to maintain them for 15-30 years, receive in return a level of certainty they will be exempted from potential future regulatory actions related to at-risk species under the Endangered Species Act.<sup>26</sup> The 2018 farm bill makes this partnership agreement permanent and allows for the initiative to be expanded to include CRP.

Another environmental regulatory-related provision in the enacted 2018 farm bill (§2410) is a sense of Congress statement encouraging watershed-level partnerships between nonpoint sources and regulated point sources to advance the goals of the Federal Water Pollution Control Act (Clean Water Act, 33 U.S.C. §1251 et seq.).

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<sup>23</sup> These subprograms are discussed further in **Table A-2** and the “Other CRP Initiatives” section.

<sup>24</sup> See for example, USDA, “EPA, USDA Encourage Use of Market-based and Other Collaborative Approaches to Address Excess Nutrients,” press release, December 4, 2018, <https://www.usda.gov/media/press-releases/2018/12/04/epa-usda-encourage-use-market-based-and-other-collaborative>.

<sup>25</sup> Regulatory certainty is also referred to as regulatory assurance, regulatory predictability, or safe harbor protection.

<sup>26</sup> USDA, NRCS, “NRCS and FWS Reach Historic Agreement to Extend Wildlife Conservation Efforts on Working Agricultural Lands,” press release, September 17, 2012, <https://www.nrcs.usda.gov/wps/portal/nrcs/detail/me/home/?cid=stelprdb1048842>.

## Appendix. Comparison of Conservation Provisions Enacted in the 2018 Farm Bill to Prior Law

This appendix includes a series of tables, arranged by subtitle, included in Title II of the Agriculture Improvement Act of 2018 (P.L. 115-334). U.S. Code citations are included in brackets in the “Prior Law” column. Corresponding section numbers in the 2018 farm bill are included in brackets in the “Enacted 2018 Farm Bill” column. Funding for most Title II programs is covered in the “Funding and Administration” subtitle (Subtitle E, see **Table A-6**). Where appropriate, funding levels are repeated within a program’s corresponding subtitle table. Tables are generally organized by section number of the 2018 farm bill, except where it is appropriate to cross-references relevant amendments to provide a complete picture of the program.

**Table A-I. Subtitle A—Wetland Conservation (Swampbuster)**

Prior Law	Enacted 2018 Farm Bill (P.L. 115-334)
<i>Section 2101—Wetland Conversion</i>	
The wetland conservation or “swampbuster” provision denies various USDA program benefits to producers who plant program crops on wetlands converted after December 23, 1985, or who convert wetlands, making agricultural commodity production possible, after November 28, 1990. For a producer to be found out of compliance, crop production does not actually have to occur; production only needs to be made possible through activities such as draining, dredging, filling, or leveling the wetland. Exemptions for compliance violators may be granted following a review. <b>(16 U.S.C. 3821 et seq.)</b>	Requires that a producer cannot be denied program benefits if an exemption applies to that producer. <b>(§2101)</b>
<i>Section 2102—Wetland conservation</i>	
The Secretary is required to conduct an on-site visit before program benefits may be withheld for noncompliance. <b>(16 U.S.C. 3821(c))</b>	Requires that the on-site inspection be conducted in the presence of the affected person, except when a reasonable effort was made to include the affected person. <b>(§2102)</b>
<i>Section 2103—Mitigation banking</i>	
One option violators of wetland conservation have to mitigate the violation is through wetland mitigation banking. Wetland mitigation banking is a type of wetlands mitigation whereby a wetland is created, enhanced, or restored, and “credit” for those efforts is sold to others as compensation for the loss of impacted wetlands elsewhere. The 2014 farm bill created a permanent wetland mitigation banking program exclusively for farmers to comply with swampbuster. The program has a onetime authorization for \$10 million in mandatory funding. <b>(16 U.S.C. 3822(k))</b>	Authorizes the appropriation of \$5 million annually for FY2019 through FY2023. <b>(§2103)</b>

**Source:** CRS.

Table A-2. Subtitle B—Conservation Reserve Program

Prior Law	Enacted 2018 Farm Bill (P.L. 115-334)
<i>Section 2201—Conservation Reserve</i>	
<p><b>Authority.</b> Conservation Reserve Program (CRP) is authorized through FY2018 to provide annual rental payments to producers to replace crops on highly erodible and environmentally sensitive land with long-term resource conserving plantings. <b>(16 U.S.C. 3831(a))</b></p>	<p>Reauthorizes CRP through FY2023. <b>(§2201(a))</b></p>
<p><b>Eligible land.</b> Highly erodible land is considered eligible for enrollment in CRP if (1) left untreated could substantially reduce the land’s future agricultural production capability or (2) it cannot be farmed in accordance with a conservation plan; and has a cropping history or was considered to be planted for four of the six years preceding February 7, 2014 (except for land previously enrolled in CRP). Eligible land also includes marginal pastureland, grasslands, cropland, and land devoted to buffer or filterstrips. <b>(16 U.S.C. 3831(b))</b></p>	<p>Extends the six-year cropping history to include land planted for four of the six years preceding enactment of the bill. Adds land that would have a positive impact on water quality if devoted to water quality practices. Amends land established to new buffer practices to include salt tolerant vegetation or practices that benefit wellhead protection areas. Adds other expired CRP land. <b>(§2201(b))</b></p>
<p><b>Maximum enrollment.</b> CRP is authorized to enroll up to 27.5 million acres in FY2014, 26 million acres in FY2015, 25 million acres in FY2016, and 24 million acres in both FY2017 and FY2018. <b>(16 U.S.C. 3831(d)(1))</b></p>	<p>Incrementally increases enrollment limits from 24 million acres in FY2019, to 24.5 million acres in FY2020, 25 million acres in FY2021, 25.5 million acres in FY2022, and 27 million acres in FY2023. <b>(§2201(c)(1))</b></p>
<p><b>Grasslands enrollment.</b> CRP grassland enrollment is capped at 2 million acres total for FY2014-FY2018. Priority is given to expiring CRP contracts and enrollment is continuous. <b>(16 U.S.C. 3831(d)(2))</b></p>	<p>Requires a minimum CRP grassland enrollment of 2 million acres by the end of FY2021. Incrementally increases the minimum enrollment of grassland acres from 1 million acres in FY2019, 1.5 million acres in FY2020, and 2 million acres in FY2021 through FY2023. Allows CRP grassland enrollment to prioritize expiring CRP land, land at risk of development, or land of ecological significance. Enrollment is required on an annual basis. Includes a limit on using unenrolled grassland acres for other types of CRP enrollment. <b>(§2201(c)(2))</b></p>
<p>No comparable provision.</p>	<p><b>Clean Lakes, Estuaries, and Rivers (CLEAR) initiative.</b> Creates a new water quality incentive that gives priority under continuous enrollment to land that would reduce sediment and nutrient loading, and harmful algal blooms. Requires 40% of continuous enrollment contracts to be used to enroll land that would have a positive impact on water quality if devoted to water quality practices (not including grassland contracts). Includes monthly report requirements. <b>(§2201(c)(3))</b></p>

Prior Law	Enacted 2018 Farm Bill (P.L. 115-334)
<p>No comparable provision. CRP acres are enrolled based on the relative environmental benefits of the land offered.</p> <p>No comparable provision. There are two types of enrollment into CRP: general sign-up and continuous sign-up. A general sign-up is a specific period of time during which USDA accepts offers and competitively enrolls acres. Land offered under continuous sign-up may be enrolled at any time and is not subject to competitive bidding. CRP grassland offers are accepted on a continuous basis with periodic ranking periods. All sign-ups are subject to available acres within the authorized limits. (<b>7 C.F.R. 1410.30</b>)</p> <p><b>Reenrollment of expired land.</b> All expiring CRP land is eligible for reenrollment in the program. (<b>16 U.S.C. 3831(h)</b>)</p>	<p><b>Minimum enrollment by state.</b> Requires USDA to annually allocate 60% of the available number of CRP acres to states based on historical enrollment. Enrollment rates must consider the average number of acres enrolled in each state during FY2007 through FY2016, the average number of acres enrolled in CRP during FY2007 through FY2016, and the acres available for enrollment for FY2019 through FY2023. Also requires that at least one noncontinuous sign-up be held every year. (<b>§2201(c)(3)</b>)</p> <p><b>Continuous enrollment procedures.</b> Requires CRP enrollment to be continuous for marginal pastureland, land that would have a positive impact on water quality if enrolled, select cropland, and Conservation Reserve Enhancement Program (CREP) contracts. Adds minimum enrollment targets for these continuous contracts of not fewer than 8 million acres by FY2019, 8.25 million acres by FY2020, 8.5 million acres by FY2021, and 8.6 million of acres by FY2022 and FY2023. (<b>§2201(c)(3)</b>)</p> <p>Limits reenrollment for land devoted to hardwood trees to only one reenrollment, unless the land includes riparian forested buffers, forested wetlands, and shelterbelts. (<b>§2201(d)</b>)</p>
<i>Section 2202—Conservation Reserve Enhancement Program</i>	
<p>No directly comparable provision. The Conservation Reserve Enhancement Program (CREP) is a subprogram of CRP in which USDA enters into agreements with states to target select areas and resource concerns in exchange for continuous CRP sign-ups and higher payments for enrollment. CREP was administratively established in 1997 and is regulated at <b>7 C.F.R. 1410.50</b>.</p>	<p>Adds a new provision codifying CREP as a permanent subprogram under CRP. Provisions are similar to the existing CREP. Limits eligible partners to a state, political subdivision of a state, Indian tribe, and nongovernmental organization. Allows USDA to enter into agreements with eligible entities to carry out CREP. Existing CREP agreements remain in force, but may be modified. Agreement requirements are further defined, including matching fund contributions and possible temporary waiver of matching funds. Payments from an eligible partner may be in cash, in-kind, or through technical assistance. Includes additional requirements for select cost-share payments, incentive payments, and maintenance payments. Includes drought and water conservation agreements that may enroll land critical to the purpose of the agreement, permit dryland farming, and ensure regionally consistent payment rates. Status reports are required 180 days after the end of each fiscal year following enactment. (<b>§2202</b>)</p>
<i>Section 2203—Farmable Wetland Program</i>	
<p>The Farmable Wetland Program (FW) is a subprogram under CRP authorized through FY2018 to enroll up to 750,000 acres of wetland and buffer acreage in CRP. USDA may, after a review, increase the number of acres enrolled in FW by 200,000 additional acres. (<b>16 U.S.C. 3831b(a)-(c)</b>)</p>	<p>Reauthorizes FW through FY2023. Makes clarifying amendments. (<b>§2203</b>)</p>

Prior Law	Enacted 2018 Farm Bill (P.L. 115-334)
<i>Section 2204—Pilot Programs</i>	
<p>No comparable provision.</p>	<p>Creates a new pilot program referred to as <b>CLEAR 30</b>, that enrolls expiring CRP land into 30-year contracts (see the CLEAR initiative in <b>§2201(c)(3)</b>). Enrollment is restricted by the overall CRP enrollment limit. Under a CLEAR 30 contract the landowner must maintain the land in accordance with an approved plan and the terms and conditions of the contract, including the temporary suspension of base acres (used to calculate farm program payments). Terms and conditions are outlined for use and for prohibited activities. Compensation is made in thirty annual cash payments similar to those calculated under general CRP. Technical assistance is required for each contract and agreement. USDA must create the CRP plan for a contract, but management, monitoring, and enforcement may be delegated to another federal, state, or local government, or conservation organization. (<b>§2204</b>)</p>
<p>No comparable provision.</p>	<p>Creates a <b>Soil Health and Income Protection Pilot (SHIPP)</b> program under CRP to remove less productive farm land from production in exchange for annual rental payments and to plant low-cost perennial cover crops. Eligible land is limited to states selected in the prairie pothole region, was cropped but not enrolled in CRP in the previous three crop years, and is considered to be the least productive on the farm. Limits enrollment to no more than 15% of a farm and no more than 50,000 acres of total CRP. Participants are required to plant a USDA-approved, low-cost perennial conservation use cover crop at their own expense in return for an annual rental payment of 50% of the CRP rental rate. Higher annual rental rates of 75%, and cost-share assistance is available for beginning, small, socially disadvantaged, young, or veteran farmers and ranchers. Contracts are limited to 3-5 years, but can terminate early under certain conditions. Harvesting, haying, and grazing are allowed outside of the local nesting periods and subject to additional conditions. Requires annual reports to Congress. (<b>§2204</b>)</p>
<i>Section 2205—Duties of owners and operators</i>	
<p>In exchange for payments under CRP, owners and operators agree to a number of requirements and restrictions on the land under contract. These requirements are outlined in the CRP contract and conservation plan. (<b>16 U.S.C. 3832</b>)</p>	<p>Adds a requirement for hardwood and other trees, excluding windbreaks and shelterbelts, to carry out thinning and forest management practices. (<b>§2205</b>)</p>

Prior Law	Enacted 2018 Farm Bill (P.L. 115-334)
<i>Section 2206—Duties of the Secretary</i>	
<p>In return for a CRP contract, landowners are compensated for a percentage of the cost (cost-share) of carrying out conservation measures within the contract and an annual rental payment for 1) the conversion of highly erodible land and other agricultural land to less intensive uses, 2) permanent retirement of base history, and 3) development and management of grasslands. <b>(16 U.S.C. 3833(a))</b></p>	<p>Adds the cost of fencing and water distribution practices to the list of possible cost-share assistance. Amends annual rental payments by adding marginal pastureland to the list of land converted to less intensive uses, and removes payments to permanently retire base history. <b>(§2206(a))</b></p>
<p><b>Specified permitted activities.</b> Certain specified activities (e.g., harvesting, grazing, or other commercial uses of the forage) are permitted on CRP land under select conditions. These activities are allowed without a reduction in the annual rental rate when in response to drought, flooding, or other emergency. Managed harvesting is allowed if it is consistent with soil conservation, water quality, and wildlife habitat (including primary nesting seasons) and in exchange for not less than a 25% reduction in annual rental rates for acres covered by the activity. Managed harvesting may occur at least every five years but not more than once every three years. Routine grazing is also permitted in exchange for not less than a 25% reduction in annual rental rate, subject to nesting season restrictions, vegetation management requirements and stocking rates, and routine grazing is limited to not more than once every two years (taking into consideration regional differences). <b>(16 U.S.C. 3833(b))</b></p>	<p>Requires USDA to coordinate with state technical committees on the permitted uses of CRP land for certain activities or commercial uses. Permitted activities would not have a reduction in rental rate for emergency uses, mid-contract management practices, select uses of vegetative buffers, and grazing by beginning farmers or ranchers. A 25% reduction in annual rental rates may be approved for limited grazing and haying activities, and wind turbine installation subject to select limitations. Adds a new provision allowing USDA to determine years in which harvesting and grazing shall not be permitted if it would cause long-term damage to vegetative cover on that land. State Acres for wildlife Enhancement (SAFE) program and CREP acres may be grazed if permitted under the related agreement. <b>(§2206(b))</b></p>
<p>No comparable provision.</p>	<p>Adds a new provision providing that when a natural disaster or adverse weather event has the same effect as a management practice required under a conservation plan, USDA cannot require a similar management practice if the natural disaster or adverse weather event achieved the same effect. <b>(§2206(c))</b></p>
<i>Section 2207—Payments</i>	
<p><b>Cost-share payments.</b> Land enrolled in CRP is eligible to receive cost-share assistance for practices implemented. Cost-share payments are limited to 50% of the actual or average cost of establishing the practice and no more than 100% of the total cost. Hardwood trees, windbreaks, shelterbelts, and wildlife corridors are eligible for additional cost-share payments. Owners are ineligible from receiving cost-share payments if assistance is provided under other federal programs <b>(16 U.S.C. 3834(b))</b></p>	<p>Limits cost-share payments to the actual cost of establishing the practice. Cost-share for seed is limited to 50% of the actual seed mixture cost. No cost-share is available for contract management activities. Adds an exception to ineligibility for cost-share for CREP contracts. Adds a 50% limit on practice incentives for continuous enrollment practices. <b>(§2207(a))</b></p>
<p><b>Incentive payments.</b> Incentive payments are allowed for up to 150% of the total cost of thinning and other practices to promote forest management or enhance wildlife habitat. <b>(16 U.S.C. 3834(c))</b></p>	<p>Reduces incentive payments to not more than 100% of the total cost of thinning and other practices to promote forest management or enhance wildlife habitat. <b>(§2207(b))</b></p>
<p><b>Annual rental payments.</b> Land enrolled in CRP is eligible to receive an annual rental payment. In determining the amount to be paid, the Secretary has discretion in determining the amount necessary to encourage enrollment. <b>(16 U.S.C. 3834(d)(1))</b></p>	<p>Adds a requirement that when determining the amount of annual rental payments the Secretary must consider the impact on the local farmland rental market and other factors as determined by the Secretary. <b>(§2207(c)(1))</b></p>

Prior Law	Enacted 2018 Farm Bill (P.L. 115-334)
<p>CRP enrollment is conducted through the submission of bids by owners and operators of eligible land. Annual rental payments under CRP contracts are determined by the Secretary in accordance with the rental rate criteria (see below). <b>(16 U.S.C. 3834(d)(2))</b></p>	<p>Reduces annual rental payments based on enrollment type. General enrollment contracts and continuous enrollment contracts are limited to not more than 85% and 90% of the average county rental rate, respectively. The reduction may be waived for CREP contracts. Adds a sign-up incentive for continuous enrollment of 32.5% of the first annual rental payment. <b>(§2207(c)(2))</b></p>
<p>Enrollment of hardwood tree acres are to be considered on a continuous basis. <b>(16 U.S.C. 3834(d)(4))</b></p>	<p>Deletes provision. <b>(§2207(c)(3))</b></p>
<p><b>Rental rates.</b> CRP rental rates are based on soil productivity and the county average rental rate. USDA may use the National Agricultural Statistics Service's (NASS) survey estimates relating to dryland cash rental rates when determining annual rental rates. NASS is required to conduct a survey no less than once a year on county average market dryland and irrigated cash rental rates. <b>(16 U.S.C. 3834(d)(5))</b></p>	<p>Requires NASS to conduct a county average rental rate survey annually and publish the survey estimate not later than September 15 each year. Adds a requirement that USDA post the current and previous soil rental rates for each county online. Requires the Secretary to use the NASS survey estimates relating to dryland rental rates when determining annual rental rates.</p> <p>Creates a new provision allowing FSA state committees and CREP partners to propose alternative soil rental rates with acceptable documentation and with notification to congressional authorizing committees. The county average soil rental rate is limited to 85% of the estimated rental rate for general enrollment or 90% of the estimated rental rate for continuous enrollment. <b>(§2207(c)(5))</b></p>
<p><b>Limits on rental payments.</b> The total amount of rental payments received directly or indirectly may not exceed \$50,000. Additional payments received under a CREP contract is not subject to the payment limit. USDA is allowed to enter into CREP agreements with states. <b>(16 U.S.C. 3834(g))</b></p>	<p>Maintains the \$50,000 rental payment limit. Authorizes USDA to waive payment limits and adjusted gross income (AGI) requirements for rural water district or association land enrolled for the purpose of protecting a wellhead. Deletes reference to CREP agreements. <b>(§2207(d))</b></p>
<i>Section 2208—Contracts</i>	
<p><b>Transition Incentives Program.</b> The transition option under CRP facilitates the transfer of CRP acres from a retiring owner to a beginning/socially disadvantaged/veteran producer to return land to production, and it allows the new owner to begin land improvements or start the organic certification process one year before the CRP contract expires. In exchange, the retiring owner receives up to two additional years of annual CRP rental payments following the expiration of the CRP contract. <b>(16 U.S.C. 3835(f))</b></p>	<p>Amends the program to authorize the transfer of land from any CRP contract holder (not limited to retiring or retired farmer or rancher) to a beginning/socially disadvantaged/veteran producer. Extends the time available for the new owner to begin land improvements or start the organic certifications contract from one year to two years before the CRP contract expires. Amends participation requirements to allow short-term leases (less than 5 years) with an option to purchase. In addition, gives land enrollment priority into EQIP, CSP, and ACEP. Allows the new owners to reenroll a portion of the land into select practices under a continuous contracts. <b>(§2208(a))</b></p>
<p><b>End of contract.</b> Landowners may enroll in CSP and conduct activities required under CSP in the final year of the CRP contract without violating the terms of the contract. <b>(16 U.S.C. 3835(g))</b></p>	<p>Amends the provision to allow for enrollment in EQIP or CSP and conduct EQIP or CSP practices in the final year of the CRP contract without violating the terms of the contract. Adds that landowners may begin the organic certification process three years prior to the end of a contract without violating the terms of the contract. <b>(§2208(b))</b></p>

Prior Law	Enacted 2018 Farm Bill (P.L. 115-334)
<i>Section 2209—Eligible Land; State Law Requirements</i>	
Land is considered ineligible for CRP if the landowner has received written notice that the land is required to have a resource concern or environmental protection measure or practices in place in accordance with tribal, state, or other local law, ordinances, or other regulation. <b>(7 C.F.R. 1410.6(d)(4))</b>	Requires USDA to amend CREP regulations prohibiting enrollment of land with existing protection measures if FSA, in consultation with the state technical committee, considers the enrollment to be in the best interest of the program. <b>(§2209)</b>
<i>Section 2501—Funding Authorization</i>	
<b>CRP Funding.</b> Authorizes a total of \$10 million for thinning activities and a total of \$33 million for transition contracts for FY2014-FY2018. Total funding for CRP is limited by enrolled acres, not total dollars. <b>(16 U.S.C. 3841(a)(1))</b>	Increases forest management thinning payments to a total of \$12 million for FY2019-FY2023. Increases funding for transition contracts to a total of \$50 million and limits technical assistance to \$5 million total. Total funding for CRP continues to be limited by enrolled acres, not total dollars. See <b>Table A-6</b> for full funding authority. <b>(§2501(a)(2))</b>

**Source:** CRS.

**Table A-3. Subtitle C—Environmental Quality Incentives Program**

Prior Law	Enacted 2018 Farm Bill (P.L. 115-334)
<i>Section 2301—Repeal of conservation programs</i>	
No comparable provision.	Moves CSP under the EQIP chapter and makes conforming amendments. <b>(§§2301(a), (b), &amp; (d))</b> See <b>Table A-4</b> for amendments related to CSP.
<i>Section 2302—Purposes of Environmental Quality Incentives Program</i>	
The purpose of the Environmental Quality Incentives Program (EQIP) is to promote production and environmental quality as compatible goals, and optimize environmental benefits by assisting producers with (1) compliance with regulatory requirements; (2) avoiding the need for regulation; (3) installing and maintaining conservation practices; and (4) making cost-effective changes to current production systems. <b>(16 U.S.C. 3839aa)</b>	Amends the 4 <sup>th</sup> purpose area to address identified, new, or expected resource concerns associated with changes to production systems. Adds nutrient management for crop production, adaptation and mitigation against weather volatility, and drought resiliency to the list of possible resource concerns that may be addressed under EQIP. <b>(§2302)</b>

Prior Law	Enacted 2018 Farm Bill (P.L. 115-334)
<b>Section 2303—Definitions under Environmental Quality Incentives Program</b>	
<p>Five terms are defined under EQIP: <i>eligible land</i>, <i>organic system plan</i>, <i>payment</i>, <i>practice</i>, and <i>program</i>.</p> <p><i>Eligible land</i> is defined as land that produces commodities, livestock, or forestry-related products, including cropland, grassland, rangeland, pastureland, nonindustrial private forest land, and other agricultural land as determined by the Secretary.</p> <p><i>Practice</i> is defined as one or more improvements (e.g., structural, land management, or vegetative practice; forest management; and other practices defined by USDA) or conservation activities (e.g., comprehensive nutrient management plans and other plans as determined by USDA). <b>(16 U.S.C. 3839aa-1)</b></p> <p>Under CSP, <i>priority resource concern</i> is defined as a resource concern that is identified at the national, state, or local level as a priority, is significant in a state or region, and could be addressed successfully under the program. <i>Stewardship threshold</i> is defined as a level of management required to conserve or improve the quality and condition of a natural resource. <b>(16 U.S.C. 3838d(5) and (7))</b></p>	<p>Adds a definition for <i>conservation planning assessment</i> which may be developed by a non-USDA entity and incorporated into the required EQIP plan.</p> <p>Amends the definition of <i>eligible land</i> to include environmentally sensitive areas, and identified or expected resource concerns related to agricultural production.</p> <p>Adds definitions for <i>incentive practice</i> and <i>priority resource concern</i> similar to the <i>stewardship threshold</i> and <i>priority resource concern</i> definitions under CSP.</p> <p>Amends the definition of <i>practice</i> to include soil tests and soil remediation practices. Adds resource-conserving crop rotation planning, soil health planning, conservation planning assessments, and precision conservation planning to the list of eligible conservation activity plans.</p> <p>Adds a definition for <i>soil remediation</i> as a scientifically based practice that addresses soil contaminants and sustainability.</p> <p>Adds a definition for <i>soil testing</i> as an evaluation of soil health. <b>(§2303)</b></p>
<b>Section 2304—Establishment and Administration of Environmental Quality Incentives Program</b>	
<p><b>Establishment.</b> EQIP is authorized through FY2019. <b>(16 U.S.C. 3839aa-2(a))</b></p> <p><b>Advanced payments.</b> EQIP contracts are paid upon the completion of the approved conservation practice. USDA is authorized, however, to make up to 50% of the cost of the practice available in advance for a limited resource, socially disadvantaged, veteran, or beginning farmer or rancher. Advanced funds must be used to purchase materials within 90-days or the funds must be returned. <b>(16 U.S.C. 3839aa-2(d)(4)(B))</b></p> <p>No comparable provision.</p> <p><b>Funding allocation.</b> Requires that 60% of payments go to practices related to livestock production and that at least 5% of annual funds go to payments benefiting wildlife habitat through FY2018. <b>(16 U.S.C. 3839aa-2(f))</b></p> <p><b>Wildlife habitat incentives program.</b> Subprogram under EQIP that provides payments for conservation practices that benefit wildlife habitat. <b>(16 U.S.C. 3839aa-2(g))</b></p>	<p>Reauthorizes EQIP through FY2023. <b>(§2304(a))</b></p> <p>At the election of the producer, advanced payments are increased to at least 50% of the total practice cost. Adds a required notification and documentation clause. <b>(§2304(b)(1))</b></p> <p><b>High priority practices.</b> Allows states the option, in consultation with the state technical committee, to identify no more than ten high-priority practices that will be eligible for up to 90% of the practice cost. Practices must address nutrients in ground and surface water, conservation of water, identified wildlife habitat, or watershed-specific resource concerns. <b>(§2304(b)(2))</b></p> <p>Reauthorizes and reduces the carve-out for livestock related practices to 50% through FY2023 and clarifies that grazing management practices are included. Reauthorizes and increases the wildlife habitat payment minimum to 10% through FY2023. <b>(§2304(c))</b></p> <p>Limits wildlife contracts to ten years. Also adds specific requirements for seasonal wetland habitat practices. <b>(§2304(d))</b></p>

Prior Law	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Water conservation.</b> EQIP may fund irrigation efficiency practices. Priority is given for applications that reduce water use on the operation or those in which the producer agrees not to use the water savings to bring new land into irrigation. <b>(16 U.S.C. 3839aa-2(h))</b></p> <p><b>Organic payment limits.</b> Payments for conservation practices related to organic production are limited to a total of \$20,000 per year or \$80,000 during any 6-year period. <b>(16 U.S.C. 3839aa-2(i))</b></p> <p>No directly comparable provision.</p> <p>Under CSP, contracts (five years in length with the option of renewal) are based on meeting or exceeding a stewardship threshold on the entire agricultural operation. Participants must meet two priority resource concerns upon entry and meet or exceed one additional priority resource concern by the end of the contract. Contract renewal participants must meet the threshold for two additional priority resources concerns or exceed the threshold for two existing priority resource concerns. CSP provides two possible payments: (1) an annual payment for installing new conservation activities and maintaining existing activities and (2) a supplemental payment for adopting a resource-conserving crop rotation. Enrollment is offered through a continuous sign-up and applications are accepted year-round. CSP payments are limited to not more than \$200,000 total between FY2014 and FY2018. <b>(16 U.S.C. 3838d-3838g)</b></p>	<p>Authorizes USDA to make EQIP payments to producers or selected eligible entities for water conservation or irrigation efficiency practices. Eligible entities may be a state, irrigation district, groundwater management district, acequia, land-grant mercedes, or similar entity. Practices must be implemented on eligible land of the producer, land adjacent to a producer's eligible land, or land under the control of the eligible entity. USDA may waive AGI and payment limits for eligible entities and impose additional limits. Priority is given to applications that reduce water use. <b>(\$2304(e))</b></p> <p>Amends the payment limit to a total of \$140,000 from FY2019 through FY2023. <b>(\$2304(f))</b></p> <p>Establishes a new <b>Conservation Incentive Contract</b> under EQIP. Limits application of the contracts to identified priority resource concerns within select geographic regions. No more than three priority resource concerns are identified in each state. Priority is provided for applications that address eligible priority resource concerns and are grouped by similar operations. Contract terms extend from five to 10 years and provide annual payments to incentivize increased conservation stewardship and the adoption, installation, management, and maintenance of conservation practices. In determining payment amounts, USDA must consider the level and extent of the practice, cost, income forgone, and longevity of the practice. Annual payments must be made at the beginning of each fiscal year and practice payments soon after implementation of the practice. Does not include payment limits or a specific percentage of EQIP funds to be used for incentive contracts. <b>(\$2304(g))</b></p>
<i>Section 2305—Environmental Quality Incentives Program Plan</i>	
<p>All EQIP contracts require an approved plan of operations. For confined livestock feeding operations, the plan provides for the development and implementation of a comprehensive nutrient management plan (CNMP). <b>(16 U.S.C. 3839aa-5(a)(3))</b></p>	<p>Amends the EQIP plan of operation for confined livestock feeding operations to develop and progressively implement a CNMP. <b>(\$2305)</b></p>
<i>Section 2306—Limitation on Payments Under Environmental Quality Incentives Program</i>	
<p>An EQIP participant's payments are limit to an aggregate of \$450,000 for FY2014-FY2018. <b>(16 U.S.C. 3839aa-7)</b></p>	<p>Extends the EQIP aggregate payment limit of \$450,000 for FY2019-FY2023. Exempts new Conservation Incentive Contracts from the EQIP payment limit. <b>(\$2306)</b></p>

Prior Law	Enacted 2018 Farm Bill (P.L. 115-334)
<i>Section 2307—Conservation Innovation Grants and Payments</i>	
<p>Conservation Innovation Grants and Payments (CIG) is a competitive grant program within EQIP. Grants are provided to governmental and nongovernmental organizations, on a matching basis, to implement innovative conservation projects. Projects must include EQIP producers, leverage federal funds, provide technology transfer, increase participation by specialty crop producers, facilitate on-farm research, and pilot the testing of new technologies and practices. <b>(16 U.S.C. 3839aa-8(a))</b></p> <p>Requires that \$25 million of EQIP funds annually (through FY2018) be used to address air quality concerns. <b>(16 U.S.C. 3839aa-8(b))</b></p> <p>No comparable provision.</p> <p><b>CIG Report.</b> A report to Congress is required no later than December 31, 2014, and every two years thereafter, regarding CIG funding, project results, and technology transfer efforts. <b>(16 U.S.C. 3839aa-8(c))</b></p>	<p>Adds community colleges carrying out demonstration projects to the list of eligible EQIP producers that may be included in a project. Expands the list of projects to include urban agriculture and edge-of-field monitoring. <b>(§2307(a))</b></p> <p>Reauthorizes and increases the air quality funding carve-out to \$37 million annually through FY2023. <b>(§2307(2))</b></p> <p>Requires up to \$25 million annually of EQIP funds for FY2019-FY2023 be used for an <b>on-farm conservation innovation trial</b> to test new or innovative conservation approaches either directly with producers or with eligible entities. Agreements (3 or more years in duration) may be entered into with eligible entities. AGI limits must be applied to participating producers and eligible entities must provide USDA with annual reports on payments made to participants. No funds may be used for administrative expenses for eligible entities. USDA must provide technical assistance to producers and eligible entities. Requires a <b>soil health demonstration trial</b> to be carried out under the on-farm conservation trial that provides financial assistance for soil health and carbon-related practices. A report to Congress is required. <b>(§2307(c))</b></p> <p>Adds a requirement that USDA use the required CIG reports to establish and maintain a public conservation practice database. Adds the soil health demonstration trial report to the list of reports required. <b>(§2307(c))</b></p>
<i>Section 2501—Funding Authorization</i>	
<p><b>EQIP Funding.</b> Authorizes \$1.35 billion in FY2014, \$1.6 billion in FY2015, \$1.65 billion in each FY2016 and FY2017, and \$1.75 billion in each FY2018 and FY2019. <b>(16 U.S.C. 3841(a)(5))</b></p>	<p>Reauthorizes the authority for the CCC to fund EQIP, including: \$1.75 billion in FY2019 and FY2020, \$1.8 billion in FY2021, \$1.85 billion in FY2022, and \$2.025 billion in FY2023. See <b>Table A-6</b> for full funding authority. <b>(§2501(a)(4))</b></p>

Source: CRS.

Table A-4. Subtitle C—Conservation Stewardship Program

Prior Law	Enacted 2018 Farm Bill (P.L. 115-334)
<i>Section 2301—Repeal of conservation programs</i>	
No comparable provision.	Moves the Conservation Stewardship Program (CSP) under the EQIP chapter and makes conforming amendments. <b>(§§2301(a), (b) &amp; (d))</b>
No comparable provision.	Terminates CSP as in effect on the day before enactment. Provides transition provisions allowing current contracts to remain in effect until completion and eligible for an extension in the fifth year of the original contract. Existing contracts may not be renewed unless certain conditions are met. Specific provisions are provided for RCPP agreements that include CSP acreage. CCC funding is to be made available to carry out current contracts. <b>(§§2301(c)(2)-(c)(5))</b>
<i>Section 2308—Conservation Stewardship Program</i>	
<p><b>Definitions.</b> Seven terms are defined under CSP: <i>agricultural operation, conservation activities, conservation stewardship plan, eligible land, priority resource concern, program, and stewardship threshold.</i></p> <p><i>Conservation activities</i> are defined as a conservation systems, practices, or management measures that can include structural, vegetative, and land management measures as well as planning.</p> <p><i>Stewardship threshold</i> is defined as a level of management required to conserve or improve the quality and condition of a natural resource. <b>(16 U.S.C. 3838d(2) and (7))</b></p>	<p>Amends the definition of <i>conservation activities</i> to include comprehensive conservation plans, soil health planning to increase soil organic matter, and activities that will adapt or mitigate against increasing weather volatility.</p> <p>Amends the definition of <i>stewardship threshold</i> to include measurable resource improvements through the use of tools, models, criteria, data, and other methods. <b>(§2308(a))</b></p>
<p><b>Establishment and exclusions.</b> The purpose of CSP is to encourage producers to address priority resource concerns in a comprehensive manner by undertaking additional conservation activities and improving, maintaining, and managing existing conservation activities. CSP is authorized through FY2023. Eligible land may not be enrolled in other retirement or easement conservation programs (e.g., CRP and ACEP) and must have a cropping history (4 of the 6 years preceding February 7, 2014). <b>(16 U.S.C. 3838e)</b></p>	<p>Extends the program authorization through FY2023. Extends the cropping history requirement to 4 of the 6 years preceding the date of enactment. <b>(§2308(b))</b></p>
<p><b>Ranking of applications.</b> Applications are ranked based on the (1) level of conservation treatment at the time of application, (2) degree of proposed increased conservation performance, (3) number of proposed priority resource concerns to be treated, (4) extent of other priority resource concerns that will be addressed, (5) cost effectiveness of the offer, and (6) effect of priority resource concerns when transitioning from CRP to agricultural production. <b>(16 U.S.C. 3838f(b)(1))</b></p>	<p>Amends the application ranking criteria to include (1) the conservation benefits on all applicable priority resource concerns at the time of application, (2) the degree of proposed increased conservation benefits, and (3) other consistent criteria, as determined by the Secretary. Requires that similarly ranked applications be determined based on the cost-effectiveness of the offer. <b>(§2308(c)(1))</b></p>
<p>After a producer is determined eligible for CSP and the contract offer ranks high enough under the evaluation criteria, then a conservation stewardship contract is offered to enroll the eligible land into CSP. <b>(16 U.S.C. 3838f(c))</b></p>	<p>Amends contracting language to include contract renewals as eligible for enrollment. <b>(§2308(c)(2))</b></p>

Prior Law	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Contract renewal.</b> CSP contracts may be renewed for an additional 5 years if the producer is in compliance with the initial contract and agrees, at a minimum, to meet or exceed the stewardship threshold for at least two additional priority resource concerns, or exceed the stewardship threshold of two existing priority resource concerns. <b>(16 U.S.C. 3838f(e))</b></p>	<p>Contract renewals may be offered in the first half of the fifth year if the producer is in compliance with the existing contract; adopts new and improved conservation activities for the additional 5-year period; and agrees to meet the stewardship threshold for at least two additional priority resource concerns, or to adopt or improve activities that could achieve higher levels of performance on not less than two existing priority resource concerns. <b>(§2308(c)(4))</b></p>
<p><b>Acreage enrollment limitation.</b> Total acreage enrollment is limited to 10 million acres annually from February 7, 2014 through September 30, 2028. Requires a national average rate of \$18 per acre (to include all costs). <b>(16 U.S.C. 3838g(c))</b></p>	<p>Deletes acreage limitation and national average payment rate. Makes conforming amendments limiting the program to a funding amount rather than to an acreage total. <b>(§§2308(d)(1)-(d)(3))</b></p>
<p>No comparable provision.</p>	<p><b>Cover crop payments.</b> Requires that payments for cover crop activities be at least 125% of the annual payment rate. <b>(§2308(d)(4))</b></p>
<p><b>Crop rotation payments.</b> Additional payments are authorized for the adoption of resource-conserving crop rotations. <i>Resource-conserving crop rotation</i> is defined and the rotation is required to provide a conservation and production benefit. <b>(16 U.S.C. 3838g(e))</b></p>	<p>Authorizes additional payments for resource-conserving crop rotations and advanced grazing management. Defines <i>advanced grazing management</i> and <i>management-intensive rotational grazing</i>. Requires that payments for these additional payments be at least 150% of the annual payment rate. <b>(§2308(d)(5))</b></p>
<p>No comparable provision.</p>	<p><b>Comprehensive conservation plans.</b> Adds a new provision authorizing a one-time payment for the development of a comprehensive conservation plan. Payments are determined based on the number of priority resource concerns to be addressed and the number of land use types included in the plan. <b>(§2308(d)(6))</b></p>
<p><b>Payment limit.</b> CSP payments are limited to a total of \$200,000 for all contracts entered into by a participant from FY2014 through FY2023. <b>(16 U.S.C. 3838g(f))</b></p>	<p>Extends the payment limit aggregate of \$200,000 for all CSP contracts entered into by a participant from FY2019 through FY2023. <b>(§2308(d)(7))</b></p>
<p><b>Organic certification.</b> USDA is required to establish transparent means by which CSP participants may initiate organic certification under the Organic Foods Production Act of 1990 (7 U.S.C. 6501 <i>et seq.</i>). <b>(16 U.S.C. 3838g(h))</b></p>	<p>Requires USDA to allocate CSP funding to states to support organic transition and production. Allocations must be based on the number of organic operations and organic acres within a state. <b>(§2308(d)(8))</b></p>
<p>No comparable provision.</p>	<p><b>CSP and EQIP coordination.</b> Requires that USDA streamline and coordinate CSP and EQIP. Requires USDA to manage CSP to enhance soil health. Requires annual reports on the program. <b>(§2308(d)(9))</b></p>

Prior Law	Enacted 2018 Farm Bill (P.L. 115-334)
<i>Section 2309—Grassland Conservation Initiative</i>	
No comparable provision.	<b>Grassland Conservation Initiative.</b> Creates a new grassland conservation contract under CSP. Beginning in FY2019, USDA must offer a onetime sign-up for eligible land. Under a contract, the producer must meet or exceed the stewardship threshold for at least one priority resource concern. Contracts are limited to 5 years, with no renewal, but a producer can terminate a contract at any time with no repayment penalty. Payments are limited to \$18 per acre and are not subject to the CSP payment limit. Land retains its base acre history while enrolled, but payments may not exceed the number of base acres on a farm. <b>(§2309)</b>
<i>Section 2501—Funding Authorization</i>	
<b>CSP Funding.</b> Total funding for CSP is limited by enrolled acres, not total dollars for FY2014-FY2018. <b>(16 U.S.C. 3841(a)(4))</b>	Authorizes CSP to enroll contracts limited by funding rather than acres. Authorizes the CCC to fund CSP, including \$700 million in FY2019, \$725 million in FY2020, \$750 million in FY2021, \$800 million in FY2022, and \$1 billion in FY2023. <b>(§2501(a)(4))</b> Authorizes the CCC to carry out CSP contracts enrolled prior to enactment using such sums as necessary. <b>(§2501(a)(5))</b> See <b>Table A-6</b> for full funding authority.

Source: CRS.

**Table A-5. Subtitle D—Other Conservation Programs**

Prior Law	Enacted 2018 Farm Bill (P.L. 115-334)
<i>Section 2401—Watershed Protection and Flood Prevention (Watershed Operations)</i>	
Watershed Operations program provides technical and financial assistance to states and local organizations to plan and install watershed projects. Such sums as necessary are authorized to be appropriated for the program. No watershed project may exceed 250,000 acres, and no structure may exceed more than 12,500 acre-feet of floodwater detention capacity, or 25,000 acre-feet of total capacity. Assistance is provided according to an approved watershed plan. <b>(16 U.S.C. 1001 et seq.)</b>	Waives the watershed planning requirements when considered unnecessary or duplicative. <b>(§2401(a))</b>
No comparable provision.	Adds a new section permanently authorizing \$50 million annually in mandatory funding beginning in FY2019. <b>(§2401(c))</b>
<b>Small Watershed Rehabilitation Program.</b> Authorized to receive appropriations of up to \$85 million annually for FY2008-FY2018 and \$250 million in mandatory funding for FY2014 to remain available until expended. <b>(16 U.S.C. 1012(h)(2)(E))</b>	Extends annual authorization of appropriations of \$85 million annually through FY2023. <b>(§2401(b))</b>

Prior Law	Enacted 2018 Farm Bill (P.L. 115-334)
<i>Section 2402—Soil and Water Resources Conservation Act of 1977 (RCA)</i>	
<p>The RCA provides USDA with broad natural resource strategic assessment and planning authority. USDA is required to conduct a nationwide <i>appraisal</i> of soil, water, and related resources. USDA is also required to develop a <i>national conservation program</i> to guide the department’s administration of conservation activities. Appraisals and program statements are due to Congress on a fixed schedule. <b>(16 U.S.C. 2001 et seq.)</b></p>	<p>Amends the RCA to require USDA to conduct a comprehensive appraisal of soil, water, and related natural resources (completed by year-end 2022). Also requires USDA to complete the soil and water conservation program update (completed by year-end 2023), to guide the future of USDA conservation activities. <b>(§2402)</b></p>
<i>Section 2403—Emergency Conservation Program (ECP)</i>	
<p>ECP provides emergency funding and technical assistance to producers to rehabilitate farmland damaged by natural disasters. <b>(16 U.S.C. 2201)</b> Payments are made to individual producers based on a share of the cost of completing the practice. This can be up to 75% of the cost, or up to 90% of the cost if the producer is considered to be a limited-resources producer. Total payments may not exceed 50% of the agricultural value of the affected land. Payments are made following completion and inspection of the practice. <b>(7 C.F.R. 701.126)</b></p>	<p>Adds a reference to wildfires to a list of natural disasters. Adds a new provision allowing producers the option of accepting a reduced payment for repairing or replacing fence rather than receiving a higher payment following the completion and inspection of the practice. Advanced payments for fence cannot exceed 25% of the total payment (based on cost) and must be expended after 60 days or be returned. Adds a new section similar to existing regulations limiting the cost-share to 75% of the total allowable cost, or up to 90% of the total allowable cost if the producer is considered limited resource, socially disadvantaged, or beginning farmer or rancher. Requires that total payments for a single event may not exceed 50% the agricultural value of the affected land. <b>(§§2403(a)&amp;(b))</b></p>
<p>No comparable provision.</p>	<p>Adds an ECP payment limitation of \$500,000 for agricultural producers. <b>(§2403(c))</b></p>
<p><b>Emergency Watershed Protection (EWP) program.</b> Assists sponsors, landowners, and operators in implementing emergency recovery measures for runoff retardation and erosion prevention to relieve imminent hazards to life and property created by natural disasters. EWPP is authorized to be appropriated such sums as necessary, to remain available until expended. Facilities, services and authorities of the CCC may be used when funding is specifically appropriated. <b>(16 U.S.C. 2204)</b></p>	<p>Amends funding authority to include a set-aside of 25% of all available funding to repair and replace fencing. <b>(§§2403(d)&amp;(e))</b></p>
<i>Section 2404—Conservation of Private Grazing Land Program</i>	
<p>Authorizes appropriations of \$60 million annually through FY2018. <b>(16 U.S.C. 3839bb(e))</b></p>	<p>Extends authorization of appropriations at \$60 million annually through FY2023. Adds a provision requiring education and outreach through partnership with land-grant colleges and universities and nongovernmental organizations. <b>(§2404)</b></p>
<i>Section 2405—Grassroots Source Water Protection Program (GSWP)</i>	
<p>Authorizes appropriations of \$20 million annually through FY2018 and a one-time authorization for \$5 million in mandatory funding to remain available until expended. <b>(16 U.S.C. 3839bb-2(b))</b></p>	<p>Extends authorization of appropriations at \$20 million annually through FY2023 and authorizes an additional \$5 million in mandatory funding in FY2019 to remain available until expended. <b>(§2405)</b></p>

Prior Law	Enacted 2018 Farm Bill (P.L. 115-334)
<i>Section 2406—Voluntary Public Access and Habitat Incentive Program (VPAHIP)</i>	
<p>VPAHIP provides grants to states and tribal governments to encourage private landowners to voluntarily make land available for public access hunting and fishing programs. Priority is given to grants that maximize participation; include appropriate wildlife habitat; improve habitat efforts on CREP acres; use additional funding to carry out the program; and make the land publically available. <b>(16 U.S.C. 3839bb-5(c))</b></p> <p>Authorizes \$50 million in mandatory funds for FY2009-FY2012 and \$40 million in mandatory funds for FY2014-2018. <b>(16 U.S.C. 3839bb-5(f))</b></p>	<p>Amends the priority for funding under the program to include wildlife habitat improvement efforts on CREP acres and wetland reserve easements under ACEP. <b>(§2406(3))</b></p> <p>Authorizes \$50 million in mandatory funding for FY2019-FY2023. Adds a \$3 million set-aside to encourage public access on land covered by wetland reserve easements under ACEP. <b>(§2406(4))</b></p>
<i>Section 2407—Wildlife Management</i>	
<p>No comparable provision. Under the <b>Working Lands for Wildlife Initiative</b>, USDA NRCS and the Department of the Interior (DOI) U.S. Fish and Wildlife Service (FWS), through a partnership agreement, provide voluntary targeted financial and technical assistance for wildlife habitat improvement on private land in exchange for regulatory predictability regarding the Endangered Species Act.</p>	<p>Codifies the Working Lands for Wildlife initiative as in effect on the day before enactment. Authorizes development of a similar agreement between FWS and FSA. The period of regulatory predictability may be extended if agreed to. <b>(§2407)</b></p>
<i>Section 2408—Feral Swine Eradication and Control Pilot Program</i>	
<p>No directly comparable provision.</p> <p><b>National Feral Swine Damage Management Program.</b> The Animal and Plant Health Inspection Service (APHIS) administers the program to manage damage caused by feral swine in the United States. APHIS works with states, tribes, federal agencies, universities, organizations, and public landowners and coordinates with Mexico and Canada on feral swine disease monitoring and control activities.</p> <p><b>Feral Swine Initiative.</b> Administered by NRCS in select states through EQIP. The initiative offers conservation technical assistance planning and management practice implementation to affected landowners.</p>	<p>Creates a new <b>Feral Swine Eradication and Control Pilot Program</b>. USDA is required to study the extent of damage from feral swine, develop eradication and control measures and restoration methods, and provide cost-share funding to agricultural producers in established pilot areas. NRCS and APHIS must coordinate the pilot through NRCS state technical committees. Cost-share assistance is limited to 75% of the cost of eradication and control measures or restoration. Authorizes \$75 million in mandatory funding for the period FY2019-FY2023. Requires funding to be split equally between NRCS and APHIS with no more than 10% for administrative expenses. <b>(§2408)</b></p>
<i>Section 2409—Report on Small Wetlands</i>	
<p>No comparable provision.</p>	<p>Requires NRCS to submit a report to Congress describing the number of wetlands measuring less than one acre in size in North Dakota, South Dakota, Minnesota, and Iowa identified during FY2014 through FY2018. All wetlands included in the report must be described in 1/10 of an acre increments and be based on available science. <b>(§2409)</b></p>
<i>Section 2410—Sense of Congress Relating to Increased Watershed-Based Collaboration</i>	
<p>No comparable provision.</p>	<p>Adds a sense of Congress statement encouraging partnerships at the watershed level between nonpoint sources and regulated point sources to advance the goals of the Federal Water Pollution Control Act (Clean Water Act). <b>(§2410)</b></p>

Source: CRS.

**Table A-6. Subtitle E—Funding and Administration**

Prior Law	Enacted 2018 Farm Bill (P.L. 115-334)
<i>Section 2501—Commodity Credit Corporation (CCC)</i>	
<p>Authorizes the use of funds (mandatory), facilities, and authorities of the CCC to carry out conservation programs for FY2014-FY2018, and through FY2019 for EQIP. <b>(16 U.S.C. 3841(a))</b></p>	<p>Extends the CCC authority through FY2023. Specific funding levels for programs are outlined below. <b>(§2501(a)(1))</b></p>
<p><b>CRP funding.</b> Authorizes a total of \$10 million for thinning activities and a total of \$33 million for transition contracts for FY2014-FY2018. Total funding for CRP is limited by enrolled acres, not total dollars. See <b>Table A-2</b> for acre limits. <b>(16 U.S.C. 3841(a)(1))</b></p>	<p>Increases forest management thinning payments to a total of \$12 million for FY2019-FY2023. Increases funding for transition contracts to a total of \$50 million and limits technical assistance to \$5 million total. Total funding for CRP continues to be limited by enrolled acres, not total dollars. See <b>Table A-2</b> for acre limits. <b>(§2501(a)(2))</b></p>
<p><b>ACEP funding.</b> Authorizes \$400 million in FY2014, \$425 million in FY2015, \$450 million in FY2016, \$500 million in FY2017, and \$250 million in FY2018. <b>(16 U.S.C. 3841(a)(2))</b></p>	<p>Increases ACEP funding to \$450 million annually for FY2019-FY2023. <b>(§2501(a)(3))</b></p>
<p><b>Conservation Security Program funding.</b> Authorizes funding for contracts (enrolled prior to FY2009) with such sums as necessary. <b>(16 U.S.C. 3841(a)(3))</b></p>	<p>Deletes provision. <b>(§2501(a)(4))</b></p>
<p><b>CSP funding.</b> Total funding for CSP is limited by enrolled acres, not total dollars for FY2014-FY2018. See <b>Table A-4</b> for acre limits. <b>(16 U.S.C. 3841(a)(4))</b></p>	<p>Authorizes CSP to enroll contracts limited by funding rather than acres. Authorizes mandatory funding includes: \$700 million in FY2019, \$725 million in FY2020, \$750 million in FY2021, \$800 million in FY2022, and \$1 billion in FY2023. <b>(§2501(a)(4))</b></p> <p>Authorizes the CCC to carry out CSP contracts enrolled prior to enactment using such sums as necessary. <b>(§2501(a)(5))</b></p>
<p><b>EQIP funding.</b> Authorizes \$1.35 billion in FY2014, \$1.6 billion in FY2015, \$1.65 billion in each FY2016 and FY2017, and \$1.75 billion in each FY2018 and FY2019. <b>(16 U.S.C. 3841(a)(5))</b></p>	<p>Reauthorizes the authority for the CCC to fund EQIP: \$1.75 billion in FY2019 and FY2020, \$1.8 billion in FY2021, \$1.85 billion in FY2022, and \$2.025 billion in FY2023. <b>(§2501(a)(4))</b></p>
<p><b>Availability of funds.</b> Mandatory funding made available for CRP, ACEP, CSP, and EQIP for FY2014 through FY2018 (FY2019 for EQIP) are authorized to remain available until expended. <b>(16 U.S.C. 3841(b))</b></p>	<p>Reauthorizes mandatory funding made available for CRP, ACEP, CSP, and EQIP for FY2019 through FY2023 to remain available until expended. <b>(§2501(b))</b></p>
<p><b>Report on program enrollments and assistance.</b> Reports are required for program enrollments and assistance under conservation programs, including significant payments, waivers, and exceptions. <b>(16 U.S.C. 3841(i))</b></p>	<p>Reauthorizes reporting requirements through FY2023, and adds reports on annual and cumulative enrollment statistics. <b>(§2501(c))</b></p>
<p><b>Allocations.</b> Requires USDA to review all conservation program allocation formulas no later than January 1, 2012. Updates are required to reflect the cost of carrying out the programs. <b>(16 U.S.C. 3841(g))</b></p>	<p>Amends the allocation review requiring, within one year following enactment of the bill, annual allocation formulas to account for local data and input. Adds requirements for USDA to consider when updating allocation formulas. <b>(§2501(d))</b></p>

Prior Law	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Assistance to certain farmers or ranchers for conservation access.</b> Establishes an annual set-aside in EQIP and CSP from FY2014 through FY2018 of 5% to beginning farmers or ranchers and 5% to socially disadvantaged farmers or ranchers. Unobligated funds for EQIP and unobligated acres for CSP under this provision may be repooled and obligated in accordance with the respective program. Preference is provided for veteran farmers or ranchers eligible under the provision. <b>(16 U.S.C. 3841(h))</b></p> <p>No comparable provision.</p>	<p>Reauthorizes the EQIP and CSP set-asides through FY2023. Makes technical amendments regarding the repooling of CSP funds and preference for veteran farmers or ranchers. <b>(§2501(e))</b></p> <p><b>Conservation standards.</b> Establishes NRCS as the lead agency for developing technical standards and requirements for farm bill conservation programs. Requires FSA to use standards consistent with NRCS. <b>(§2501(f))</b></p>
<i>Section 2502—Delivery of Technical Assistance</i>	
<p><b>Delivery of technical assistance.</b> All producers participating in conservation programs must be provided technical assistance either by USDA or through an approved third party. <b>(16 U.S.C. 3842(a))</b></p> <p><b>Technical service providers (TSP).</b> TSPs are third-party providers (individuals or businesses) that have technical expertise in conservation planning and design for a variety of conservation activities. Farmers, ranchers, private businesses, nonprofit organizations, or public agencies hire TSPs to provide these services on behalf of NRCS. NRCS certifies and approves TSPs. <b>(16 U.S.C. 3842(e))</b></p> <p><b>Review of conservation practice standards.</b> USDA is required to periodically review all conservation practice standards. USDA must consult with eligible participants and expedite required revisions. <b>(16 U.S.C. 3842(h))</b></p>	<p>Adds a definition of <i>third-party provider</i> as a commercial entity, nonprofit entity, state or local government, or federal agency that has expertise in the technical aspect of conservation planning. <b>(§2502(a))</b></p> <p>Adds a certification process requirement for TSPs through NRCS or a nonfederal entity approved by USDA to perform the certification. Requires USDA to streamline the certification process for TSPs that have an appropriate specialty certification, including sustainability certification. <b>(§2502(b))</b></p> <p>Requires USDA to complete, within one year of enactment, a review of conservation practice standards in effect before enactment. Consultation requirements are expanded to include input from state technical committees. Expedited revisions are amended to include an administrative process for scientific and technological advancements; local flexibility in the creation of interim practice standards and partner-proposed techniques; and input from state technical committees. Requires a report to Congress every two years on the process, revisions, and considerations under the process. <b>(§2502(c))</b></p>
<i>Section 2503—Administrative requirements for conservation programs</i>	
<p><b>Acres limitations.</b> No county may enroll more than 25% of cropland into CRP or wetland reserve easements under ACEP. Not more than 10% of a county may be enrolled as a wetland reserve easement under ACEP. In select situations, USDA may waive this limitation. <b>(16 U.S.C. 3844(f))</b></p>	<p>Increases the percentage limitation on wetland reserve easements to 15%. <b>(§2503(a))</b></p>

Prior Law	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	<b>Review of practice costs and payment rates.</b> Adds a new section requiring review and guidance, within a year of enactment, of the cost effectiveness of cost-share rates and payment rates for all farm bill conservation programs. Requires USDA to issue guidance to states for an annual review and adjustment of rates. <b>(§2503(b))</b>
<b>Funding for Indian tribes.</b> USDA may use alternative funding arrangements with Indian tribes for CSP and EQIP contracts. <b>(16 U.S.C. 3844(l))</b>	Requires USDA to use alternative funding arrangements with Indian tribes for CSP and EQIP contracts if there is a sufficient number of eligible participants. USDA may waive program limits if authorized to do so under EQIP and CSP. <b>(§2503(c))</b>
No comparable provision.	<b>Source water protection carve-out.</b> Requires USDA to encourage conservation practices related to water quality and quantity that protect source waters for drinking water through all farm bill conservation programs. Producers can receive incentives and high payments (up to 90% of the practices cost) for such practices. USDA must collaborate with community water systems and NRCS state technical committees to identify local priority areas. Requires 10% of all annual funding for conservation programs (except CRP) be used for water protection practices for FY2019 through FY2023. <b>(§2503(d))</b>
No directly comparable provision. Most NRCS-administered conservation programs include a provision in regulations whereby NRCS asserts no interest on any environmental services that may be marketable and produced through participation in a conservation program. For example, see EQIP at <b>7 C.F.R. 1466.36(a)</b> , ACEP at <b>7 C.F.R. 1468.10</b> , and CSP at <b>7 C.F.R. 1470.37(a)</b> .	<b>Environmental Services Markets.</b> Adds a new section preventing USDA from limiting participation in environmental services markets for all farm bill conservation programs. <b>(§2503(e))</b>
No comparable provision.	<b>Regulatory certainty.</b> Authorizes USDA to provide technical assistance under the farm bill conservation programs to support regulatory certainty for producers and landowners, under select conditions. <b>(§2503(f))</b>
<i>Section 2504—Temporary administration of conservation programs</i>	
No comparable provision.	<b>Transition provisions.</b> Allows USDA to carry out CRP, EQIP, CSP, ACEP, and RCPP using funding, regulations, and policies in effect before enactment, consistent with amendments made in the bill, until September 30, 2019. <b>(§2504)</b>

**Source:** CRS.

**Table A-7. Subtitle F—Agricultural Conservation Easement Program**

Prior Law	Enacted 2018 Farm Bill (P.L. 115-334)
<i>Section 2601—Establishment and purposes</i>	
<p>The Agricultural Conservation Easement Program (ACEP) provides financial and technical assistance through two types of easements: (1) agricultural land easements that limit nonagricultural uses on productive farm or grasslands, and (2) wetland reserve easements that protect and restore wetlands. <b>(16 U.S.C. 3865)</b></p>	<p>Amends the purpose of ACEP agricultural land easements by adding that the purpose of protecting agricultural use by limiting nonagricultural uses applies specifically for those uses that negatively affect agricultural uses and conservation values. For grasslands, the purpose is amended from protecting grasslands by restoring <i>and</i> conserving land to restoring <i>or</i> conserving land. <b>(§2601)</b></p>
<i>Section 2602—Definitions</i>	
<p>Five terms are defined under ACEP: <i>agricultural land easement</i>, <i>eligible entity</i>, <i>eligible land</i>, <i>program</i>, and <i>wetland reserve easement</i>.</p> <p><i>Agricultural land easement</i> is defined as an easement that protects the natural resources and the agricultural nature of the land while maintaining agricultural production.</p> <p><i>Eligible land</i> is defined separately for agricultural land easements and wetland reserve easements. Agricultural land easements include land with a pending easement offer; with prime, unique, or productive soils; that contains historical or archaeological resources; that would protect grazing uses; that furthers a similar state or local policy; or that is cropland, rangeland, grassland, area historically dominated by grassland, pastureland, or nonindustrial private forest land. Wetland reserve easements include farmed or converted wetlands; cropland or grassland that has prior flooding from a closed basin lake or pothole if the state or other entity is willing to provide a 50% cost-share of the easement; wetlands that are enrolled in the CRP, have high wetland functions, and are likely to return to production after CRP; riparian areas that link protected wetlands; and wetlands determined by USDA to be significant. <b>(16 U.S.C. 3865a)</b></p>	<p>Amends the definition of <i>agricultural land easement</i> by removing the requirement that landowners farm according to an approved agricultural easement plan.</p> <p>Adds a definition for <i>buy-protect-sell transaction</i> which allows land owned by an organization to be eligible for the program, subject to the transfer of ownership to a farmer or rancher within three years following the acquisition of the agricultural land easement.</p> <p>Amends the definition of <i>eligible land</i> to include reference to a buy-protect-sell transaction and to remove the requirement under wetland reserve easements that USDA consult with the Department of the Interior on the wildlife benefits and wetland functions and values.</p> <p>Adds a definition of <i>monitoring report</i> for agricultural land easements. <b>(§2602)</b></p>
<i>Section 2603—Agricultural Land Easements (ALE)</i>	
<p>ACEP funds are provided for the purchase of agricultural land easements by eligible entities and for technical assistance pursuant to an agricultural land easement plan. <b>(16 U.S.C. 3565b(a))</b></p>	<p>Amends the requirement that technical assistance be used pursuant to an agricultural land easement plan and instead be used to implement the program, including technical assistance for the development of a conservation plan. Also makes buy-protect-sell transactions eligible for funding. <b>(§2603(a))</b></p>

Prior Law	Enacted 2018 Farm Bill (P.L. 115-334)
<p>ALE Eligible entities are required to provide contributions equivalent to the federal share or at least 50% of the federal share if the entity includes contributions from the private landowner. Grasslands of special environmental significance are allowed up to 75% of the fair market for the federal share. USDA is authorized to waive any portion of the eligible entity cash contribution requirement for projects of special significance, subject to an increase of private landowner donation equal to the amount of the waiver if donation is voluntary. <b>(16 U.S.C. 3865b(b)(2)(B) &amp; (b)(2)(C))</b></p>	<p>Amends the nonfederal share of agricultural land easements by removing the requirement that an eligible entity's contribution be equal to the federal share or at least 50% of the federal share if the entity includes contributions from the private landowner. Allows the nonfederal portion used by the eligible entity to be cash, landowner donations, costs associated with the easement, or other costs determined by USDA. Deletes the exception authority for USDA to waive an eligible entity's cash contribution for projects of special significance. <b>(§2603(b)(1))</b></p>
<p>The evaluation and ranking criteria for agricultural land easement applications is required to maximize the benefit of federal investment under ACEP. <b>(16 U.S.C. 3865b(b)(3))</b></p>	<p>Adds a requirement that USDA adjust the evaluation and ranking criteria for geographic differences among states. <b>(§2603(b)(2))</b></p>
<p>No comparable provision.</p>	<p>Adds a new provision allowing USDA to prioritize applications that maintain agricultural viability. <b>(§2603(b)(2))</b></p>
<p>ACEP agricultural land easement enrollment is through eligible entities that enter into cooperative agreements of three to five years in length with USDA. The entities acquire easements and hold, monitor, manage, and enforce the easements. Entities agree to a minimum level of terms and conditions for agricultural land easements including the effect of a violation. <b>(16 U.S.C. 3865b(b)(4))</b></p>	<p>Amends the minimum terms and conditions by limiting USDA's right of enforcement and by removing the requirement that an agricultural land easement be subject to an agricultural land easement plan unless the land is highly erodible. Adds the ability for eligible entities to add additional terms and conditions to an agricultural land easement, including allowing mineral development. <b>(§2603(b)(3))</b></p>
<p>USDA certifies eligible entities through a certification process and according to specified criteria. <b>(16 U.S.C. 3865b(b)(5))</b></p>	<p>Adds to the certification criteria to include land trusts accredited by the Land Trust Accreditation Commission with more than ten successful agricultural land easements under ACEP, or other easement program, and state agencies with more than ten successful agricultural land easements under ACEP or other easement program. Both must successfully meet program responsibilities. Allows certified entities to use their own terms and conditions for agricultural land easements. <b>(§2603(b)(4))</b></p>
<p>USDA, if requested, may provide technical assistance for compliance with the terms and conditions of the easements and to implement an agricultural land easement plan. <b>(16 U.S.C. 3865b(d))</b></p>	<p>Deletes reference to the agricultural land easement plan. <b>(§2603(b)(5))</b></p>
<p><i>Section 2604—Wetland Reserve Easements (WRE)</i></p>	
<p>Priority is given to wetland reserve easements based on the value of protection and enhancement of wildlife and migratory bird habitat. <b>(16 U.S.C. 3865c(b)(3)(C))</b></p>	<p>Adds water quality improvement to the wildlife and migratory bird habitat priority criteria. <b>(§2604(I)(A))</b></p>
<p>ACEP wetland reserve easements may be used for compatible economic uses, including hunting and fishing, managed timber harvest, or periodic haying and grazing if such uses are permitted under the wetland reserve easement plan. <b>(16 U.S.C. 3865c(b)(5)(C))</b></p>	<p>Adds 'water management' to the list of compatible economic uses. Specifies criteria for USDA to use to apply when authorizing a compatible use: requiring consultation with the state technical committee, consideration of land management requirements, and furthers the functions and values of the easement. <b>(§2604(I)(B))</b></p>

Prior Law	Enacted 2018 Farm Bill (P.L. 115-334)
<p>A wetland reserve easement plan is required for all eligible land subject to a wetland reserve easement. The plan must include all practices and activities required on the enrolled land. <b>(16 U.S.C. 3865c(f))</b></p> <p>No comparable provision.</p>	<p>Amends the wetland reserve easement plan to include management and monitoring functions. Associated practices and activities, including repair or replacement necessary to restore and maintain the functions and values of the easement, are also required. <b>(§2604(2)(A))</b></p> <p>Adds a new provision to allow for the establishment or restoration of an alternative vegetative community that is hydraulically appropriate on the entirety of the wetland reserve easement if it would benefit wildlife or meet local resource needs. Must be in coordination with the state technical committee. <b>(§2604(2)(C))</b></p>
<i>Section 2605—Administration</i>	
<p>Certain land is ineligible for ACEP easements, including land owned by the federal government, land owned by a state, land subject to an easement or deed restriction, or land where an ACEP easement would be undermined due to on- and off-site conditions (e.g., hazardous substances, proposed or existing rights of way, infrastructure development, or adjacent land use). <b>(16 U.S.C. 3865d(a))</b></p> <p>USDA may subordinate, exchange, modify, or terminate any ACEP easement if it (1) is in the federal government’s interest, (2) will address a compelling public need where there is no alternative or would further the administration of ACEP, and (3) will result in a comparable conservation value and greater or equivalent economic value to the United States. <b>(16 U.S.C. 3865d(c))</b></p> <p>A CRP contract may be terminated or modified if the land is transferred into ACEP. <b>(16 U.S.C. 3865d(d))</b></p>	<p>Amends examples from <i>proposed</i> or existing rights of way to <i>permitted</i> or existing rights of way. <b>(§2605(1))</b></p> <p>Authorizes USDA to subordinate any interest in land, including for utilities and energy transmission services, if it will increase or have limited negative effect on conservation values, minimally affect acreage, and is in the public interest or practical administration of the program.</p> <p>Exchanges and modifications may be made if there is no reasonable alternative and it would result in increased conservation effect, and if they are consistent with the original intent of the easement and purposes of ACEP.</p> <p>Requires compensation for the termination of any easement.</p> <p>Adds a consent requirement for any subordination, exchange, modification, or termination. <b>(§2605(2))</b></p> <p>Limits the CRP transfer option to enrollment of an ACEP wetland reserve easement. Adds a new provision allowing land with an ACEP agricultural land easement to participate in CRP. <b>(§2605(3))</b></p>
<i>Section 2501—Funding Authorization</i>	
<p><b>ACEP Funding.</b> Authorized \$400 million in FY2014, \$425 million in FY2015, \$450 million in FY2016, \$500 million in FY2017, and \$250 million in FY2018. <b>(16 U.S.C. 3841(a)(2))</b></p>	<p>Authorizes ACEP funding at \$450 million annually for FY2019 through FY2023. See <b>Table A-6</b> for full funding authority. <b>(§2501(a)(3))</b></p>

Source: CRS.

**Table A-8. Subtitle G—Regional Conservation Partnership Program**

Prior Law	Enacted 2018 Farm Bill (P.L. 115-334)
<i>Section 2701—Establishment and purpose</i>	
<p>Establishes the Regional Conservation Partnership Program (RCPP). Combines the purposes of four repealed conservation programs to further conservation, restoration, and sustainability on a regional or watershed scale, and encourage partners to cooperate with producers in meeting or avoiding regulatory requirements and implementing projects. <b>(16 U.S.C. 3871)</b></p>	<p>Expands the establishment of RCPP to include grant agreements with eligible partners. The purpose of RCPP is amended to carry out eligible activities rather than to use a covered program to accomplish conservation goals. Adds the flexible and streamlined delivery of conservation assistance and the engagement of eligible producers to RCPP's purpose. <b>(§2701)</b></p>
<i>Section 2702—Definitions</i>	
<p>Six terms are defined under RCPP: <i>covered program</i>, <i>eligible activity</i>, <i>eligible land</i>, <i>eligible partner</i>, <i>partnership agreement</i>, and <i>program</i>.</p> <p><i>Covered program</i> is defined as ACEP, EQIP, CSP, and HFRP.</p> <p><i>Eligible activity</i> is defined as activities for water quality and quantity improvement, drought mitigation, flood prevention, water retention, air quality improvement, habitat conservation, erosion control and sediment reduction, forest restoration, and others defined by USDA.</p> <p><i>Eligible land</i> is defined as land on which agricultural commodities, livestock, or forest-related products are produced, including cropland, grassland, rangeland, pastureland, nonindustrial private forest land, and other incidental land.</p> <p><i>Eligible partner</i> is defined as producer groups, state or local governments, Indian tribes, farmer cooperatives, water district, irrigation district, rural water district or association, municipal water or waste treatment entity, institutes of higher education, and other nongovernmental entity or organizations with a history of working with producers on conservation projects. <b>(16 U.S.C. 3871a)</b></p>	<p>Amends the definition of <i>covered program</i> by adding CRP and Watershed Protection and Flood Prevention operations and excluding the grasslands initiative under CSP and the watershed rehabilitation program.</p> <p>Replaces the definition of <i>eligible activity</i> to include any practice, activity agreement, easement or related measure under a covered program.</p> <p>Replaces the definition of <i>eligible land</i> by including all agricultural, nonindustrial private forest, or other associated land that would achieve a conservation benefit.</p> <p>Adds acequia, conservation districts, and eligible entities under ACEP to the definition of <i>eligible partner</i>.</p> <p>Adds a definition of <i>program contract</i> that does not include a contract entered into under a covered program. <b>(§2702)</b></p>
<i>Section 2703—Regional conservation partnerships</i>	
<p>Under RCPP, USDA enters into partnership agreements with eligible partners for a period not to exceed five years with a possible one-year extension. <b>(16 U.S.C. 3871b(b))</b></p>	<p>Amends the length of partnership agreements to include agreements longer than five years. Adds a renewal option of not more than five years and a onetime extension option of not more than one year. <b>(§2703(1))</b></p>

Prior Law	Enacted 2018 Farm Bill (P.L. 115-334)
<p>Partners define the scope of RCPP projects, conduct outreach, act on behalf of producers to apply for assistance, leverage financial and technical assistance, conduct assessments, and report results. Partners must provide a “significant portion” of the overall cost of the project. <b>(16 U.S.C. 3871b(c))</b></p>	<p>Amends the scope of the project to include a timeline for project implementation. Partner contribution requirements may be met through direct funding, in-kind support or a combination of both, and can include the salaries of staff required to develop the partnership agreement. Adds requirements for the Secretary that include (1) establishing a timeline for USDA under the partnership agreement, (2) appointing a designated USDA coordinator within each state to assist partners and producers with RCPP, (3) establishing guidance for assessments, (4) providing reports to partners, and (5) ensuring the effectiveness of eligible activities. <b>(§§2703(2)-(4))</b></p>
<p>RCPP applications are competitive, and the selection criteria are publicly available. Priority is given to applications that assist producers in meeting or avoiding the need for regulation, and that also include a large percentage of producers in the project area, provide significant resource leverage, deliver a high percentage of applied conservation to address priorities or conservation initiatives, or provide innovative conservation methods and delivery. <b>(16 U.S.C. 3871b(d))</b></p>	<p>Amends the application criteria to require a simplified application process. Adds priority requirements for stakeholder diversity, applied conservation, and consistency with existing watershed and habitat restoration plans. Adds a renewal option for projects that have met or exceeded the project’s objectives. AGI requirements do not apply for eligible partners. <b>(§§2703(5)&amp;(6))</b></p>
<i>Section 2704—Assistance to producers</i>	
<p>Directs USDA to enter into contracts to provide technical and financial assistance to producers participating in projects with eligible partners, or producers within a project area or critical conservation area not working through an eligible partner. Program rules, requirements, and payments are to be consistent with the covered programs (ACEP, EQIP, CSP, and HFRP). Authorizes USDA to adjust the rules of a covered program, including operational guidance and requirements, in order to simplify the application and evaluation process. Prohibits the adjustment of statutory requirements for a covered program, including appeals, payment limits, conservation compliance, and prior irrigation history. Authorizes no more than 20 alternative funding arrangements with multi-state water agencies or authorities. <b>(16 U.S.C. 3871c(a) &amp; (b))</b></p>	<p>Amends the contracting and agreement language by requiring USDA to enter into program contracts with eligible producers to conduct activities on eligible land under conditions defined by USDA. Priority may be given to partnership applications that include bundles of program contracts with producers. <b>(§2704(1))</b></p>
<p>Authorizes USDA to make payments to producers in accordance with the statutory requirements under covered programs. Five-year payments may be made for conversion to dryland farming and nutrient management. AGI limits may be waived to fulfill the objectives of the program. <b>(16 U.S.C. 3871c(c))</b></p>	<p>Minor amendments referencing new funding language. <b>(§2704(2))</b></p>

Prior Law	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	Adds a new section for alternative funding arrangements and grant agreements. Allows USDA to enter into funding agreements directly with partners. USDA is limited to no more than 15 agreements with one or more partners each fiscal year. Activities through these agreements must carry out activities on a regional or watershed scale, such as infrastructure investment, restoration plan coordination with producers, innovative leveraging of federal and private funds, or other projects determined by USDA. Annual reports are required. <b>(§2704(3))</b>
<i>Section 2705—Funding</i>	
Authorized for RCPP \$100 million in mandatory funding annually for FY2014-FY2018 to remain available until expended. The program utilizes a percentage of other conservation program funding (ACEP, EQIP, CSP, and HFRP). Annually reserves 7% of covered program funds and acres until April 1 of each year, after which uncommitted funds are returned to the covered program. Allocates 25% for a state competition, 40% for a national competition, and 35% for critical conservation areas. Administrative expenses of eligible partners are not covered. <b>(16 U.S.C. 3871d)</b>	Increases mandatory funding to \$300 million annually for FY2019-FY2023. Deletes the reserve of 7% of covered program funds. Amends allocations to 50% for state and multistate competitions and 50% for critical conservation areas. Allows for funding to be advanced to eligible partners for outreach activities and reimbursed for agreement development. Advanced funding for partners is to be used within 90 days. With the exception of advanced funding and alternative funding arrangements, administrative expenses of eligible partners are not covered. Adds new technical assistance requirements, including USDA reporting, limitation of expenses for USDA, and on third-party provider assistance. <b>(§2705)</b>
<i>Section 2706—Administration</i>	
USDA is required to make information on selected projects publicly available and report to Congress by December 31, 2014 (and every two years thereafter) on the status of projects funded. <b>(16 U.S.C. 3871e)</b>	Extends reporting requirement to December 31, 2019 (and every two years thereafter). Adds a prohibition on providing assistance to producers out of compliance with highly erodible cropland and wetland conservation compliance requirements. Adds a requirement to conduct outreach for historically underserved producers and requires USDA to issue regulations for RCPP. <b>(§2706)</b>
<i>Section 2707—Critical Conservation Areas (CCA)</i>	
USDA is required to use 35% of the funds and acres available for partnership agreements in no more than eight critical conservation areas; agreements expire after five years, subject to redesignation. Areas are selected based on several criteria: multi-state areas with significant agricultural production; existing agreement or plan in place; water quality concerns; or subject to regulatory requirements. Partner agreements and producer contracts are administered according to the applicable covered program and, where possible, complement existing water quality and quantity strategies. Allows the use of authorities granted under the Watershed Protection and Flood Prevention program in critical conservation areas. <b>(16 U.S.C. 3871f)</b>	Adds a definition of <i>critical conservation areas</i> and <i>priority resource concern</i> . Adds a requirement that USDA identify one or more priority resource concerns for each critical conservation area. Allows USDA to review critical conservation areas every five years and withdraw the designation if an area is no longer critical. Requires outreach to partners and producers in critical conservation areas. <b>(§2707)</b>

Source: CRS.

**Table A-9. Subtitle H—Repeals and Technical Amendments**

Prior Law	Enacted 2018 Farm Bill (P.L. 115-334)
<i>Sections 2301; 2811-2817—Repeals</i>	
<p><b>Conservation Security Program.</b> Authorized in the 2002 farm bill and replaced by the Conservation Stewardship Program in the 2008 farm bill. The program enrolls acres in five- to 10-year stewardship contracts, the last of which will expire in FY2018. <b>(16 U.S.C. 3838 – 16 U.S.C. 3838c)</b></p>	Repeals the program. <b>(§2301(c)(1))</b>
<p><b>Conservation Corridor Demonstration Program.</b> Authorized in the 2002 farm bill. Permits one or more states, along with local governments on the Delmarva Peninsula, to develop and implement over three to five years, a conservation corridor plan to improve the economic viability of agriculture and the environmental integrity of watersheds. Funding was never appropriated. <b>(16 U.S.C. 3801 note)</b></p>	Repeals the program. <b>(§2811)</b>
<p><b>Cranberry Acreage Reserve Program.</b> Authorized in the 2002 farm bill to purchase permanent wetland easements on and around cranberry-producing land. Funding was never appropriated. <b>(16 U.S.C. 3801 note)</b></p>	Repeals the program. <b>(§2812)</b>
<p><b>National Natural Resources Foundation.</b> Authorized in the Federal Agricultural Improvement and Reform Act of 1996 (1996 farm bill, P.L. 104-127) to establish a nonprofit corporation to promote and assist the conservation efforts of NRCS. Funding was never appropriated. <b>(16 U.S.C. 5801 et seq.)</b></p>	Repeals the program. <b>(§2813)</b>
<p><b>Flood risk reduction.</b> Authorized in the 1996 farm bill to contract with Market Transition Program participants to retire frequently flooded cropland. Related programs were repealed in subsequent legislation and funding was not appropriated. <b>(7 U.S.C. 7334)</b></p>	Repeals the program. <b>(§2814)</b>
<p><b>Study of land use for expiring contracts and extension authority.</b> Authorized in the Food, Agriculture, Conservation and Trade Act of 1990 (1990 farm bill, P.L. 101-624), requiring USDA to create a report on expiring CRP contracts. <b>(16 U.S.C. 3831 note)</b></p>	Repeals the program. <b>(§2815)</b>

**Integrated Farm Management Program.**

Authorized in the 1990 farm bill to encourage producers to adopt integrated, multiyear, site-specific farm management plans by not reducing the farm program payments of participants who use a resource conserving crop as part of a rotation on payment acres. Related programs were repealed in subsequent legislation. **(7 U.S.C. 5822)**

Repeals the program. **(§2816)**

**Definition of agricultural lands.** The 1996 farm bill defined the term *agricultural lands* as related to a 1994 memorandum of agreement among USDA, the Environmental Protection Agency, and the Department of the Army (Corps) for the delineation of wetlands. USDA and the Corps withdrew from the agreement in 2005. **(110 Stat. 992)**

Repeals the program. **(§2817)**

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**Section 2821—Technical Amendments**


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**Watershed Protection and Flood Prevention (Watershed Operations).** Under the program, projects with a federal share greater than \$25 million or with a total structure capacity over 2,500 acre-feet must be submitted to various federal agencies for comment prior to submission to Congress. **(16 U.S.C. 1005(4))**

Corrects spelling and makes technical corrections to agency titles. **(§2821(a))**

**Wetland determinations.** Technical determinations, restoration and mitigation plans, and monitoring activities must be conducted by the Natural Resources Conservation Service. **(16 U.S.C. 3822(j))**

Corrects agency spelling. **(§2821(b))**

**Desert terminal lakes.** USDA is required to transfer \$150 million of CCC funds to the Bureau of Reclamation to purchase water for at-risk desert terminal lakes. Includes a voluntary land purchase grant program authorized to receive \$25 million through appropriations. Funds to remain available until expended. **(16 U.S.C. 3839bb-6)**

Adds a sunset date on the program of October 1, 2023. **(§2821(d))**

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**Section 2822—State technical committees**


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**Establishment of State Technical Committees.** Requires each state technical committee to be composed of representatives from: NRCS, FSA, Forest Service, the National Institute of Food and Agriculture (NIFA), a state fish and wildlife agency, state forester, state water resources agency, state department of agriculture, state soil and water conservation district, agriculture producers, nonindustrial private forest landowners, nonprofit organizations working with producers, and agribusinesses. **(16 U.S.C. 3861(c))**

Adds state Cooperative Extension Service and land-grant colleges to the list of required representatives. **(§2822)**

**Source:** CRS.

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# Farm Commodity Provisions in the 2018 Farm Bill (P.L. 115-334)

**Randy Schnepf**

Specialist in Agricultural Policy

May 21, 2019

**Congressional Research Service**

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[www.crs.gov](http://www.crs.gov)

R45730



## Farm Commodity Provisions in the 2018 Farm Bill (P.L. 115-334)

The farm commodity program provisions in Title I of the Agricultural Improvement Act of 2018 (P.L. 115-334; the 2018 farm bill) include revenue support programs for major program crops and permanent agricultural disaster assistance programs for producers of most tree crops and livestock. Aside from dairy and sugar, which have their own specific programs, most grain and oilseed crops produced in the United States are eligible for two tiers of revenue support under Title I of the 2018 farm bill—specialty crops such as fruits, vegetables, and tree nuts are not covered. The first tier of support is provided by the Marketing Assistance Loan (MAL) program, which offers interim financing for production of “loan” commodities in the form of a nine-month nonrecourse loan at statutorily set prices. A producer must have a harvested crop to offer as collateral for the MAL loan. *Nonrecourse* means that, if forfeited, USDA must accept the crop pledged as collateral as full payment of an outstanding loan. Thus, the statutory loan rates serve as minimum price guarantees for eligible commodities.

The MAL program may be supplemented by a higher, second tier of revenue support comprised of (1) the Price Loss Coverage (PLC) program, which provides price protection at the national level via statutory fixed “reference” prices for eligible crops, or (2) the Agricultural Risk Coverage (ARC) program, which provides revenue protection via historical moving average revenue guarantees based on the five most recent years of national crop prices and county or farm average yields. Participation is free for both ARC and PLC. However, a producer must own or rent historical “base” acres of “covered” commodities. In addition, producers must sign up and elect either PLC or a county-coverage ARC program (ARC-CO) on a crop-by-crop basis or enroll all covered commodities together in a whole-farm revenue guarantee under an individual-coverage ARC program (ARC-IC).

The dairy and sugar sectors are supported by separate federal farm programs that are tailored more specifically to the physical differences associated with each of their products—liquid fresh milk and refined sugar—and their respective markets. For dairy, the Dairy Margin Coverage (DMC) program offers producers milk margin protection for a range of margin thresholds—the milk margin equals the difference between the all-milk farm price and the price of a formula-based feed ration—and for a producer-selected portion (ranging from 5% to 95%) of historical milk production. Milk producers must sign up, select both margin and milk production coverage levels, and pay a premium that varies with coverage levels. The U.S. dairy sector also benefits from tariff-rate quotas (TRQs) on selected dairy products. The sugar program provides revenue support through a combination of limits on domestic output sales (marketing allotments), nonrecourse MAL loans for domestic sugar production (but at the processor level), a sugar-to-ethanol backstop program (Feedstock Flexibility Program), and quotas that limit imports. The import quotas for dairy and sugar are authorized outside of the omnibus farm bill.

Disaster assistance is available for producers of most tree crops and livestock. The Noninsured Crop Assistance Program (NAP) is available for all agricultural production that is not covered by a federal crop insurance policy. All of these programs have permanent authority. However, the 2018 farm bill amends most of them.

The enacted 2018 farm bill continues a \$125,000 per-person cap on combined PLC and ARC payments but excludes MAL program benefits from the limit. The limit applies to the total from all covered commodities except peanuts, which has a separate \$125,000 limit. To be eligible for payments, persons must be actively engaged in farming (AEF). Payment limits are doubled if the farm operator has a spouse. On family farming operations, all family members 18 years or older are deemed AEF and eligible for payments, including cousins, nephews, and nieces. The 2018 farm bill retains the adjusted gross income (AGI) limit for payment eligibility of \$900,000.

The Congressional Budget Office (CBO) projects outlays for Title I provisions of the 2018 farm bill for the five-year period (FY2019-FY2023) to average \$6.3 billion compared with an estimated \$7.2 billion in annual outlays under the 2014 farm bill. Based on projected market-price-to-PLC-reference price ratios, producers are expected to shift their preference toward PLC over ARC under the 2018 farm bill, resulting in a shift in program outlays concentrated more on PLC than ARC.

R45730

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## Introduction

On December 20, 2018, President Trump signed into law a new five-year omnibus farm bill, the Agricultural Improvement Act of 2018 (P.L. 115-334; the 2018 farm bill). The U.S. Department of Agriculture (USDA) will implement the provisions, most of which take effect in calendar year 2019. The 2018 farm bill includes 12 titles covering different program areas.<sup>1</sup> The first title, Title I—Commodities, authorizes several major revenue support and disaster assistance programs (see shaded box below).

### 2018 Farm Bill: Title I—Commodities

#### Subtitle A—Commodity Policy (See Table A-1 for provisions)

Section 1101. Definition of effective reference price.  
Section 1102. Base acres.  
Section 1103. Payment yields.  
Section 1104. Payment acres.  
Section 1105. Producer election.  
Section 1106. Price loss coverage (PLC).  
Section 1107. Agriculture risk coverage (ARC).  
Section 1108. Repeal of transition assistance for producers of upland cotton.

#### Subtitle B—Marketing Loans (See Table A-2 for provisions)

Section 1201. Extensions.  
Section 1202. Loan rates for nonrecourse marketing assistance loans (MAL).  
Section 1203. Economic adjustment assistance for textile mills.  
Section 1204. Special competitive provisions for extra-long staple cotton.  
Section 1205. Availability of recourse loans.

#### Subtitle C—Sugar (Provisions not included)

Section 1301. Sugar policy.

#### Subtitle D—Dairy Margin Coverage and Other Dairy Related Provisions (Provisions not included)

Section 1401. Dairy margin coverage.  
Section 1402. Reauthorizations.  
Section 1403. Class I skim milk price.  
Section 1404. Dairy product donation.

#### Subtitle E—Supplemental Agricultural Disaster Assistance (See Table A-3 for provisions)

Section 1501. Supplemental agricultural disaster assistance.

#### Subtitle F—Noninsured Crop Assistance (See Table A-4 for provisions)

Section 1601. Noninsured crop assistance program.

#### Subtitle G—Administration (See Table A-5 for provisions)

Section 1701. Regulations.  
Section 1702. Suspension of permanent price support authority.  
Section 1703. Payment limitations.  
Section 1704. Adjusted gross income limitations.  
Section 1705. Farm Service Agency accountability.  
Section 1706. Implementation.  
Section 1707. Exemption from certain reporting requirements for certain producers.

**Source:** The Agriculture Improvement Act of 2018 (P.L. 115-334), H.R. 2.

<sup>1</sup> For details, see CRS Report R45525, *The 2018 Farm Bill (P.L. 115-334): Summary and Side-by-Side Comparison*, coordinated by Mark A. McMinimy.

This report briefly describes the major revenue support programs in Title I of the 2018 farm bill. In addition, it reviews changes to key administrative provisions such as program eligibility and signup, payment acres and yields, payment limits, and cost projections. Appendixes at the end of this report (**Table A-1** to **Table A-5**) provide side-by-side comparisons of the provisions for five of the subtitles of Title I with prior law (as indicated in the shadow box above—Subtitle C, sugar, and Subtitle D, dairy, are discussed elsewhere).<sup>2</sup>

## Background on Title I Support Programs

Aside from dairy and sugar, which have their own specific programs, most grain and oilseed crops produced in the United States are eligible for two tiers of revenue support under Title I of the 2018 farm bill. Specialty crops such as fruits, vegetables, and tree nuts are not covered.<sup>3</sup> The first tier of support is provided by the Marketing Assistance Loan (MAL) program, which offers a minimum price guarantee for production of “loan” commodities in the form of a short-term loan at statutorily set prices (**Table 1**). The MAL program may be supplemented by a higher, second tier of revenue support comprised of two other programs: (1) the Price Loss Coverage (PLC) program, which provides price protection via statutory fixed “reference” prices for eligible crops, or (2) the Agricultural Risk Coverage (ARC) program, which provides revenue protection via historical moving average revenue guarantees based on the five most recent years of crop prices and yields.<sup>4</sup> PLC and ARC are available for producers that own or rent historical “base” acres of “covered” commodities.

The sugar and dairy sectors are supported by separate federal farm programs that are tailored more specifically to the physical differences associated with each of their products—refined sugar and liquid fresh milk—and their respective markets. Disaster assistance is available for producers of most tree crops and livestock. The Noninsured Crop Assistance Program is available for all agricultural commodities that are not covered by a federal crop insurance policy.

All of these Title I programs existed under the previous 2014 farm bill. The 2018 farm bill extends their authority through crop year 2023 but with some modifications to most of them.<sup>5</sup>

Occasionally, agricultural producers may receive federal support under programs authorized outside of the farm bill. The Secretary of Agriculture has broad latitude under the authority of the Commodity Credit Corporation (CCC) Charter Act<sup>6</sup> to make direct payments in support of U.S. agriculture. Two such programs implemented in recent years under CCC authority are the Cotton Ginning Cost Share program and the Market Facilitation Program.<sup>7</sup>

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<sup>2</sup> For side-by-side comparison of sugar and dairy provisions, see footnote 1.

<sup>3</sup> Eligible program commodities, “Loan Commodities,” “Covered Commodities,” and “Base Acres” are described later in this report.

<sup>4</sup> A reference price is meaningful only within the context of the PLC or ARC programs. Under the PLC program, when the national annual market price for a covered commodity is below its associated reference price, payments are triggered. Within the ARC program, when a covered commodity’s market price is lower than its reference price, the reference price is used in lieu of the market price for calculating average revenue.

<sup>5</sup> The agricultural disaster assistance programs are permanently authorized with no expiration date.

<sup>6</sup> See CRS Report R44606, *The Commodity Credit Corporation: In Brief*, by Megan Stubbs.

<sup>7</sup> For more information on these two programs, see Farm Service Agency (FSA), “Cotton Ginning Cost Share,” March 2018, <https://www.fsa.usda.gov/news-room/fact-sheets/index>; and CRS Report R45310, *Farm Policy: USDA’s Trade Aid Package*, by Randy Schnepf et al.

Separately, under the federal crop insurance program, Title I program commodities—along with more than 100 other crops including fruits and vegetables—are also eligible for subsidized crop insurance, which provides within-year yield (or revenue) protection. The federal crop insurance program is permanently authorized outside of the omnibus farm bill by the Federal Crop Insurance Act (7 U.S.C. §1501 *et seq.*).<sup>8</sup> The 2018 farm bill includes Title XI—Crop Insurance, which makes minor adjustments to program implementation but does not alter the underlying authority of the federal crop insurance program. Neither the federal crop insurance program nor programs authorized under the CCC Charter Act are discussed in this report.

### What Is a Marketing Year and How Does It Compare to a Fiscal Year?

A **marketing year** is the 12-month period that begins after a crop is harvested. It represents the 12 months prior to the next harvest, during which a harvested crop is either sold into domestic or international markets or kept on the farm to be used as feedstuffs or stored for future sale or use. Crops with different planting and harvesting schedules have different marketing years. For example, the marketing year for the U.S. wheat, barley, and oat crops starts on June 1; the marketing year for cotton and rice starts on August 1; and the marketing year for corn, soybeans, and sorghum starts on September 1. The marketing year may be identified jointly as 2019/20 for crops harvested in 2019 or simply as the 2019 marketing year (MY2019). The PLC and ARC programs rely on marketing year data in their payment formulations.

A **crop year** is generally the year that a program crop is planted and harvested.<sup>9</sup> For example, the corn crop planted and harvested in 2019 is referred to as the 2019 crop year. The marketing year for this same crop (as described above) is also referred to as the 2019 marketing year even though it spans parts of 2019 and 2020. Thus, the crop year corresponds directly with the marketing year for program crops, and the two are often used synonymously.

A **fiscal year** is the 12-month period starting with October 1 of one year and running through September 30 of the following year. The fiscal year may be identified by both years jointly, for example, as fiscal year 2019/20, or by the second year as fiscal year 2020 (FY2020). A fiscal year is the budget year for calculating federal program budget authorities and their respective outlays. The Congressional Budget Office (CBO) reports its federal program spending projections on a fiscal-year basis (**Table 2**).

## Policy Rationale for Farm Commodity Subsidies

Federal farm support began in the 1930s through Depression-era efforts to raise farm household income when commodity prices were low because of prolonged weak consumer demand. While initially intended to be a temporary effort, the commodity support programs have continued. However, several of them have been modified away from supply control and management of commodity stocks (which was designed to prop up prices) that directly linked support payments to farm production activities into decoupled revenue support<sup>10</sup> that makes payments on historical program acres—referred to as base acres.<sup>11</sup>

Proponents of farm revenue support programs argue that federal involvement in the sector is needed to stabilize and support farm incomes by shifting some of the production risks to the

<sup>8</sup> For information, see CRS Report R45193, *Federal Crop Insurance: Program Overview for the 115th Congress*, by Isabel Rosa.

<sup>9</sup> An exception to this rule is the winter wheat crop, which is planted during the fall of the previous year, lies dormant over the winter, grows out in the spring, and is harvested in late spring or early summer. Thus, winter wheat is identified with the year that it is harvested.

<sup>10</sup> *Decoupled* means that payments are not linked to current producer behavior and, instead, are based on some other measure outside of the producer's decisionmaking sphere, such as historical acres planted to program crops. Decoupling of payments is intended to minimize their incentives on producer behavior.

<sup>11</sup> See the “Base Acres” section later in this report. The shift to greater reliance on decoupled support programs is associated with U.S. commitments under the World Trade Organization. For details, see CRS Report R45305, *Agriculture in the WTO: Rules and Limits on U.S. Domestic Support*, by Randy Schnepf.

federal government. These risks include short-term market price instability often due to weather or international events—both of which are outside the farmer’s control. Proponents see the goal of farm policy as maintaining the economic health of the nation’s farm sector so that it can use its comparative advantage in supplying domestic demand and competing in the global market for food and fiber. Critics argue that farm revenue support programs waste taxpayer dollars, distort producer behavior in favor of certain crops, capitalize benefits to the owners of the resources, encourage concentration of production, and comparatively harm smaller domestic producers and farmers in lower-income foreign nations.

## **Authorizing Legislation**

The authority for USDA to operate farm revenue support programs comes from three permanent laws, as amended: the Agricultural Adjustment Act of 1938 (P.L. 75-430), the Agricultural Act of 1949 (P.L. 81-439), and the CCC Charter Act of 1948 (P.L. 80-806). Congress typically alters these laws through multi-year omnibus farm bills to address current market conditions, budget constraints, or other concerns.

If a new farm bill is not enacted when an old one expires, farm programs would revert to the permanent laws mentioned above for most of the major program crops. Under permanent law, eligible commodities would be supported under a parity-price formula at levels much higher than they are now, and many of the currently supported commodities might not be eligible.<sup>12</sup> Since reverting to permanent law is incompatible with current national economic objectives, global trading rules, and federal budgetary policies, pressure builds at the end of each farm bill for policymakers to enact another.

The 2018 farm bill (P.L. 115-334) contains the most recent version of the farm commodity support programs. It supersedes the commodity provisions of previous farm bills and includes a provision (Section 1702) that suspends the relevant price support provisions of permanent law for the crop (and marketing) years 2019-2023.

## **Eligible Commodities**

Federal support exists for about two dozen farm commodities representing about one-third of gross farm sales. During the five marketing years of 2014 through 2018, six crops (corn, wheat, soybeans, peanuts, cotton, and rice) accounted for an estimated 92% of farm commodity program payments.<sup>13</sup>

### ***Covered Commodities***

The 2018 farm bill continues to define *covered commodities* as the crops eligible for the farm revenue support programs PLC and ARC: wheat, oats, barley (including wheat, oats, and barley used for haying and grazing), corn, grain sorghum, long-grain rice, medium-grain rice, seed cotton (unginned upland cotton that contains both lint and seed), pulse crops (dry peas, lentils, small chickpeas, and large chickpeas), soybeans, other oilseeds (including sunflower seed,

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<sup>12</sup> For more on consequences of reverting to permanent law, see CRS Report R45341, *Expiration of the 2014 Farm Bill*, by Jim Monke, Randy Alison Aussenberg, and Megan Stubbs.

<sup>13</sup> The remaining 8% of payments are attributed to sorghum, barley, other oilseeds, pulse crops, and dairy. Compiled by CRS using data from USDA’s Farm Service Agency and projections from the Congressional Budget Office’s January 2019 baseline for farm programs. For commodity-level detail on program payments, see CRS Report R44914, *Farm Safety-Net Payments Under the 2014 Farm Bill: Comparison by Program Crop*, by Randy Schnepf.

rapeseed, canola, safflower, flaxseed, mustard seed, crambe, and sesame seed), and peanuts (7 U.S.C. §9011). Each of these commodities has a statutorily defined PLC reference price (listed in **Table 1**).

Upland cotton was removed from eligibility as a covered commodity by the 2014 farm bill (P.L. 113-79). However, it indirectly regained its status as a covered commodity, via seed cotton, under the Bipartisan Budget Act of 2018 (P.L. 115-113).<sup>14</sup>

### ***Loan Commodities***

“Loan commodities” include all of the “covered commodities” plus upland cotton, extra-long-staple cotton, wool, mohair, and honey. These commodities have statutory loan rates (**Table 1**) and are eligible for the MAL program.

### ***Fresh Milk***

Support for milk production is available in the form of subsidized protection for producer milk margins (milk prices minus feed costs) under the Dairy Margin Coverage program.<sup>15</sup>

### ***Sugar Cane and Sugar Beets***

Sugar support is indirect through import quotas, processor price guarantees, and domestic marketing allotments. No direct payments are made to sugar growers or processors.<sup>16</sup>

### ***Agricultural Products Without a Title I Revenue Support Program***

Livestock, poultry, fruits, vegetables, nuts, hay, and nursery products (about two-thirds of U.S. farm sales) are not eligible to participate in a Title I revenue support program under the 2018 farm bill. However, livestock and fruit tree producers may qualify for partial relief from losses related to natural disasters under one of the four permanently authorized agricultural disaster assistance programs under Title I of the 2018 farm bill.<sup>17</sup>

Also, subsidized federal crop insurance is available for more than 100 crops, including fruits, vegetables, and selected livestock activities that are not supported by Title I farm programs. Crop insurance is designed primarily to cover losses from natural disasters or disease and within-season price or revenue declines.<sup>18</sup> Another Title I farm bill program—the Noninsured Crop Disaster Assistance Program—is available for crops not currently covered by crop insurance.<sup>19</sup>

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<sup>14</sup> For details, see CRS Report R45143, *Seed Cotton as a Farm Program Crop: In Brief*, by Randy Schnepf.

<sup>15</sup> For more information, see CRS In Focus IF10750, *Farm Bill Primer: Dairy Safety Net*, by Joel L. Greene.

<sup>16</sup> For more information, see CRS In Focus IF10689, *Farm Bill Primer: Sugar Program*, by Mark A. McMinimy.

<sup>17</sup> Described in section “Agricultural Disaster Assistance Programs” of this report. See also CRS Report RS21212, *Agricultural Disaster Assistance*, by Megan Stubbs.

<sup>18</sup> Federal crop insurance is permanently authorized outside of the farm bill by the Federal Crop Insurance Act of 2000, as amended (7 U.S.C. §1501 *et seq.*). See CRS Report R45193, *Federal Crop Insurance: Program Overview for the 115th Congress*, by Isabel Rosa.

<sup>19</sup> See CRS Report RS21212, *Agricultural Disaster Assistance*, by Megan Stubbs.

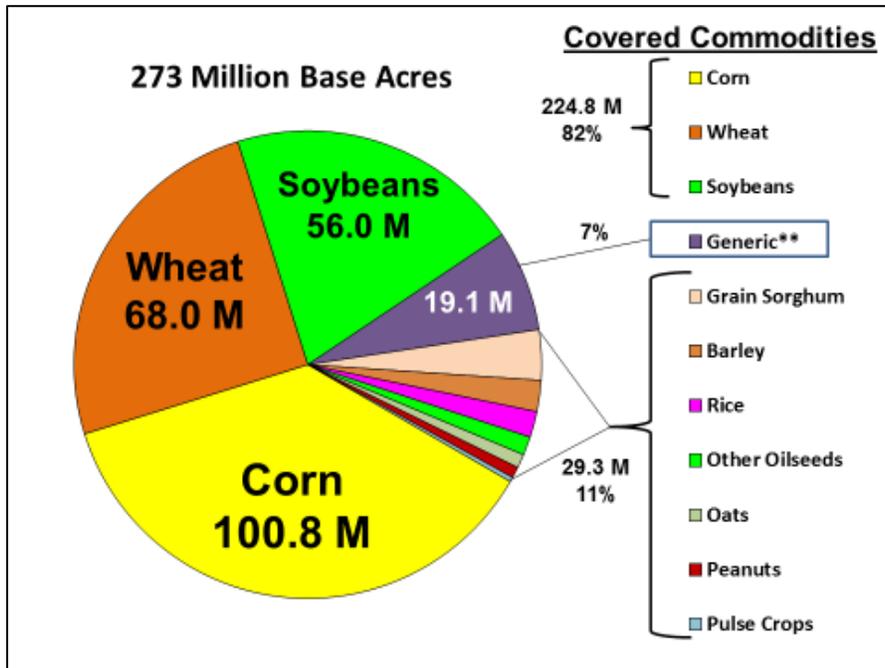
## Definition of Farm

The definition of *farm* used to administer the revenue support programs is different from common perception or statistical definitions of *farm* based on size or output. Under USDA’s Farm Service Agency (FSA) regulations, a “farm” for program payment purposes is one or more tracts of land considered to be a separate operation.<sup>20</sup> A producer must register each farm operation with USDA and identify the resources (land, labor, equipment, capital, and management) associated with it.<sup>21</sup> Land in a farm does not need to be contiguous. However, all tracts within a farm must have the same operator and the same owner (unless all owners agree to combine multiple tracts into a single FSA farm). Thus, one producer may be operating several “farms” if he or she is renting land from several landlords or has purchased land in several tracts.

## Base Acres

*Base acres* describes the historical planted acreage on each FSA farm using a multi-year average from as far back as the 1980s, for purposes of calculating program payments under one of the two revenue support programs—PLC or ARC.<sup>22</sup> As of crop year 2015, USDA reported 273 million base acres, of which 254 million acres were enrolled in either ARC or PLC (Figure 1).

Figure 1. Base Acres for Crop Year 2015



Source: Compiled by CRS from FSA data. The most recent crop year with published base acre data is 2015 (as of March 1, 2019) at [https://www.fsa.usda.gov/programs-and-services/arcplc\\_program/index](https://www.fsa.usda.gov/programs-and-services/arcplc_program/index).

<sup>20</sup> 7 C.F.R. §718.2.

<sup>21</sup> See CRS Report R45659, *U.S. Farm Program Eligibility and Payment Limits Under the 2018 Farm Bill (P.L. 115-334)*, by Randy Schnepf and Megan Stubbs.

<sup>22</sup> Base acre provisions since 1981 through the 2002 farm bill are described in Edwin Young et al., *Economic Analysis of Base Acre and Payment Yield Designations Under the 2002 U.S. Farm Act*, USDA Economic Research Service (ERS), September 2005, pp. 36-41.

**Notes:** Base acres are historical average acres on a farm that have been planted to program crops, which are defined under the 2002 farm bill (P.L. 107-171, §1101). Each base acre is associated with a particular program crop. Not all base acres are enrolled in ARC and PLC programs. In 2015, 254.3 million base acres were enrolled.

\*\*Generic base is former upland cotton base that was removed from eligibility for the ARC and PLC programs under the 2014 farm bill. In 2018, seed cotton was added as a covered commodity but not as a loan commodity by the Bipartisan Budget Agreement (BBA) of 2018 (P.L. 115-123). Under the BBA, producers were given a choice of how to allocate their generic base acres—either as base acres assigned to seed cotton or to another covered commodity and thus eligible for either ARC or PLC payments or into an unassigned pool where they would be ineligible for ARC or PLC program payments. However, USDA data on the BBA allocation of generic base acres are not yet available. For details see CRS Report R45143, *Seed Cotton as a Farm Program Crop: In Brief*, by Randy Schnepf.

Base acres are calculated for each covered commodity and remain with the land when real estate is sold, thus making the new landowner eligible for farm programs. A farm's base acres may increase from year to year if base acres expire from a conservation contract or easement<sup>23</sup> or a producer has eligible oilseed acreage as a result of the Secretary of Agriculture designating a new oilseed eligible as a covered commodity. Similarly, base acres may decline from year to year if some base acres are enrolled in a conservation easement; are converted to certain nonfarm or residential uses and are unlikely to return to agriculture; or are planted to fruits, vegetables, or wild rice in excess of certain planting flexibility rules.

Under the PLC and ARC program payment-acre provisions (7 U.S.C. 9014; **Table A-1**), planting flexibility rules allow crops other than the program crop to be grown, but eligible payment acreage is reduced when fruits, vegetables (other than mung beans and pulse crops), or wild rice are planted in excess of 15% of base acres (or 35% depending upon a farmer's program choice discussed below). The reduction to payment acres is one-for-one for every acre in excess of these percentages for that year.

A farm with base acres is not obligated to participate in farm programs. For those farms that do participate, once a farm's base acres are enrolled in either ARC or PLC, the farm does not have to plant a particular program crop to be eligible for a program payment. This is because ARC and PLC payments are decoupled from actual crop plantings.<sup>24</sup> However, all participating producers must maintain conservation compliance, which requires planting a cover crop on highly erodible land.<sup>25</sup>

Under both the 2014 farm bill (P.L. 113-79) and the Bipartisan Budget Act of 2018 (P.L. 115-113), the calculation of base acres underwent several changes. These are briefly discussed next.

## 2014 Farm Bill: Updating Base Acres, Creation of Generic Base

Because a farmer's actual plantings may differ from farm base acres, program payments may not necessarily align with financial losses associated with market prices or crop revenue. To better match program payments with farm risk, the 2014 farm bill provided farmers with a one-time opportunity to update individual crop base acres by reallocating acreage within their current base portfolio to match their actual crop mix (plantings) during the crop years 2009-2012. Farmers could also choose to not reallocate their base acres if they expected payments to be maximized under their then-current base acres. Even after the opportunity to update base acres to better match actual farm plantings, disparities remained between base and planted acres (**Figure 2**).

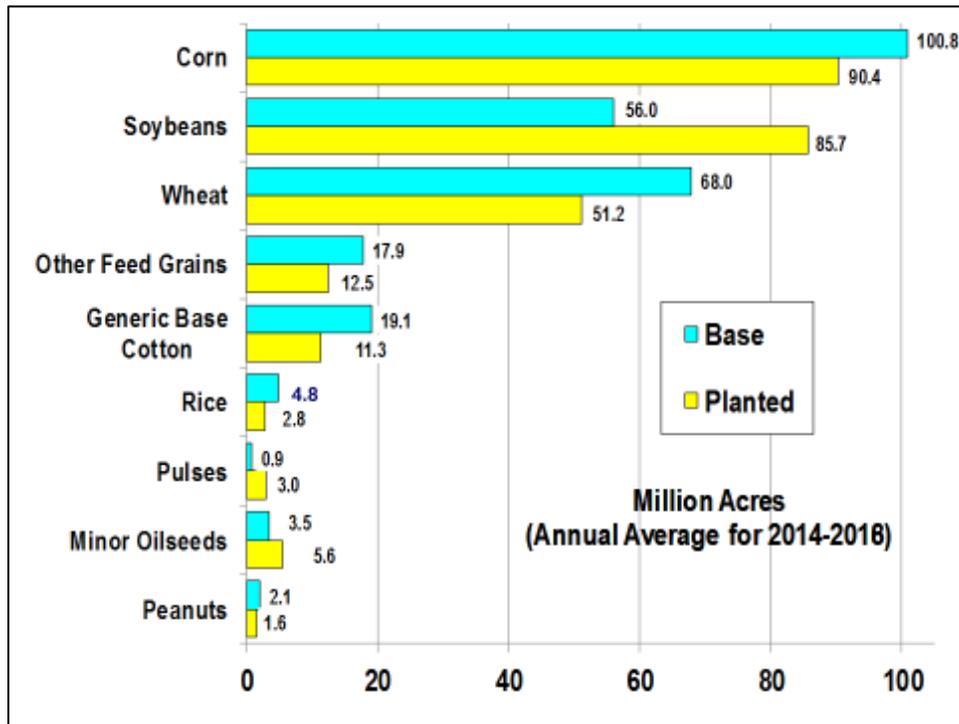
<sup>23</sup> For example, a Conservation Reserve Program contract or a wetland reserve easement.

<sup>24</sup> For an explanation of how this decoupling is applied, see "Decoupled Payments Made on Base Acres".

<sup>25</sup> See the "Eligible Producers" section of this report for more on conservation compliance and other requirements.

The 2014 farm bill also removed upland cotton from eligibility for the ARC and PLC programs due to a ruling from a World Trade Organization dispute settlement case successfully brought by Brazil against U.S. cotton support programs.<sup>26</sup> Former cotton base acres were renamed “generic base” and added to a producer’s base for potential payments if a covered commodity (now excluding upland cotton) was planted on the farm.<sup>27</sup> However, upland cotton remained eligible for the MAL program.

**Figure 2. Base Versus Planted Acres, 2014-2018**



**Source:** Compiled by CRS from Farm Service Agency data on base acres as reported for 2014 and 2015 and National Agricultural Statistics Service data on planted acres as reported for crop years 2014-2018.

### Bipartisan Budget Agreement of 2018: Seed Cotton as a Covered Commodity

In 2018, seed cotton was added as a covered commodity, but not as a MAL loan commodity, by the Bipartisan Budget Agreement (BBA) of 2018 (P.L. 115-123).<sup>28</sup> Under the BBA, producers were given a choice of how to allocate their generic base acres—either as base acres assigned to seed cotton or to another covered commodity and thus eligible for either ARC or PLC payments or into an unassigned pool where they would be ineligible for ARC or PLC program payments.<sup>29</sup>

<sup>26</sup> See CRS In Focus IF10193, *The WTO Brazil-U.S. Cotton Case*, by Randy Schnepf.

<sup>27</sup> Specifically, for each crop year, generic base acres were attributed to (i.e., temporarily designated as) base acres to a particular covered commodity base in proportion to that covered commodity’s share of total plantings of all covered commodities in that year. Thus, generic base acres were coupled to actual plantings.

<sup>28</sup> Seed cotton is the harvested, but un-ginned cotton boll that includes both lint and cottonseed. See CRS Report R45143, *Seed Cotton as a Farm Program Crop: In Brief*, by Randy Schnepf.

<sup>29</sup> As described in the notes to **Figure 1**, USDA data on the BBA-designated allocation of generic base acres are not available as of May 10, 2019.

## 2018 Farm Bill: Base Acres Retained from Prior Law with Potential Reduction

The 2018 farm bill retained base acres as defined on September 30, 2018, under the 2014 farm bill and inclusive of the BBA changes. Thus, upland cotton remains ineligible for PLC or ARC but is so indirectly via seed cotton. The 2018 farm bill also added a provision (Section 1102(b)) regarding base-acre eligibility for ARC or PLC program payments. If base acres were planted continuously to grass or pasture (including fallow acres) during the nine-year period extending from January 1, 2009, through December 31, 2017, then those affected base acres are not eligible for ARC or PLC payments during the life of the 2018 farm bill—that is, during crop years 2019-2023. However, these acres would remain eligible to be counted as base acres for a future farm bill.<sup>30</sup>

## Eligible Producers

The 2018 farm bill defines *producer* (for purposes of revenue support program benefits) as an owner-operator, landlord, tenant, or sharecropper who shares in the risk of producing a crop and is entitled to a share of the crop produced on the farm. Participation in revenue support programs is free. However, an individual must comply with certain requirements to be eligible for most program payments.<sup>31</sup> These requirements include:

- **Actively engaged in farming (AEF).** Each individual must provide a significant contribution of capital (land or equipment) and personal labor or active personal management to the farm operation, share in the risk of loss from the farm operation, and receive a share of the output as compensation.<sup>32</sup> Legal entities can be actively engaged if members collectively contribute personal labor or active personal management. Special classes allow landowners to be considered actively engaged if they receive income based on the farm's operating results without providing labor or management (as described below).
- **Conservation compliance.** A producer agrees to maintain a minimum level of conservation on highly erodible land and not to convert or make production possible on wetlands.<sup>33</sup>
- **Adjusted gross income (AGI) threshold.** Persons with combined farm and nonfarm AGI in excess of \$900,000 are ineligible for most program benefits. Average AGI is measured from the three tax years prior to the most recent taxable year. The AGI limit may be waived on a case-by-case basis to protect environmentally sensitive land of special significance.
- **Minimum farm size.** A producer on a farm may not receive farm program payments if the sum of the base acres on the farm is 10 acres or less. Two producer groups are excluded from this prohibition: beginning farmers and ranchers and veteran farmers and ranchers.

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<sup>30</sup> In addition, these specific base acres are eligible for up to an \$18 per acre payment under the Grassland Conservation Initiative under the Conservation Stewardship Program of Title II (Section 2309) of the 2018 farm bill. See CRS Report R45698, *Agricultural Conservation in the 2018 Farm Bill*, by Megan Stubbs.

<sup>31</sup> See CRS Report R45659, *U.S. Farm Program Eligibility and Payment Limits Under the 2018 Farm Bill (P.L. 115-334)*, by Randy Schnepf and Megan Stubbs.

<sup>32</sup> See the discussion under "Payment Limits" regarding the AEF status of members of a family farm. See also CRS Report R44656, *USDA's Actively Engaged in Farming (AEF) Requirement*, by Randy Schnepf.

<sup>33</sup> See CRS Report R42459, *Conservation Compliance and U.S. Farm Policy*, by Megan Stubbs.

## Eligibility and Tenancy

A farm operation usually involves some combination of owned and rented land. The amount of total land in farms rented by farm operators has ranged between 34% and 43% of farmland during 1964-2012.<sup>34</sup> In 2014, an estimated 39% of farmland was rented—80% of rented farmland is owned by non-operator landlords. Two types of rental arrangements are common: cash rent and share rent.

### *Cash Renting Base Acres*

Under cash rental contracts, the tenant pays a fixed cash rent to the landlord. The landlord receives the same rent irrespective of market conditions, bears no risk in production, and thus fails to meet the AEF criteria and is not eligible to receive program payments. The tenant bears all of the risk, takes all of the harvest, and receives all of the program payment.

Even though tenants might receive all of the government payments under cash rent arrangements, they might not keep all of the benefits if landlords demand higher rent. Economists widely agree that a large portion of government farm payments passes through to landlords, since government payments boost the rental value of land.<sup>35</sup>

### *Share Cropping Base Acres*

Under share rental contracts, the tenant usually supplies most or all of the labor and machinery, while the landlord supplies land and perhaps some machinery or management. Both the landlord and the tenant bear risk in producing a crop and receive a portion of the harvest.<sup>36</sup> In most cases, both meet the AEF criteria and are eligible to share in the government subsidy.

## Farm Commodity Revenue Support Programs

The farm revenue support program provisions from Title I of the 2014 farm bill are largely preserved under the 2018 farm bill but with some modifications, as identified below.<sup>37</sup>

### The Marketing Assistance Loan (MAL) Program

The MAL program has been in existence, in one form or another, since the 1930s. Its longevity as a farm program derives from its utility at providing both short-term financing and a guaranteed floor price.<sup>38</sup> This is done by offering producers a nonrecourse nine-month loan—valued at a commodity-specific, statutorily-fixed loan rate—for all harvested production of qualifying crops.

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<sup>34</sup> ERS, “Farmland Ownership and Tenure,” accessed on April 5, 2019, <https://www.ers.usda.gov/topics/farm-economy/land-use-land-value-tenure/farmland-ownership-and-tenure/>.

<sup>35</sup> The concept of “capitalization” of agricultural subsidies into land values is taught in most agricultural policy classes and is a frequent subject of empirical work. See Todd Kuethe, “The Link Between Farm Policy and Farmland Values,” *Policy Matters*, University of Illinois, August 20, 2014.

<sup>36</sup> For example, a typical share rental arrangement in some regions is a one-half/one-half split of the crop harvested, with the landlord supplying all of the land and the cost of certain inputs such as fertilizer and seed. The tenant supplies all of the labor and pays the remaining share of the input costs such as machinery and fuel. Management decisions, such as crop diversification, are usually made jointly.

<sup>37</sup> See CRS In Focus IF11164, *2018 Farm Bill Primer: Title I Commodity Programs*, by Randy Schnepf.

<sup>38</sup> See CRS In Focus IF11162, *2018 Farm Bill Primer: Marketing Assistance Loan Program*, by Randy Schnepf.

These qualifying crops are referred to as loan commodities (**Table 1**).<sup>39</sup> Because MAL benefits are directly linked to the harvested output, benefits are said to be “coupled.”

### *No Signup, but Participation Requires a Harvested Crop*

No pre-planting signup is necessary to participate in the MAL program, and a producer does not need to own or rent base acres to be eligible. However, a producer must have a harvested crop to use as collateral for the loan. Thus, if a producer suffers a crop failure due to a natural disaster and has no marketable crop, the MAL program is not available as a program option.

### *How the MAL Program Works*

At harvest time, crop prices are usually at their lowest point for the year because of the large supply of harvested crops entering the marketplace at the same time. To avoid selling into a weak market, the MAL program offers producers the option to put a harvested loan commodity under a nine-month nonrecourse loan valued at a statutorily fixed, per-unit commodity loan rate (**Table 1**) using the crop as collateral. Thus, MAL benefits are coupled to the harvested crop.<sup>40</sup> *Nonrecourse* means that USDA must accept the pledged crop (i.e., the collateral) as full payment of an outstanding loan if the collateral is forfeited.<sup>41</sup>

During the nine-month loan period, producers will consider whether market prices are above or below the MAL loan rate. If they are above the loan rate, producers will pay off their loans and reclaim their collateral crops to sell into the higher priced marketplace. However, if market prices are below the loan rate, then producers may consider forfeiting their crop to USDA and keeping the loan value as payment. Thus, the statutory loan rate, in effect, establishes a price guarantee. Under the 2018 farm bill a producer has additional choices besides forfeiture in claiming MAL benefits when market prices are low (see “Policy Evolution of the MAL Program” section below).

### *Policy Evolution of the MAL Program*

In the 1960s, 1970s, and 1980s, during extended periods when commodity prices were below the MAL loan rates, many producers chose to forfeit their crops to USDA rather than repay their MAL loans at the higher loan rate. These forfeitures led to large accumulations of grain and oilseed stocks by USDA. These government-held stocks were costly to taxpayers and contributed to market conditions of oversupply.

In the 1980s and 1990s, Congress redesigned the MAL program to avoid government stock accumulation by offering alternative repayment prices to the statutory loan rates (see box below). Under current law, prior to loan maturity, producers may compare the repayment prices announced by USDA for their localities with the statutory MAL loan rates for each eligible commodity before selecting from among several potential MAL program benefits.

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<sup>39</sup> In the cited table, commodities with MAL loan rates are referred to as “loan” commodities. Commodities with PLC reference prices are known as “covered” commodities.

<sup>40</sup> This is in contrast to the other two Title I farm programs (PLC and ARC described below) that make payments on historical acres and yields and therefore are not dependent on current production.

<sup>41</sup> A few crops are eligible for recourse loans (i.e., they must be repaid at principal plus interest), including extra-long-staple cotton, seed cotton, and high-moisture grains—that is, grains having a moisture content in excess of CCC standards for storability. Recourse loans are not eligible for MAL benefits but do offer low-interest financing.

### USDA-Announced, Alternative MAL Repayment Prices

USDA regularly announces alternative MAL loan repayment prices that may vary with market conditions above or below the statutory loan rates.<sup>42</sup> The periodicity varies with the loan commodities. For example, for most grain and oilseed crops, USDA announces daily the alternative loan repayment rate as a posted county price—that is, average wholesale terminal prices adjusted for transportation costs from the terminal to the county. For upland cotton and rice, USDA collects international reference prices, which are converted to a U.S. location by adjusting for transportation costs. These “adjusted world prices” are announced weekly for operating the cotton and rice MAL repayment provisions. USDA announces a weekly national posted price for peanuts, wool, and mohair and a weekly national or regional posted price for pulse crops. For honey, a monthly survey prices is announced.

### *A Producer Has Four Potential Repayment Choices Under an MAL Loan*

Under current law (as continued by the 2018 farm bill), a producer with a commodity under an MAL loan has several repayment options. If the USDA-announced repayment rate is at or above the loan rate, the farmer repays the loan principal and interest and reclaims the commodity. In contrast, when the announced repayment rate is below the loan rate, the farmer may choose from among four potential options:

1. **Loan deficiency payment (LDP).** Rather than putting the harvested crop under an MAL, a farmer may request an LDP with the per-unit payment rate equal to the difference between the loan rate and loan repayment rate. The farmer receives the LDP payment and keeps the crop to sell or use on farm.
2. **Marketing loan gain (MLG).** A participating farmer with a crop under an MAL loan can repay the loan at the USDA-announced repayment price and pocket the difference (between the loan rate and the repayment rate) as an MLG. The farmer keeps the MLG and the crop to sell or use on farm.
3. **Commodity certificate exchange.** A farmer may use commodity certificates—paper certificates with a dollar denomination that may be exchanged for commodities in USDA inventory—to repay an MAL loan at the lower USDA-announced price and keep the associated price gain. The farmer keeps the gain and the crop to sell or use on farm.
4. **Forfeiture.** A producer can forfeit the pledged crop to USDA at the end of the loan period. The producer may keep any price gains associated with forfeiture but relinquishes access to the crop.

### *Higher MAL Loan Rates for Some Commodities Under the 2018 Farm Bill*

The level of revenue support provided by the MAL program varies with market conditions and the relationship between MAL loan rates and market prices. The 2018 farm bill raised MAL loan rates for several loan commodities, including barley, corn, grain sorghum, oats, extra-long-staple cotton, sugar, rice, soybeans, dry peas, lentils, and small and large chickpeas.<sup>43</sup> The MAL program’s usefulness as a risk management and marketing tool varies widely across program crops depending on the relationship between farm prices and the statutory loan rates.

Under the 2018 farm bill (Section 1703):

<sup>42</sup> USDA’s FSA publicly releases the MAL repayment rates at <https://www.fsa.usda.gov/programs-and-services/price-support/Index>.

<sup>43</sup> For a comparison of MAL loan rates under the 2014 and 2018 farm bills, see CRS In Focus IF11162, *2018 Farm Bill Primer: Marketing Assistance Loan Program*, by Randy Schnepf.

- MAL benefits are no longer subject to annual payment limits (this includes MLG and LDP benefits, as well as any gains under commodity certificates and forfeiture).<sup>44</sup>

Under the previous 2014 farm bill:

- MLG and LDP benefits combined with payments under PLC and ARC were subject to a payment limit of \$125,000 per person for all covered commodities (except peanuts, which has a separate limit of \$125,000).
- However, MAL gains under commodity certificates and forfeiture were excluded from payment limits.

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<sup>44</sup> In the past, commodity certificates and forfeiture were used to avoid Title I program payment limits. They may be less useful now that all MAL benefits are excluded from payment limits.

**Table I. Farm Prices, Marketing Assistance Loan Rates, and PLC Reference Prices**  
(2014 farm bill versus 2018 farm bill)

Program Commodities <sup>a</sup>	Unit	Recent Farm Price (FP) <sup>b</sup> \$/unit	Market Assistance Loan			PLC Reference	
			2014FB		2018FB	2014FB + 2018FB	
			\$/unit	% FP	\$/unit	\$/unit	% FP
Corn	bu.	\$3.52	\$1.95	55%	\$2.20	\$3.70	105%
Soybeans	bu.	\$9.25	\$5.00	54%	\$6.20	\$8.40	91%
Wheat, all	bu.	\$4.92	\$2.94	60%	\$3.38	\$5.50	112%
Peanuts	cwt.	\$21.06	\$17.75	84%	\$17.75	\$26.75	127%
Sorghum	bu.	\$3.29	\$1.95	59%	\$2.20	\$3.95	120%
Barley	bu.	\$4.95	\$1.95	39%	\$2.50	\$4.95	100%
Oats	bu.	\$2.45	\$1.39	59%	\$2.00	\$2.40	98%
Rice, long-grain	cwt.	\$11.35	\$6.50	57%	\$7.00	\$14.00	123%
Rice, medium-grain	cwt.	\$16.15	\$6.50	40%	\$7.00	\$16.10	100%
Dry peas	cwt.	\$11.90	\$5.40	45%	\$6.15	\$11.00	92%
Lentils	cwt.	\$27.20	\$11.28	36%	\$13.00	\$19.97	73%
Chickpeas, large	cwt.	\$31.35	\$11.28	45%	\$14.00	\$21.54	69%
Chickpeas, small	cwt.	\$25.00	\$7.43	40%	\$10.00	\$19.04	76%
Cotton, upland <sup>c</sup>	cwt.	\$65.97	\$52.00 <sup>d</sup>	79%	\$52.00 <sup>d</sup>	n.a.	n.a.
Cotton, extra-long-	cwt.	\$137.00	\$79.77	58%	\$95.00	n.a.	n.a.
Seed Cotton <sup>e</sup>	cwt.	\$33.37	n.a.	n.a.	n.a.	\$36.70	110%
Sugar, refined beet	cwt.	\$32.69 <sup>f</sup>	\$24.09	74%	\$25.37	n.a.	n.a.
Sugar, raw cane	cwt.	\$25.97 <sup>g</sup>	\$18.75	72%	\$19.75	n.a.	n.a.
Wool, graded	cwt.	\$146.33 <sup>h</sup>	\$115.00	79%	\$115.00	n.a.	n.a.
Wool, nongraded	cwt.	\$146.33 <sup>h</sup>	\$40.00	27%	\$40.00	n.a.	n.a.
Mohair	cwt.	\$501.67	\$420.00	84%	\$420.00	n.a.	n.a.
Honey	cwt.	\$213.75	\$69.00	32%	\$69.00	n.a.	n.a.
Minor oilseeds <sup>i</sup>	cwt.	n.a.	\$10.09	58%	\$10.09	\$20.15	115%
Sunflower	cwt.	\$18.07	\$10.09	56%	\$10.09	\$20.15	112%
Flaxseed	cwt.	\$16.67	\$10.09	61%	\$10.09	\$20.15	121%
Canola	cwt.	\$16.62	\$10.09	61%	\$10.09	\$20.15	121%
Rapeseed	cwt.	\$30.05	\$10.09	34%	\$10.09	\$20.15	67%
Mustard	cwt.	\$32.70	\$10.09	31%	\$10.09	\$20.15	62%
Safflower	cwt.	\$24.50	\$10.09	41%	\$10.09	\$20.15	83%

**Source:** Compiled by CRS. MAL loan rates and PLC reference prices are from the 2014 and 2018 farm bills; monthly price data are from National Agricultural Statistics Service (NASS) and ERS.

**Notes:** FB = farm bill, n.a. = not applicable, bu. = bushel, cwt. = hundredweight or 100 lbs.

a. Commodities with MAL loan rates are referred to as “loan” commodities; commodities with PLC reference prices are known as “covered” commodities.

- b. The Olympic average (excluding high and low data years) for crop years 2014-2018 of market-year average farm prices (MYAPs). Average adjusted world prices are used for comparison of upland cotton and rice MAL loan rates instead of farm prices.
- c. Upland cotton was removed from eligibility for the ARC and PLC programs by the 2014 farm bill due to a ruling from a World Trade Organization dispute settlement case successfully brought by Brazil against U.S. cotton support programs (see CRS In Focus IF10193, *The WTO Brazil-U.S. Cotton Case*, by Randy Schnepf). However, upland cotton remains eligible for the MAL program.
- d. The loan rate for upland cotton is the average MYAP for the preceding two years but within a range of \$45/cwt. and \$52/cwt.
- e. Seed cotton was added as a covered commodity, but not a loan commodity, by the Bipartisan Budget Act of 2018 (P.L. 115-123).
- f. U.S. wholesale refined beet sugar price, Midwest markets, Milling and Baking News, as reported by ERS.
- g. U.S. raw sugar price, Contract No. 14/16, duty fee paid New York, as reported by ERS.
- h. Average farm price received, with no distinction for graded or ungraded, as reported by NASS.
- i. Minor oilseeds include the six listed oilseeds (sunflower, flaxseed, canola, rapeseed, mustard, and safflower), as well as crambe and sesame—but these latter two are excluded from the price calculation due to insufficient data.
- j. Weighted average based on 2018 production as reported by NASS.

## PLC and ARC Programs

A second tier of revenue support is available under the PLC and ARC programs. PLC and ARC provide income support to covered commodities at levels above the price protection offered by the MAL program's loan rates.

ARC and PLC were first authorized under the 2014 farm bill (P.L. 113-79). The 2018 farm bill extends both programs but with several modifications intended to increase producer flexibility in their use. Participation is free. However, a producer must own or rent base acres to participate. In addition, a producer must elect ARC or PLC for the farm's historical base acres and enroll his or her farm operation in the elected program.<sup>45</sup> Unlike MAL payments, which are coupled to harvested crops, PLC and ARC payments are decoupled and made proportional to base acres.

## Producer Election

Producers choose between PLC and ARC depending on their preference for protection against a decline in (a) crop prices or (b) crop revenue, respectively. Payments under the PLC program are triggered when the national market-year average farm price (MYAP) for a covered commodity is below its "effective reference price" (**Figure 3**). In contrast, ARC payments are triggered when crop revenue is below its guaranteed level based on a multi-year moving average of historical crop revenue (**Figure 5**). Producers can elect ARC at either the county (ARC-CO) or individual farm (ARC-IC) level. PLC and ARC-CO choices can vary by "covered" commodities (for a list of covered commodities, see **Table 1**), whereas ARC-IC includes all "covered" commodities on a farm under a single whole-farm revenue guarantee.

Under the 2014 farm bill, producers had a one-time choice between ARC and PLC, on a commodity-by-commodity basis that lasted for five crop years (2014-2018). In contrast, the 2018 farm bill allows producers to alter their program choices more frequently. In 2019, producers may

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<sup>45</sup> Enrollment (or signup) is not the same as program election. Under the 2014 farm bill, producers made a one-time program election, then had to enroll—using a CCC-861 contract for PLC or ARC-CO, or a CCC-862 contract for ARC-IC—by August 1 of the crop year involved for each contract year. In contrast, the 2018 farm bill allows for a multi-year enrollment. The enrollment deadlines for program election and signup up under the 2018 farm bill have not yet been announced as of this report.

select ARC or PLC coverage, on a commodity-by-commodity basis, effective for both crop years 2019 and 2020. If no initial choice is made, then the default is whichever program was in effect during crop years 2015 through 2018 under the 2014 farm bill. Then, beginning in 2021, producers may again choose (i.e., make a new election) between ARC and PLC annually by covered commodity for each of crop year 2021, 2022, and 2023. In addition, producers now may remotely and electronically sign annual or multi-year contracts for ARC and PLC.

### Price Loss Coverage (PLC)

PLC price protection is based on a statutorily fixed reference price (**Table 1**) that may be temporarily increased under certain conditions. Under the 2014 farm bill version of the PLC program, producers received payments on a portion of their enrolled base acres when the national MYAP for the enrolled covered commodity was below its reference price set in statute. This option was attractive if farmers expected farm prices to drop below the reference price for a covered commodity.

The 2018 farm bill added a provision (Section 1101) that replaced the statutory reference price with an “effective reference price” that may increase to as much as 115% of the statutory PLC reference price based on market conditions. The effective reference price is determined by a formula as the higher of the statutory reference price or 85% of the five-year Olympic average<sup>46</sup> of the national MYAP for the five preceding years.

### PLC Payment Formula

Under the 2018 farm bill, the PLC program will make a payment when the MYAP for a covered commodity is less than the effective reference price. See **Figure 3** for a graphical interpretation of the formula and **Figure 4** for a hypothetical example for rice. The farm’s total PLC payments for a covered commodity may be calculated as follows:

- The **PLC per-unit payment rate** equals the difference between the effective PLC reference price and the higher of the MYAP or the MAL loan rate.
- The **PLC per-acre payment rate** equals the PLC per-unit payment rate times the program yield (described below).
- The **PLC total payment** equals the PLC per-acre payment rate times 85% of base acres signed up for the respective covered commodity.<sup>47</sup>

### PLC Payment Yield

PLC payment yields are similar to base acres in that they are historical farm-level, crop-specific measures that are used to determine program payments under the PLC program.<sup>48</sup> Producers were given the option of updating their payment yields under the 2002, 2014, and 2018 farm bills.<sup>49</sup>

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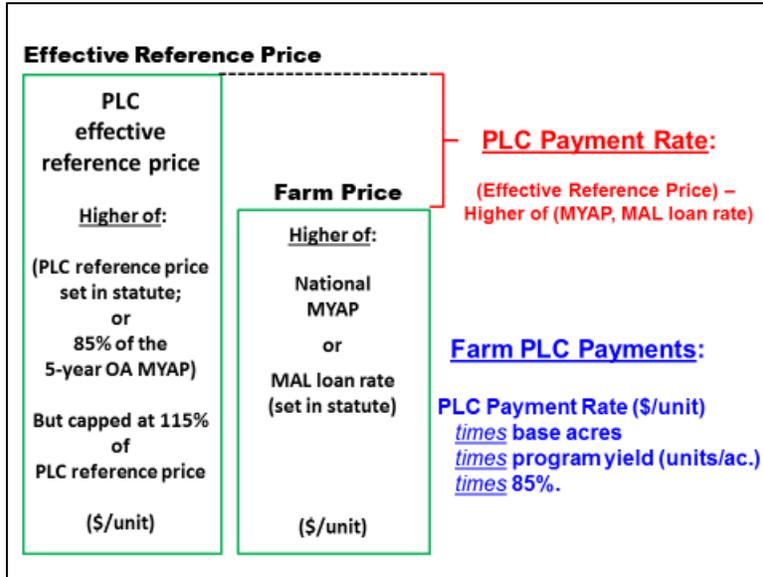
<sup>46</sup> The Olympic average excludes the high and low data years from the average.

<sup>47</sup> The concept of payment acres equal to 85% of base acres originated with a provision in the Omnibus Budget Reconciliation Act of 1990 (P.L. 101-508, §1101) that was intended to score budget savings. See ERS, *Provisions of the Food, Agriculture, Conservation and Trade Act of 1990*, AIB 624, June 1991, p. 35.

<sup>48</sup> Under the 1996, 2002, and 2008 farm bills, payment (or alternately, program) yields were used to determine payments under the now-repealed direct payment and counter-cyclical payment programs.

<sup>49</sup> For details on the 2002 farm bill (P.L. 107-171) yield update, see the reference in footnote 22.

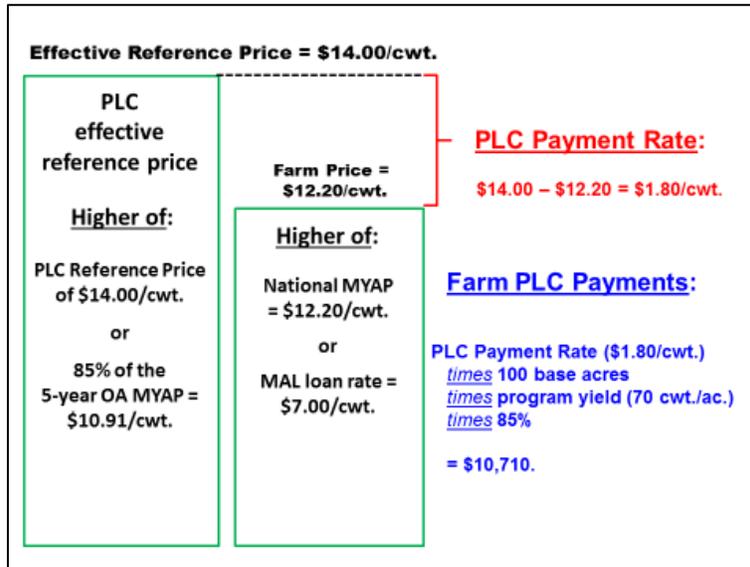
**Figure 3. The Price Loss Coverage (PLC) Program Formula**  
(makes payment when national MYAP drops below the effective reference price)



**Source:** Compiled by CRS based on the 2018 farm bill (P.L. 115-334).

**Note:** MYAP = market-year average farm price; MAL = Marketing Assistance Loan program; OA = Olympic average (excluding the high and low years). In a declining market, the per-bushel payment rate increases until the farm price drops below the loan rate, when benefits under the MAL program may become available.

**Figure 4. PLC Low-Price Scenario for Rice**



**Source:** Compiled by CRS based on the 2018 farm bill (P.L. 115-334).

**Notes:** MYAP = market-year average farm price; MAL = Marketing Assistance Loan program; OA = Olympic average (excluding the high and low years). This example assumes a farm with 100 base acres enrolled in the rice PLC program, a program yield for rice of 70 cwt./acre, and national OA for MYAP for 2013-2018 of \$12.20 per cwt. In a declining market, the per-unit payment rate increases until the farm price drops below the loan rate (\$7.00/cwt. for rice), at which point the PLC payment rate is fixed at \$14.00 - \$7.00 = \$7.00/cwt. If market prices decline further, benefits under the MAL program may become available.

Under the 2014 farm bill, producers were given an opportunity to update payment yields, on a covered-commodity-by-covered-commodity basis, using 90% of average yields for the 2008-2012 crop years—excluding any year in which acreage planted to the covered commodity was zero. Producers could also use a “plug” yield in the update calculation, equal to 75% of the five-year average county yield for a covered commodity, if the farm-level yield for any of the 2008-2012 crop years was less than 75% of the average county yield during that period. The yield update election had to be made so as to be in effect beginning with the 2014 crop year.

Under the 2018 farm bill, producers could again update program yields, on a covered-commodity-by-covered-commodity basis, using 90% of the average of the yield per planted acre for the 2013-2017 crop years. However, unlike the 2014 farm bill yield update which used the simple average for the data period, the 2018 farm bill yield update was subject to a commodity-specific adjustment factor to account for any national increase in trend yield.<sup>50</sup>

Producers could again use a “plug” yield in the update calculation, equal to 75% of the average county yield for a covered commodity during the 2013-2017 crop years, if the farm-level yield for any year was less than 75% of the average county yield during that period. Any year in which planted acreage to the covered commodity was zero could be excluded from the calculation. The yield update election must be made so as to be in effect beginning with the 2020 crop year.

## Agriculture Risk Coverage (ARC)

Producers more concerned about declines in crop revenue (i.e., yield times price) than price can select the county ARC program (ARC-CO) as an alternative to PLC for each covered commodity. Under ARC-CO, payments are triggered when the annual county revenue for a covered commodity is less than 86% of its recent five-year average revenue.<sup>51</sup> If farmers prefer farm-level revenue protection based on farm-level yields, then they could choose to combine all covered commodities into a single, whole-farm revenue guarantee under the farm-level “individual” ARC (ARC-IC) program.

### County ARC (ARC-CO)

The ARC-CO program has a county revenue guarantee, and only a crop revenue loss at the county level triggers a payment. The ARC-CO crop revenue guarantee equals 86% of the county benchmark revenue (**Figure 5**). The benchmark revenue is the product of the five-year Olympic average of county yields (measured as units of output per acre) and the five-year Olympic average of the higher of the national MYAP or the PLC effective reference price. An ARC-CO payment is made if the current-year county revenue (calculated as the product of county yield and national MYAP) is below the ARC-CO revenue guarantee. The ARC-CO payment rate, which

<sup>50</sup> The adjustment factor is equal to the ratio of the 2008-2012 national average yield over the 2013-2017 national average yield. Thus, each farm-level yield update would be adjusted by the rate of national yield growth for that crop. This adjustment favors farms (and crops) whose yields grew at a faster rate than the national average growth rate.

<sup>51</sup> The county refers to the county where the farm operation is located.

equals the difference between the per-acre county revenue guarantee and the actual county per-acre crop revenue, is capped at 10% of benchmark revenue.

With the revenue guarantee set at 86% of the benchmark revenue, the producer absorbs the first 14% of any shortfall, and the government absorbs the next 10% of revenue shortfall.<sup>52</sup> Remaining losses may be backstopped by crop insurance if purchased at sufficient coverage levels by the producer and by the MAL program.

Similar to PLC, the ARC-CO payment formula for a particular covered commodity is the ARC-CO payment rate *times* 85% *times* the number of base acres enrolled in ARC-CO. See **Figure 5** for a graphical interpretation of the formula and **Figure 6** for a hypothetical example for corn.

### *County Yield Data Changes*

Under the 2014 farm bill, USDA's National Agricultural Statistics Service (NASS) was the primary source for the county yield estimates used in the ARC-CO formulas. However, when USDA announced its first ARC-CO payments under the then-new program in 2015, significant discrepancies in county-level payments were discovered. These discrepancies appeared to be due, in part, to how average county yield calculations were being made. If a county lacked sufficient NASS data, then USDA would use Risk Management Agency (RMA) yield data based on crop insurance program participation. A comparison of the two estimates suggested that RMA yields were frequently higher than NASS yields at the county level. As a result, payments to producers in counties where RMA yields were used could be substantially lower than payments in counties using NASS yields. Congress showed interest in minimizing such discrepancies.<sup>53</sup> Since RMA yield data were more widely available at the county level than NASS yield data, there was considerable debate about switching yield data prioritization for ARC-CO calculations to the RMA data.

Under the 2018 farm bill (Section 1107), yield data from RMA are made the primary source for county average yield calculations for the ARC-CO benchmark revenue. Where RMA data are not available, USDA is to determine the data source considering data from NASS or the yield history of representative farms in the state, region, or crop-reporting district. Also, ARC-CO is to use a trend-adjusted yield to calculate the benchmark revenue, as is done by RMA for the federal crop insurance program. Finally, the five-year Olympic average county yield calculations are to include a yield plug (equal to 80% of the 10-year average county yield) for each year where actual county yield is lower than the estimated plug.

Other 2018 farm bill (Section 1107) modifications to ARC-CO include allowing yields used in ARC-CO revenue calculations to be calculated separately for irrigated and non-irrigated land in each county and basing ARC-CO payments on the physical location of the farm—farms that cross multiple counties are prorated for each county. Finally, up to 25 counties nationwide may subdivide for ARC-CO yield calculations to reflect significant yield deviations within a county. Such subdivision is to be based on certain criteria: A county must be larger than 1,400 square miles and have more than 190,000 base acres.

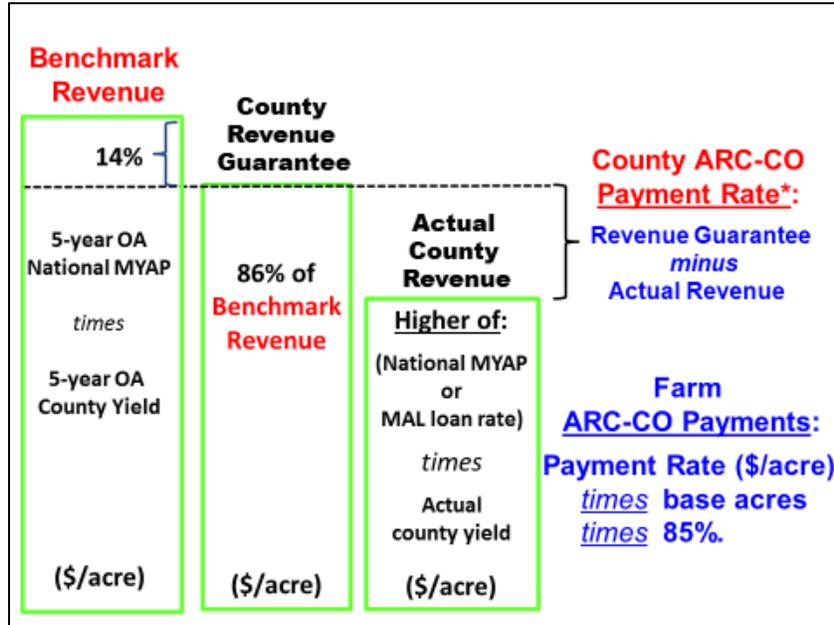
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<sup>52</sup> The 86% of benchmark revenue as the revenue guarantee and the 10% of benchmark revenue as a cap on per-acre payments were determined by policymakers.

<sup>53</sup> The FY2017 (Section 772), FY2018 (Section 752), and FY2019 (Section 748) appropriations acts—with fiscal years that correspond with the payment period for the 2016, 2017, and 2018 crop years (respectively) of the 2014 farm bill—have tried to address this issue with a pilot program funded at \$5 million annually that gives the Secretary of Agriculture authority to make supplemental payments to participants of the ARC program located in counties that had insufficient NASS data to calculate county yield estimates and instead had to rely on alternate county yield determinations, which generated smaller payments than they would otherwise have received.

**Figure 5. Agriculture Risk Coverage, County (ARC-CO) Formula**

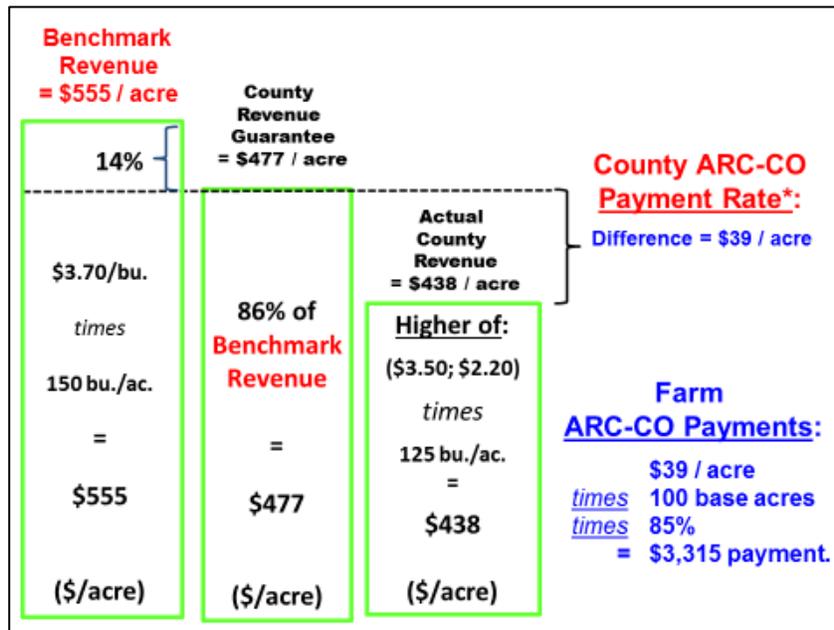
Payment triggered when actual county revenue drops below 86% of county revenue guarantee



Source: Compiled by CRS based on the 2018 farm bill (P.L. 115-334).

Notes: MYAP = market-year average farm price; MAL = Marketing Assistance Loan program; OA = Olympic average (excluding high and low years). The ARC-CO payment rate is capped at 10% of the benchmark revenue.

**Figure 6. ARC-CO: Low Revenue Scenario for Corn**



Source: Compiled by CRS based on the 2018 farm bill (P.L. 115-334).

Notes: Assumes five-year average price (excluding high and low years) is \$3.70 per bushel and five-year average yield (excluding high and low years) is 150 bushels per acre. In this example, the maximum potential ARC-CO payment rate is \$55.50 per acre (10% of the benchmark revenue of \$555 per acre).

### ***Individual ARC (ARC-IC)***

Instead of an ARC-CO revenue guarantee on a crop-by-crop basis, farmers could select a farm-level guarantee that includes all covered commodities on a farm under one revenue guarantee. The farm-level revenue guarantee is again based on a five-year moving average of farm-level yields for each crop year, multiplied by the higher of the reference price or the MYAP, that aggregates all crop revenue into a single, whole-farm guarantee.

The individual ARC payment formula is 65% *times* the number of total base acres for the farm *times* the difference between the whole-farm revenue guarantee and the actual whole-farm crop revenue. The calculation for the guarantee and actual revenue are based on the aggregation of all covered commodities on the farm using individual farm yields instead of county yields.<sup>54</sup>

### **Decoupled Payments Made on Base Acres**

A participating farmer does not have to plant or harvest a covered commodity to receive a PLC or ARC payment. However, a portion of the farm's base acres must be enrolled in either PLC or ARC for that covered commodity. This is because ARC-CO, ARC-IC, and PLC payments are decoupled: Payments are made on a portion of a crop's enrolled base acres rather than actual production. If ARC-CO or PLC program payments are triggered, then they are made on 85% of the producer's base acres that were enrolled for that covered commodity irrespective of actual plantings. ARC-IC payments are made on a reduced 65% of base acres.

Payments are made with a lag of approximately one year, as a full 12-month marketing year must be completed to compile the annual price and yield data necessary for USDA's calculations. According to statute (Section 1106 for PLC, Section 1107 for ARC), USDA is to announce payments no later than 30 days after the end of each marketing year. However, the actual payments may not be made prior to October 1 after the end of the applicable marketing year for the covered commodity. The marketing year varies by crop. For example, the marketing year for corn or soybeans harvested in fall 2019 ends on August 31, 2020. Thus, corn and soybean payments must be announced by September 30, 2020, but may not be made before October 1, 2020.

### **Payment Limits**

The enacted 2018 farm bill sets a \$125,000 per-person cap on the total combined payments of PLC and ARC for all covered commodities on a farming operation except peanuts, which has a separate \$125,000 limit. In addition, a provision in the 2018 farm bill (Section 1603) specifies that any reductions in PLC and ARC payments due to sequestration must be applied before evaluating payment limit criteria.<sup>55</sup> The 2018 farm bill (Section 1703) removed MAL program payments from any payment limit criteria.

Payment limits may be doubled if the farm operator has a spouse. On family farming operations, all family members ages 18 or older are deemed to meet AEF criteria and are eligible for a separate payment limit. Prior to the 2018 farm bill, family membership was based on lineal

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<sup>54</sup> An example of ARC-IC is available in FSA, "2014 Farm Bill Fact Sheet: Base Acre Reallocation, Yield Updates, Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC)," September 2014.

<sup>55</sup> Sequestration is a process to reduce federal spending through automatic, largely across-the-board reductions that permanently cancel mandatory and/or discretionary budget authority. See Appendix A in CRS Report R45230, *Agriculture and Related Agencies: FY2019 Appropriations*, by Jim Monke.

ascendants or descendants but was also extended to siblings and spouses. The 2018 farm bill (Section 1703(a)(1)(B)) expands the definition of *family farm* to include cousins, nephews, and nieces.<sup>56</sup>

## Miscellaneous Payment Programs

Producers of upland cotton may also benefit from payments under two 2018 farm bill provisions: Section 1203(b), which provides economic adjustment assistance to users of upland cotton, and Section 1201(b)(2), which authorizes cotton storage cost reimbursements under certain market conditions.

Economic adjustment assistance payments are made to domestic users for all documented use of upland cotton on a monthly basis, regardless of the origin of the upland cotton (imported or domestic). The payment rate is \$0.03 per pound. Although the payments are made to cotton users, at least a portion of the payment is likely returned to producers in the form of higher prices associated with the increased demand from domestic users.

The cotton storage cost reimbursement is generally referred to as a storage credit, since it is used to reduce the loan repayment rate by a portion of the accrued storage costs for upland cotton that has been placed under a MAL loan. It does not involve any actual CCC budgetary outlay but rather is a reduction in potential receipts from the CCC budget. The availability of a cotton storage credit is determined by the relationship between the MAL rate for upland cotton, the weekly announced average world price, and the accrued interest and storage charges specific to each bale of cotton placed under the MAL program.

## Interaction with Federal Crop Insurance

Federal crop insurance directly intersects with farm programs when producers choose between the ARC and PLC programs. For producers who select the PLC, additional price protection is available by purchasing Supplemental Coverage Option (SCO). SCO is a crop insurance product that was permanently authorized under the 2014 farm bill (Section 11003). SCO is designed to cover part of the deductible on a producer's underlying crop insurance policy. SCO is not available for base acres enrolled in ARC.

## Dairy and Sugar Programs

The sugar (Subtitle C) and dairy (Subtitle D) programs are essential parts of Title I of the 2018 farm bill. However, their programs differ markedly from the MAL, PLC, and ARC programs. Neither dairy nor sugar program benefits are subject to any per-person payment limit. In addition, the commodities themselves differ from the other Title I commodities (primarily grain and oilseed crops) in the nature of their output—fluid milk and refined sugar, how these commodities are processed and stored, and the markets that they are sold into. As a result, the dairy and sugar programs are briefly discussed below but are described in more detail in other reports.<sup>57</sup>

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<sup>56</sup> For a discussion of program eligibility criteria and payment limits, see CRS Report R45659, *U.S. Farm Program Eligibility and Payment Limits Under the 2018 Farm Bill (P.L. 115-334)*, by Randy Schnepf and Megan Stubbs.

<sup>57</sup> For details on changes to these programs under the 2018 farm bill, see CRS Report R45525, *The 2018 Farm Bill (P.L. 115-334): Summary and Side-by-Side Comparison*, coordinated by Mark A. McMinimy; and CRS In Focus IF11188, *2018 Farm Bill Primer: Dairy Programs*, by Joel L. Greene.

## The Dairy Margin Coverage Program

The current U.S. dairy program—known as the Dairy Margin Coverage (DMC) program—was first authorized by the 2014 farm bill under the previous name of Margin Protection Program (MPP). The DMC offers milk producers a range of milk price margin protection levels based on their historical milk production. The milk margin is defined as the difference between the farm price per hundred pounds (cwt) of milk and the price of a representative feed ration based on USDA-announced prices for milk and major feed ingredients (corn, soymeal, and alfalfa hay). The DMC pays participating dairy producers the difference (when positive) between a producer-selected DMC margin protection level and the actual national milk margin. Producers must sign up for the program and pay an administrative fee of \$100. Producers choose coverage either at the free \$4.00/cwt margin or pay a premium that increases for higher milk production coverage levels and higher margin protection thresholds.

The 2018 farm bill significantly revised the margin program, including renaming it as the DMC. Premium rates for the first 5 million pounds of milk coverage were lowered; the range of margin protection for the first 5 million pounds of production was expanded (the previous range was \$4.50/cwt to \$8.00/cwt; the new range is \$4.50/cwt to \$9.50/cwt); the range of margin protection available for the production beyond the first 5 million pounds retains the previous \$4.50-\$8.00/cwt range of choices but with slightly higher premiums; and producers may now cover a larger quantity of milk production (up to 95% of their historical base production). DMC is authorized through December 31, 2023.<sup>58</sup>

Also, under the 2018 farm bill, dairy producers may receive a 25% discount on their premiums if they select and lock in their margin and production coverage levels for the entire five years (calendar years 2019-2023) of the DMC program. Otherwise, producers may select coverage levels annually. Also under DMC, dairy producers may apply to USDA for reimbursement of MPP premiums paid, less any payments received, during calendar years 2014-2017.

Unlike MPP, the DMC program allows dairy producers to participate in both margin coverage and the Livestock Gross Margin-Dairy insurance program that insures the margin between feed costs and a designated milk price.<sup>59</sup>

## The Sugar Program

Current law mandates that raw cane and refined beet sugar prices are supported through a combination of limits on domestic output that can be sold (marketing allotments), nonrecourse marketing assistance loans for domestic sugar (but at the processor level), quotas that limit imports, and a sugar-to-ethanol backstop program (Feedstock Flexibility Program).<sup>60</sup> These sugar program features result in essentially no federal outlays. The only change to the sugar program under the 2018 farm bill was a 5% increase in the MAL rate for raw cane and refined beet sugar (Table 1).

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<sup>58</sup> For a description of the dairy program prior to the 2018 farm bill, see CRS In Focus IF10833, *Dairy Provisions in the Bipartisan Budget Act (P.L. 115-123)*, by Joel L. Greene; CRS Report R45044, *Federal Milk Marketing Orders: An Overview*, by Joel L. Greene; and CRS In Focus IF10750, *Farm Bill Primer: Dairy Safety Net*, by Joel L. Greene.

<sup>59</sup> RMA offers the Livestock Gross Margin-Dairy program under the federal crop insurance program. For more information, see RMA's Livestock Gross Margin at <https://www.rma.usda.gov/en/Topics/Livestock>.

<sup>60</sup> For a description of the sugar program prior to the 2018 farm bill, see CRS In Focus IF10689, *Farm Bill Primer: Sugar Program*, by Mark A. McMinimy.

U.S. producers of both sugar and milk receive important price support via import protection from international competitor products under tariff-rate quotas (TRQs).<sup>61</sup> Such TRQ support does not incur a direct cost to the federal government. Instead, domestic consumers bear the costs. For example, despite incurring no federal outlays, the U.S. government notifies sugar TRQ protection annually to the World Trade Organization as market price support (valued at over \$1.4 billion in 2014).

## Agricultural Disaster Assistance Programs

Four disaster assistance programs that focus primarily on livestock and tree crops were permanently authorized in the 2014 farm bill. These disaster assistance programs provide federal assistance to help farmers and ranchers recover financially from natural disasters, including drought and floods.<sup>62</sup> Participation is free.

- The **Livestock Indemnity Program (LIP)** compensates producers at a rate of 75% of market value for livestock mortality or livestock sold at a loss. Eligible loss conditions may include (1) extreme or abnormal damaging weather that is not expected to occur during the loss period for which it occurred, (2) disease that is caused or transmitted by a vector and is not susceptible to control by vaccination, and (3) an attack by animals reintroduced into the wild by the federal government or protected by federal law.
- The **Livestock Forage Disaster Program (LFP)** provides payments to eligible livestock producers who have suffered grazing losses on drought-affected pastureland (including cropland planted specifically for grazing) or on rangeland managed by a federal agency due to a qualifying fire.
- The **Tree Assistance Program (TAP)** provides payments to eligible orchardists and nursery growers to replant or rehabilitate trees, bushes, and vines damaged by natural disasters, disease, and insect infestation. Eligible losses must exceed 15% after adjustment for normal mortality. Payments cover 65% of the cost of replanting trees or nursery stock and 50% of the cost of rehabilitation (e.g., pruning and removal).<sup>63</sup>
- The **Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP)** provides payments to producers of livestock, honey bees, and farm-raised fish as compensation for losses due to disease, adverse weather, feed or water shortages, or other conditions (such as wildfires) that are not covered under LIP or LFP.

The 2018 farm bill amended the permanent agricultural disaster assistance programs by expanding the definition of *eligible producer* to include Indian tribes or tribal organizations. It also expanded payments under LIP for livestock losses caused by disease and for losses of unweaned livestock that occur before vaccination. It increased replanting and rehabilitation payment rates for orchardists who are beginning farmers or veterans under TAP. Finally, it

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<sup>61</sup> For a discussion of the cost of TRQ protection, see CRS Report R43817, *2014 Farm Bill Provisions and WTO Compliance*, by Randy Schnepf.

<sup>62</sup> See CRS Report RS21212, *Agricultural Disaster Assistance*, by Megan Stubbs; and CRS In Focus IF10565, *Federal Disaster Assistance for Agriculture*, by Megan Stubbs.

<sup>63</sup> Beginning and veteran producers receive 75% of the cost of replanting and 75% of the cost of rehabilitation.

removed payment limits on ELAP. Of the four disaster assistance programs, only the LFP is now subject to the \$125,000 per-person payment limit.

### *Noninsured Crop Disaster Assistance Program (NAP)*

NAP is available for production of all agricultural commodities that are not covered by a federal crop insurance policy.<sup>64</sup> NAP was permanently authorized by the 1996 farm bill (Federal Agriculture Improvement and Reform Act; P.L. 104-127). The 2018 farm bill (Section 1601) amended NAP by increasing the per-crop signup fee to \$325 per crop, or \$825 per producer per county, but not to exceed \$1,950 per producer. Also, NAP eligibility was expanded to include crops that may be covered by select forms of crop insurance but only under whole farm plans or weather index policies. The 2018 farm bill also amended the payment calculation to consider the producer's share of the crop.

NAP offers both catastrophic coverage (a crop loss of at least 50% valued at 55% of the average market price) and additional buy-up coverage (ranging from 50% to 65% of established yields and 100% of the average market price). The 2018 farm bill made buy-up coverage permanent, added data collection and program coordination requirements, and created separate payment limits for catastrophic (\$125,000 per person) and buy-up (\$300,000 per person) coverage.

## Estimated Cost of the Commodity Title

CBO projects USDA spending for Title I farm commodity and disaster programs under the 2018 farm bill at \$31.3 billion for the five-year 2019-2023 period.<sup>65</sup> This translates to \$6.3 billion annually, including projected annual outlays of \$4.1 billion for PLC and \$1.2 billion for ARC (**Table 2**). This contrasts with estimated annual outlays on Title I programs under the 2014 farm bill of \$7.2 billion, including \$1.8 billion for PLC and \$3.3 billion for ARC.

Under the 2014 farm bill, most acres of corn, soybeans, and wheat—the three largest crops produced annually in the United States—were enrolled in ARC (93%, 97%, and 56%, respectively). This preference for enrollment in ARC contributed to larger annual payment outlays under ARC (\$3.3 billion per year on average) than PLC (\$1.8 billion per year) under the 2014 farm bill. CBO's spending projections assume that a large proportion of producers will switch from participating in ARC to PLC under the 2018 farm bill (**Figure 7**). The assumed shift in participation between the two programs is driven by projections of farm prices for major program crops to track near or below PLC reference prices throughout the 10-year projection period, thus implying greater potential for PLC payments.

The substantial projected shift in participation from ARC to PLC is projected to result in significantly larger annual outlays under the PLC program (\$4.1 billion per year) than under the ARC program (\$1.2 billion per year) under the five-year life of the 2018 farm bill, crop years 2019-2023 (**Table 2** and **Figure 8**). Annual program outlays can be highly variable. This is because spending on the farm revenue support programs—MAL, PLC, and ARC—is market-driven, and disaster assistance payments are associated with unpredictable acts of nature. Given the counter-cyclical design of the PLC and ARC programs, if commodity prices turn out to be higher than projected, then outlays will be lower than projected levels (and vice versa).

<sup>64</sup> See CRS Report RS21212, *Agricultural Disaster Assistance*, by Megan Stubbs.

<sup>65</sup> For a discussion of CBO's score and spending projections for all 12 titles of the 2018 farm bill, see CRS Report R45425, *Budget Issues That Shaped the 2018 Farm Bill*, by Jim Monke.

**Table 2. Historic and Projected Annual Outlays for Title I: 2014 and 2018 Farm Bills**  
Annual averages in millions of dollars

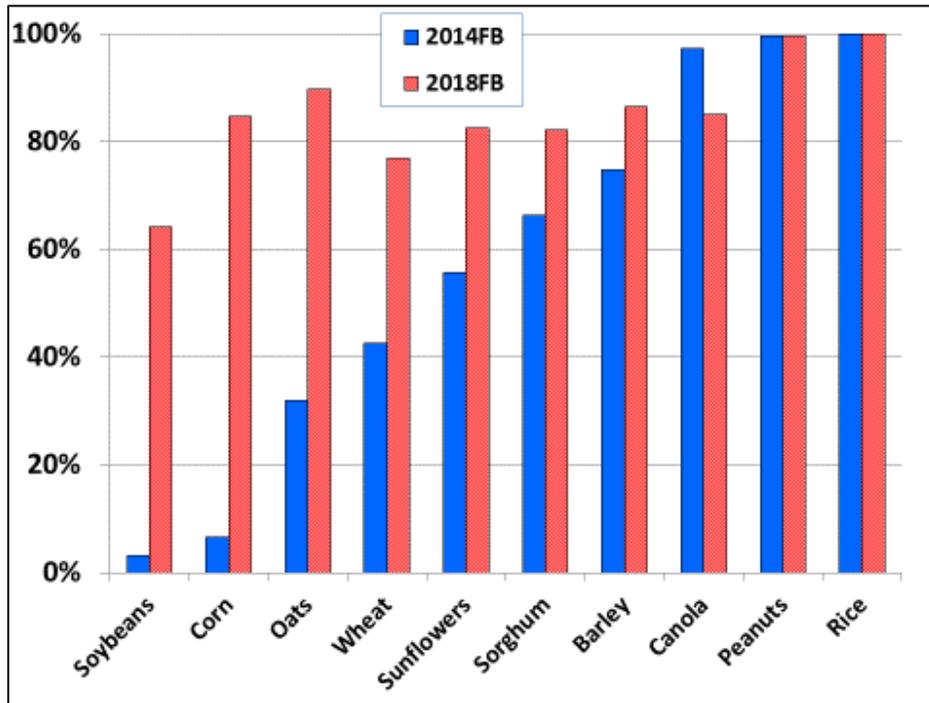
Title I Program Category	2014 Farm Bill: 2014-2018	2018 Farm Bill: 2019-2023
Price Loss Coverage Program	\$1,787	\$4,140
Agricultural Risk Coverage Program	\$3,295	\$1,231
Nonrecourse Marketing Assistance Loan Program	\$200	\$51
Dairy Margin Coverage program	\$75	\$171
Agriculture Disaster Assistance	\$1,802	\$379
Other	\$62	\$296
<b>Total Cost of Title I</b>	<b>\$7,222</b>	<b>\$6,268</b>

**Source:** Data for the 2014 farm bill are compiled by CRS from FSA. Data projections for the 2018 farm bill are from the CBO January 2019 baseline for farm programs.

**Note:** Farm program outlays under the 2014 farm bill are not finalized (as of April 19, 2019), in part, due to the long delay associated with collecting the full marketing year of data needed for the calculations of both PLC and ARC payments.

**Figure 7. PLC Participation Rate: Pre- and Post-2019**

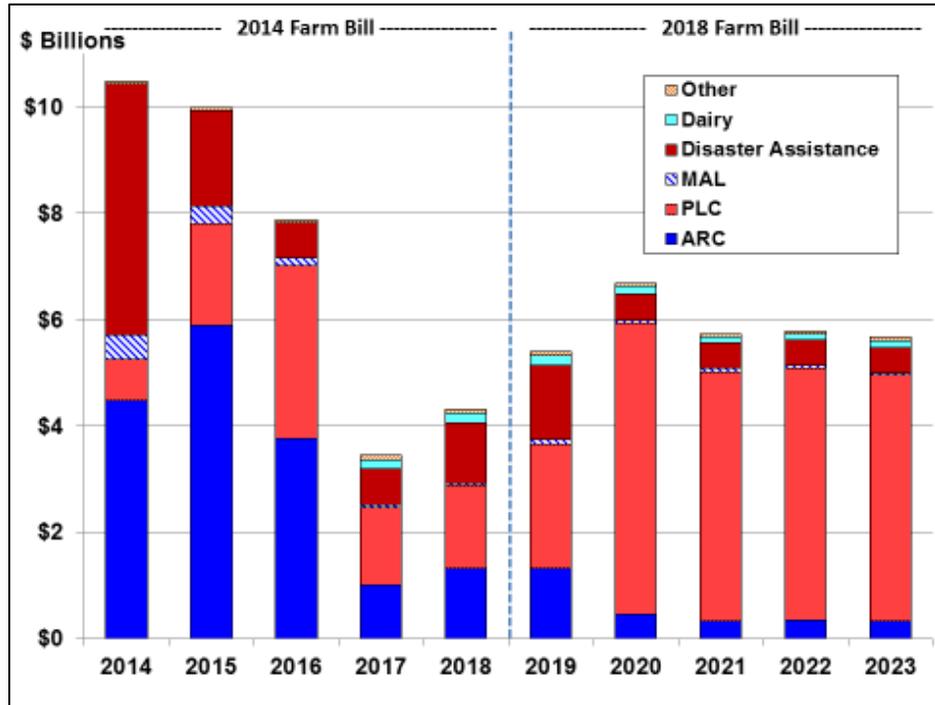
Percentage of base acres enrolled in PLC



**Source:** Compiled by CRS from CBO, January 2019 baseline for farm programs.

**Notes:** PLC participation for rice and peanut base acres is projected to remain near 100%. ARC-CO participation is implied as the difference between 100% and the projected PLC participation rate. ARC-IC participation under the 2014 farm bill averaged less than 1% of base acres per covered commodity.

**Figure 8. Annual Outlays for Title I Farm Revenue Support Programs, 2014-2023**



**Source:** Compiled by CRS, using historical data (2014-2018) from ERS farm income and projections (2019-2023) from CBO, baseline for USDA mandatory programs, January 2019.

**Notes:** Farm program outlays under the 2014 farm bill are not finalized (as of May 13, 2019). Also, the timing of payments complicates year-to-year comparisons. For example, the large disaster assistance payments (\$4.8 billion) paid in 2014 were associated with production losses from previous crop years and prior to implementation of the 2014 farm bill. The “other” category includes economic adjustment assistance to users of upland cotton, general program implementation costs, and miscellaneous programs. It does not include payments made by USDA under CCC authority (see CRS Report R44606, *The Commodity Credit Corporation: In Brief*, by Megan Stubbs) such as Cotton Ginning Cost-Share payments and Market Facilitation Program payments (see CRS Report R45310, *Farm Policy: USDA’s Trade Aid Package*, by Randy Schnepf et al.).

## Appendix. Comparison of Major Title I Provisions in Prior Law and the Enacted 2018 Farm Bill, by Subtitle

This appendix provides a side-by-side comparison of provisions from Title I (the Commodity title) of the 2018 farm bill with prior law—that is, provisions from Title I of the 2014 farm bill (P.L. 113-79) as amended by subsequent law including the Bipartisan Budget Agreement (BBA) of 2018 (P.L. 115-123).

The BBA made substantial changes to both the dairy program and the treatment of cotton under the PLC and ARC programs.<sup>66</sup>

Each subtitle (A-G) is individually examined in a separate table with the exception of Subtitle C (Sugar) and Subtitle D (Dairy), which are examined in more detail by other CRS products. This appendix includes the following tables by subtitle.

- Table A-1. Subtitle A—Commodity Policy
- Table A-2. Subtitle B—Marketing Loans
- Table A-3. Subtitle E—Supplemental Agricultural Disaster Assistance
- Table A-4. Subtitle F—Noninsured Crop Assistance
- Table A-5. Subtitle G—Administration

For information on the dairy and sugar programs and their explicit legislative text, see:

- CRS Report R45525, *The 2018 Farm Bill (P.L. 115-334): Summary and Side-by-Side Comparison*, coordinated by Mark A. McMinimy;
- CRS In Focus IF10750, *Farm Bill Primer: Dairy Safety Net*, by Joel L. Greene;
- CRS In Focus IF10833, *Dairy Provisions in the Bipartisan Budget Act (P.L. 115-123)*, by Joel L. Greene;
- CRS In Focus IF10223, *Fundamental Elements of the U.S. Sugar Program*, by Mark A. McMinimy; and
- CRS Report R43998, *U.S. Sugar Program Fundamentals*, by Mark A. McMinimy.

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<sup>66</sup> For more information on the BBA and the associated changes to the dairy program and the treatment of cotton under the PLC and ARC programs, see CRS In Focus IF10833, *Dairy Provisions in the Bipartisan Budget Act (P.L. 115-123)*, by Joel L. Greene; and CRS Report R45143, *Seed Cotton as a Farm Program Crop: In Brief*, by Randy Schnepf.

**Table A-1. Subtitle A—Commodity Policy**

Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended	Current Law: 2018 Farm Bill (P.L. 115-334)
<b>Definitions:</b>	
<b>Actual crop revenue.</b> The amount determined by the Secretary under the Agriculture Risk Coverage program for each covered commodity for a crop year. <b>(7 U.S.C. §9011(1))</b>	Continues prior law.
<b>Agriculture Risk Coverage (ARC):</b> “shallow loss” revenue coverage provided under the ARC program. <b>(7 U.S.C. §9011(2))</b>	Continues prior law.
<b>ARC guarantee.</b> The amount determined by the Secretary under the ARC program for each covered commodity for a crop year. <b>(7 U.S.C. §9011(3))</b>	Continues prior law.
<b>Base acres.</b> For purposes of calculating farm program payments, individual crop-specific base acreages are the number of historical program acres of a specific covered commodity on a farm as established under the 2008 farm bill as in effect on September 30, 2013 (except upland cotton), subject to adjustments (see 7 U.S.C. §9012 below). The term <i>base acres</i> includes any generic base acres planted to a covered commodity (see 7 U.S.C. §9012 below). <b>(7 U.S.C. §9011(4))</b>	Continues prior law.
<b>County coverage.</b> Type of coverage under the ARC program to be obtained by the producer at the county level. <b>(7 U.S.C. §9011(5))</b>	Continues prior law.
<b>Covered commodities.</b> Wheat, oats, barley (including wheat, oats, and barley used for haying and grazing), corn, grain sorghum, long-grain rice, medium-grain rice, pulse crops, soybeans, other oilseeds, and peanuts. Effective beginning with the 2018 crop year, the term <i>covered commodity</i> includes seed cotton. <b>(7 U.S.C. §9011(6))</b>	Continues prior law.
<b>Effective price.</b> The price calculated by the Secretary under the Price Loss Coverage (PLC) program for each covered commodity for a crop year to determine whether PLC payments are required to be provided for that crop year. <b>(7 U.S.C. §9011(7))</b> The effective price is the higher of (1) the national market-year average price (MYAP) received by producers during the 12-month marketing year for the covered commodity, as determined by the Secretary, or (2) the national average loan rate for a marketing assistance loan. The effective price for barley is the all-barley price.	Continues prior law.
No comparable definition.	<b>Effective reference price.</b> The term <i>effective reference price</i> , with respect to a covered commodity for a crop year, means the lesser of the following: (A) 115% of the reference price for such covered commodity or (B) the greater of (i) the reference price for such covered commodity or (ii) 85% of the average of the MYAP of the covered commodity for the most recent five crop years, excluding each of the crop years with the highest and lowest MYAP. <b>(§1101)</b>

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**Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended****Current Law: 2018 Farm Bill (P.L. 115-334)**

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**Extra-long-staple (ELS) cotton.** Cotton that is (A) produced from pure strain varieties of the Barbados species or any hybrid of the species, or other similar types of ELS cotton, designated by the Secretary, having characteristics needed for various end uses for which U.S. upland cotton is not suitable, and grown in irrigated or other designated U.S. cotton-growing regions; and (B) ginned on a roller-type gin or other authorized gin for experimental purposes. **(7 U.S.C. §9011(8))**

Continues prior law.

**Generic base acres.** The number of cotton base acres in effect under Section 1001 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. §8702), as adjusted pursuant to Section 1101 of such act (7 U.S.C. 8711), as in effect on September 30, 2013 **(7 U.S.C. 9011(9))**, subject to any adjustment or reduction. **(7 U.S.C. 9012(d))**.

Continues prior law.

**Individual coverage.** Type of coverage under the ARC program to be obtained by the producer at the farm (not county) level. **(7 U.S.C. §9011(10))**

Continues prior law.

**Medium-grain rice:** Includes short-grain rice and temperate japonica rice. **(7 U.S.C. §9011(11))**

Continues prior law.

**Other oilseed.** A crop of sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe, sesame seed, or, if designated by the Secretary, another oilseed. **(7 U.S.C. §9011(12))**

Continues prior law.

**Payment acres.** The number of acres determined for a farm, as determined under 7 U.S.C. 9014, that are eligible for payments under the PLC or ARC programs. **(7 U.S.C. §9011(13))**

Continues prior law.

**Payment yield.** For a covered commodity, the yield used to make counter-cyclical payments under the 2008 farm bill as in effect on September 30, 2013, or the yield established under the PLC program. **(7 U.S.C. 9011(14))**

Continues prior law, but with a one-time option to update payment yields (see **(7 U.S.C. §9013)** for details).

**Price Loss Coverage (PLC).** Coverage provided under the PLC program. **(7 U.S.C. 9011(15))**

Continues prior law.

**Producer.** Generally, an owner, operator, landlord, tenant, or sharecropper who shares in the risk of producing a crop and is entitled to share in the crop available for marketing from the farm or would have shared had the crop been produced. For a grower of hybrid seed, the existence of a hybrid seed contract and other program rules shall not adversely affect the ability to receive a payment. **(7 U.S.C. §9011(16))**

Continues prior law.

**Pulse crop.** Dry peas, lentils, small chickpeas, and large chickpeas. **(7 U.S.C. §9011 (17))**

Continues prior law.

**Reference prices.** With respect to a covered commodity for a crop year:

Continues prior law.

- For wheat, \$5.50 per bushel (bu.).

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**Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended**

**Current Law: 2018 Farm Bill (P.L. 115-334)**

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- For corn, \$3.70 per bu.
- For grain sorghum, \$3.95 per bu.
- For barley, \$4.95 per bu.
- For oats, \$2.40 per bu.
- For long-grain rice, \$14.00 per hundredweight (cwt).
- For medium-grain rice, \$14.00 per cwt.
- For soybeans, \$8.40 per bu.
- For other oilseeds, \$20.15 per cwt.
- For peanuts, \$535.00 per ton.
- For dry peas, \$11.00 per cwt.
- For lentils, \$19.97 per cwt.
- For small chickpeas, \$19.04 per cwt.
- For large chickpeas, \$21.54 per cwt.
- For seed cotton, \$0.367 per lb.

**(7 U.S.C. §9011(18))**

**Secretary.** The Secretary of Agriculture. **(7 U.S.C. §9011(19))**

Continues prior law.

**Seed cotton.** Unginned upland cotton that includes both lint and seed.

**(7 U.S.C. §9011(20))**

**State.** Each of the U.S. states, the District of Columbia, the Commonwealth of Puerto Rico, and any other U.S. territory or possession. **(7 U.S.C. §9011(21))**

Continues prior law.

**Temperate japonica rice.** Rice that is grown in high altitudes or temperate regions of high latitudes with cooler climate conditions in the Western United States, as determined by the Secretary, for the purpose of the reallocation of base acres, the establishment of a reference price and an effective price, and the determination of the actual crop revenue and ARC guarantee. **(7 U.S.C. §9011(22))**

Continues prior law.

**Transitional yield.** Defined in Section 502(b) of the Federal Crop Insurance Act **(7 U.S.C. §1502(b)(11))** as the maximum average production per acre or equivalent measure that is assigned to acreage for a crop year by the Federal Crop Insurance Corporation whenever the producer fails to certify that acceptable documentation of production and acreage for the crop year is in the possession of the producer or present the acceptable documentation. **(7 U.S.C. §9011(23))**

Continues prior law.

**United States.** When used in a geographical sense, all of the states. **(7 U.S.C. §9011(24))**

Continues prior law.

**United States premium factor.** The percentage by which the difference in the U.S. loan schedule premiums for Strict Middling 1/8-inch upland cotton and for Middling 1/32-inch

Continues prior law.

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**Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended**

**Current Law: 2018 Farm Bill (P.L. 115-334)**

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upland cotton exceeds the difference in the applicable premiums for comparable international qualities. **(7 U.S.C. §9011(25))**

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**Base Acres**

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**One-time reallocation of base acres among covered commodities.** Crop-specific base acres were subject to a producer's one-time choice to retain base acres or undertake a reallocation of total farm base acres among covered commodities based on average shares of planted base by commodity during the 2009-2012 period. Generic base acres are retained and may not be reallocated. **(7 U.S.C. §9012(a))**

No comparable provision.

Base acres are included through the retention of crop-specific base acres under prior law.

**Seed cotton base acres.** Not later than May 10, 2018, the Secretary shall require the owner of a farm to allocate all generic base acres based on whether the farm has a recent history of covered commodities (including seed cotton) being planted or prevented from being planted during the 2009-2016 crop years.

Continues prior law.

If a farm has no such recent history, then the farm owner allocates the farm's generic base to unassigned crop base for which no ARC or PLC payments may be made.

If a farm has such a recent history, then the farm owner allocates the farm's generic base among seed cotton and other covered commodities as (A) to seed cotton base acres in a quantity equal to the greater of 80% of generic base acres or the average of seed cotton acres planted or prevented from being planted on the farm during the 2009-2012 crop years (not to exceed the farm's total generic base acres) or (B) to commodity-specific base acres in proportion to each crop's share of planted (or prevented from being planted) acreage during 2009-2012. Following the base allocation under either (A) or (B), any residual generic base acres shall be allocated to unassigned crop base for which no ARC or PLC payments may be made.

If a farm owner fails to make an election for generic base, then the farm owner shall be deemed to have elected to allocate all generic base acres in accordance with formulation (A) above. **(7 U.S.C. §9014(b)(4))**

Continues prior law.

**Adjustments to base.** Base acres are increased/decreased when land leaves/enters conservation programs. **(7 U.S.C. §9012(b))**

Continues prior law with technical correction to add specificity on updating reference to wetlands reserve program to wetland reserve easements under the Agricultural Conservation Easement Program. **(§1102(a))**

**Prevention of excess base acres.** Base is reduced if the sum of the base acres for the farm (including any new oilseed acreage and generic base acres) plus any acreage in the Conservation Reserve Program or the Wetlands Reserve Program (or any other federal conservation program that makes payments in exchange for not producing a crop) exceeds the actual cropland acreage on the farm. An exception shall be made in the case of certain double-cropped acreage as determined by the Secretary. The owner of the farm shall be given an opportunity to select the base acres that will be reduced. **(7 U.S.C. §9012(c))**

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**Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended**

**Reduction of base acres.** The farm owner may reduce, at any time, base acres for any covered commodity. Such reduction shall be permanent. Base is reduced proportionately when acreage has been subdivided and developed for multiple residential units or other nonfarming uses. **(7 U.S.C. §9012(d))**

No comparable provision.

No comparable provision.

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**Current Law: 2018 Farm Bill (P.L. 115-334)**

Reduction of base acres is the same as prior law of **(7 U.S.C. §9012(d)(1-2))**, but with two new conditions below. **(§1102(b))**

**Treatment of base planted to grass or pasture.** If all cropland on a farm (including idled or fallow land) was planted to grass or pasture during January 1, 2009, to December 31, 2017, then all base acres and payment yields on that farm are retained, but no payment shall be made to those base acres under ARC or PLC during the 2019-2023 crop years. Furthermore, the producers on such a farm are not eligible to change their election option of ARC or PLC. **(§1102(b))**

**Prohibition on reconstitution of farm.** The Secretary shall ensure that a farm may not be reconstituted to void or change the treatment of base acres. **(§1102(b))**

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**Payment Yields**

**Payment yields.** For making PLC program payments, all covered commodities must use a program yield to derive a per-acre payment rate. In this regard, the Secretary shall establish a program yield for each farm for any designated oilseed for which a payment yield was not established under Section 1102 of the 2008 farm bill. **(7 U.S.C. §9013(a))**

**Payment yield for designated oilseeds.** For designated oilseeds, such a payment yield on a farm equals the product of the average yield per planted acre for the 1998-2001 crop years (excluding years in which acreage planted was zero) and the ratio of the national average yield for the 1981-1985 crops and the national average yield for the 1998-2001 crops. If the yield per planted acre for a designated oilseed for any of the 1998-2001 crop years was less than 75% of the county yield for that designated oilseed, the Secretary shall assign a yield “plug” for that crop year equal to 75% of the county yield. **(7 U.S.C. §9013(b))**

For other covered commodities, see the discussion under **7 U.S.C. §9013 (c)-(e)**.

**Absence of payment yield.** In the case of a covered commodity on a farm for which base acres have been established or that is planted on generic base acres, if no payment yield has been established, the Secretary shall establish an appropriate payment yield by taking into consideration the farm program payment yields applicable to that covered commodity for similarly situated farms. The use of such data in an appeal, by the Secretary or by the producer, shall not be subject to any other provision of law. **(7 U.S.C. §9013(c))**

**Updating payment yields for PLC.** The owner of a farm was given a one-time opportunity to update, on a covered commodity-by-covered-commodity basis, the payment yield used in calculating PLC payments for each covered commodity for which the PLC

Continues prior law.

To make PLC payments, this provision continues the Secretary’s authority to establish payment yields for each farm for any designated oilseed that does not have a payment yield under the 2014 farm bill. For any oilseed that is designated on or after the date of enactment of the 2018 farm bill, the payment yield shall be calculated as 90% of the most recent five-year-average yield (excluding any year in which the yield was zero). **(§1103(a))**

Continues prior law.

**Single opportunity to update yields.** Provides a one-time opportunity for a farm owner to update program yields on a covered-commodity by covered-commodity basis for use in calculating any PLC payment. Yields may be updated as 90% of average yield per planted acre

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**Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended**

election was made. The election shall be made at a time and manner to be in effect beginning with the 2014 crop year as determined by the Secretary. The PLC payment yield update was equal to 90% of the average of the yield per planted acre for the covered commodity for the 2008-2012 crop years, excluding any crop year in which the acreage planted to the covered commodity was zero. **(7 U.S.C. §9013(d))**

**Yield plug.** If the yield for any of the 2008-2012 crop years was less than 75% of the average county yield, a “plug” yield was used for that crop year equal to 75% of the county average for 2008-2012. **(7 U.S.C. §9013(d)(4))**

**Payment yield for seed cotton.** The payment yield for seed cotton for a farm shall be equal to 2.4 times the payment yield for upland cotton for the farm established under the 2008 farm bill as in effect on September 30, 2013. At the sole discretion of the owner of a farm with an established yield for upland cotton, the owner shall have a one-time opportunity to update the payment yield for upland cotton, as provided in **7 U.S.C. §9013(d)**, for the purpose of calculating the payment yield for seed cotton. **(7 U.S.C. §9013(e))**

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**Payment Acres**

**Payment acres.** With respect to PLC and county-level ARC payments, payment acres are 85% of the base acres of a covered commodity on a farm. For individual (farm-level) ARC, the payment acres equal 65% of the base acres for all of the covered commodities on the farm.

Generic base is eligible for payments if a covered commodity is planted on the farm. Specifically, for each crop year, generic base acres are attributed (i.e., temporarily designated as) base acres to a particular covered commodity base in proportion to that crop’s share of total plantings of all covered commodities in that year. The amount of generic base attributed for a particular year cannot exceed the acreage planted to covered commodities in that year. (Use of double-cropping for payment calculations is not allowed unless the practice is approved by the Secretary.) **(7 U.S.C. §9014)**

**Exclusion from payment acres.** Payment acres may not include any crop subsequently planted during the same crop year on the same land for which the first crop is eligible for PLC or ARC payments unless the crop was approved for double cropping as determined by the Secretary. **(7 U.S.C. §9014(c))**

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**Current Law: 2018 Farm Bill (P.L. 115-334)**

for 2013-2017 crop years but subject to a commodity-specific adjustment factor (equal to the ratio of the 2008-2012 national average yield over the 2013-2017 national average yield) to account for national increase in trend yield. The yield update election must be made so as to be in effect beginning with the 2020 crop year. **(§1103(b))**

If the farm-level yield is less than 75% of the average county yield for a covered commodity for any of the years (excluding any year in which the yield was zero), then the Secretary shall assign 75% of the 2013-2017 average county yield for the covered commodity for that crop year. The election must be made so as to be in effect beginning with the 2020 crop year. **(§1103(b))**

The average yield for seed cotton per planted acre equals 2.4 times the average yield for upland cotton per planted acre. **(§1103(b))**

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Continues prior law.

Continues prior law.

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**Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended**

**Minimal payment acres.** A producer on a farm may not receive PLC payments or ARC payments if the sum of the base acres on the farm is 10 acres or less except for socially disadvantaged farmers/ranchers or limited resource farmers/ranchers. **(7 U.S.C. §9014(d))**

**Effect of planting fruits and vegetables on payment acres.** Any crop may be planted without effect on base acres. However, payment acres on a farm are reduced in any crop year in which fruits, vegetables (other than mung beans and pulse crops), or wild rice (FVWR) have been planted on base acres. The reduction to payment acres is one-for-one for each acre planted to these crops in excess of 15% of base acres for either the PLC or county coverage under the ARC program and in excess of 35% of base acres for ARC individual coverage. **(7 U.S.C. §9014(e)(1-3))**

No reduction to payment acres shall be made under this subsection, as determined by the Secretary, if FVWR are grown solely for conservation purposes and not harvested for use or sale or if a region has a history of double-cropping covered commodities with FVWR and the FVWR were so double-cropped on the base acres. **(7 U.S.C. §9014(e)(4))**

**Unassigned crop base.** Requires the Secretary to maintain information on generic base acres on a farm allocated as unassigned crop base under the formulation for seed cotton base acres. **(7 U.S.C. §9014(b)(4)(B,D); 7 U.S.C. §9014(f))**

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**Producer Election**

**Producer election.** For the 2014-2018 crop years, all producers involved in a single farm operation had to unanimously make a one-time, irrevocable election to obtain either (1) PLC or county-level ARC on a covered-commodity-by-covered-commodity basis or (2) ARC individual coverage applicable to all of the covered commodities on the farm. **(7 U.S.C. §9015)**

**Note:** In Section 60101(a) of the Bipartisan Budget Act of 2018 (P.L. 115-123), producers of seed cotton base were given a one-time election for their seed cotton base between PLC and county-level ARC in the 2018 crop year. **(7 U.S.C. §9015(g))**

**Failure to make a choice.** Failure to make a unanimous election for the 2014 crop year results in no program payments to the farm for the 2014 crop year, and the producers on the farm are deemed to have elected PLC for all covered commodities on the farm for the 2015-2018 crop years. If all the producers on a farm selected ARC county coverage for a covered commodity, the Secretary could not make PLC payments to the producers on the farm with respect to that covered commodity. If all the producers on a farm selected

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**Current Law: 2018 Farm Bill (P.L. 115-334)**

Continues prior law but with new exemptions. First, a farmer may combine base acres from all farms in which the farmer has an interest. If this aggregate total for base acres is greater than 10 acres, then these acres are exempted from the prohibition on ARC and PLC payments. Also, two additional producer groupings—beginning farmers or ranchers and veteran farmers or ranchers—are excluded from the minimal base acres payment prohibition. **(§1104(1))**

For each crop year for which FVWR are planted to base acres on a farm for which a reduction in payment acres is made under this subsection, the Secretary shall consider such base acres to be planted, or prevented from being planted, to a covered commodity for purposes of any adjustment or reduction of base acres. **(§1104(2))**

Continues prior law.

For the 2019-2020 crop years, all producers on a farm must unanimously make a one-time, irrevocable election to obtain either PLC or county-level ARC on a covered-commodity-by-covered-commodity basis. **(§1105 (1)-(2))**

**Option to change producer election.** Notwithstanding **7 U.S.C. §9015(a)**, amends current law to allow participating producers a one-time choice in crop year 2021 and each crop year thereafter to change their election choice between ARC and PLC. The new election shall apply to the crop year for which it is made and each crop year thereafter until another election is made. **(§1105(5))**

Failure to make a unanimous election for the 2019 crop year results in no program payments to the farm for the 2019 crop year, and producers on the farm are deemed to have elected the same coverage for the 2020-2023 crop years as was applicable for the 2015-2018 crop years. **(§1105(3))**

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**Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended****Current Law: 2018 Farm Bill (P.L. 115-334)**

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individual coverage, payment calculations included the producer's share of all farms in the same state in which the producer has an interest and for which individual coverage was selected. Producers on a farm cannot reconstitute the farm to void or change a program election. **(7 U.S.C. §9015(c))**

**Annual filing for ARC and PLC.** In accordance with its authority to implement these programs **(7 U.S.C. §1601)**, USDA is directed to issue regulations. Such regulations require that eligible producers of covered commodities with base acres must execute and submit an ARC or PLC program contract not later than June 1 of the applicable year for each of 2016 through 2018 fiscal year contracts. **(7 CFR §1412.41)**

**Options for electronic filing and multi-year contract for ARC and PLC.** Producers may remotely and electronically sign annual contracts for ARC and PLC, and producers have the option to sign a multi-year contract for the ARC and PLC programs. **(§1706(b))**

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**Price Loss Coverage (PLC) Program**

**PLC program.** Establishes the PLC program for crop years 2014-2018. PLC payments are made on a farm where the owners have unanimously elected to participate in PLC on a covered-commodity-by-covered-commodity basis if the effective price is less than the reference price. **(7 U.S.C. §9016(a))**

Requires the Secretary to make PLC payments on a covered-commodity-by-covered-commodity basis where all of the producers on a farm have elected PLC for crop years 2019-2023 when the effective price for a crop year is less than the effective reference price. **(§1106(1)(D))**

**PLC effective price.** The higher of (1) the "MYAP received by producers during the 12-month marketing year" for the covered commodity, as determined by the Secretary, or (2) the national average loan rate for a marketing assistance loan. **(7 U.S.C. 9016(b))**

Continues prior law.

**PLC effective price for barley.** The all-barley price. **(7 U.S.C. 9016(f))**

Continues prior law.

**PLC effective price for seed cotton.** The MYAP for seed cotton, calculated as the quotient obtained by dividing (A) the sum obtained by adding (i) the product of the upland cotton lint MYAP and total U.S. upland cotton lint production, measured in pounds, and (ii) the product of the cottonseed MYAP and total U.S. cottonseed production, measured in pounds, by (B) the sum of total U.S. upland cotton lint production and total U.S. cottonseed production, both measured in pounds. **(7 U.S.C. §9016(h))**

Continues prior law.

**Reference price for temperate japonica rice.** The Secretary shall provide a reference price with respect to temperate japonica rice in an amount equal to 115% of the amount established for long-grain and medium-grain rice in order to reflect price premiums. **(7 U.S.C. §9016(g))**

To reflect price premiums, the reference price for temperate japonica rice equals \$14.00 per cwt., as adjusted by the formula for calculating the effective reference price multiplied by the ratio of the simple average of the MYAP of medium-grain rice from crop years 2012-2016 divided by the simple average of the MYAP of all rice from crop years 2012-2016. **(§1106(3))**

**PLC payment rate.** The difference between the reference price in statute and the MYAP or loan rate, if higher. **(7 U.S.C. §9016(c))**

Defines the PLC payment rate for each covered commodity, for the crop years 2019-2023, as the difference between the effective reference price and the effective price for a crop year when the effective price is lower. Not later than 30 days after the end of each applicable 12-month marketing year for each covered commodity, the Secretary shall publish the PLC payment rate. **(§1106(2)(B))**

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**Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended****Current Law: 2018 Farm Bill (P.L. 115-334)**

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**PLC payment amount.** If PLC payments for a covered commodity are triggered for any of crop years 2014-2018, the payment amount equals the payment rate times payment acres times payment yield. **(7 U.S.C. §9016(d))**

Continues prior law.

**Timing of PLC payment.** Payments shall be made beginning October 1, or as soon as practicable thereafter, after the end of the applicable marketing year for the covered commodity. **(7 U.S.C. §9016(e))**

Not later than 30 days after the end of each applicable 12-month marketing year for each covered commodity, the Secretary shall publish the PLC payment rate. **(§1106(2)(B))**  
**Insufficient data.** In the case of a covered commodity for which the Secretary cannot determine the payment rate for the most recent 12-month marketing year by the date described above, due to insufficient reporting of timely pricing data by one or more nongovernmental entities, the Secretary shall publish the payment rate as soon as practicable after the marketing year data are made available. **(§1106(2)(D))**

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**Agricultural Risk Coverage (ARC) Program**

**ARC program.** Establishes the ARC program as either a county-level, commodity-specific ARC or an individual whole-farm ARC. Under the “producer election” **(7 U.S.C. §9015)**, producers may select county-level ARC or PLC on a commodity-by-commodity basis for each farm or select individual farm-level ARC for all covered commodities on the farm.

Extends both the county- and individual-level ARC programs through 2023. Requires that payments are to be based on the physical location of the farm. **(§1107)**

ARC payments for a crop year are triggered if the actual crop revenue is less than its ARC guarantee. Both the actual crop revenue and ARC guarantee are calculated differently based on the producer’s election choice: either county- or farm-level ARC. **(7 U.S.C. §9017(a))**

Continues prior law.

**Actual crop revenue.** The actual crop revenue varies with the choice of county-level or farm-level ARC.

County coverage for a crop year of a covered commodity: actual crop revenue per acre equals the actual average county yield per planted acre for a covered commodity times the higher of the MYAP or the national average marketing assistance loan rate.

**Individual (farm-level) coverage.** Actual crop revenue per acre is the producer’s share of the aggregated revenue per acre for all covered commodities planted on all farms for which individual coverage has been selected. Actual crop revenue per acre equals the sum of covered commodity revenue (total production of each covered commodity on such farms times the higher of (i) the MYAP or (ii) the national average loan rate) divided by the total planted acres of all covered commodities on such farms. **(7 U.S.C. §9017(b))**

Continues ARC program as in current law through 2023. **(§1107(1)(A)-(B))**

**ARC revenue guarantee.** ARC guarantee per acre equals 86% times the benchmark revenue. The benchmark revenue varies with the choice of county-level or individual (farm-level) ARC.

For county ARC coverage for a covered commodity for a crop year, benchmark revenue per acre equals the recent five-year average county yield (excluding the years with the highest

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**Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended****Current Law: 2018 Farm Bill (P.L. 115-334)**

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and lowest yields, or “Olympic average”) times the covered commodity’s Olympic MYAP for the most recent five crop years.

For individual ARC coverage for a crop year, benchmark revenue is based on the producer’s share of all covered commodities planted on all farms for which individual coverage has been selected and in which the producer has an interest. Benchmark revenue is the summation of Olympic five-year average revenue for each covered commodity aggregated across all farms with individual coverage, adjusted to reflect current-year planted acreage shares by covered commodity. **(7 U.S.C. §9017(c))**

No comparable provision.

**Yield plugs in ARC actual revenue and revenue guarantee calculations.** If, for the covered commodity for any of the five most recent crop years, the yield per planted acre or historical county yield per planted acre is less than 70% of the transitional yield, then 70% of the transitional yield shall be used for those years. **(7 U.S.C. §9017(c)(4))**

**Reference price in ARC revenue guarantee.** The reference price is used if the MYAP for any of the five most recent crop years is lower than the reference price. **(7 U.S.C. §9017(c)(5))**

**ARC payment rate.** The payment rate for a covered commodity, in the case of either county coverage or individual coverage, is equal to the lesser of (1) the amount that the ARC guarantee exceeds the actual crop revenue for the crop year or (2) 10% of the benchmark revenue for the crop year. **(7 U.S.C. §9017(d))**

**ARC payment amount.** If ARC payments are required to be paid for any of the 2014-2018 crop years, then the payment amount equals the payment rate times the payment acres. **(7 U.S.C. §9017(e))**

**Timing of ARC payments.** Payments shall be made beginning October 1, or as soon as practicable thereafter, after the end of the applicable marketing year for the covered commodity. **(7 U.S.C. §9017(f))**

**Additional duties of the Secretary.** In providing ARC, the Secretary shall, to the maximum extent practical, (1) use all available information and analysis, including data mining, to check for anomalies in the determination of ARC payments; (2) calculate a separate actual

**Trend-adjusted yields.** Includes a trend-adjustment for both the average historical county yield (i.e., the five-year Olympic MYAP) and the actual average county yield per planted acre for the county, crop, and year in question. The yield adjustment should not exceed the trend-adjusted yield factor used to increase yield history under the federal crop insurance endorsement for that crop and county. **(§1107(1)(C)-(E))**

Effective for the 2019-2023 crop years, if, for the covered commodity for any of the five most recent crop years, the yield per planted acre or historical county yield per planted acre is less than 80% of the transitional yield, then 80% of the transitional yield shall be used for those years. **(§1107(2)(C))**

**Effective reference price in lieu of low MYAP.** For crop years 2019-2023, if the national MYAP during the 12-month marketing year for any of the five most recent crop years is lower than the effective reference price (defined under **§1101(8)**) for the covered commodity, the Secretary shall use the effective reference price for those years in calculating the ARC revenue guarantee. **(§1107(2)(F))**

Continues prior law. **(§1107(3)(A)-(C))**

Extends ARC payments through crop year 2023. **(§1107(4))**

Not later than 30 days after the end of each applicable 12-month marketing year for each covered commodity, the Secretary shall publish the ARC payment rate. **(§1107(3)(D))**

Continues additional duties of the Secretary as in current law with an additional specification regarding county yield determinations as follows:

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**Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended**

crop revenue and ARC guarantee for irrigated and non-irrigated covered commodities, (3) for individual coverage, if the Secretary determines that the farm has planted acreage in a quantity that is insufficient to calculate a representative average yield for the farm, assign an average yield for a farm on the basis of the yield history of representative farms in the state, region, or crop reporting district, as determined by the Secretary; and (4) for county coverage, if the Secretary cannot establish the actual or benchmark county yield for each planted acre for a crop year for a covered commodity in the county, or the yield is an unrepresentative average yield for the county, assign an actual or benchmark county yield for each planted acre for the crop year for the covered commodity on the basis of the yield history of representative farms in the state, region, or crop reporting district, as determined by the Secretary. **(7 U.S.C. §9017(g))**

No comparable provision.

No comparable provision.

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**Current Law: 2018 Farm Bill (P.L. 115-334)**

**Separate yields for irrigated and nonirrigated land.** In providing ARC, the Secretary shall calculate a separate actual crop revenue and agriculture risk coverage guarantee for irrigated and nonirrigated covered commodities. **(§1107(5)(A))**

**Prioritize RMA data.** Effective for the 2019-2023 crop years, in the case of county coverage the Secretary shall assign an actual or benchmark county yield for each planted acre for the crop year for the covered commodity:

(A) where county data collected by the Risk Management Agency (RMA) are sufficient to offer a county-wide insurance product, using the actual average county yield determined by RMA (i.e., prioritize RMA data in the calculation of both the guarantee and actual yield in each county); or

(B) for any other county using (i) other sources of yield information, as determined by USDA, or (ii) the yield history of representative farms in the state, region, or crop reporting district, as determined by USDA. **(§1107(5)(D))**

**Reporting requirements.** USDA shall publish, for each covered commodity in each county, the county risk coverage guarantee, average historical county yield, and national average market price for each covered commodity in each county, not later than 30 days after the end of each applicable 12-month marketing year. In the event of insufficient data for a covered commodity, USDA shall rely on data from nongovernmental sources and publish the ARC data components within 60 days of the end of the marketing year.

Similarly, USDA shall publish actual average county yield estimates by covered commodity including sources of data and information on any USDA evaluations of that data. **(§1107(6))**

**Administrative units.** Amends current law to allow, under certain circumstances, for the division of up to 25 counties nationwide into two separate administrative units for determining ARC payments. To be eligible, a county must (1) be larger than 1,400 square miles and (2) contain more than 190,000 base acres. Prior to any ARC payments for the 2019 crop, the FSA state committee, in consultation with the FSA county committee, may make a one-time election to divide a county into two administrative units to better reflect differences in weather patterns, soil types, or other factors. The election is in effect for the 2019-2023 crop years. Preference is given to the division of counties with greater variation in climate, soils, and expected productivity between the proposed administrative units. **(§1107(6))**

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**Producer Agreement**

**Producer agreements.** The Secretary may require producers to comply with certain provisions in exchange for receiving payments, issue rules to ensure compliance, and modify compliance requirements. Eligibility for PLC and ARC payments and marketing loans

Continues prior law.

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**Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended****Current Law: 2018 Farm Bill (P.L. 115-334)**

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requires producers to comply with conservation and wetland protection, control noxious weeds, maintain sound agricultural practices, and use the farm's land attributable to base acres for agricultural or conserving use and not for nonagricultural commercial, industrial, or residential use as determined by the Secretary. **(7 U.S.C. §9018(a))**

**Termination of payments.** A transfer of or change in the interest of the producers on a farm will result in the termination of payments unless the transferee or owner agrees to assume all compliance obligations. An exception to payment termination is made for producers who die or become incapacitated. **(7 U.S.C. §9018(b))**

Continues prior law.

**Annual acreage reports.** Eligibility for PLC and ARC payments and marketing loans requires producers to submit annual acreage reports. **(7 U.S.C. §9018(c))**

Continues prior law.

Eligibility for ARC payments for individual (i.e., the whole-farm, farm-level) coverage (as opposed to the crop-specific, county-level ARC program) requires a producer to submit annual production reports for each covered commodity that is covered by the farm's ARC individual program—as produced on all farms in the same state. **(7 U.S.C. §9018(d))**

**Effect of inaccurate reports.** No penalties (with respect to benefits under PLC, ARC, or marketing loans) can be assessed against a producer for an inaccurate acreage or production report unless the Secretary determines that the producer knowingly and willfully falsified the report. **(7 U.S.C. §9018(e))**

Continues prior law.

**Interests of tenants and sharecroppers.** The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers and shall provide for the sharing of payments among producers on a farm. **(7 U.S.C. §9018(f-g))**

Continues prior law.

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**Repeal of Transition Assistance for Producers of Upland Cotton**

**Cotton Transition Assistance Payments.** Transition payments are made available for upland cotton for the 2014 crop year (and for 2015 if STAX is not yet available—see Title XI). Payment equals program yield (divided by the national yield of 597 pounds per acre) times transition assistance rate times payment acres. Transition rate is based on cotton price decline between June 2013 and December 2013. Payment acres in 2014 equal 60% of 2013 cotton base acres and 36.5% in 2015. **(7 U.S.C. §9019)**

Cotton Transition Assistance Payments are repealed. **(§1108a)**

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**Source:** Compiled by CRS.

**Table A-2. Subtitle B—Marketing Loans**

Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended	Current Law: 2018 Farm Bill (P.L. 115-334)
<b>Nonrecourse Marketing Loans and Other Recourse Loans</b>	
<p><b>Nonrecourse marketing loans</b> are available for any amount of loan of a loan commodity (see list below) produced in crop years 2014-2018. To receive a marketing assistance loan, a producer must comply with applicable conservation and wetland protection requirements during the term of the loan. <b>(7 U.S.C. §9031)</b> Peanuts nonrecourse marketing loans are authorized separately and may be obtained through a marketing cooperative or association approved by USDA. Storage for peanuts under loan is to be provided on a nondiscriminatory basis and under any additional requirements. USDA shall pay storage, handling, and other associated costs incurred for peanuts placed under loan. Such costs must be repaid if the peanuts under loan are redeemed but not if forfeited. <b>(7 U.S.C. §9031(e))</b></p>	<p>Extends nonrecourse marketing assistance loans for all loan commodities (including peanuts) through crop year 2023. <b>(§1201)</b></p>
<p><b>Loan commodities and loan rates.</b> For crop years 2014-2018, the loan rate for a nonrecourse marketing assistance loan for each loan commodity is as follows:</p> <ul style="list-style-type: none"> <li>• Wheat, \$2.94 per bu.</li> <li>• Corn, \$1.95 per bu.</li> <li>• Grain sorghum, \$1.95 per bu.</li> <li>• Barley, \$1.95 per bu.</li> <li>• Oats, \$1.39 per bu.</li> <li>• ELS cotton, \$0.7977 per lb.</li> <li>• Long-grain rice, \$6.50 per cwt.</li> <li>• Medium-grain rice, \$6.50 per cwt.</li> <li>• Soybeans, \$5.00 per bu.</li> <li>• Other oilseeds, \$10.09 per cwt. for sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe, sesame seed, or any other oilseeds designated by the Secretary.</li> <li>• Dry peas, \$5.40 per cwt.</li> <li>• Lentils, \$11.28 per cwt.</li> <li>• Small chickpeas, \$7.43 per cwt.</li> <li>• Large chickpeas, \$11.28 per cwt.</li> <li>• Graded wool, \$1.15 per lb.</li> <li>• Nongraded wool, \$0.40 per lb.</li> <li>• Mohair, \$4.20 per lb.</li> <li>• Honey, \$0.69 per lb.</li> <li>• Peanuts, \$355 per ton. <b>(7 U.S.C. §9032)</b></li> </ul>	<p>Continues the nonrecourse marketing assistance loan program for commodities in current law for the 2019-2023 crop years, but with additional specification that the loan rate for each loan commodity is as follows:</p> <ul style="list-style-type: none"> <li>• Wheat, \$3.38 per bu.</li> <li>• Corn, \$2.20 per bu.</li> <li>• Grain sorghum, \$2.20 per bu.</li> <li>• Barley, \$2.50 per bu.</li> <li>• Oats, \$2.00 per bu.</li> <li>• ELS cotton, \$0.95 per lb.</li> <li>• Long-grain rice, \$7.00 per cwt.</li> <li>• Medium-grain rice, \$7.00 per cwt.</li> <li>• Soybeans, \$6.20 per bu.</li> <li>• Other oilseeds, \$10.09 per cwt. for sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe, sesame seed, or any other oilseeds designated by the Secretary.</li> <li>• Dry peas, \$6.15 per cwt.</li> <li>• Lentils, \$13.00 per cwt.</li> <li>• Small chickpeas, \$10.00 per cwt.</li> <li>• Large chickpeas, \$14.00 per cwt.</li> <li>• Graded wool, \$1.15 per lb.</li> <li>• Nongraded wool, \$0.40 per lb.</li> <li>• Mohair, \$4.20 per lb.</li> <li>• Honey, \$0.69 per lb.</li> <li>• Peanuts, \$355 per ton.</li> <li>• Seed cotton, \$0.25 per lb. <b>(§1202)</b></li> </ul>

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**Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended****Current Law: 2018 Farm Bill (P.L. 115-334)**

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**Upland cotton loan rate.** The simple average of the adjusted prevailing world price for the two immediately preceding marketing years but in no case less than \$0.45 per lb. or more than \$0.52 per pound (announced October 1 preceding the next domestic plantings). **(7 U.S.C. §9032(a)(6))**

The simple average of the adjusted prevailing world price for the two immediately preceding marketing years but in no case more than \$0.52 per pound nor less than \$0.45 per pound or an amount equal to 98% of the loan rate for the preceding year (announced October 1 preceding the next domestic plantings). **(§1202)**

**Single county loan rate for other oilseeds** is established in each county for each other kind of oilseed. **(7 U.S.C. §9032(b))**

Continues prior law.

**Seed cotton loan rate.** Only for implementation of the PLC and ARC programs, the loan rate for seed cotton is deemed to be \$0.25 per pound. This does not authorize a seed cotton nonrecourse marketing loan. **(7 U.S.C. §9032(c))**

Continues prior law.

**Term of loans.** Nine months after the day the loan is made. Extensions prohibited. Same term for peanuts. **(7 U.S.C. §9033)**

Continues prior law.

**Repayment of loans.** Loans may be repaid at the lesser of (1) the loan rate plus interest, (2) a rate based on average market prices during the preceding 30-day period, or (3) a rate determined by USDA that will minimize forfeitures, accumulation of stocks, storage costs, market impediments, and discrepancies in benefits across states and counties. Excludes upland cotton, rice, ELS cotton, confectionery, and each kind of sunflower seed (other than oil sunflower seed). **(7 U.S.C. §9034(a))**

Continues prior law.

**Special repayment rates.** For upland cotton, long-grain rice, and medium-grain rice, repayment may be at the lesser of the loan rate plus interest or the prevailing world price for the commodity adjusted to U.S. quality and location. **(7 U.S.C. §9034(b))** ELS cotton repayment rate is the loan rate plus interest. **(7 U.S.C. §9034(c))** For confectionery and each kind of sunflower seed (other than oil sunflower seed), loans must be repaid at the lesser of the loan rate plus interest or the repayment rate for oil sunflower seed. **(7 U.S.C. §9034(f))**

Continues prior law.

**Prevailing world market price.** The Secretary shall prescribe by regulation a formula to determine the prevailing world market price for each of upland cotton, long-grain rice, and medium-grain rice and a mechanism to announce periodically prevailing world market prices. **(7 U.S.C. §9034(d))** Provides explicit market conditions to USDA for adjustments to the prevailing world market price for quality and location (both rice and upland cotton) and additionally the potential for loan forfeitures (upland cotton). **(7 U.S.C. §9034(e))**

Continues prior law.

The adjustments to the prevailing world market price for upland cotton as used to determine the repayment rate of marketing assistance loans are extended through July 31, 2024. **(§1201(b)(1))**

**Payment of cotton storage costs.** For each of crop years 2014-2018, the Secretary shall make cotton storage payments available in the same manner and at the same rates as the Secretary provided storage payments for the 2006 crop of cotton, except that the rates shall be reduced by 10%. **(7 U.S.C. §9034(g))**

Extends current law for crop years 2019-2023. **(§1201(b)(2))**

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**Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended****Current Law: 2018 Farm Bill (P.L. 115-334)**

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**Repayment rate for peanuts.** Loans may be repaid at the lesser of (1) the loan rate plus interest or (2) a rate determined by USDA that will minimize forfeitures, accumulation of stocks, storage costs, market impediments, and discrepancies in benefits across states and counties. **(7 U.S.C. §9034(h))**

Continues prior law.

**Authority to temporarily adjust repayment rates.** USDA may temporarily, and on a short-term basis only, adjust the repayment rates in the event of a severe disruption to marketing, transportation, or related infrastructure. **(7 U.S.C. §9034(i))**

Continues prior law.

**Loan deficiency payments (LDPs).** For the crop years 2014-2018, USDA makes available LDPs to producers who agree to forego marketing loans. An LDP is computed by multiplying the payment rate (the amount that the loan rate exceeds the rate at which a marketing loan may be repaid) for the commodity times the quantity of the commodity produced. LDPs are also available for unshorn pelts or hay and silage, even though they are not eligible for marketing loans. ELS cotton is not eligible. Payment rates determined using the rate in effect as of the date that producers request payment. (Producers do not need to lose beneficial interest.) **(7 U.S.C. §9035)**

Extends current law through crop year 2023. **(§1201(c)(1))**

**Payments in lieu of LDPs are available for grazed acreage** of wheat, barley, oats, or triticale if a producer forgoes harvesting any crop from that acreage. Crop production on the grazed acreage is not eligible for crop insurance or noninsured crop assistance. **(7 U.S.C. §9036)**

Extends current law through crop year 2023. **(§1201(c)(2))**

**Special marketing loan provisions for upland cotton.** Imposes a special import quota on upland cotton without an expiration date beginning on August 1, 2014, when price of U.S. cotton, delivered to a definable and significant international market, exceeds the prevailing world market price for four weeks. **(7 U.S.C. §9037(b))** Limited global import quota is imposed on upland cotton when U.S. prices average 130% of the previous three-year average of U.S. prices. **(7 U.S.C. §9037(b))**

Continues prior law.

**Economic adjustment assistance to users of upland cotton** provides assistance to domestic users of upland cotton for uses of all cotton regardless of origin to acquire, construct, install, modernize, develop, convert, or expand land, plant, buildings, equipment, facilities, or machinery. Rate is \$0.03 per pound effective beginning August 1, 2013. **(7 U.S.C. 9037(c))**

Extends current law (at current \$0.03/pound rate) without an expiration date but changes the subsection heading of current law to “Economic Adjustment Assistance for Textile Mills.” **(§1203(b))**

Repeals a redundant authority in 7 U.S.C. §8737(c). **(§1203(a))**

**Special competitive provisions for ELS cotton.** Payments to domestic users and exporters are triggered whenever the world market price for the lowest priced ELS cotton is below the prevailing U.S. price for a competing growth of ELS cotton for a four-week period and the lowest priced competing growth of ELS cotton is less than 134% of the loan rate for ELS cotton. Effective through July 31, 2019. Payments equal the difference between

Continues the authorization through July 31, 2024, of the special competitive provisions for ELS cotton but adjusts the payment trigger to whenever the world market price for the lowest priced ELS cotton is below the prevailing U.S. price for a competing growth of ELS cotton for a four-week period and the lowest priced competing growth of ELS cotton is less

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**Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended**

the trigger prices (above) times the amount purchased by domestic users or exported by exporters in the week following the four-week trigger period. **(7 U.S.C. §9038)**

**Availability of recourse loan.** For crop years 2014-2018, recourse loans for high-moisture feed grains and seed cotton are available for farms that normally harvest corn or sorghum in a high-moisture condition at rates set by the USDA. For recourse loans for seed cotton, repayment is at loan rate plus interest. **(7 U.S.C. §9039)**

**Adjustment of loans.** Adjustments are authorized for any commodity (other than cotton) based on differences in grade, type, quality, location, and other factors. Allows county loan rates as low as 95% of the U.S. average if it does not increase outlays. Prohibits adjustments that would increase the national average loan rate. For cotton, loan rates may be adjusted for differences in quality factors (made after consultation with the U.S. cotton industry). For rice, loan rates may be adjusted for differences in grade and quality (including milling yields). **(7 U.S.C. §9040)**

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**Current Law: 2018 Farm Bill (P.L. 115-334)**

than 113% of the loan rate for ELS cotton. This adjustment reflects the increase in the ELS cotton loan rate. **(§1204)**

Continues the authorization for recourse loans for certain crops for the 2019-2023 crop years in same manner as current law except for the addition of a provision providing for recourse loans for commodities that are contaminated but still merchantable. **(§1205)**

Continues prior law.

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**Source:** Compiled by CRS.

**Table A-3. Subtitle E—Supplemental Agricultural Disaster Assistance**

Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended	Current Law: 2018 Farm Bill (P.L. 115-334)
<b>Supplemental Agricultural Disaster Assistance</b>	
<p>Four disaster assistance programs (LIP, LFP, ELAP, and TAP as described below) are reauthorized permanently (retroactive to FY2012) with mandatory funding from the Commodity Credit Corporation. Producers are not required to purchase crop insurance or NAP coverage to participate. <b>(7 U.S.C. §9081)</b></p> <p><b>Definitions.</b> Four terms are defined under the Supplemental Agricultural Disaster Assistance Program: <i>eligible producer on a farm</i>, <i>farm-raised fish</i>, <i>livestock</i>, and <i>Secretary</i>.</p> <p><i>Eligible producer on a farm</i> is defined as an individual or entity that assumes the production and market risks associated with the agricultural production of crops or livestock. The phrase <i>individual or entity</i> specifically refers to (1) a U.S. citizen, (2) a resident alien, (3) a partnership of U.S. citizens, or (4) a corporation, limited liability corporation, or other farm organization structure organized under state law.</p> <p><i>Farm-raised fish</i> means any aquatic species that is propagated and reared in a controlled environment.</p> <p><i>Livestock</i> includes cattle (including dairy cattle), bison, poultry, sheep, swine, horses, and other livestock as determined by the Secretary.</p> <p><i>Secretary</i> means the Secretary of Agriculture. <b>(7 U.S.C. §9081(a))</b></p> <p>The <b>Livestock Indemnity Program (LIP)</b> compensates producers at a rate of 75% of market value for livestock mortality or livestock sold at a loss caused by adverse weather including hurricanes, floods, blizzards, disease, wildfires, extreme heat, and extreme cold or by animals reintroduced into the wild by the federal government or protected by federal law, including wolves and avian predators. Ensures that LIP payments do not duplicate any federal compensation associated with federal quarantine and disposal. <b>(7 U.S.C. §9081(b))</b></p> <p>The <b>Livestock Forage Disaster Program (LFP)</b> compensated eligible livestock producers for grazing losses due to either (a) qualifying drought conditions (using the drought monitor system for classifying drought) or (b) fire on public managed land. An eligible livestock producer is an owner, lessee, or contract grower that provides the pastureland or grazing land and meets other criteria.</p> <p>For drought, the monthly payment rate equals 60% of estimated feed costs; number of monthly payments: (a) one month for land located in a county with a D2 drought intensity for at least eight consecutive weeks, (b) three months for land in a county with at least a D3 rating at any time during the normal grazing period, (c) four months if the county has a D3 rating for at least four weeks, (d) four months if the county has a D4 rating at any time</p>	<p>Continues prior law.</p> <p>Adds <i>Indian tribe or tribal organization</i>, as defined in Section 4 of the Indian Self-Determination and Education Assistance Act (15 U.S.C. §3504), to the list of <i>individual or entities</i> referenced in the definition of <i>eligible producer on a farm</i>. <b>(§1501(a))</b></p> <p>Expands payments to include losses from disease that is caused or transmitted by a vector and is not controlled by vaccination or other acceptable management practices.</p> <p>Specifies that USDA may disregard management practices, vaccination protocol, or lack of vaccination by the eligible producer when the loss from adverse weather was the death of unweaned livestock. <b>(§1501(b))</b></p> <p>Continues prior law.</p>

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**Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended**

**Current Law: 2018 Farm Bill (P.L. 115-334)**

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during the normal grazing period, (e) five months of payments if the county has a D4 rating for at least four weeks.

For fire on public land, the monthly payment rate equaled to 50% of estimated feed costs and covered the period the federal agency excludes the producer from using the managed rangeland for grazing. **(7 U.S.C. §9081(c))**

**Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP).** Provides payments to producers of livestock, honey bees, and farm-raised fish as compensation for losses due to disease (including cattle tick fever), adverse weather, feed or water shortages, or other conditions (such as wildfires) that are not covered under LIP or LFP. **(7 U.S.C. §9081(d))**

The **Tree Assistance Program (TAP)** provides payments to eligible orchardists and nursery growers to replant or rehabilitate trees, bushes, and vines damaged by natural disasters. Eligible losses must exceed 15%, after adjustment for normal mortality including natural disaster, including plant disease, insect infestation, drought, fire, freeze, flood, earthquake, lightning, or other occurrence. For damage or mortality in excess of 15%, payments cover 65% of the cost of replanting trees or nursery stock and 50% of the cost of rehabilitation (e.g., pruning and removal to salvage existing trees or prepare the land to replant trees). **TAP** has a separate limit of \$125,000 per year, and TAP payment acreage may not exceed 1,000 acres. **(7 U.S.C. §9081(e))**

**Disaster program payment limit:** Total combined payments received under **LFP** and **ELAP** are limited to \$125,000 for any crop year. **(7 U.S.C. §9081(f))**

Amends the program to add the cost of inspecting for cattle tick fever to the list of approved costs covered by the program. Effective date of amendment applies to inspections conducted on or after enactment. **(§1501(c))**

Adds a new, increased payment rate for beginning and veteran producers of 75% of the cost of replanting and rehabilitation. **(§1501(d))**

**TAP** is no longer subject to a payment limit, but TAP payment acreage may not exceed 1,000 acres. **(§1501(f))**

Excludes **ELAP** from the payment limit. **LFP** payments remain subject to a \$125,000 per crop year payment limit. **(§1501(f))**

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**Source:** Compiled by CRS.

**Table A-4. Subtitle F—Noninsured Crop Assistance**

Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended	Current Law: 2018 Farm Bill (P.L. 115-334)
<b>Noninsured Crop Disaster Assistance Program (NAP)</b>	
<p><b>Operation and administration.</b> NAP provides a catastrophic-level of coverage to producers of crops that are not insurable under the federal crop insurance program. <b>(7 U.S.C. §7333(a)(1))</b></p> <p>Crops eligible for NAP are defined as commercial crops or commodities (except livestock) for which catastrophic risk protection and select policies (including buy-up coverage) under the federal crop insurance program is unavailable. <b>(7 U.S.C. §7333(a)(2))</b></p> <p><b>Native sod.</b> Following enactment of the 2014 farm bill, native sod acreage that has been tilled to produce annual crops receive reduced benefits under NAP during the first four years of planting. Crops planted on native sod have higher fees and reduced yield guarantees. Benefit reductions are limited to native sod in Minnesota, Iowa, North Dakota, South Dakota, Montana, and Nebraska. <b>(7 U.S.C. §7333(a)(4))</b></p> <p><b>Applications.</b> NAP applications are due 30 days prior to the coverage period. Producers must provide annual production records and acreage reports. <b>(7 U.S.C. §7333(b))</b></p> <p><b>Payments.</b> Payments are made based on 50% of the established yield of the crop. <b>(7 U.S.C. §7333(d))</b></p> <p><b>Yield determinations</b> are calculated based on actual production history or, if unavailable, 65% of the transitional yield. <b>(7 U.S.C. §7333(e)(1)-(e)(3))</b></p> <p><b>Payment limits.</b> Total NAP payments are limited to \$125,000 per crop year per individual or entity. <b>(7 U.S.C. §7333(i)(2))</b></p> <p><b>Service fee.</b> Producers pay a fee of \$250 per crop per county or \$750 per producer per county, not to exceed \$1,875 per producer. <b>(7 U.S.C. §7333(k)(1))</b></p> <p><b>Buy-up coverage.</b> Additional, or buy-up, coverage may be purchased at 50%-65% (in 5% increments) of established yield and 100% of average market price. The farmer-paid fee for additional coverage is 5.25% times the product of the selected coverage level and value of production (acreage times yield times average market price). Buy-up coverage is available each of crop years 2015-2018. <b>(7 U.S.C. 7333(l))</b></p>	<p>Adds a data collection and coordination requirement. <b>(§1601(1)(A))</b></p> <p>Amends the definition of <i>eligible crop</i> to include those crops that may be insurable under the crop insurance program but only for whole farm plans or policies that provide coverage for specific intervals based on weather indexes. <b>(§1601(1)(B))</b></p> <p>Amends benefit reductions on native sod to include all “eligible” crops rather than “annual” crops for not more than four years during the first 10 years after initial tillage. Adds an amendment to yield guarantee reduction from transition yields to county expected yields. <b>(§1601(1)(C))</b></p> <p>Provides flexibility for NAP application deadlines and requires a streamlined process for submitting records and acreage reports for diverse production systems. <b>(§1601(2))</b></p> <p>Adjusts the payment formula to include the producer’s share of the total number of acres devoted to the eligible crop and based on the approved yield rather than the established yield. <b>(§1601(3))</b></p> <p>Amends yield determinations with no production history to use county expected yields rather than transitional yields. <b>(§1601(4))</b></p> <p>Separates the payment limit for catastrophic coverage (\$125,000) and additional coverage (\$300,000). <b>(§1601(5))</b></p> <p>Increases service fees to \$325 per crop per county or \$825 per producer per county, not to exceed \$1,950 per producer. <b>(§1601(6))</b></p> <p>Deletes a 2012 fruit loss provision and buy-up coverage expiration date. Amends the premium for additional coverage to be proportional to a producer’s share of the crop, adds the producer’s share of the crop to the list of multipliers used to calculate the payment amount, and amends the average market price multiplier to include contract price or other premium price. <b>(§1601(7))</b></p>

Source: Compiled by CRS.

**Table A-5. Subtitle G—Administration**

Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended	Current Law: 2018 Farm Bill (P.L. 115-334)
<b>Administrative Programs</b>	
<p><b>General administration.</b> The Secretary may use the funds and facilities of the CCC to carry out this title (<b>7 U.S.C. §9091(a)</b>). Provides that a determination made by the Secretary under this title shall be final and conclusive (<b>7 U.S.C. §9091(b)</b>). Provides for an expedited implementation of this title: Not later than 90 days after February 7, 2014, USDA and the CCC shall promulgate such regulations as necessary (<b>7 U.S.C. §9091(c)</b>).</p>	<p>Amends current law for expedited rulemaking to extend the authority to include Title I of the 2018 farm bill and the amendments made by this title. (<b>§1701</b>)</p>
<p><b>Adjustment authority to comply with trade agreements.</b> Provides the Secretary authority to adjust expenditures under this title to ensure that the United States remains in compliance with domestic support levels allowed under the World Trade Organization. (<b>7 U.S.C. §9091(d)</b>)</p>	<p>Continues prior law.</p>
<p><b>Suspension of permanent price support authority.</b> Suspends the permanent price support authority of the Agricultural Adjustment Act of 1938 and the Agricultural Adjustment Act of 1949 for the 2014-2018 crop years (covered commodities, cotton, and sugar) and for milk through December 31, 2018. (<b>7 U.S.C. §9092</b>)</p>	<p>Extends the suspension of permanent price authority in the Agriculture Marketing Adjustment Act of 1938 and the Agricultural Act of 1949 through December 31, 2023. (<b>§1702</b>)</p>
<p><b>Prevention of deceased individuals receiving payments under farm commodity programs.</b> At least twice each year, the Secretary shall reconcile Social Security numbers of all individuals who receive payments under this chapter, whether directly or indirectly, with the commissioner of Social Security to determine if the individuals are alive. The Secretary shall preclude the issuance of payments to, and on behalf of, deceased individuals who were not eligible for payments. (<b>7 U.S.C. §9003</b>)</p>	<p>Continues prior law.</p>
<p><b>Assignment of payments.</b> Provides the authority for a producer who receives a payment under this title to assign the payment to someone else after proper notice to the Secretary. (<b>7 U.S.C. §9003</b>)</p>	<p>Continues prior law.</p>
<p><b>Tracking of benefits.</b> Authorizes the Secretary to track the benefits provided to individuals getting payments under Titles I and II programs. (<b>7 U.S.C. §9003</b>)</p>	<p>Continues prior law.</p>
<p><b>Signature authority.</b> In carrying out a Title I or II program, if the Secretary approves a document, then the Secretary may not subsequently (or retroactively) determine that the document is inadequate or invalid due to the lack of authority of any person signing on behalf of another individual, entity, general partnership, or joint venture unless the person knowingly and willfully falsified the signature. (<b>7 U.S.C. §9003</b>)</p>	<p>Continues prior law.</p>
<p><b>Personal liability of producers for deficiencies.</b> No producer shall be personally liable for any deficiency arising from the sale of the collateral securing any nonrecourse loan unless</p>	<p>No comparable provision.</p>

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**Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended****Current Law: 2018 Farm Bill (P.L. 115-334)**

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the loan was obtained through a fraudulent representation by the producer. However, USDA may require a producer to assume liability for a deficiency in the grade, quality, or quantity of a commodity stored on a farm or delivered by the producer; failure to properly care for and preserve a commodity; or failure or refusal to deliver a commodity in accordance with a program. **(7 U.S.C. §7284)**

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**Program Suspension**

Suspends the permanent price support authority of the Agricultural Adjustment Act of 1938 and the Agricultural Adjustment Act of 1949 for the 2014-2018 crop years (covered commodities, peanuts, and sugar) and for milk through December 31, 2018. **(7 U.S.C. §8782)**

Same as prior law, except applies to 2019-2023 crop years and through December 31, 2023 for milk. **(§1702)**

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**Payment Limitations**

**Payment limitations.** Establishes a per-year limit on cumulative commodity program payments for PLC payments, ARC payments, marketing loan gains (MLGs), and LDPs.

—PLC, ARC, MLGs, and LDPs for the sum of all covered commodities except peanuts: \$125,000.

—PLC, ARC, MLGs and LDPs, for peanuts: \$125,000.

—cotton transition payments (2014 and 2015): \$40,000.

Any benefits arising from forfeiture of crops held under marketing assistance loans is not subject to a payment limit. **(7 U.S.C. §1308(a)-(d))**

**Payment attribution.** Payments are attributed to a person by accounting for the direct and indirect ownership in any legal entity. Payments made directly to a person are combined with the person's pro-rata share of payments from a legal entity. Payments to a legal entity cannot exceed the limits above and are attributed to persons. Attribution of payments to legal entities is traced to four levels of ownership. If a payment has not been allocated to an individual after four levels of ownership, the payment to the first-level entity is reduced on a pro-rata basis. Payments made to a legal entity are reduced proportionately by the ownership share of any person or legal entity that has otherwise exceeded the applicable payment limitation. **(7 U.S.C. §1308 (e)-(h))**

**Actively engaged in farming (AEF) requirement.** To be eligible to receive an ARC or PLC payment or MAL benefit, a person or legal entity shall be AEF with respect to a farming operation according to the following criteria.

A person (including a partner in a general partnership or joint venture, a grantor of a revocable trust, or a participant in a similar entity) shall be considered AEF if (1) the person makes a significant contribution of (A) capital, equipment, or land; and (B) personal labor or

Retains the payment limit of \$125,000 per year for all covered commodities (with a separate limit for peanuts) to a person or legal entity but applies it only to the sum of PLC and ARC payments. Marketing assistance loan benefits (MLGs, LDPs, and forfeiture benefits) are excluded from payment limits. **(§1703(a)(2))**

Amends the definition of *family member* (see below) **(§1703(a)(1)(B))**

Amends current law to require the Secretary to apply reductions in PLC or ARC payments due to a sequester before applying payment limitations. **(§1603(a)(4))**

All changes made to payment limits shall apply starting with the 2019 crop year. **(§1703(b))**

Continues other payment limit provisions such as direct attribution. Addresses active personal management (see below).

Continues prior law.

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**Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended****Current Law: 2018 Farm Bill (P.L. 115-334)**

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active personal management; (2) the person's share of the profits or losses from the farming operation is commensurate with contributions to the farming operation; and (3) the person's contributions are at risk.

A legal entity that is a corporation, joint stock company, association, limited partnership, charitable organization, or other similar entity shall be considered as AEF if (i) the legal entity separately makes a significant contribution of capital, equipment, or land; (ii) the stockholders or members collectively make a significant contribution of personal labor or active personal management to the operation; and (iii) the standards (2) and (3) above for a person are met by the legal entity. **(7 U.S.C. §1308-1(b))**

Instructs the Secretary of Agriculture to write new regulations that define *significant contribution of active personal management* (to more clearly and objectively implement **(7 U.S.C. §1308-1(b)(2))**, recognizing past difficulties). Specifically allows for different limits for varying types of farming operations based on considerations of size, nature, and management requirements of different farming types, changes in the nature of active personal management due to advancements in farming practices, and the impact of this regulation on the long-term viability of farming operations. Regulations shall not apply to entities made solely of family members. Conferees intend for regional differences and a range of activities performed to be considered. Regulations are to be promulgated within six months of enactment and may apply beginning with the 2015 crop year.

**(7 U.S.C. §1308-1 note)**

**Family member.** A person to whom a member in the farming operation is related as lineal ancestor, lineal descendant, sibling, spouse, or otherwise by marriage.

**(7 U.S.C. §1308(a)(2))**

**Treatment of joint ventures and partnerships.** Payment limit for joint ventures and general partnerships equals the payment limit for a person or legal entity of \$125,000 times the number of eligible persons or legal entities that comprise the business' ownership.

**(7 U.S.C. §1308(e)(3)(B)(ii))**

Revises the definition of *family member* to include first cousins, nieces, and nephews. **(§1703(a)(1)(B))**

Continues prior law.

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**Adjusted Gross Income (AGI) Limitation**

**AGI limitation.** Prohibits farm commodity program benefits (including benefits under PLC, ARC, MAL, agricultural disaster assistance, or conservation programs) to an individual or entity if AGI exceeds \$900,000. The AGI limit is calculated as the average AGI or comparable measure of the person or legal entity over the three taxable years prior to the most immediately complete taxable year. **(7 U.S.C. §1308-3a)**

Continues current AGI limitation subject to the two amendments.

Provides authority to Secretary to waive AGI limitation, on case-by-case basis, to protect environmentally sensitive land of special significance. **(§1704 (a)(2))**

Applies the **Section 1704** changes starting with the 2018 crop, fiscal, or program year as appropriate. **(§1704(c))**

No comparable provision.

**Farm Service Agency (FSA) accountability.** (a) Not later than one year from enactment, USDA shall establish policies, procedures, and plans to improve accountability and

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**Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended**

**Implementation.** Requires the Secretary to maintain base acres and payment yields for each covered commodity. **(7 U.S.C. §9097(a))**

Requires the Secretary to continue to streamline administrative burdens and costs including through the Acreage Crop Reporting and Streamlining Initiative (ACRSI); improve coordination, information sharing, and administrative work within USDA; and use new technologies to enhance efficiency and effectiveness of program delivery.

**(7 U.S.C. §9097(b))**

The Secretary shall make \$100 million available to implement this title. Additional funds are made available upon notification to House and Senate Agriculture Committees of significant progress by September 20, 2014 (\$10 million) and full implementation by September 30, 2015 (\$10 million). Also \$3 million is available for state extension services to educate farmers and ranchers of their options under this title and \$3 million to support qualified universities to develop and train producers on web-based decision aids.

**(7 U.S.C. §9097(c))**

USDA shall use CCC funds to ensure that the MAL program and benefits are fully functional in any year that discretionary spending limits are enforced via sequestration or other means.

**(7 U.S.C. §9097(d))**

**Exemption from certain reporting requirements for certain producers.** Section 1244(m) of the Food Security Act of 1985, as amended by Section 766 of the Consolidated Appropriations Act of 2018 (P.L. 115-124), stipulates that select federal grant financial reporting requirements for producers (defined as producers and landowners eligible to

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**Current Law: 2018 Farm Bill (P.L. 115-334)**

integrity through targeted and coordinated activities, including data mining to identify and reduce errors, waste, fraud, and abuse in FSA programs. (b) Not later than three years after enactment, USDA shall submit a report to the House and Senate Agriculture Committees describing efforts to achieve the goals cited in (a). **(§1705(b))**

Same as prior law for all provisions except:

No agent, approved insurance provider (AIP), or employee or contractor of an agency or AIP bears responsibility or liability under ACRSI for the eligibility of a producer for programs administered by USDA that are not policies or plans of insurance offered under the Federal Crop Insurance Act (7 U.S.C. §1501 *et. seq.*) except in cases of fraud, misrepresentation, or scheme and device.

Crop insurance agents and AIPs are allowed access to records held by FSA necessary for effective crop insurance program delivery. USDA shall continue to improve coordination and data sharing efforts with NRCS, FSA, and RMA.

By September 30, 2020, RMA and FSA shall implement a consistent method for determining farm and crop acreage, yields, property descriptions, and other common informational requirements, including measures of common land units.

Producers may remotely and electronically sign annual contracts for ARC and PLC, and producers have the option to sign multi-year contracts for the ARC and PLC programs.

The Secretary is required to make \$15.5 million in mandatory funding available for the FSA to implement this title.

USDA shall use CCC funds to ensure that PLC and ARC payments are fully made prior to enforcing in any year where discretionary spending limits are enforced via sequestration or other budgetary means.

Any USDA payment obligations that have not been disbursed or liquidated and remain outstanding five years after the date on which the payment was obligated or made available shall be de-obligated and revert to the Treasury. The Secretary may delay the date of de-obligation.

Not later than January 1, 2020, and each January 1 thereafter through January 1, 2023, USDA shall submit a report on tilled native sod that was subject to benefit reductions under crop insurance or NAP. **(§1706)**

Expands the federal grant financial reporting requirement exemption for NRCS conservation programs to all commodity, indemnity, and conservation programs administered by FSA, the Animal and Plant Health Inspection Service (APHIS), and the NRCS. Further defines *exempted producer* as an eligible entity that participates in a farm bill conservation program, an

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**Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended**

**Current Law: 2018 Farm Bill (P.L. 115-334)**

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participate in any USDA conservation program) should not apply to Natural Resources Conservation Service (NRCS) conservation programs. **(16 U.S.C. §3844(m))**

indemnity or disease control program, or a Title I commodity program (excluding cotton) administered by NRCS, APHIS, and FSA. **(§1707)**

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**Source:** Compiled by CRS.

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