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Preparing for the Next Farm Bill

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Preparing for the Next Farm Bill

The farm bill is an omnibus, multiyear law that governs an array of agricultural and food programs. Although freestanding legislation or components of other major laws sometimes create or change agricultural policies, the periodic farm bill provides a predictable opportunity for policymakers to address agricultural and food issues in a comprehensive manner. The Agriculture Improvement Act of 2018 (2018 farm bill; P.L. 115-334)—the most recent farm bill—generally expires at the end of FY2023. The 2018 farm bill succeeded the Agricultural Act of 2014 (2014 farm bill; P.L. 113-79).

There is no fixed format for the farm bill. Its breadth has grown from the original two titles of the Agricultural Adjustment Act of 1933 (P.L. 73-10) to the 12 titles of the 2018 farm bill. The issues addressed in the 2018 farm bill encompass agricultural commodity supports, credit, trade, conservation, research, rural development, foreign and domestic food programs, and many other policies and programs. Provisions in the 2018 farm bill modified certain commodity programs, expanded crop insurance, amended conservation programs, reauthorized and revised nutrition assistance, and extended authority to appropriate funds for many U.S. Department of Agriculture (USDA) discretionary programs through FY2023.

When the 2018 farm bill was enacted, the Congressional Budget Office (CBO) estimated that the total cost of its mandatory programs would be \$428 billion over its five-year duration (FY2019-FY2023). Four titles accounted for 99% of the 2018 farm bill's mandatory spending: Nutrition (Title IV), Commodities (Title I), Crop Insurance (Title XI), and Conservation (Title II). At enactment, the Nutrition title, which includes the Supplemental Nutrition Assistance Program (SNAP), comprised 76% of the estimated total, with the remaining portion mostly addressing agricultural production and conservation issues across other titles.

Historically, omnibus farm bill legislation has focused on commodity-based revenue support policy—namely, the methods and levels of federal support provided to agricultural producers. The 2018 farm bill reauthorized and amended various components of U.S. *farm safety net* programs, which include commodity support programs, the federal crop insurance program, and permanent disaster assistance programs. Certain agricultural interest groups point to additional policy priorities—covering a range of equity issues across the farm sector—and call for enhanced support for small- and medium-sized farms, specialty crops, organic agriculture, local and regional food systems, healthy and nutritious foods, research, conservation, and rural development, among other priorities.

Debate over the next farm bill may include a wide range of other policy priorities and issues in addition to commodity-based revenue support. These include topics raised in prior farm bill debates and more recent issues. Among long-standing issues are the overall budget outlook and the scope and structure of nutrition programs within the farm bill. Among recent issues is the federal government's role in supporting beginning, veteran, and historically underserved farmers and ranchers. New to the next farm bill debate might be a variety of agriculture sector impacts associated with the Coronavirus Disease 2019 (COVID-19) pandemic. These include agricultural supply chain challenges, price inflation, international trade, industry consolidation, and whether, and to what extent, to continue temporary policies enacted in pandemic response laws.

The Biden Administration has prioritized climate change as an overarching federal policy priority. Debate over the next farm bill may include policies related to agriculture and climate change—how federal programs and policies can or should support agriculture's adaptation to changing climatic conditions, as well as agriculture's potential contributions to climate change mitigation.

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Introduction

The farm bill is an omnibus, multiyear law that governs an array of agricultural and food programs.¹ Although freestanding legislation or components of other major laws sometimes create or change agricultural policies, the periodic farm bill provides a predictable opportunity for policymakers to address agricultural and food issues in a comprehensive manner. In recent years, Congress has renewed the farm bill every four to six years.²

The farm bill has no fixed format. Over time, farm bill legislation has grown in complexity and scope. The law generally recognized as the first omnibus farm bill—the Agricultural Adjustment Act of 1933 (P.L. 73-10)—consisted of two titles and the equivalent of 24 printed pages. The most recent farm bill—the Agriculture Improvement Act of 2018 (2018 farm bill; P.L. 115-334, H.Rept. 115-1072)—comprised 12 titles and about 529 pages of text. In legislation enacted between those two laws, the farm bill has developed from addressing specific farm commodity supports and soil conservation to encompassing additional issues, such as nutrition, trade, rural development, research, credit, horticulture, bioenergy, and other topics.

The omnibus nature of the bill can create broad coalitions of support among sometimes-conflicting interests for policies that individually might not survive the legislative process. It also can stir competition for available funds, particularly among producers of different commodities or stakeholders with differing priorities—for example, urban versus rural interests. In recent years, the diversity of groups involved in the debate has grown along with the topical breadth of the farm bill. These entities now include national farm groups, commodity associations, state organizations, nutrition and public health officials, and advocacy groups representing conservation, recreation, rural development, local and urban farming facilities, faith-based interests, land-grant universities (LGUs), and certified organic production.

The consequences of allowing a farm bill to expire, as has occurred in the past, may motivate legislative action. When a farm bill expires, not all programs are affected equally. Some programs cease to operate unless reauthorized, while others might continue to pay old financial obligations as provided under current law. The farm commodity programs, for example, would expire and revert to permanent law dating back to the 1940s. Nutrition assistance programs require periodic reauthorization, but appropriations can keep them operating. Many discretionary programs would lose statutory authority to receive appropriations, though annual appropriations could provide funding and implicit authorization. Other programs have permanent authority and do not need to be reauthorized (e.g., crop insurance).³

This report provides background on each of the major titles included in the 2018 farm bill and previews some of the issues that may factor into the debate over the next farm bill. Many CRS analysts contributed to the writing of this report. The table on the previous page provides a list of agricultural policy topics and the CRS analysts who cover them.

¹ For more background on the farm bill, see CRS Report RS22131, *What Is the Farm Bill?*.

² As of this writing, there have been 18 farm bills, including the one in 1933 (2018, 2014, 2008, 2002, 1996, 1990, 1985, 1981, 1977, 1973, 1970, 1965, 1956, 1954, 1949, 1948, 1938, and 1933). See also CRS Report R45210, *Farm Bills: Major Legislative Actions, 1965-2018*.

³ For more information on the consequences of expiration, see CRS Report R45341, *Expiration of the 2014 Farm Bill*.

The 2018 Farm Bill

The 2018 farm bill—enacted in December 2018 and generally expiring at the end of FY2023—is the most recent farm bill.⁴ It succeeded the Agricultural Act of 2014 (2014 farm bill; P.L. 113-79). The 2018 farm bill contains 12 titles (see **text box**).⁵ Provisions in the 2018 farm bill modified some of the farm commodity programs, expanded crop insurance, amended conservation programs, reauthorized and revised nutrition assistance, and extended authority to appropriate funds for many U.S. Department of Agriculture (USDA) discretionary programs through FY2023.

The 2018 Farm Bill (P.L. 115-334) Functions and Major Issues, by Title

- **Title I, Commodities.** Provides farm payments when crop prices or revenues decline for major commodity crops, including wheat, corn, soybeans, peanuts, and rice. Includes disaster programs to help livestock and tree fruit producers manage production losses due to natural disasters. Other support includes margin insurance for dairy, marketing quotas, minimum price guarantees, and import quotas for sugar.
- **Title II, Conservation.** Encourages environmental stewardship of farmlands and improved management practices through various working lands programs, as well as changes in land use through land retirement and easement programs.
- **Title III, Trade.** Supports U.S. agricultural export programs and export credit guarantee programs, as well as international food aid programs that provide emergency and nonemergency foreign food aid. Other provisions address issues related to World Trade Organization (WTO) obligations.
- **Title IV, Nutrition.** Provides nutrition assistance for low-income households through programs, including the Supplemental Nutrition Assistance Program (SNAP, formerly known as the Food Stamp Program) and emergency food assistance programs. Also supports food distribution in schools.
- **Title V, Credit.** Offers direct government loans to farmers/ranchers and guarantees on private lenders' loans. Sets eligibility rules and policies.
- **Title VI, Rural Development.** Supports rural business and community development programs. Establishes planning, feasibility assessments, and coordination with other local, state, and federal programs. Programs include grants and loans for infrastructure, economic development, broadband, and telecommunications.
- **Title VII, Research, Extension, and Related Matters.** Offers a wide range of agricultural research and extension programs that expand academic knowledge about agriculture and food and help farmers and ranchers become more efficient, innovative, and productive.
- **Title VIII, Forestry.** Supports forestry management programs run by USDA's Forest Service.
- **Title IX, Energy.** Encourages the development of farm and community renewable energy systems through grants, loan guarantees, and feedstock procurement initiatives. Also facilitates the production, marketing, and processing of advanced biofuels and biofuel feedstocks, as well as research, education, and demonstration programs.
- **Title X, Horticulture.** Supports specialty crops—fruits, vegetables, tree nuts, and floriculture and ornamental products—through initiatives, including market promotion, plant pest and disease prevention, and research. Also provides support to certified organic agricultural production and locally produced foods.
- **Title XI, Crop Insurance.** Amends the permanently authorized federal crop insurance program.
- **Title XII, Miscellaneous.** Covers other types of programs, including livestock and poultry production and limited-resource and socially disadvantaged farmers.

Farm Policy Considerations for Congress

As Congress considers a new farm bill, it does so in an economic setting of increasing farm-sector incomes (see “Farm Economy and International Environment”) and general disruption and

⁴ For more information on the major provisions of the 2018 farm bill, see CRS Report R45525, *The 2018 Farm Bill (P.L. 115-334): Summary and Side-by-Side Comparison*.

⁵ For a listing of the titles and subtitles of the 2018 farm bill, see the **Appendix**.

uncertainty associated with the Coronavirus Disease 2019 (COVID-19) pandemic. The next farm bill is expected to address many competing policy priorities. Efforts to manage farm bill costs, given overall constraints on federal spending, may create heightened competition and tension among a range of U.S. farm policy stakeholders. There is also uncertainty regarding how the Biden Administration will implement its farm policy priorities.

Congress has considered the scope and structure of nutrition programs during many farm bill debates. Farm bills since 1973 have included reauthorization of the Food Stamp Program (renamed the Supplemental Nutrition Assistance Program [SNAP] in the 2008 bill). SNAP currently accounts for the overwhelming majority of total farm bill spending. The partnership between nutrition programs and farm programs generally generates rural and urban support for the farm bill as a whole. Increased food insecurity associated with the COVID-19 pandemic, as well as temporary increases in federal nutrition funding via pandemic response laws, has renewed focus on farm bill nutrition assistance programs.

Historically, omnibus farm bill legislation has focused on commodity-based revenue supports—namely, the mechanisms and levels of federal support provided to agricultural producers. Congress may face competing calls to focus on commodity-based revenue support and to address a range of equity concerns within the food and agriculture sector. With each farm bill, Congress typically reauthorizes and amends various components of U.S. *farm safety net* programs, which include commodity support programs and have incorporated the federal crop insurance program (FCIP) and, more recently, added permanent disaster assistance programs. In recent farm bill debates, certain interest groups have pointed to additional policy priorities outside of traditional commodity-based production agriculture. These interest groups call for enhanced support for small- and medium-sized farms, specialty crops, organic agriculture, local and regional food systems, healthy and nutritious foods, research, conservation, and rural development, among other priorities. Various groups also call for consideration of the federal government’s role in supporting beginning, veteran, and historically underserved farmers and ranchers.

New to the next farm bill debate may be a variety of issues highlighted by the COVID-19 pandemic and disruptions in trade. These include agricultural supply chain challenges, price inflation, the effects of international trade disputes, industry consolidation, and to what extent (if at all) to continue temporary policies enacted in pandemic response laws.

Further, the Biden Administration has prioritized climate change as an overarching federal policy priority. Debate over the next farm bill may include consideration of policies related to agriculture and climate change—how federal programs and policies can or should support agriculture’s adaptation to changing climatic conditions, as well as agriculture’s potential contributions to climate change mitigation. Legislation that would advance the Administration’s climate policy priorities in food and agriculture has been introduced in the 117th Congress. If the majority party in the House or Senate changes with the 2022 elections, congressional policy priorities for a new farm bill in the 118th Congress also may change.

Budget Situation and Outlook

Budget Basics

Federal spending for agriculture is divided into two main categories: mandatory and discretionary spending. In the farm bill, *mandatory spending*—which does not require a separate appropriation—is authorized primarily for farm commodity programs, crop insurance,

conservation, and nutrition assistance programs.⁶ *Discretionary spending* is authorized for everything else that is not considered mandatory spending. Programs with discretionary spending—including most rural development, research, and credit programs—are authorized in the farm bill but are funded separately in annual appropriations acts. Some research, bioenergy, or rural development programs may have both types of funding, but their primary funding source is discretionary.

Mandatory spending programs usually dominate the farm bill debate and budget. The farm bill provides mandatory spending and determines its policy by following a framework of laws for budget enforcement that use a projected *baseline* and *scores* from the Congressional Budget Office (CBO).

The CBO baseline represents budget authority and is a projection at a particular point in time of what future federal spending on mandatory programs would be assuming current law continues. This baseline is the *benchmark* against which proposed changes in law are measured. Having a baseline essentially gives programs built-in future funding if policymakers decide that the programs are to continue.

The impact (score) of a proposed bill that alters mandatory spending is measured 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 neutral* refers to having a zero score. Increases in overall cost beyond the baseline may be subject to budget constraints, such as pay-as-you-go requirements.⁷ Reductions from the baseline may be used to offset a bill's other provisions that have a positive score or used to reduce the federal deficit. The annual budget resolution determines whether a farm bill would be held budget neutral or whether it would be directed to reduce spending or authorized to increase spending.

Farm Bills in Perspective

Farm bills over the past two decades have ranged from positive to negative scores relative to their baseline funding. The 2002 farm bill (P.L. 107-171) had a positive score, increasing spending by \$73 billion over 10 years, which was allowed by a budget resolution during a budget surplus.⁸ The 2008 farm bill (P.L. 110-246) was budget neutral, although it added \$9 billion to outlays over 10 years by using offsets from a tax-related title within the omnibus legislation.⁹ The 2014 farm bill had a negative score, reducing spending by \$16 billion over 10 years.¹⁰ The 2018 farm bill achieved budget neutrality by using \$3 billion of reductions from an account in the Rural Development title (Title VI) to offset increases in other titles.¹¹

Farm bills have 5-year and 10-year budget projections according to federal budgeting practices. When the 2018 farm bill was enacted, the projected cost for the five-year span of the act was \$428 billion (FY2019-FY2023). The projected 10-year cost was \$867 billion (FY2019-FY2028).

⁶ Crop insurance is funded through the Federal Crop Insurance Corporation. The Supplemental Nutrition Assistance Program (SNAP) is a mandatory entitlement paid through the U.S. Department of the Treasury. Farm commodity programs, conservation, and many other farm bill mandatory programs are funded through the Commodity Credit Corporation (CCC).

⁷ For information on pay-as-you-go, see CRS Report R41157, *The Statutory Pay-As-You-Go Act of 2010: Summary and Legislative History*.

⁸ CRS Report RL31704, *A New Farm Bill: Comparing the 2002 Law with Previous Law* (available upon request).

⁹ For information on the 2008 farm bill, see CRS Report RL34696, *The 2008 Farm Bill: Major Provisions and Legislative Action*.

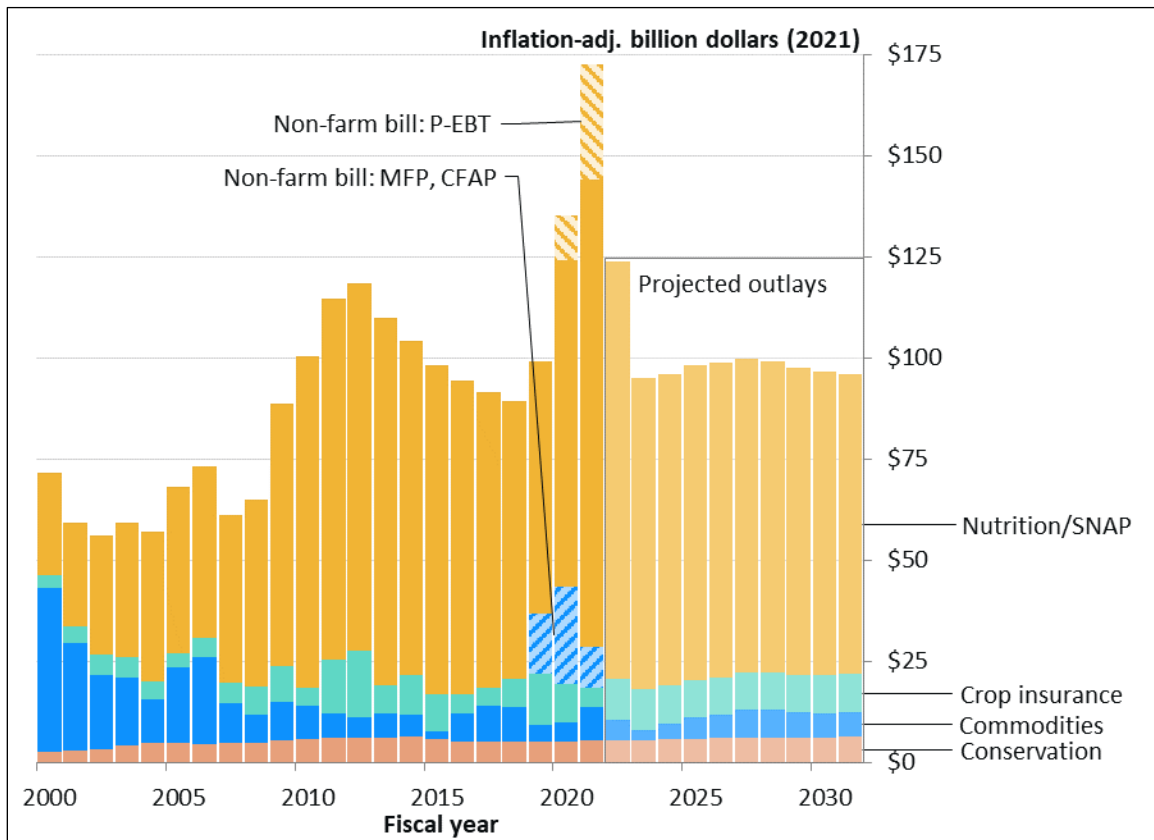
¹⁰ For information on the 2014 farm bill, see CRS Report R42484, *Budget Issues That Shaped the 2014 Farm Bill*.

¹¹ For information on the 2018 farm bill, see CRS Report R45425, *Budget Issues That Shaped the 2018 Farm Bill*.

Four titles accounted for 99% of the 2018 farm bill’s mandatory spending: Nutrition (Title IV; primarily SNAP), Commodities (Title II), Crop Insurance (Title XI), and Conservation (Title II).

Figure 1 shows how the relative proportions of farm bill spending have shifted in inflation-adjusted terms over the past two decades and in projections for the next 10 years. Conservation spending has steadily risen. Crop insurance has been variable but generally is rising as program benefits and enrollment have expanded. Farm commodity program spending has been variable but generally has declined except for recent supplemental spending. Nutrition assistance rose after the 2009 recession, waned for several years as the economy recovered, and rose again at the onset of the COVID-19 pandemic. Since FY2019, supplemental funding has increased outlays for farm and nutrition assistance.

Figure 1. Selected Farm Bill Programs and Supplemental Assistance



Source: Created by CRS using Congressional Budget Office (CBO), “Details About Baseline Projections for Selected Programs,” July 2021 baselines; and USDA, *Budget Appendix* (various years).

Notes: P-EBT = Pandemic Electronic Benefit Transfer; SNAP = Supplemental Nutrition Assistance Program; MFP = Market Facilitation Program; CFAP = Coronavirus Food Assistance Program. Adjusted for inflation to 2021 dollars using the gross domestic product price deflator. For comparison, includes selected supplemental outlays outside the farm bill for trade assistance (MFP), coronavirus assistance (CFAP), and P-EBT.

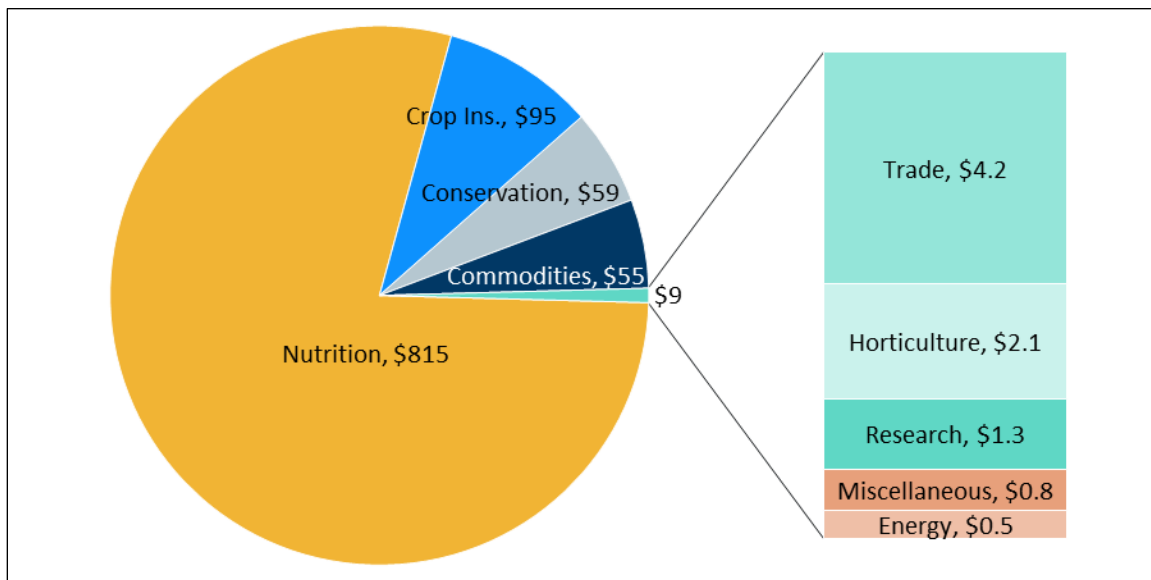
Supplemental spending is not part of the farm bill baseline but may be important to note because of its size in recent years. In FY2019 and FY2020, the Trump Administration used its discretion to provide supplemental funding through the Market Facilitation Program (MFP) in response to tariff policies that disrupted U.S. agricultural exports. Then in FY2020 and FY2021, Congress and the executive branch provided supplemental funding during the pandemic through the Coronavirus Food Assistance Program (CFAP) and the Pandemic Electronic Benefit Transfer.

CBO updates its government spending projections, at least annually, based on new information about the economy and program participation.¹² However, any reductions in projected farm bill spending after its enactment do not generate savings that can be credited elsewhere. Similarly, any increases in projected farm bill spending after enactment do not require additional resources from Congress. Mandatory programs operate as entitlements, with eligibility and formulas that are followed once enacted.

Future Baseline

As of this writing, the official baseline to write the next farm bill does not exist. CBO is expected to release its official “scoring baseline” for the 2023 legislative session in early 2023, which would cover the 10-year period FY2024-FY2033. Presently, the July 2021 CBO baseline is the best indicator of future funding availability.

Figure 2. Baseline for Farm Bill Programs, by Title
(\$ billions; \$1,033 billion over 10 years, FY2022-FY2031)



Source: Created by CRS using CBO, “Details About Baseline Projections for Selected Programs,” July 2021 baselines (for the commodities, conservation, trade, nutrition, and crop insurance titles); and CRS Report R45425, *Budget Issues That Shaped the 2018 Farm Bill*; and amounts indicated in law for programs in other titles.

Notes: Excludes changes not yet incorporated, such as to the Thrifty Food Plan. Supplemental trade and pandemic assistance are not part of the baseline.

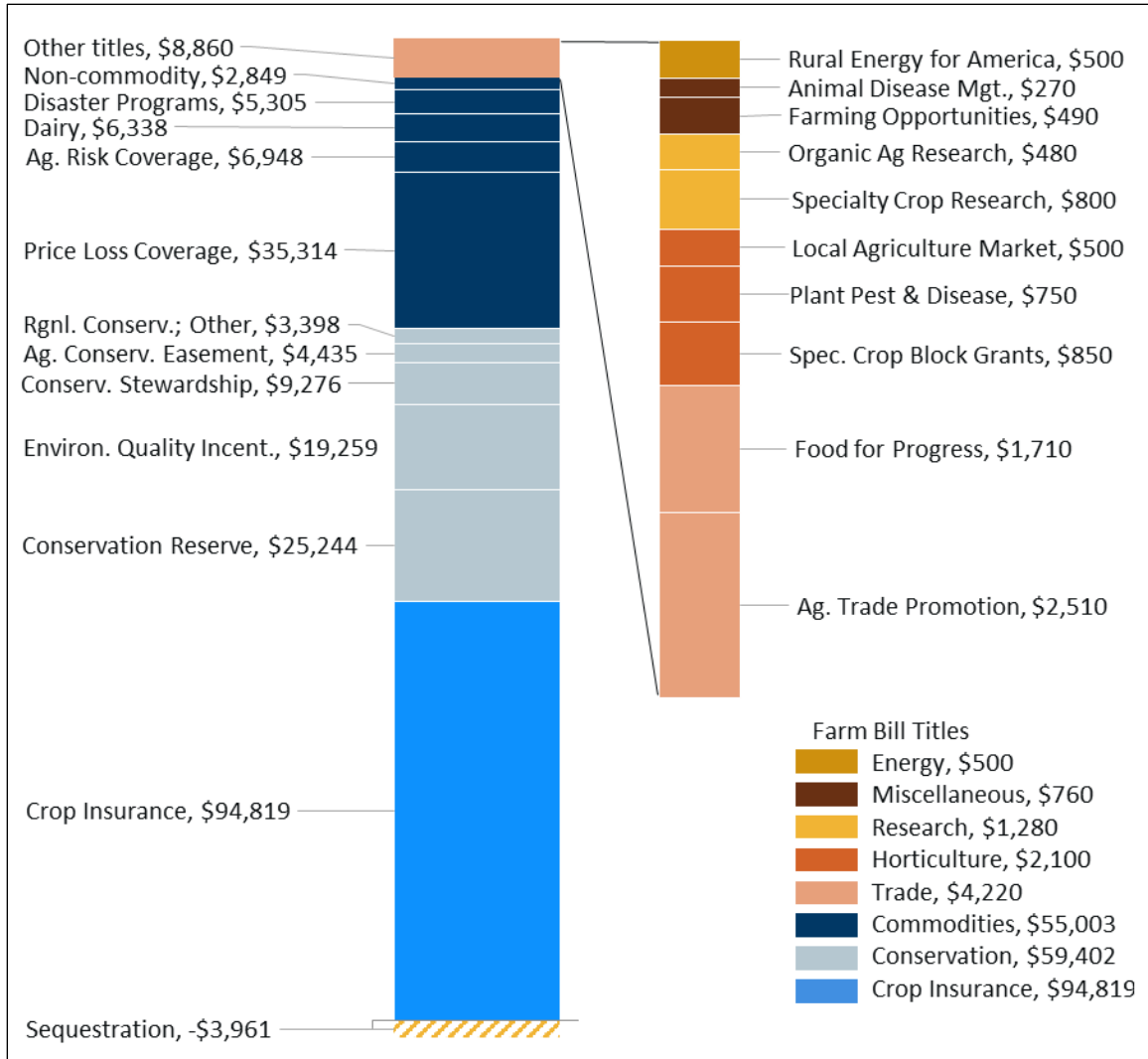
Using the July 2021 CBO baseline projection that covers the major farm bill programs, and funding indicated in law for other farm bill programs not included in the annual projection, an estimated current baseline for farm bill programs is \$527 billion over the next 5 years (FY2022-FY2026) and \$1,033 billion over the next 10 years (FY2022-FY2031; **Figure 2**).¹³ New CBO baselines later in 2022 and again in 2023 would update these amounts and add future fiscal years.

¹² Congressional Budget Office (CBO), “Details About Baseline Projections for Selected Programs,” various updates, at <https://www.cbo.gov/about/products/baseline-projections-selected-programs>.

¹³ Calculated using amounts for the 2018 farm bill’s nutrition, crop insurance, conservation, commodity programs, and trade titles from CBO, “Details About Baseline Projections for Selected Programs,” July 2021 baselines, at

According to CBO’s July 2021 baseline, the Nutrition title has become nearly 80% of the 2021 baseline, compared with about 76% when the 2018 farm bill was enacted, mostly due to higher outlays during the COVID-19 pandemic. The 10-year baseline for SNAP is \$815 billion as of July 2021, compared with \$664 billion when the 2018 farm bill was enacted. For agriculture programs that make up the rest of the farm bill, baseline amounts also are higher than when the 2018 farm bill was enacted (\$218 billion over 10 years as of 2021, compared with \$203 billion over 10 years in 2018).

Figure 3. Baseline for Agriculture Programs in the Farm Bill
 (\$ millions; excluding Nutrition title, \$218 billion over 10 years, FY2022-FY2031)



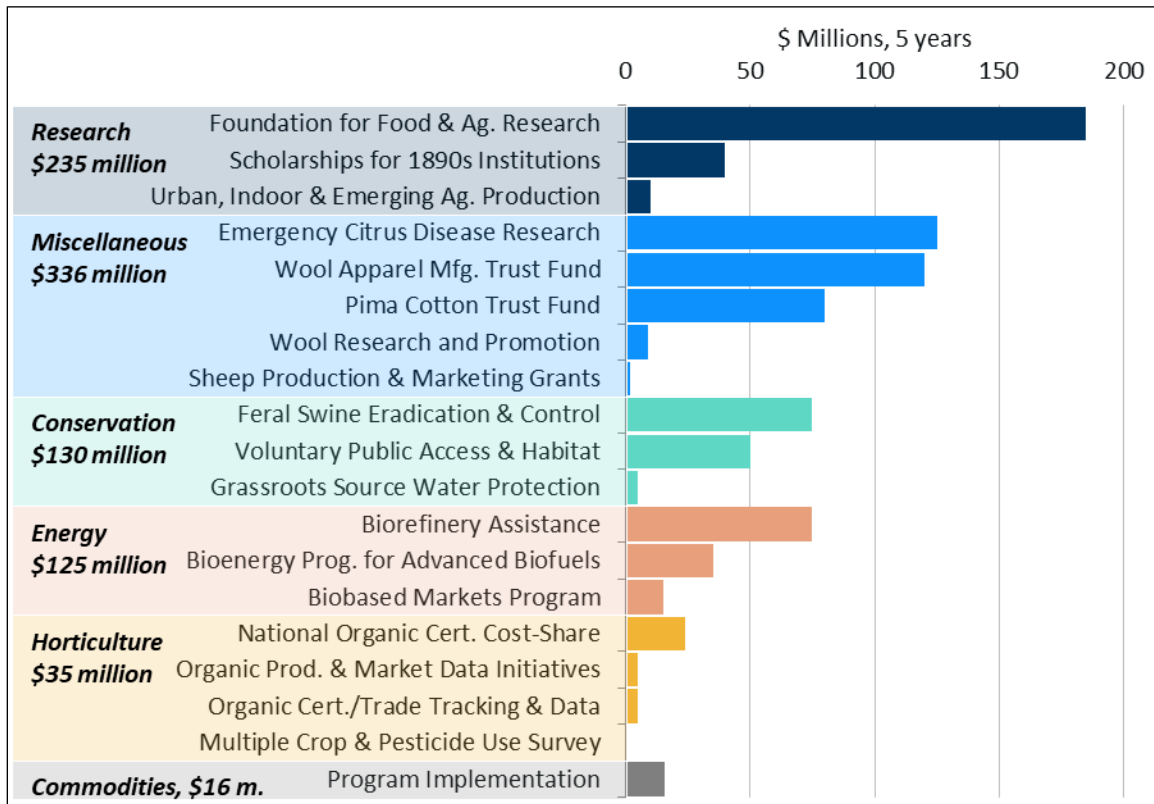
Source: Created by CRS using CBO, “Details About Baseline Projections for Selected Programs,” July 2021 baselines (for programs in the commodities, conservation, trade, and crop insurance titles); and CRS Report R45425, *Budget Issues That Shaped the 2018 Farm Bill*; and amounts indicated in law for programs in other titles.

<http://www.cbo.gov/about/products/baseline-projections-selected-programs>. Amounts for other 2018 farm bill titles (including Horticulture; Research, Extension, and Related Matters; Energy; and Miscellaneous) are compiled using the CBO cost estimate of the 2018 farm bill, available at CBO, *H.R. 2, Agriculture Improvement Act of 2018*, December 11, 2018, at <https://www.cbo.gov/publication/54880>.

Compared with past farm bills, the 2018 farm bill included more programs that have a budget baseline. **Figure 3** shows the baseline for individual agricultural programs in the farm bill, excluding the Nutrition title. The 2014 and 2018 farm bills added permanent baseline for several of the relatively smaller budget programs, such as those shown for the research, horticulture, energy, and miscellaneous titles.¹⁴

Figure 4. Farm Bill Programs Without a Baseline Beyond FY2023

Total mandatory funding during the 2018 farm bill (FY2019-FY2023)



Source: Created by CRS using CBO, *H.R. 2, Agriculture Improvement Act of 2018*, December 11, 2018, at <https://www.cbo.gov/publication/54880>; and the text of P.L. 115-334.

Notes: Programs are identified as having budgetary outlays at any time during FY2019-FY2023 but no new budget authority beyond FY2023. Programs are noted as table notes *b* and *c* in Table 3 of CRS Report R45425, *Budget Issues That Shaped the 2018 Farm Bill*.

Some of these smaller and newer programs had been counted as “programs without a baseline” when past farm bills were written, meaning they received mandatory funding in a farm bill but did not retain baseline beyond that farm bill to pay for reauthorization. As Congress prepares for the next farm bill, there are fewer programs without a baseline than for previous reauthorizations. Nineteen programs received mandatory funding in the 2018 farm bill but do not have a baseline beyond their expiration at the end of FY2023 (**Figure 4**), compared with 39 programs when the 2014 farm bill expired in 2018.¹⁵ The availability of baseline for more programs and the smaller

¹⁴ For example, see the several instances of table notes *d* in Table 3 of CRS Report R45425, *Budget Issues That Shaped the 2018 Farm Bill*, for programs without baseline that obtained future funding beyond the end of the farm bill.

¹⁵ For details on specific programs, see CRS Report R44758, *Farm Bill Programs Without a Budget Baseline Beyond FY2018*.

number of programs without a baseline may make it easier for Congress to balance budget considerations in the next farm bill than in the 2018 farm bill.

For Further Information

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- Jim Monke, Specialist in Agricultural Policy

Relevant CRS Products

- CRS Report R45210, *Farm Bills: Major Legislative Actions, 1965-2018*, by Jim Monke
- CRS Report R45425, *Budget Issues That Shaped the 2018 Farm Bill*, by Jim Monke
- CRS Report R44606, *The Commodity Credit Corporation (CCC)*, by Megan Stubbs
- CRS Report 98-560, *Baselines and Scorekeeping in the Federal Budget Process*, by Bill Heniff Jr.

Farm Economy and International Environment

The U.S. farm sector experienced large changes in farm income between 2010 and 2021. From 2010 to 2014, the sector experienced a period of unusually high incomes driven by strong commodity prices and agricultural exports. From 2015 to 2018, incomes were generally below long-run historical averages due to declining commodity prices. In 2018 and 2019, retaliatory tariffs imposed on exports of certain agricultural commodities affected U.S. farm sector income. Widespread flooding led to record-high prevented planting levels that curbed some crop production in 2019, and drought conditions led to production declines for certain crops in 2021. Beginning in 2020, the U.S. farm sector experienced additional challenges related to the COVID-19 pandemic.

Despite these challenges, U.S. farm sector income increased for the third consecutive year in 2021 and exceeded long-run historical averages in 2020 and 2021. Farm sector income in 2021 was the highest since 2013. Adjusted for inflation, 2021 cash receipts for sales of livestock and animal products were the highest since 2015. In 2021, cash receipts for all crops were the highest since 2014, although cash receipts for fruits, vegetables, and nuts declined for the fourth consecutive year. Continuing a trend since the late 1990s, median farm household income exceeded median U.S. household income in 2018, 2019, and 2020.

Direct payments from federal programs were a key factor driving farm incomes in 2019-2021. In 2020, farmers received record-setting total payments of \$45.7 billion. In 2021, total payments amounted to \$27.1 billion—\$7.0 billion above the inflation-adjusted average for federal direct payments from 1996 to 2021. Most of these payments came from ad hoc programs created to respond to retaliatory tariffs and the COVID-19 pandemic, including the MFP and CFAP. Commodity support programs authorized under the 2018 farm bill provided relatively low payment levels because commodity price declines were not sufficiently severe or prolonged to trigger payments from key support programs. Households with large-scale family farm businesses (i.e., gross cash farm income of \$350,000 or more) received the majority of government direct payments to farmers. Households with smaller-scale family farm businesses (i.e., gross cash farm income less than \$350,000) earned negative income from their farm businesses on average and received a small share of government direct payments. This discrepancy in the share of payments between larger and smaller farm businesses is consistent with formulas for revenue support program payments, which are based on historical production volume.

As of March 2022, prices are higher than in recent years for many agricultural commodities, and total agricultural exports are at record levels. Trade agreements signed by the United States since 2019—including the Phase One Agreement with China, the “Stage One” U.S.-Japan Agreement,

and the U.S. Mexico-Canada Agreement¹⁶—were key factors supporting certain agricultural exports in 2020 and 2021. The Phase One Agreement with China expired at the end of 2021, creating uncertainty about future Chinese purchases of U.S. agricultural commodities.

Farmers, like other U.S. business operators, are coping with COVID-19-related impacts on supply chains, including delays and high shipping costs. Inflation in the overall U.S. economy is contributing to higher costs for farm inputs—particularly fuel, natural gas, and chemical inputs. The prices consumers pay for food at grocery stores increased by 6.5% in 2021,¹⁷ which compares with an average annual increase of 1.5% over the prior decade. In 2021, meat, poultry, fish, and eggs as a category recorded the highest retail food price increases, rising by 12.5%.

For Further Information

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Relevant CRS Product

- CRS Report R47051, *U.S. Farm Income Outlook: 2021 Forecast*, by Stephanie Rosch

Agricultural Production

The 2018 farm bill contained a variety of programs that provide support to crop and livestock producers. Among these, certain programs target specific commodities, production practices (e.g., organic agriculture), or marketing practices (e.g., local foods). Other programs provide price, income, or other forms of support (e.g., animal health protections) for producing or marketing specific commodities.

Farm safety net programs, which include the commodity support programs, FCIP, and permanent disaster assistance programs discussed in this section, account for the majority of the farm bill budget baseline, excluding food and nutrition programs. These farm safety net programs provide direct payments to farmers during times of low market prices, natural disasters, and other adverse events. Most farmers and ranchers are eligible for at least one farm safety net program. Federal crop insurance is available for most field crops (e.g., corn, wheat), certain horticultural crops, and certain livestock and animal products. Certain field crops, dairy, and sugar are eligible for farm commodity support programs. Horticultural crops and livestock also may receive support from the permanent disaster programs.

Commodity Support Programs

Agricultural commodity support began with 1930s Depression-era efforts to raise farm household income when commodity prices were low because of prolonged weak consumer demand. Although initially intended to be a temporary effort, commodity support programs have been retained and expanded to cover many more crops than the few originally targeted. Congress has shifted away from the original approach of providing support through supply control and commodity stocks management to the current approach of direct income and price support

¹⁶ For background on these agreements, see CRS In Focus IF11412, *U.S.-China Phase I Deal: Agriculture*; CRS Report R46576, *“Stage One” U.S.-Japan Agreement: Agriculture*; and CRS Report R45661, *Agricultural Provisions of the U.S.-Mexico-Canada Agreement*.

¹⁷ U.S. Bureau of Labor Statistics, “Economic News Release: Consumer Price Index Summary,” updated January 12, 2022.

payments. The Commodity Credit Corporation (CCC) provides financing for commodity support programs, and all such programs receive mandatory indefinite appropriations of “such sums as necessary.”¹⁸ Annual program outlays depend in part on commodity prices, such that outlays increase as commodity prices decrease.

Selected Farm Bill Provisions

The 2018 farm bill suspended various out-of-date price support programs authorized under permanent law and authorized multiple commodity support programs through the 2023 crop year. These programs provide support to producers of eligible commodities and to processors of cotton and sugar. For certain commodity support programs, various producer eligibility criteria limit who can participate and provide for maximum payment limits.

Price Loss Coverage Program

Price Loss Coverage (PLC) payments augment farm revenues during periods of low market prices. The PLC program makes payments when season-average market prices fall below a statutorily determined reference price. Payments are proportional to historical planted acres (i.e., base acres) and historical crop yields. The program charges no participation fee. PLC coverage is available for barley, chickpeas, corn, cotton (for seed), lentils, oats, peanuts, peas, rice, sorghum, soybeans, wheat, and certain other oilseeds. PLC coverage cannot be combined with Agriculture Risk Coverage (ARC) for the same commodity. The 2018 farm bill made certain changes to the PLC program, including allowing the following flexibilities: reference price increases of 15% under certain market conditions, for producers to update certain base acre holdings and historical yields, and for producers to change crop enrollments annually between PLC and ARC.

Agriculture Risk Coverage Program

ARC payments augment farm revenues during periods of low crop revenues. There are two types of ARC program coverage: county-level coverage (ARC-CO) and individual-level coverage (ARC-I). ARC-CO makes payments to farmers when county-level revenue for a covered crop falls below a guaranteed level that adjusts annually based on historical county revenues. ARC-I makes payments to farmers when farm-level revenue falls below a guaranteed level that adjusts annually based on historical farm revenues. Payments are proportional to historical planted acres. The program charges no participation fee. The same commodities eligible for PLC are eligible for ARC. The 2018 farm bill made certain changes to the program, including allowing producers to update certain base acre holdings and historical yields and directing USDA to prioritize use of FCIP data for calculating county yields.

Marketing Assistance Loan Program

The Marketing Assistance Loan (MAL) program helps farmers manage their cash flow at harvest time by guaranteeing that farmers can earn at least a minimum revenue for commodities used as MAL collateral. The MAL program offers producers or processors, depending on the crop, nine-month, nonrecourse loans for qualifying stored commodities. The loans are valued at commodity-specific MAL rates established in the 2018 farm bill. When market prices fall below the MAL

¹⁸ Annual outlays for commodity support programs vary based on program enrollments and market conditions. Benefits provided to program participants are calculated according to formulas specified in statute. By providing mandatory indefinite appropriations for these programs in the farm bill, Congress assures that sufficient funds will be available to meet program obligations without further legislative action. For more information, see CRS Report R44606, *The Commodity Credit Corporation (CCC)*.

rates, producers can repay the loans at the market price or surrender the commodity used as collateral in lieu of repayment. Farmers receive the difference between the lower market price and the higher MAL rate as a marketing loan gain payment. MAL coverage is available for the same crops as ARC and PLC—excluding seed cotton—as well as upland and extra long staple cotton, honey, mohair, processed sugar, and wool. The 2018 farm bill increased the statutory loan rate for certain commodities, authorized recourse loans for certain lower quality commodities, and changed how market prices are calculated for cotton, among other changes.

Loan Deficiency Payment Program

The Loan Deficiency Payment (LDP) program augments farm revenues during periods of low market prices. When market prices fall below the MAL rates, the LDP program provides payments to producers equal to the amount of MAL marketing loan gain payments. LDPs are available for the same commodities eligible for MALs. Farmers cannot receive LDPs for commodities used as collateral for MALs. The 2018 farm bill extended the existing program.

Cotton Policy

Congress did not include upland cotton in the list of commodities eligible for ARC and PLC under the 2014 farm bill in response to a World Trade Organization (WTO) dispute settlement case.¹⁹ Instead, cotton producers were eligible to receive ARC and PLC payments using “generic” base acres.²⁰ The 2014 farm bill also provided cotton producers with separate *shallow loss coverage* through the FCIP.²¹ The Bipartisan Budget Act of 2018 (P.L. 115-123) authorized ARC and PLC support for cotton grown for seed. The 2018 farm bill provided support for seed, upland, and extra long staple cotton producers through the ARC, PLC, MAL, and LDP programs. The 2018 farm bill also continued certain import quotas on upland cotton, adjustment assistance for domestic textile mills using upland cotton, and special competitiveness payments for domestic users and exporters of extra long staple cotton.

Dairy Margin Coverage Program

In the 2014 farm bill, Congress shifted the way U.S. dairy policy supports milk prices—from USDA buying dairy commodities to a margin protection program providing payments to dairy producers when the difference between the milk price and a calculated feed ration falls below a producer-selected margin. Actual margins remained higher than initially estimated when the 2014 program was established, resulting in few support payments to producers experiencing weak net returns on milk. In response, the 2018 farm bill established the Dairy Margin Coverage (DMC) program, which lowered producer-paid premium rates for annual milk production of 5 million pounds or less, increased available margin coverage to \$9.50 per hundredweight (cwt.), and covered a larger quantity of milk production than the 2014 farm bill. In addition to the DMC program, the 2018 farm bill established a milk donation program to reimburse costs for fluid milk

¹⁹ For more information on cotton and the WTO dispute, see CRS Report R45143, *Seed Cotton as a Farm Program Crop: In Brief*.

²⁰ The 2014 farm bill renamed cotton base acres as “generic” base acres. Farmers were eligible to receive Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) payments per generic base acre if they planted crops that were otherwise eligible to receive ARC and PLC payments.

²¹ The federal crop insurance program’s (FCIP’s) shallow loss coverage is an area-based insurance product that is used in combination with a regular individual crop insurance policy to partially offset the cost of the regular policy’s deductible.

donations by producers, processors, and cooperatives; amended the formula for the Class I skim milk price used to calculate the Class I price under Federal Milk Marketing Orders (FMMOs); and reauthorized the Dairy Forward Pricing Program, the Dairy Indemnity Program, and the Dairy Promotion and Research Program through FY2023.

Sugar Program

Congress extended the U.S. sugar program's existing nonrecourse loans under the MAL program, as well as marketing allotments, and the Feedstock Flexibility Program (FFP) provisions in the 2018 farm bill.²² The 2018 farm bill raised the loan rate by one cent to 19.75 cents per pound for raw cane sugar and by 1.29 cents to 25.38 cents per pound for refined beet sugar. USDA is required, to the maximum extent possible, to operate the U.S. sugar program at zero cost to the federal government by avoiding sugar loan forfeitures to the CCC. The sugar program uses domestic marketing allotments and import limitations to maintain prices above loan forfeiture levels. Marketing allotments to domestic sugar beet and sugar cane processors limit the amount of sugar marketed for domestic human consumption, while U.S. sugar imports are limited through a tariff-rate quota (TRQ) system that allows for sugar imports at low tariff rates and out-of-quota imports at rates that are usually prohibitive to imports. USDA sets the annual TRQ volume of sugar that meets U.S. WTO obligations. The U.S. Trade Representative allocates the TRQs to various countries and may reallocate unused, country-specific TRQs during the marketing year. A separate bilateral agreement with Mexico regulates the volume of sugar imported from that country. FFP requires USDA to purchase surplus sugar to sell to ethanol producers. The 2008 farm bill established the program, which was activated once, in 2013.

Issues and Options

Distribution of Payments Across Eligible Commodities

When constructing the 2018 and prior farm bills, Congress has considered the distribution of support payments across eligible commodities. Different regions tend to produce different mixes of commodities, which raises the potential for geographic disparities in support payments. Under the 2018 farm bill, commodity support program outlays varied across crops depending on the extent of historical and annual production, market prices, the selection of programs that producers chose to enroll in each year, and program payment trigger levels set in statute. Certain commodities were more likely to receive payments from the MAL and PLC programs than other commodities given the market prices prevalent in 2018 when the farm bill was enacted and the payment triggers specified in statute. Congress could consider whether the payment triggers for the MAL and PLC programs are appropriate in view of the prevailing levels of commodity prices under the current farm bill.

Timeliness of ARC and PLC Payments

Farmers receive ARC and PLC payments at least one year after the crop has been harvested due to technical requirements for calculating average prices over the crop marketing year. This delay may reduce the utility of these payments in addressing farmers' cash flow needs during years when prices are low. The delay in payments also may affect the farm bill's budget score by shifting one year of payments outside of the 10-year scoring window.

²² In this report, FFP is the acronym for both this program, the Feedstock Flexibility Program, and Food For Peace. For information on Food for Peace, see "International Food Assistance."

Payment Limits and Eligibility Criteria

Commodity support programs approach payment limitations, eligibility criteria, or both in different ways or not at all. ARC and PLC limit the maximum payments that an individual person or legal entity can receive per year. ARC, PLC, MALs, and LDPs impose a means test by limiting the maximum income that an individual can earn and remain eligible for program benefits. In contrast, the FCIP does not limit payments or impose a means test for benefits. The limits on commodity support program payments may raise questions about the size of farms that should receive support, whether payments should be proportional to production or limited per individual, and which farm owners and operators should receive payments. USDA has adopted payment limits and eligibility criteria for certain ad hoc payment programs created since 2018, including the MFP and CFAP, that differ from the payment limits and eligibility criteria applied to commodity support programs authorized by the 2018 farm bill. Some policymakers have advocated for tightening payment limits for commodity support programs to save money, to respond to general public concerns about payments to large farms, and to reduce potential incentives to expand large farms at the expense of small farms. Others have countered that larger farms should not be penalized for the efficiencies they have achieved through economies of size.

Dairy Policy

For 2021, DMC paid about \$1.2 billion to dairy producers through January 18, 2022, as low milk prices and high feed costs resulted in an average producer margin of about \$6.80 per cwt. During 2021, 77% of U.S. dairies participated in DMC, and producers who bought margin coverage above 2020's average margin, particularly at the \$9.50 level, received significant payments for covered milk production. Some in Congress may want to evaluate the program for ways to incentivize greater participation and for whether DMC provides an adequate safety net for dairy producers, who often face milk production costs that are higher than the price they receive for milk, including particularly those dairies with fewer than 500 milk cows.

Most milk is priced through the Federal Milk Marketing Order (FMMO) system, and some dairy stakeholders believe reforming the system might improve milk pricing for producers. The 2018 farm bill amended the Class I skim milk price calculation. That formula change negatively affected producer milk prices in 2020 and 2021 when the COVID-19 pandemic disrupted milk markets. The Dairy Pricing Opportunity Act of 2021 (S. 3292) would reverse the 2018 farm bill's change to the Class I skim milk price formula, and it calls on USDA to hold hearings to allow dairy stakeholders to address their FMMO concerns. If Congress chooses to address producers' FMMO concerns in the debate over the next farm bill, it could consider these and other proposals.

Sugar Policy

Sugar producers and sugar end users (e.g., confectioneries and bakeries) have differing views on the U.S. sugar program. Sugar producers point out that the sugar program, unlike other farm commodity support programs, supports domestic sugar production at no cost to the federal government. Sugar end users contend that program restrictions on marketing allotments and imports raise the costs of their manufactured products, which puts U.S. manufacturers at a competitive disadvantage compared with imported sugar-intensive products while shifting the cost of the sugar support program from the federal government to U.S. consumers.

During past farm bill debates, proposals to amend or end the sugar program have come before Congress. In the 117th Congress, the Fair Sugar Policy Act of 2021 (H.R. 4680/S. 2466) would amend the sugar program by lowering the loan rate of raw cane sugar from 19.75 cents per pound currently to 18.75 cents; repealing marketing allotments for processors and the FFP; and allowing

countries with TRQ allotments to supply sugar to the United States to share their allotments with other exporting countries voluntarily and temporarily. Given the contentious history of sugar policy, this bill or similar legislation to revise the program could become part of the farm bill debate on U.S. sugar policy.

For Further Information

CRS Experts

- Stephanie Rosch, Analyst in Agricultural Policy
- Joel L. Greene, Analyst in Agricultural Policy

Relevant CRS Products

- CRS Report R45730, *Farm Commodity Provisions in the 2018 Farm Bill (P.L. 115-334)*, by Randy Schnepf
- CRS Report R46561, *U.S. Farm Policy: Revenue Support Program Outlays, 2014-2020*, by Randy Schnepf
- CRS Report R46248, *U.S. Farm Programs: Eligibility and Payment Limits*, by Randy Schnepf and Megan Stubbs
- CRS Report R45143, *Seed Cotton as a Farm Program Crop: In Brief*, by Randy Schnepf
- CRS In Focus IF11188, *2018 Farm Bill Primer: Dairy Programs*, by Joel L. Greene
- CRS Report R45044, *Federal Milk Marketing Orders: An Overview*, by Joel L. Greene
- CRS In Focus IF10223, *Fundamental Elements of the U.S. Sugar Program*, by Mark A. McMinimy

Crop Insurance

The FCIP offers farmers the opportunity to purchase insurance coverage against financial losses caused by a wide variety of perils, including certain adverse growing and market conditions. The federal government subsidizes the premiums that farmers pay for these insurance policies to encourage farmer participation, covering about 62% of the total premium on average for all policies sold in 2021.²³ Farmers can choose among many types of policies and policy options to customize coverage to their farm businesses' specific needs. Private-sector companies sell and service the policies; USDA subsidizes, regulates, and reinsures the policies.

The FCIP is permanently authorized under the Agricultural Adjustment Act of 1938 (P.L. 75-430) and the Federal Crop Insurance Act of 1980 (P.L. 96-365). The Federal Crop Insurance Corporation (FCIC)—the agency that finances FCIP operations—is funded with mandatory appropriations of “such sums as necessary.” CBO projects that net spending for the FCIP will be almost \$49 billion for FY2021-FY2025 and more than \$95 billion for FY2021-FY2030—including expenditures to subsidize farmers' policy premiums, compensate private insurance providers for administrative and operating expenses, and reinsure losses from policies sold.²⁴

The FCIP plays a prominent role in helping producers manage financial risk and provides financial support to U.S. farmers in times of low farm prices and natural disasters. In crop year 2021, the program sold more than 2.2 million policies and insured crops and livestock valued at more than \$150 billion.²⁵ In all, the FCIP provided coverage for 131 commodities and offered 33 different types of insurance coverage. Fourteen companies sold crop insurance to farmers through the program, and farmers insured a record high 444 million acres in 2021.²⁶

²³ CRS calculations using data from USDA Risk Management Agency (RMA), “Summary of Business,” database, downloaded January 11, 2022, at <https://prodwebnlb.rma.usda.gov/apps/SummaryOfBusiness/ReportGenerator>.

²⁴ CRS calculations using CBO, *Baseline Projections: USDA's Farm Programs*, July 2021.

²⁵ USDA, RMA, “Summary of Business” database.

²⁶ USDA, Office of Inspector General, *Federal Crop Insurance Corporation/Risk Management Agency's Financial*

Selected Farm Bill Provisions

The Crop Insurance title (Title XI) of the 2018 farm bill made several minor modifications to the FCIP that CBO projected would reduce FCIP outlays relative to baseline levels by \$104 million during the FY2019-FY2028 period.²⁷ Changes that were projected to increase budgetary outlays included authorizing catastrophic coverage for grazing crops and grasses; allowing separate coverage for crops that are grazed and mechanically harvested in the same season; redefining the term *beginning farmer or rancher* for whole-farm revenue protection policies; and waiving certain requirements for hemp coverage proposals submitted by the private sector. Changes that were projected to reduce budgetary outlays included increasing the administrative fee for catastrophic coverage; authorizing multicounty enterprise units; reducing funds for certain research and development contracts and partnerships; reducing funds for review, compliance, and program integrity; and changing how producer benefits are reduced when producing crops on native sod. The 2018 farm bill also added hemp to the list of crops eligible for FCIP premium subsidies; made hemp eligible for post-harvest loss coverage; and directed USDA to conduct research for developing FCIP coverage for priority topics, commodities, and areas.

Issues and Options

Over the last three farm bills, Congress has expanded the FCIP to cover more commodities and more types of risks. Although crop insurance market penetration for row crops has been high historically, opportunities exist to expand participation, especially for specialty crops, livestock, and animal products.

Numerous stakeholders have proposed reducing the cost of the FCIP by capping underwriting gains for private-sector insurers, reducing premium subsidies for producers, introducing premium subsidy eligibility criteria based on the producer's adjusted gross income, and other proposals. Additionally, the Standard Reinsurance Agreement (SRA)—the agreement between the FCIC and private-sector firms that sell FCIP policies that specifies how the cost of reinsuring the FCIP is shared between the private-sector firms and USDA—has been in place since 2011. To identify additional opportunities to reduce the cost of operating the program, Congress may consider requiring greater transparency about the actual cost of federal underwriting and the share of costs borne by the private sector.

The number of private-sector insurers participating in the FCIP has decreased over time, largely due to consolidation in the insurance industry. Congress may choose to examine the drivers of this consolidation, as well as any implications of consolidation on outreach to producers in underserved areas and on insurers' willingness to market new types of crop insurance coverage.

For Further Information

CRS Expert

- Stephanie Rosch, Analyst in Agricultural Policy

Relevant CRS Products

- CRS Report R46686, *Federal Crop Insurance: A Primer*, by Stephanie Rosch
- CRS Report R45291, *Federal Crop Insurance: Delivery Subsidies in Brief*, by Isabel Rosa
- CRS In Focus IF11919, *Federal Crop Insurance for Hemp Crops*, by Renée Johnson

Statements for Fiscal Years 2021 and 2020, Audit Report 05401-0013-11, November 2021.

²⁷ For detailed budget analysis of modifications to the FCIP in the 2018 farm bill, see CRS Report R45525, *The 2018 Farm Bill (P.L. 115-334): Summary and Side-by-Side Comparison*.

Disaster Assistance

In addition to direct farm support, farm bills authorize programs designed to help farmers and ranchers recover from the financial effects of natural disasters. These programs are permanently authorized but generally amended in omnibus farm bills.

Selected Farm Bill Provisions

The 2014 farm bill (P.L. 113-79) permanently authorized four agricultural disaster programs for livestock and fruit trees.

- **Livestock Indemnity Program (LIP).** LIP provides payments to eligible livestock owners and contract growers for livestock deaths in excess of normal mortality or sold at reduced price caused by an eligible loss condition (e.g., adverse weather, disease, or animal attack).
- **Livestock Forage Disaster Program (LFP).** LFP makes payments to eligible livestock producers who have suffered grazing losses on drought-affected pastureland or on rangeland managed by a federal agency due to a qualifying fire.
- **Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP).** 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 not covered under LIP or LFP.
- **Tree Assistance Program (TAP).** TAP makes payments to qualifying orchardists and nursery-tree growers to replant or rehabilitate trees, bushes, and vines damaged by natural disasters.

The programs provide compensation for a portion of lost production following a natural disaster and receive mandatory funding amounts of “such sums as necessary” from the CCC. Total payments under LIP, LFP, ELAP, and TAP vary each year based on eligible loss conditions.

Production losses from natural disasters also may be covered under the FCIP (see “Crop Insurance”) and the Noninsured Crop Disaster Assistance Program (NAP). Producers who grow a crop that is ineligible for crop insurance may apply for NAP. NAP offers coverage for *catastrophic* losses—losses in excess of 50% of normal yield. Producers may purchase higher coverage levels for less severe losses (referred to as *buy-up* coverage).²⁸ Producers must purchase NAP policies prior to a disaster event and purchase or renew coverage annually. The program is authorized permanently and receives mandatory funding amounts of “such sums as necessary” from the CCC.

Issues and Options

Over the past 20 years, Congress has authorized permanent disaster assistance programs and expanded FCIP and NAP policies to reduce the need for ad hoc disaster assistance. Following enactment of the 2008 farm bill (P.L. 110-246), Congress appropriated little in the way of supplemental disaster assistance for agriculture for a number of years. This changed in 2018 when Congress authorized supplemental appropriations for agricultural production losses in 2017

²⁸ Buy-up coverage is available in increments of 5% to cover between 50% and 65% of a crop.

that were not covered by the FCIP or NAP.²⁹ Congress appropriated additional supplemental funding for natural disaster-related losses in 2018 through 2021, totaling more than \$13 billion.³⁰ Most of this funding was made available through ad hoc assistance, including the Wildfires and Hurricanes Indemnity Program (WHIP) and block grants to states.

With the resurgence in ad hoc assistance, Congress might reassess the effectiveness of the permanent disaster assistance programs as well as NAP and crop insurance coverage. By covering the losses of farmers who chose not to purchase insurance, Congress could consider whether WHIP and other ad hoc assistance creates a potential disincentive for future participation in the FCIP or NAP. The scope and scale of supplemental disaster assistance since enactment of the 2018 farm bill has outpaced spending in some of the permanent disaster support programs, which may call into question whether the permanent disaster assistance programs can or should be expanded to cover additional losses or losses from events that are not currently covered. Overall, the next farm bill could provide a platform for Congress to debate the role of the federal government in supporting natural disaster-related losses for the farm industry, which is acutely vulnerable to natural disasters and fluctuations in weather.

For Further Information

CRS Expert

- Megan Stubbs, Specialist in Agricultural Conservation and Natural Resources Policy

Relevant CRS Products

- CRS Report RS21212, *Agricultural Disaster Assistance*, by Megan Stubbs
- CRS In Focus IF10565, *Federal Disaster Assistance for Agriculture*, by Megan Stubbs
- CRS In Focus IF11539, *Wildfires and Hurricanes Indemnity Program (WHIP)*, by Megan Stubbs

Intersecting Issues and Options for Farm Safety Net Programs

In addition to addressing issues confined to individual aspects of commodity support programs, crop insurance, or disaster assistance in the next farm bill, Congress also could consider addressing issues that intersect multiple aspects of these farm safety net programs. A selection of issues that intersect these program areas follow.

Farm Revenue Support Programs

In the next farm bill, Congress may consider whether the existing structure of farm revenue support programs serves its intended goals—or whether it may potentially introduce unintended outcomes. The U.S. farm sector produces commodities to supply domestic and international demand for food, animal feed, fuel, fiber, and other industrial products. Farm revenue support programs provide support to farmers, ranchers, and other types of agricultural operations to partially offset the financial costs of risks, such as adverse weather and market conditions. Shifting some of the financial costs of these risks from agricultural producers to the federal government can help to stabilize farm revenues. Payments from farm support programs also may improve farmers' access to credit. Proponents of farm revenue support programs have asserted that these programs are necessary to maintain a viable U.S. agricultural sector and an affordable

²⁹ The Bipartisan Budget Act of 2018 (P.L. 115-123) authorized \$2.36 billion for agricultural losses in 2017.

³⁰ The FY2019 supplemental appropriations (P.L. 116-20) authorized \$3 billion for losses in 2018 and 2019, and the FY2022 continuing resolution (P.L. 117-43) authorized \$10 billion for losses in 2020 and 2021.

supply of food and fiber.³¹ Critics have countered that revenue support programs are harmful and that they waste taxpayer dollars, distort producer behavior in favor of certain crops, inflate returns to landownership, encourage concentration of production, and place producers who do not receive farm support payments—including smaller domestic producers and farmers in lower-income foreign nations—at a comparative disadvantage in applying for credit from private-sector lenders and/or self-funding farm business investments.³² In addition, certain environmental groups and agricultural economists have argued that subsidies encourage production on environmentally fragile lands and result in pollution from runoff of fertilizer and pesticides.³³ In contemplating a new farm bill, Congress may want to consider how best to balance these competing perspectives.

Supplemental Funding

Nonfarm bill supplemental funding has increased significantly since passage of the 2018 farm bill.³⁴ Some of this supplemental funding duplicated payments from existing farm safety net programs (e.g., supplemental payments in 2019 to augment regular prevented planting payments through the FCIP). Other supplemental funding provided support that differed from the existing farm safety net programs. This included price and income support for commodities not covered under existing commodity support programs, including for livestock and specialty crops under various USDA pandemic response programs, as well as MFP payments for losses due to trade disputes that were not specifically compensated under existing farm safety net programs.

The farm bill safety net programs—revenue support programs, the federal crop insurance program, and disaster assistance programs—have been established over time to provide a measure of stability in the farm sector and to promote an adequate supply of certain agricultural products while allowing commodity prices to respond to market signals. In view of the prominence of supplemental payments to the farm sector in recent years, Congress may consider what level of farm income is adequate to fulfill these policy objectives and whether the farm bill safety net programs are sufficiently flexible to respond to changing circumstances. Congress also may consider whether the combination of spending on farm revenue support programs and supplemental spending runs a risk of exceeding annual spending limits on trade-distorting domestic support payments that the United States has agreed to under WTO rules.³⁵ An added consideration for lawmakers is that any expansion in farm safety net programs under the existing farm bill baseline may require making funding reductions for other farm bill priorities.

Animal Agriculture

Farm bills traditionally do not provide livestock and poultry producers with farm revenue support programs like those for major crops, such as grains, oilseeds, and cotton. (The exception is dairy;

³¹ For example, see letter from the American Farm Bureau Federation to Chairmen Pat Roberts and Michael Conaway and ranking members Debbie Stabenow and Collin Peterson of the House and Senate Agriculture Committees, August 1, 2018, at https://www.fb.org/files/Farm_Bill_Conference_Letter_8-1-2018.pdf.

³² For example, see Scott Lincicome, “Examining America’s Farm Subsidy Problem,” Cato Institute, December 18, 2020, at <https://www.cato.org/commentary/examining-americas-farm-subsidy-problem>.

³³ For example, see Union of Concerned Scientists, *Subsidizing Waste: How Inefficient US Farm Policy Costs Taxpayers, Businesses, and Farmers Billions*, Policy Brief, August 2016; and Daniel Sumner and Carl Zulauf, “Economic & Environmental Effect of Agricultural Insurance Programs,” The Council on Food, Agricultural & Resource Economics, July 2012.

³⁴ For additional supplemental funding discussion, see “Budget Situation and Outlook” and funding amounts represented as “Non-farm bill” in **Figure 1**.

³⁵ For more information on WTO rules and limits for domestic agriculture supports, see CRS Report R45305, *Agriculture in the WTO: Rules and Limits on U.S. Domestic Support*.

see “Dairy Policy.”) Instead, the livestock and poultry industries look to the federal government for leadership in protecting animal health; establishing transparent, science-based rules for trading animal products; resolving foreign trade disputes; and assuring that supplies of domestic and imported meat and poultry are safe.

Selected Farm Bill Provisions

The 2018 farm bill includes provisions in the Miscellaneous title (Title XII) that addressed animal health, a sheep production and grant program, cattle grading, a statutory dealer trust, and the USDA’s Food Safety and Inspection Service (FSIS) guidance for small meat processors. It also included animal welfare provisions that prohibited the slaughter of dogs and cats for human consumption, extended a ban on animal fighting in U.S. territories, required USDA to submit a report on the importation of dogs, and provided shelter assistance grants for pets of victims of domestic violence.

The 2018 farm bill established the National Animal Disease Preparedness and Response Program, which authorized and funded USDA to enter into cooperative agreements with states, tribes, universities, and livestock organizations to conduct activities to mitigate risks to U.S. livestock from animal pests and disease. It also established the National Animal Health Vaccine bank to stockpile vaccines to enable the United States to respond to animal diseases, particularly foot-and-mouth disease (FMD), and expanded funding for the diagnostic National Animal Health Laboratory Network.

The 2018 farm bill established three cattle- and carcass-grading training centers that were set up in USDA’s Agricultural Marketing Service in 2019. Other livestock-related provisions in the enacted law authorized USDA to conduct studies on establishing a livestock dealer statutory trust,³⁶ as well as directed FSIS to provide a report on guidance and outreach to small meat processors. USDA issued these reports in 2020, and the dealer trust was enacted into law in Division N, Section 763, of the Consolidated Appropriations Act, 2021 (P.L. 116-260).

Issues and Options

The U.S. livestock and poultry sector is at risk of highly contagious animal disease outbreaks—such as FMD, African swine fever (ASF), and highly pathogenic avian influenza—that would disrupt U.S. farm animal production and live animal and livestock product exports. Increased resources for border and herd monitoring and surveillance activities for ASF are priorities for the hog industry, especially since ASF was found in the Western Hemisphere (the Dominican Republic and Haiti) for the first time ever in 2021. In September 2021, USDA announced \$500 million in additional CCC funding for ASF efforts, and Congress could consider further expanding the preparedness programs initiated in the 2018 farm bill for animal disease threats.

COVID-19 outbreaks in some large meatpacking plants in 2020 and the related disruption to meat processing have heightened ongoing concerns about concentration in the meat-processing sector, leading to calls for increased processing capacity in the form of small- to medium-sized facilities. In the Consolidated Appropriations Act, 2021 (P.L. 116-260), Congress provided grants and loans for food processors with small-sized facilities. The act also provided grant funding to enable existing meat processors to upgrade their facilities to qualify for federal inspection, which would allow them to ship meat products in interstate commerce. In response, USDA established the

³⁶ In December 2020, Congress enacted the Dealer Statutory Trust in the Consolidated Appropriations Act, 2021 (P.L. 116-260). The dealer trust requires livestock dealers to hold all livestock purchased, and if livestock has been resold, the receivables or proceeds from such sale, in trust for the benefit of all unpaid cash sellers of livestock until full payment has been received by those sellers.

Meat and Poultry Inspection Readiness Grant program in June 2021 and the Pandemic Response and Safety Grant Program in September 2021. In January 2022, the White House announced that \$1 billion in American Rescue Plan Act (ARPA; P.L. 117-2) funds—including grants, loans, worker support, overtime inspection costs for small plants, and innovation funds—would be available for expanding meat processing. During the upcoming farm bill debate, Congress could consider the effects of concentration on the meat processing supply chain, the effects of concentration on prices producers receive for livestock and poultry, and on retail prices for consumers. Congress could consider any trade-offs in expanding programs developed during the pandemic for small- to medium-sized meat processors and/or creating new programs in order to increase marketing opportunities for livestock producers.

During past farm bill debates, there was interest in addressing competition in the livestock and poultry sectors. In Executive Order 14036, “Promoting Competition in the American Economy,” the Biden Administration directed USDA to consider proposing rules that would address competition through the Packers and Stockyards Act (P&S Act, 7 U.S.C. §181 et seq.). The rules would address the scope of the P&S Act; practices that are unfair or unjustly discriminatory or cause undue or unreasonable preferences or advantages; and the poultry tournament price system. These rules would be similar to the marketing and competition rules, or “GIPSA rules,”³⁷ that USDA released in 2010 to implement provisions in the 2008 farm bill but that never were finalized. As in the past, support among stakeholders in livestock and poultry industries for these rules is likely to vary, and some may look to the farm bill as an opportunity to address their concerns about competition.

The executive order on competition also directed USDA to consider proposing a rule for a voluntary Product of the USA label for meat. In 2015, the WTO ruled that United States was in violation of its WTO obligations in a country-of-origin labeling (COOL) dispute settlement case involving cattle and hogs. Congress repealed mandatory COOL for beef and pork in December 2015, but some stakeholders have continued to advocate for the re-imposition of mandatory COOL for beef and pork. Several bills introduced in the 117th Congress would restore mandatory COOL (S. 2716 and H.R. 4421/S. 2332). Other bills would define voluntary labels for U.S. beef products (H.R. 4973/S. 2623). As such, meat-origin labeling may become a subject of debate in the upcoming farm bill.

The Animal Welfare Act (7 U.S.C. §2131 et seq.) requires minimum care standards for most types of warm-blooded animals bred for commercial sale, used in research, transported commercially, or exhibited to the public. Although farm animals are exempt, they are covered by other federal laws addressing humane transport and slaughter. As in past farm bills, Congress may consider addressing animal welfare issues for nonfarm animals. For example, bills introduced in the 117th Congress would address adding requirements for commercial dog handlers (H.R. 2840/S. 1385), adopting animals used in research (H.R. 5244/S. 1378), prohibiting the use of wild animals in traveling acts (H.R. 5999/S. 3220), and importing healthy dogs (H.R. 4239/S. 2597). Congress has used general provisions in appropriations acts to ban domestic horse slaughter, and Congress could consider other horse-related measures during the debate over a new farm bill. For example, a House-introduced bill (H.R. 3355) would ban selling, possessing, or transporting horses for slaughter for human consumption and curtail the shipment of horses to Canada or Mexico for slaughter. Other horse-related bills (H.R. 5441/S. 2295, and H.R. 6341) would strengthen the Horse Protection Act (15 U.S.C. §1821 et seq.).

³⁷ GIPSA (the Grain Inspection, Packers and Stockyards Administration) was the USDA agency that administered the Packers and Stockyards Act. A USDA reorganization in 2017 merged GIPSA into the Agricultural Marketing Service (AMS).

For Further Information

CRS Expert

- Joel L. Greene, Analyst in Agricultural Policy

Relevant CRS Products

- CRS Report R41673, *USDA's "GIPSA Rule" on Livestock and Poultry Marketing Practices*, by Joel L. Greene
- CRS Report RS22955, *Country-of-Origin Labeling for Foods and the WTO Trade Dispute on Meat Labeling*, by Joel L. Greene
- CRS Report R46672, *Federal Statutes Protecting Domesticated and Captive Animals*, by Erin H. Ward
- CRS In Focus IF12002, *Animal Use in Federal Biomedical Research: A Policy Overview*, by Kavya Sekar and Genevieve K. Croft

Other Horticultural Products

Beginning in 2008, enacted farm bill legislation has included a horticulture title covering provisions supporting the fruit, vegetable, and other specialty crop industries, as well as USDA-certified organic products, which cover both organic-certified crops and animal products. Over the years, this title has included provisions supporting locally sourced products (not limited to crops) and provisions establishing a USDA regulatory framework for hemp cultivation. Upon enactment of the 2018 farm bill, CBO-projected outlays for the Horticulture title (Title X) provisions totaled \$1.0 billion (FY2019-FY2023), accounting for less than 0.5% of total projected farm bill spending. Support for these sectors is not limited to the horticulture title; it is also contained within other farm bill titles covering a range of programs administered by USDA. Other 2018 farm bill provisions supporting these sectors are part of federal crop insurance and disaster assistance, as well as federal programs supporting the agricultural research and extension, conservation, rural development, trade, and nutrition titles.

Fruits, Vegetables, and Other Specialty Crops

The 2018 farm bill reauthorized and expanded funding for many of the existing USDA programs supporting *specialty crops*—defined as “fruits and vegetables, tree nuts, dried fruits, and horticulture and nursery crops (including floriculture)” (7 U.S.C. §1621 note). In the Horticulture title, provisions included Specialty Crop Block Grants to states, Specialty Crop Market News data collection, food safety education initiatives, and chemical regulation and information collection. Provisions in other 2018 farm bill titles included the Specialty Crop Research Initiative and other USDA programs supporting emergency citrus disease research; USDA purchases of fresh fruits and vegetables for use in domestic nutrition assistance programs; federal crop insurance and supplemental disaster assistance; agricultural trade promotion; and other marketing programs in various titles.

Issues and Options

In previous farm bills, produce industry groups, representing a range of crops and regional interests, tended to support reauthorization and expansion of existing USDA programs. The next farm bill could focus on other legislative priorities within the industry, such as ways to address continued COVID-19-related supply chain disruptions, including access to workers and distribution challenges. Some of these priorities may involve reforms outside the farm bill, but others could be addressed by increasing grant funding, changing USDA procurement rules (e.g., H.R. 5309), and expanding research into mechanization technologies. Additional legislation

pending before the 117th Congress would address seasonal import competition in certain regions of the country (e.g., H.R. 4580 and H.R. 3926/S. 2080).

USDA-Certified Organic Agriculture

The 2018 farm bill reauthorized and expanded funding for provisions supporting agricultural products certified and labeled as USDA Organic, indicating that those products are grown in accordance with USDA regulations (7 C.F.R. §205) and verified by a USDA-accredited certifying agent according to USDA’s National Organic Program (NOP). NOP is a voluntary certification program for producers and handlers that uses approved methods and standards. The program covers organically produced specialty crops, field crops, and animal products (e.g., meat and dairy products), as well as nonfood consumer products. The Horticulture title of the 2018 farm bill primarily focused on addressing perceived shortcomings in USDA’s organic certification by making changes intended to enhance enforcement, limit program fraud, and fund technology upgrades. Other provisions changed the eligibility and consultation requirements of the National Organic Standards Board (NOSB) and reauthorized the National Organic Certification Cost-Share Program and the Organic Production and Market Data collection. Provisions in other 2018 farm bill titles included the Organic Agriculture Research and Extension Initiative in the Research, Extension, and Related Matters title; transition assistance and incentives for organic production in the Conservation title; and federal crop insurance and other marketing and promotion support in other titles.

Issues and Options

The organic industry represents highly diverse interests with often divergent priorities. Some shared priorities have focused on USDA not finalizing regulations to address transitioning dairy cows to organic standards, livestock handling and poultry living conditions, and oversight and enforcement of NOP-certified products. Some related legislative initiatives in the 117th Congress focus on restoring funding for organic certification cost-share programs and ensuring organic agriculture is part of ongoing U.S. agricultural climate solutions (e.g., H.R. 2803/S. 1251). In the next farm bill, Congress might consider further structural changes to NOP, including establishing a new framework for developing standards, elevating the role of the NOSB, and addressing the current backlog in developing NOP standards (e.g., H.R. 2918). Other actions could advance organic agriculture within USDA research, nutrition, and procurement programs (e.g., H.R. 5309), as well as improve crop insurance and risk management tools. Some producer groups are pursuing an alternative certification regime under a Regenerative Organic label, in part to address perceived NOP shortcomings related to animal welfare protections and objections by some that soilless hydroponic growing systems qualify as USDA Organic.

Local, Urban, and Innovative Production

The 2018 farm bill reauthorized and expanded funding for many of the existing provisions supporting locally sourced foods—both crops and animal products. No consensus exists for what constitutes locally sourced foods. In most cases, USDA farm programs supporting local food systems base their program eligibility on a statutory definition of *locally or regionally produced agricultural food products*, which states that any food product that is raised, produced, and distributed in “the locality or region in which the final product is marketed” where “the total distance that the product is transported is less than 400 miles from the origin of the product; or ... the State” where the food was produced (7 U.S.C. §1932). The Horticulture title of the 2018 farm bill created the Local Agriculture Market Program (LAMP), which combined and expanded the existing USDA farmers’ market, local food marketing, and value-added processing grant

programs. Provisions in other farm bill titles enhanced crop insurance and disaster assistance for urban and small-scale production and made changes to food programs and grants in the Nutrition title. The 2018 farm bill created new support for urban food systems in the Research, Extension, and Related Matters and in other titles, establishing an Office of Urban Agriculture and Innovative Production at USDA and providing new grant authority to facilitate urban production, harvesting, transportation, and marketing.

The 2018 farm bill also included provisions supporting historically underserved producers (Miscellaneous, Title XII, Subtitle C). These provisions, which often support farming operations within USDA programs that benefit local and urban farmers, also expanded USDA support for beginning, socially disadvantaged, and veteran farmers and ranchers.

Issues and Options

Legislative priorities among groups representing, in general, small-sized local and urban producers—and beginning, socially disadvantaged, and veteran farmers and ranchers—span diverse food systems and community needs. Shared priorities include increasing access to USDA programs and addressing equity and competition—often related to small-sized and limited-resource producers. Priorities also often focus on agricultural sustainability and access to USDA conservation funding, including for organic production systems. Several bills introduced in the 117th Congress would address these priorities. Ensuring climate-focused agricultural policies and that locally sourced food systems are part of U.S. agricultural climate solutions (e.g., H.R. 2803/S. 1251) remain priorities for certain groups. The next farm bill also could provide resources to improve agricultural and rural infrastructure and enhance supply chain resilience by expanding access to farm credit and crop insurance and to USDA nutrition and procurement programs (e.g., H.R. 2896, H.R. 5309), as well as addressing industry consolidation and antitrust concerns (e.g., H.R. 1258). In previous farm bill debates, a range of proposed legislative changes across all farm bill titles were introduced in comprehensive marker bills, reflecting the interests of small-sized local and urban producers.

Hemp Production and Processing

The 2018 farm bill created new authorities to legalize hemp, a variety or cultivar of *Cannabis sativa*—the same plant as marijuana—grown for use in the production of a range of nonpsychoactive food, beverage, consumer, and manufactured products. In statute, *hemp* is defined to include seeds, derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers with a delta-9 tetrahydrocannabinol (THC) concentration of not more than 0.3% on a dry weight basis (7 U.S.C. §1639o). The Horticulture title of the 2018 farm bill directed USDA to establish a framework to regulate hemp cultivation under federal law and facilitate commercial cultivation, processing, marketing, and sale of hemp and hemp-derived products. USDA published final regulations under the Domestic Hemp Production Program in 2021. All U.S. states plan to allow growth of hemp in the 2022 crop year under either a USDA-approved state plan or a USDA general license. USDA has implemented provisions in other 2018 farm bill titles that made hemp producers eligible for federal crop insurance and agricultural research programs.

Issues and Options

Hemp industry interests reflect many national and regional groups with differing priorities, often depending on the products they produce and whether hemp is used for its fiber, grain, or flower. Some shared priorities call for relaxing USDA’s regulatory requirements—which are perceived by the hemp industry and some state regulators to be overly restrictive and impractical—and to

reduce the role of the U.S. Drug Enforcement Administration in regulating hemp. In the next farm bill, Congress could consider whether to further amend the statutory definition of hemp (7 U.S.C. §1639o) to raise the allowable legal THC level from 0.3% to 1% (e.g., H.R. 6645; S. 1005) to provide additional regulatory flexibility to growers. Congress also could increase research funding for hemp, including targeted support for processing capacity of hemp fibers for use in insulation, construction materials, and plastics. The National Association of State Departments of Agriculture supports adding hemp to the statutory definition of a *specialty crop* (7 U.S.C. §1621 note), which could qualify hemp for USDA programs that tie eligibility to the specialty crop definition. The next farm bill also could consider ways to ensure hemp is part of ongoing climate proposals involving agriculture.

Other leading efforts by some hemp groups seek to address long-standing concerns that the Food and Drug Administration (FDA) continues to restrict the marketing of food and dietary supplements containing hemp-derived cannabidiol (CBD) (e.g., H.R. 841 and S. 1698). Related proposals in the 117th Congress would establish federal standards under FDA’s jurisdiction for hemp-derived CBD products (H.R. 6134). Some interest groups contend that FDA is not properly regulating CBD, which could pose a threat to public safety. An open question is whether changes to FDA laws and regulations are within the farm bill’s jurisdiction.

For Further Information

CRS Expert

- Renée Johnson, Specialist in Agricultural Policy

Relevant CRS Products

- CRS Report R44719, *Defining “Specialty Crops”: A Fact Sheet*, by Renée Johnson
- CRS In Focus IF11317, *2018 Farm Bill Primer: Specialty Crops and Organic Agriculture*, by Renée Johnson
- CRS Report R46538, *Local and Urban Food Systems: Selected Farm Bill and Other Federal Programs*, by Renée Johnson et al.
- CRS In Focus IF11252, *2018 Farm Bill Primer: Support for Local Food Systems*, by Renée Johnson and Randy Alison Aussenberg
- CRS In Focus IF11210, *2018 Farm Bill Primer: Support for Urban Agriculture*, by Renée Johnson
- CRS In Focus IF11227, *2018 Farm Bill Primer: Beginning Farmers and Ranchers*, by Renée Johnson
- CRS Report R44742, *Defining Hemp: A Fact Sheet*, by Renée Johnson
- CRS In Focus IF11088, *2018 Farm Bill Primer: Hemp Cultivation and Processing*, by Renée Johnson

Conservation

The conservation title of a farm bill generally contains numerous reauthorizations, amendments, and new programs that encourage farmers and ranchers to voluntarily implement resource-conserving practices on private land. Starting in 1985, farm bills have broadened the conservation agenda to include multiple resource concerns. Although the number of conservation programs has increased and techniques to address resource problems continue to emerge, the basic approach has remained unchanged: to provide financial and technical assistance to implement conservation systems supported by education and research programs.

Selected Farm Bill Provisions

The current conservation portfolio includes over 20 distinct programs, subprograms, and initiatives, many of which were created in farm bill legislation. These programs can be grouped

into the following categories based on similarities: working lands programs, land retirement programs, easement programs, partnership and grant programs, and conservation compliance.

Selected Farm Bill Conservation Programs

Working lands programs allow private land to remain in production while implementing various conservation practices to address natural resource concerns specific to the area.

- Environmental Quality Incentives Program (EQIP), Conservation Stewardship Program (CSP), and Agricultural Management Assistance (AMA)

Land retirement programs provide payments to private agricultural landowners for temporary changes in land use and management to achieve environmental benefits.

- Conservation Reserve Program (CRP)—includes the Conservation Reserve Enhancement Program, Farmable Wetland Program, Clean Lakes Estuaries And Rivers Pilot (CLEAR30), Soil Health and Income Protection Program, and Transition Incentives Program

Easement programs impose a permanent or long-term land use restriction that is placed voluntarily on land in exchange for a payment.

- Agricultural Conservation Easement Program (ACEP) and Healthy Forests Reserve Program (HFRP)

Partnership and grant programs use partnership agreements to leverage program funding with nonfederal funding or provide grants to states or research organizations.

- Regional Conservation Partnership Program (RCPP), Conservation Innovation Grants, On-Farm Conservation Innovation Trials, Feral Swine Eradication and Control Pilot Program, Voluntary Public Access, and Habitat Incentive Program

Conservation compliance prohibits a producer from receiving selected federal farm program benefits (including conservation assistance and crop insurance premium subsidies) when conservation program requirements for highly erodible lands and wetlands are not met.

- Highly erodible land conservation (Sodbuster), wetland conservation (Swampbuster), and Sodsaver

Other types of conservation programs, such as watershed programs, emergency land rehabilitation programs, and technical assistance, are authorized in nonfarm bill legislation. Most of these programs have permanent authorities and receive appropriations annually through the discretionary appropriations process. These programs generally are not addressed in farm bill legislation unless amendments to the program are proposed.

The Conservation title (Title II) of the 2018 farm bill reauthorized and amended portions of most conservation programs, though the main focus was on the following large programs: 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 (i.e., they do not require an annual appropriation) and include authorities that expire at the end of FY2023.

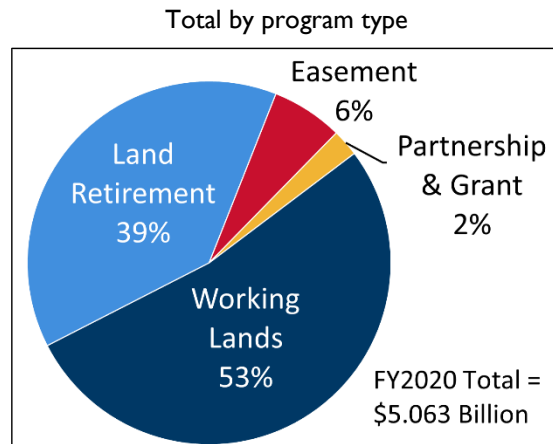
Issues and Options

Budget and Baseline

The Conservation title is one of the larger nonnutrition titles of the farm bill, accounting for 7% of the total projected 2018 farm bill cost, or \$60 billion of the total \$867 billion in 10-year mandatory funding authorized (FY2019-FY2023). Mandatory spending for conservation programs was permanently enacted for the first time in the 1996 farm bill (P.L. 104-127). It has since increased and included total outlays in FY2020 of over \$5 billion.³⁸ The majority of this spending occurs in working lands and land retirement programs (see **Figure 5**).

In addition to funding authorized in the 2018 farm bill, legislation before the 117th Congress, if enacted, would increase funding for selected conservation programs. For example, the House-passed Build Back Better Act (BBBA, H.R. 5376) would extend and increase funding for conservation programs, such as EQIP, CSP, the Agricultural Conservation Easement Program, and the Regional Conservation Partnership Program, by more than \$21 billion over 10 years. This level of increase, if enacted, could alter the farm bill debate for conservation funding.³⁹

Figure 5. FY2020 Conservation Outlays



Source: Created by CRS using CBO, *Baseline Projections: USDA’s Farm Programs*, July 2021.

Climate Change and Carbon Markets

Current strategies for addressing climate change through agricultural programs, through both adaptation and mitigation, rely on the delivery of voluntary conservation technical assistance and financial support programs. Most farm bill conservation programs are designed to address multiple natural resource concerns through locally adaptable practices. Thus, no existing conservation program is specific to climate change adaptation or mitigation, but most programs can integrate climate change-related goals within their current structures.

As part of the next farm bill, Congress may evaluate how well farm bill conservation programs assist producers in climate change-related goals. Recent USDA initiatives related to climate change include the working lands programs (e.g., EQIP and CSP) and proposed discretionary use of the CCC to fund pilot projects to support production and marketing of “climate-smart” agricultural commodities.⁴⁰ How USDA implements these climate-focused initiatives and pilot projects may affect the conservation title.

³⁸ The 1985 farm bill (P.L. 99-198, 99 Stat. 1514) authorized limited mandatory funding for the Conservation Reserve Program in FY1986 and FY1987. FY2020 levels are from CBO, *Baseline Projections: USDA’s Farm Programs*, July 2021.

³⁹ For additional information, see CRS In Focus IF11988, *Build Back Better Act: Agriculture and Forestry Provisions*.

⁴⁰ CCC serves as the primary funding mechanism for mandatory farm bill funding. For additional information, see CRS Report R44606, *The Commodity Credit Corporation (CCC)*. See also USDA, “Partnership for Climate-Smart

In addition to proposed changes, such as those in the BBBA that would increase funding for existing conservation programs, the 117th Congress has debated legislation related to carbon markets and the potential role that agriculture could play in them (e.g., Growing Climate Solutions Act, S. 1251/H.R. 2820). The role of agriculture in carbon markets has produced a variety of perspectives, including support for and opposition to a USDA role in standardizing voluntary carbon markets for agriculture and forestry. This debate could carry over into the next farm bill, including what role the conservation title could play in assisting producers to generate tradable carbon credits or in supporting carbon markets.⁴¹

Program Backlogs

Arguments for expanding conservation programs proved to be persuasive to Congress in enacting the 2018 farm bill in light of large backlogs of interested and eligible producers that were unable to enroll because of a lack of funds. Debate on a new farm bill could see similar arguments. Demand to participate in many of the conservation programs exceeds the available program dollars several times over for some programs.

Acceptance rates and backlogs for conservation programs vary by program and program type. In general, working lands programs continue to experience low acceptance rates, whereas recent sign-ups under land retirement programs have had higher acceptance rates. For example, in FY2020, USDA funded 27% of eligible program applications received for EQIP, 35% for CSP, and 43% for Agricultural Management Assistance. By comparison, the 2021 CRP general sign-up had more than 2 million acres offered for enrollment, and almost 1.9 million acres were accepted (93%). Policy issues beyond funding levels also can affect application acceptance rates. Large, ongoing backlogs of unfunded applications could provide a case for additional funding, whereas certain policy changes could reduce demand.

Conservation Compliance

The Food Security Act of 1985 (1985 farm bill; P.L. 99-198) created the highly erodible lands conservation and wetland conservation compliance programs, which tied various farm program benefits to conservation standards. This provision has been amended numerous times to remove certain farm program benefits from the compliance requirements and to add others. The 2018 farm bill made relatively few changes to compliance requirements. Some view these conservation compliance requirements as burdensome, and they continue to be unpopular among producer groups. Conservation compliance has remained a controversial issue since its introduction in the 1985 farm bill, and debate on its existence and effectiveness appears likely to continue.

Direct Spending and Flexibility

The 2018 farm bill required some existing conservation programs to 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. Through these directed policies, Congress specified a support level or required investment that USDA is to achieve through program implementation. The specified levels may reduce USDA's flexibility to allocate funding based on need or reduce the total funds or acres available for activities that may not meet a resource-specific provision. Congress could consider the effect of these policies in the next farm bill.

Commodities," at <https://www.usda.gov/climate-solutions/climate-smart-commodities>.

⁴¹ For additional information, see CRS Report R46956, *Agriculture and Forestry Offsets in Carbon Markets: Background and Selected Issues*.

For Further Information

CRS Expert

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Relevant CRS Products

- CRS Report R40763, *Agricultural Conservation: A Guide to Programs*, by Megan Stubbs
- CRS Report R45698, *Agricultural Conservation in the 2018 Farm Bill*, by Megan Stubbs
- CRS Report R46971, *Agricultural Conservation: FY2022 Appropriations*, by Megan Stubbs

Nutrition

All farm bills since 1973 have included reauthorization of the Food Stamp Program (renamed Supplemental Nutrition Assistance Program [SNAP] in 2008). In addition to SNAP, which is the largest nutrition program, the nutrition title typically includes other programs that provide food or funds to purchase food to low-income households. At the federal level, USDA’s Food and Nutrition Service (FNS) administers most nutrition title programs.⁴²

Most farm bill domestic food assistance programs are treated as mandatory spending for budget purposes. SNAP is open-ended mandatory spending and funded through appropriations laws. As such, amending SNAP eligibility, benefits, or other program rules can have a budgetary impact at the same time the availability of appropriated funding can affect operations. Discretionary spending programs in the farm bill include the Commodity Supplemental Food Program (CSFP), the administrative cost component of the Emergency Food Assistance Program (TEFAP), and a portion of the Food Distribution Program on Indian Reservations (FDPIR).

The child nutrition programs (National School Lunch Program and others) and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) are usually reauthorized by a child nutrition reauthorization law, not by the farm bill.⁴³

Selected Farm Bill Provisions

Supplemental Nutrition Assistance Program

SNAP provides benefits to eligible low-income households via electronic benefit transfer (EBT) cards redeemable for SNAP-eligible foods (most edible goods) at SNAP-authorized retailers. In FY2021, a monthly average of 44.5 million individuals participated in SNAP, and federal costs for SNAP were \$112.6 billion.⁴⁴ The vast majority of the spending (\$107.6 billion, 96%) was the cost of the benefits, which are 100% federally financed. SNAP participation and costs increased during the COVID-19 pandemic, reflecting greater economic need and higher benefit amounts instituted by pandemic response laws than in previous years. Although the majority of federal funding is for benefits, SNAP funding includes some non-benefit funding, such as federal

⁴² Exceptions are the Gus Schumacher Nutrition Incentive Program (GusNIP) and Community Food Projects—administered by USDA’s National Institute of Food and Agriculture (NIFA)—and a new micro-grant program administered by USDA’s AMS.

⁴³ These programs, located in the Child Nutrition Act of 1966 and the Richard B. Russell National School Lunch Act, were last reauthorized in 2010 in P.L. 111-296, the Healthy, Hunger-Free Kids Act of 2010.

⁴⁴ USDA, Food and Nutrition Service (FNS), “Supplemental Nutrition Assistance Program Participation and Costs (data as of January 7, 2022),” at <https://www.fns.usda.gov/sites/default/files/resource-files/SNAPsummary-1.pdf>.

matching funds for state administrative costs, funds for states' SNAP Employment and Training (E&T programs), and SNAP nutrition education funding.

SNAP is administered as a federal-state partnership, with roles for each partner. For example, SNAP state agencies determine household eligibility, and USDA determines retailer authorization. The program operates in 50 states, the District of Columbia, Guam, and the U.S. Virgin Islands. In lieu of SNAP, Puerto Rico, American Samoa, and the Commonwealth of the Northern Mariana Islands receive block grants to fund household food assistance.

The farm bill could amend any aspect (e.g., eligibility for households and retailers, administrative funding, state administrative requirements) of the program's authorizing law (the Food and Nutrition Act of 2008),⁴⁵ but recent farm bills typically have maintained much of current law and made a limited number of changes in selected areas.

Title IV (Nutrition) of the 2018 farm bill largely maintained the SNAP eligibility and benefit calculation rules that had been in place. After debate over work requirements, the enacted conference report largely maintained the program's work-related rules with a few amendments to E&T policies and funding.⁴⁶ On benefit calculation, the new law required states to conduct a simplified calculation for homeless households and required certain updates or studies of certain aspects of benefit calculation. One of these studies is of the Thrifty Food Plan (TFP), the basis of SNAP's maximum benefit amounts. In August 2021, the Biden Administration released its reevaluation of the TFP and issued higher benefit amounts for FY2022.⁴⁷

The 2018 farm bill also made some changes to SNAP program integrity policies, such as expanding nationwide a National Accuracy Clearinghouse to identify concurrent enrollment in multiple states. It also changed certain EBT system and retailer policies, including requiring the nationwide implementation of online acceptance of SNAP benefits.⁴⁸

Gus Schumacher Nutrition Incentive Program

In recent years, governments and nonprofit organizations have set up SNAP bonus incentive projects. These initiatives typically provide matching food funds when consumers use SNAP benefits to purchase fruits and vegetables, encouraging such purchases. The 2014 farm bill first authorized federal competitive grants for these incentive projects, called the Food Insecurity Nutrition Incentive (FINI) grant program. The 2018 Nutrition title reauthorized FINI, renaming it the Gus Schumacher Nutrition Incentive Program (GusNIP) and providing for evaluation, training, and technical assistance. The 2018 farm bill expanded these SNAP incentive programs, increasing mandatory funding by \$417 million over 10 years and, within GusNIP, dedicating funding for produce prescription projects to serve individuals eligible for SNAP or Medicaid in households with, or at risk of, developing a diet-related health condition.

⁴⁵ See most recent statutory compilation available at Govinfo, "Food and Nutrition Act of 2008," at <https://www.govinfo.gov/app/details/COMPS-10331/>.

⁴⁶ USDA implemented these changes in USDA, FNS, "Employment and Training Opportunities in the Supplemental Nutrition Assistance Program," Final Rule, 86 *Federal Register* 35812, January 5, 2021.

⁴⁷ See USDA, FNS, "USDA Food Plans: Cost of Food," at <https://www.fns.usda.gov/cnpp/usda-food-plans-cost-food-reports>.

⁴⁸ The 2014 farm bill initially authorized a pilot for online transactions. The pilot began accepting benefits in 2019 and expanded geographically and to different retailer types throughout the COVID-19 pandemic.

The Emergency Food Assistance Program

Under TEFAP, the federal government provides USDA-purchased foods to states for distribution to emergency feeding organizations (e.g., food banks, food pantries, and soup kitchens), which provide food to people in need. States make eligibility decisions for TEFAP assistance under federal parameters and choose local administering agencies. In addition to state allocations of entitlement commodities, each state receives a share of administrative funds to cover storage, distribution, and other expenses. States also receive bonus commodities that USDA acquires in its agriculture support programs on an intermittent basis.

The farm bill specifies an annual amount of funding for TEFAP's entitlement commodities, which is adjusted for inflation according to changes to the TFP.⁴⁹ CBO estimated that the 2018 farm bill increased TEFAP's mandatory funding by \$105 million from FY2019 to FY2023. The 2018 farm bill also authorized new TEFAP projects, funded at \$4 million annually, to facilitate the donation of raw/unprocessed commodities from agricultural producers, processors, and distributors to emergency feeding organizations (Farm to Food Bank Projects).

Separate from the farm bill, TEFAP typically receives annual discretionary administrative funds through appropriations acts. In addition, since 2018, TEFAP has received supplemental aid through USDA actions and pandemic response acts. In FY2019 and FY2020, the Trump Administration used the CCC to purchase \$2.3 billion in food for distribution through TEFAP as part of its trade mitigation efforts.⁵⁰ Subsequently, COVID-19 response acts have provided \$1.25 billion specifically for TEFAP, and the Biden Administration has used an additional \$1 billion in COVID-19 response funding for TEFAP and related initiatives.⁵¹ In FY2020, TEFAP expenditures (nearly \$2.8 billion) were more than triple what they were in FY2018 (\$711 million).⁵²

Other Farm Bill Nutrition Programs

The 2018 farm bill and most prior farm bills included provisions pertaining to several other domestic nutrition programs. For some of these programs, the 2018 farm bill extended their authorizations or authorizations of appropriations through FY2023.

- **Nutrition Assistance Block Grants for Puerto Rico, American Samoa, and the Northern Mariana Islands.** As opposed to SNAP's financing, which is open-ended, these territories receive a fixed amount adjusted for inflation each year. In the case of disasters or emergencies, Congress has provided supplemental funding at times. The 2018 farm bill did not amend these programs.
- **Food Distribution Program on Indian Reservations.** Indian tribal organizations may choose to operate FDPIR instead of having the state offer

⁴⁹ USDA estimates that the Emergency Food Assistance Program's (TEFAP's) FY2022 funding will increase by \$57.75 million because of USDA's recent reevaluation of the Thrifty Food Plan (TFP). USDA, FNS, *Guidance Document FNS-GD-2021-0086, The Emergency Food Assistance Program (TEFAP): Thrifty Food Plan (TFP) Adjustment of TEFAP Funding*, August 16, 2021.

⁵⁰ USDA, FNS, *2022 USDA Explanatory Notes – Food and Nutrition Service*, pp. 34-129, at <https://www.usda.gov/sites/default/files/documents/34FNS2022Notes.pdf>.

⁵¹ USDA, "USDA to Invest \$1 Billion to Purchase Healthy Food for Food Insecure Americans and Build Food Bank Capacity," press release, June 4, 2021.

⁵² USDA, FNS, *2022 USDA Explanatory Notes – Food and Nutrition Service*, at <https://www.usda.gov/sites/default/files/documents/34FNS2022Notes.pdf>. For more information about TEFAP, see CRS Report R45408, *The Emergency Food Assistance Program (TEFAP): Background and Funding*.

- SNAP benefits. FDPIR distributes USDA foods, rather than benefits redeemable in retail stores, to income-eligible households living on Indian reservations and American Indian households residing in approved areas near reservations or in Oklahoma. Eligible households may receive either SNAP or FDPIR. The 2018 farm bill increased federal administrative funding and made it available for a longer period. It also authorized a demonstration project for tribal organizations to enter into self-determination contracts to purchase commodities for FDPIR.⁵³
- **Commodity Supplemental Food Program.** CSFP provides supplemental foods primarily to low-income seniors (aged 60 or older). USDA purchases the foods and distributes them to project grantees for distribution to individuals. The 2018 farm bill reauthorized CSFP and lengthened participants' certification periods.
 - **Senior Farmers' Market Nutrition Program (SFMNP).** Under SFMNP, low-income seniors receive vouchers redeemable for fresh produce at farmers' markets and roadside stands. The 2018 farm bill maintained mandatory funding at \$20.6 million per year.
 - **School Food Programs.** School meals programs typically are reauthorized independently of the farm bill. The 2018 farm bill continued a \$50 million set-aside for USDA's fresh fruit and vegetable purchases for schools and required certain USDA actions to enforce Buy American requirements for school meals.
 - **Community Food Projects (CFP).** This competitive grant program, established in 1996, funds community food projects intended to promote innovative local food initiatives to meet food insecurity and community needs. The 2014 farm bill amended CFP and increased mandatory funding from \$5 million per year to \$9 million per year. The 2018 farm bill returned funding to \$5 million per year.
 - The 2018 farm bill created two new programs: the **Micro-Grants for Food Security Program** funds efforts to increase locally grown foods in eligible states and territories, and the **Healthy Fluid Milk Incentive** pilot funds bonus incentives for milk purchases.

Issues and Options

Policymakers may face the following major policy themes, among others, in the next farm bill's nutrition title: to what extent, if at all, to continue policies enacted in the pandemic response laws; supply chain changes for food distribution programs; and SNAP eligibility debates from past farm bills and regulatory proposals. The budget outlook also affects potential policy proposals. CBO estimated that the enacted 2018 farm bill's nutrition title was budget neutral—policies forecasted to increase direct spending were balanced by policies forecasted to decrease direct spending. Policymakers may debate whether to achieve such a balance within the nutrition title again.

SNAP

COVID-19 Pandemic Policies

The COVID-19 pandemic has posed numerous challenges for SNAP. To address the economic downturn and increased unemployment, the COVID-19 response laws in the 116th and 117th

⁵³ USDA announced awards to eight tribal nations. USDA, FNS, "USDA Invests \$3.5 Million to Provide Food Purchasing Options to Tribal Communities," press release, November 1, 2021.

Congresses included temporary benefit increases,⁵⁴ as well as a requirement for the partial suspension of certain work-related eligibility rules. In response to food insecurity concerns among college students, student eligibility was expanded temporarily during the pandemic. The laws also have granted USDA authority to offer administrative flexibilities to SNAP state agencies as agencies respond to the constraints of social distancing, remote work, and higher rates of new SNAP participants. Congress may consider whether to use the farm bill to make permanent or extend temporary policies included in COVID-19 response laws.

Major Eligibility Issues in 2014 and 2018 Farm Bill Debates

The House-passed 2014 and 2018 farm bills would have changed the law around SNAP categorical eligibility, but such changes were not included in the enacted bill. In current law, SNAP categorical eligibility is available to applicants who receive benefits from low-income programs, including Supplemental Security Income (SSI), Temporary Assistance for Needy Families (TANF), and state-financed General Assistance programs. As of January 2022, 44 jurisdictions have adopted the “broad-based” categorical eligibility option, available due to statute and regulation, which gives states increased flexibility with the income and asset limits. Because of this broad-based option, most states are assessing applicants’ eligibility without assessing their assets. In July 2019, the Trump Administration proposed a rule to restrict broad-based categorical eligibility. In June 2021, the Biden Administration withdrew the proposed rule. Congress may look at this state option again, as well as the income and asset rules in general.

Like farm bills in the recent past, a new farm bill may revisit work-related rules. SNAP’s authorizing law has long included work-related eligibility requirements, the strictest being a time limit for “able-bodied” (nondisabled) adults (aged 18-49) without dependents (ABAWDs) who work less than 80 hours per month. SNAP law also authorizes certain waivers and exemptions from the time limit.⁵⁵ The House-passed 2014 and 2018 farm bills included changes to SNAP’s work-related rules, proposing work requirements that would have applied to more people and were forecasted to reduce participation. In both years, Congress ultimately enacted changes considered more modest than proposed in the House-passed versions. These previous House-passed farm bills and a December 2019 Trump Administration rule, which was not finalized, also would have made it difficult for states to receive time limit waivers.⁵⁶

In addition, the 2014 farm bill authorized and funded E&T pilot programs in 10 states. USDA has released evaluation reports on the pilots, but the final report is still pending.⁵⁷ The next farm bill could propose changes to work-related rules or further changes to E&T program policy, particularly in light of a final evaluation of the pilot programs.

⁵⁴ Certain benefit increases have sunset, and others are tied to federal and state public health emergency declarations and will sunset accordingly. The Biden Administration’s implementation of a 2018 farm bill provision on the TFP allows for an increase above the FY2019 amounts to continue beyond the emergency, but some households will see lower benefits compared with the amounts received during the pandemic.

⁵⁵ The time limit has been suspended during the public health emergency. P.L. 116-127, Division B, Title III, §2301. See USDA, FNS, *Guidance Document FNS-GD-2020-0016, SNAP – Families First Coronavirus Response Act and Impact on Time Limit for Able-Bodied Adults Without Dependents (ABAWDs)*, March 20, 2020.

⁵⁶ That regulation was struck down in federal court, and the Biden Administration withdrew the Trump Administration’s appeal. For more information, see USDA, “Statement by Agriculture Secretary Tom Vilsack on D.C. Circuit Court’s Decision Regarding ABAWDs Rule,” press release, March 24, 2021.

⁵⁷ USDA, FNS, *Expanding Opportunities and Reducing Barriers to Work: Interim Summary Report (Evaluation of SNAP Employment & Training Pilots)*, September 3, 2021.

Retailer and Redemption Policies

Both the 2018 farm bill and COVID-19 pandemic pose numerous policy questions for SNAP's retailer and redemption aspects. In the case of GusNIP, the 2018 farm bill increased funds for SNAP bonus incentives and set aside funding for produce prescription programs (see "Gus Schumacher Nutrition Incentive Program"). Congress may consider changing funding levels again or changing matching fund requirements, a policy changed in a COVID-19 response law. USDA has initiated and expanded the SNAP Online Purchasing Pilot in recent years. Congress may take interest in providing additional requirements for the pilot or moving beyond the pilot stage. Under current law, restaurants cannot be authorized as SNAP retailers except through the Restaurant Meals Program state option (i.e., a state can contract with restaurants to accept SNAP for meals for senior, homeless, and disabled SNAP participants). Because the pandemic has created challenges for the restaurant industry and its workforce, policymakers may be interested in expanding the role for restaurants within SNAP.

Programs in Lieu of SNAP

Past farm bills (2008 and 2014) have required feasibility studies to explore transitions to the SNAP program for Puerto Rico and the Commonwealth of the Northern Mariana Islands.⁵⁸ Policymakers may consider potentially revising or phasing out the Nutrition Assistance Block Grants provided to Puerto Rico, American Samoa, and/or the Commonwealth of Northern Mariana Islands, allowing these jurisdictions to participate in the open-ended SNAP program instead.

Congress may consider using the experiences of USDA and the tribal nations participating in the 2018 farm bill's FDPIR demonstration project to explore policies that further tailor FDPIR to tribal needs and interest in self-governance.

TEFAP

Several TEFAP developments may inform the next farm bill. For example, Congress may consider whether or not to make permanent recent temporary funding increases for TEFAP. Congress also may consider changes to the funding or operation of Farm to Food Bank Projects, which have operated for three years.

In addition, Congress may consider adjustments to TEFAP's procurement process. Under the current model, USDA purchases foods on behalf of states and emergency feeding organizations. The process can take roughly one to five months from solicitation through delivery.⁵⁹ This time frame caused some concern during the early months of the COVID-19 pandemic when food banks were experiencing increasing demand. The Trump Administration created the Farmers to Families Food Box Program with the goal of expediting deliveries, among other purposes.⁶⁰ While the Biden Administration ended the Farmers to Families Food Box Program, it

⁵⁸ Anne Peterson et al., *Implementing Supplemental Nutrition Assistance Program in Puerto Rico: A Feasibility Study*, USDA, FNS, June 2010; and Anne Peterson et al., *Assessing the Feasibility of Implementing SNAP in the Commonwealth of the Northern Mariana Islands*, USDA, FNS, August 2016.

⁵⁹ USDA, AMS, "AMS CPP Procurement Schedule for 2021 to 2022 (xlsx)," <https://www.ams.usda.gov/selling-food/solicitations>.

⁶⁰ The procurement process under the food box program differs from TEFAP in that USDA awarded contracts to distributors to deliver food boxes to emergency feeding organizations. U.S. Congress, House Agriculture Committee, Subcommittee on Nutrition, Oversight, and Department Operations, *An Overview of the Farmers to Families Food Box Program*, hearings, 116th Cong., 2nd sess., July 21, 2020, Serial No. 116-34, p. 34.

incorporated the pre-packaged food box concept into TEFAP by enabling states to use their entitlement commodity funds for fresh produce boxes. Congress may deliberate on the potential advantages (e.g., efficiency) and drawbacks (e.g., less recipient choice) of food boxes.⁶¹ Other procurement changes include efforts to incorporate more local foods into TEFAP.⁶²

For Further Information

CRS Experts

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- Kara Clifford Billings, Analyst in Social Policy

Relevant CRS Products

- CRS In Focus IF11087, *2018 Farm Bill Primer: SNAP and Nutrition Title Programs*, by Randy Alison Aussenberg and Kara Clifford Billings
- CRS Report R42505, *Supplemental Nutrition Assistance Program (SNAP): A Primer on Eligibility and Benefits*, by Randy Alison Aussenberg
- CRS Report R45408, *The Emergency Food Assistance Program (TEFAP): Background and Funding*, by Kara Clifford Billings
- CRS Report R46681, *USDA Nutrition Assistance Programs: Response to the COVID-19 Pandemic*, by Randy Alison Aussenberg and Kara Clifford Billings
- CRS Report R42054, *The Supplemental Nutrition Assistance Program (SNAP): Categorical Eligibility*, by Randy Alison Aussenberg and Gene Falk
- CRS Report R46817, *Food Insecurity Among College Students: Background and Policy Options*, coordinated by Kara Clifford Billings and Joselynn H. Fountain

Agricultural Trade

USDA and the U.S. Agency for International Development (USAID) administer programs designed to alleviate hunger, improve global food security, and expand foreign markets for U.S. agricultural producers and food manufacturers. The Trade title (Title III) of the 2018 farm bill covered international food assistance programs, export credit guarantee programs, export market development programs, and international scientific and technical exchange programs and provisions. Title III programs derive their statutory authorities from the Food for Peace Act of 1954 (P.L. 83-480) for international food assistance programs and from the Agricultural Trade Act of 1978 (P.L. 95-501) for foreign market expansion programs.

Trade and Export Promotion

The federal government provides support for U.S. agricultural exports through two types of programs: export market development and export credit guarantees. Legislative authorization for agricultural trade promotion programs is included in the trade title of the farm bill, with the exception of the Quality Samples Program (QSP), which is authorized under the Commodity

⁶¹ For a discussion of related issues, see Food Bank News, “Cardboard Boxes are Centerpiece of USDA’s Coronavirus Food Program,” April 22, 2020.

⁶² For example, the Biden Administration’s TEFAP Fresh Produce Box initiative encourages vendors to include locally grown foods. Outside of TEFAP, the Biden Administration announced on December 6, 2021, a Local Food Purchase Cooperative Agreement Program that is to award \$400 million to state and tribal governments for purchases of local foods for distribution to emergency feeding organizations. Although TEFAP foods are domestically produced, they are not necessarily local.

Credit Corporation Charter Act of 1948 (P.L. 80-806, as amended).⁶³ USDA’s Foreign Agricultural Service (FAS) administers its export promotion programs, which are generally funded using mandatory monies.⁶⁴

Selected Farm Bill Provisions

Export market development programs include the Market Access Program (MAP), Foreign Market Development Program (FMDP), Emerging Markets Program, QSP, and Technical Assistance for Specialty Crops. These programs primarily aim to assist U.S. industry efforts to build, maintain, and expand overseas markets for U.S. agricultural products. The 2018 farm bill brought existing USDA export promotion programs together under a single Agricultural Trade Promotion and Facilitation Program and created a new Priority Trade Fund (PTF)—with a total mandatory permanent budgetary baseline of \$255 million annually for all the programs. The 2018 farm bill extended budget authority for these programs through FY2023.

The amendments in the 2018 farm bill allow MAP and FMDP funding for certain activities in Cuba, but export credit guarantees for Cuba remain prohibited.⁶⁵ Under PTF, the 2018 farm bill provides \$3.5 million in mandatory funding per year for one or more new programs to access, develop, maintain, and expand markets for U.S. agricultural products at the discretion of the Secretary of Agriculture.

The 2018 farm bill also reauthorized the FAS-administered short-term Export Credit Guarantee Program—known as GSM-102⁶⁶—and the Facility Guarantee Program (FGP), with a total annual joint funding of at least \$1 billion per year. Under these programs, the CCC provides payment guarantees for commercial financing of U.S. agricultural exports. The total GSM guarantees for FY2020 were \$2.2 billion, over 86% of which went to Latin America.⁶⁷ Over 99% of the guarantees in FY2020 supported export sales of grains, soybeans and flour, soybean meal, or soybean oil. Regulatory constraints limiting the use of established facilities to U.S. imports, eligibility criteria for foreign banks, and other constraints have limited FGP’s use, with the program inactive in some years.

Issues and Options

Over the years, Congress has altered export promotion programs to facilitate exports of high-value agricultural products rather than raw commodities and to conform to U.S. obligations under international trade agreements, such as those under the WTO. These changes have led associations that promote olives, strawberries, and highbush blueberries to receive funding and increased allocations for some processed products, such as distilled spirits.⁶⁸ Of the \$175.6 million total MAP allocations for FY2022, almost 30% are shared among five groups: Cotton

⁶³ 15 U.S.C. §714c(f) states that the CCC is authorized to use its general powers to “[e]xport or cause to be exported, or aid in the development of foreign markets for, agricultural commodities (other than tobacco) (including fish and fish products, without regard to whether such fish are harvested in aquacultural operations).”

⁶⁴ Occasionally, USDA may use additional ad hoc export promotion funding.

⁶⁵ For more on U.S. policy on Cuba, see CRS Report R45657, *Cuba: U.S. Policy in the 116th Congress and Through the Trump Administration*.

⁶⁶ GSM refers to the General Sales Manager, an official within the Foreign Agricultural Service (FAS)—appointed by the FAS administrator—charged with increasing exports and managing the programs that encourage foreign countries and companies to import U.S. farm products.

⁶⁷ CRS communication with USDA, FAS, January 2021.

⁶⁸ See Table A-1 in CRS Report R46760, *U.S. Agricultural Export Programs: Background and Issues*.

Council International, U.S. Meat Export Federation, Food Export Association of the Midwest, American Soybean Association, and U.S. Grains Council.⁶⁹ Almost 80% of the \$26.8 million in FMDP allocations for FY2022 go to six commodity associations that promote exports of soybeans, wheat, cotton, grains, hardwood, and rice.⁷⁰

A private study released in 2016 on behalf of three agricultural associations asserted that USDA export programs disproportionately benefit growers in the Midwest and deliver relatively small benefits to the food processing and services sectors in the Northeast.⁷¹ To the extent this reflects the current beneficiaries of these programs, one possible response to equity concerns could be to expand export promotion programs that target growers and processors of specialty crops, particularly small- and medium-sized enterprises that historically have not engaged in trade. Some experts assert that the United States' core advantage in agricultural exports may lie in quality, safety, and other nonprice factors.⁷² Communication of these differences to potential foreign buyers via labeling may benefit U.S. exports of specialty food products.

The COVID-19 pandemic and recent trade disputes highlight the importance of maintaining diverse U.S. import sources and export markets to minimize risks from supply chain disruptions in a specific market. Congress may wish to assess how existing USDA export programs could be used to diversify U.S. import and export markets.

For Further Information

CRS Expert

- Anita Regmi, Specialist in Agricultural Policy

Relevant CRS Products

- CRS Report R46760, *U.S. Agricultural Export Programs: Background and Issues*, by Anita Regmi
- CRS In Focus IFI1223, *2018 Farm Bill Primer: Agricultural Trade and Food Assistance*, by Anita Regmi and Alyssa R. Casey
- CRS Report R46456, *Reforming the WTO Agreement on Agriculture*, by Anita Regmi, Nina M. Hart, and Randy Schnepf
- CRS Report R45865, *Farm Policy: USDA's 2019 Trade Aid Package*, by Randy Schnepf
- CRS Report R45903, *Retaliatory Tariffs and U.S. Agriculture*, by Anita Regmi

International Food Assistance

The United States has led global funding support for international food assistance programs for over 60 years.⁷³ These programs originated with blended goals: to support domestic producers by creating additional demand, further agricultural trade goals, support the U.S. maritime industry and help alleviate hunger abroad. These blended objectives are manifested through statutory

⁶⁹ USDA, FAS, "MAP Funding Allocations – FY 2022," at <https://www.fas.usda.gov/programs/market-access-program-map/map-funding-allocations-fy-2022>.

⁷⁰ USDA, FAS, "FMD Funding Allocations – FY 2022," at <https://www.fas.usda.gov/programs/foreign-market-development-program-fmd/fmd-funding-allocations-2022>.

⁷¹ Informa Economics IEG, *Economic Impact of USDA Export Market Development Programs*, prepared for U.S. Wheat Associates, USA Poultry & Egg Export Council, and Pear Bureau Northwest, July 2016.

⁷² Jeffrey J. Reimer et al., "Agricultural Export Promotion Programs Create Positive Economic Impacts," *Choices*, vol. 32, no. 3 (3rd Quarter 2017).

⁷³ For country-by-country data on food aid donations over time, see World Food Program, "Food Aid Information System," at <http://www.wfp.org/fais/>.

requirements that the majority of U.S. international food assistance be donated as U.S. agricultural commodities to be distributed as food or sold to generate funds for development programs and that they be shipped primarily on U.S.-flag vessels.⁷⁴

USAID and FAS administer the international food assistance programs—including market-based and in-kind food assistance programs—authorized under the farm bill. Market-based assistance programs are cash-based, while in-kind programs operate with U.S. commodity donations.⁷⁵ The CCC procures commodities for all in-kind food assistance programs, regardless of which agency implements the program. Annual outlays for U.S. international food assistance—across programs managed by USAID and FAS—averaged \$3.3 billion between FY2010 and FY2020. Outlays during this period varied, from a low of \$2.29 billion in FY2013 to a high of \$5.06 billion in FY2020.⁷⁶

Selected Farm Bill Provisions

Congress reauthorized the suite of programs that govern U.S. international food assistance under the Trade title (Title III) of the 2018 farm bill. USAID administers Food for Peace (FFP) Title II; Farmer to Farmer (FFP Title V); the Emergency Food Security Program (EFSP); and the Community Development Fund. USDA administers Food for Progress (FFPr), the McGovern-Dole International Food for Education and Child Nutrition Program (McGovern-Dole Program), and the Local and Regional Procurement Program (LRP). USAID and USDA jointly administer the Bill Emerson Humanitarian Trust (BEHT).

Among market-based assistance programs, as opposed to in-kind donation programs, EFSP is the largest, providing assistance in the form of food vouchers, cash transfers, or local and regional procurement (LRP) to approximately 50 countries. LRP finances the provision of locally and regionally procured foods to beneficiaries, usually in nonemergency situations. The 2014 farm bill (P.L. 113-79) permanently authorized LRP and authorized discretionary funding of \$80 million annually (FY2014-FY2018). The 2018 farm bill reauthorized this level of funding through FY2023. Since FY2016, Congress has appropriated LRP funding as a set-aside within McGovern-Dole Program funding. In addition to the 10% LRP set-aside, the 2018 farm bill authorized USDA to use up to 10% of annual McGovern-Dole Program funding for LRP.

Among in-kind food assistance programs, FFP and the McGovern-Dole Program provide a majority of donations to respond to emergency food needs or to be used in development projects. Under FFP, the federal government donates U.S.-sourced commodities to qualifying international organizations and nongovernmental organizations (NGOs) for direct distribution to food-insecure populations. One major revision to the 2018 farm bill eliminated the requirement to monetize at least 15% of FFP Title II commodities—that is, sell them on local markets to fund development projects (§3103). The McGovern-Dole Program provides in-kind aid for school meals in priority countries. Congress funds the programs in annual Agriculture appropriations bills, and the programs' administering agencies determine funding allocations.

⁷⁴ The requirement is called “agricultural cargo preference,” the specifics of which have fluctuated several times. Congress increased the share of food aid commodities required to ship on U.S.-flag vessels from 50% to 75% in the 1985 farm bill (P.L. 99-198) and lowered it to 50% in a 2012 surface transportation reauthorization act (P.L. 112-141).

⁷⁵ International food assistance market-based programs include EFSP and LRP; in-kind programs include FFP, BEHT, FFPr, and McGovern-Dole.

⁷⁶ CRS calculations based on data available from USAID, “Reports to Congress,” at <https://www.usaid.gov/open/reports-congress>.

Under Food for Progress, another in-kind program, FAS donates U.S. agricultural commodities to eligible entities, which can then distribute them to beneficiaries or sell them locally to raise funds for development projects.⁷⁷ The 2018 farm bill authorized a new pilot program to finance Food for Progress projects directly rather than through commodity monetization. The 2018 farm bill authorized appropriations of \$10 million per year (FY2019-FY2023) for Food for Progress pilot agreements. Congress has not funded these pilot agreements to date.

Issues and Options

The Global Food Security Act of 2016 (GFSA; P.L. 114-195) amended Section 491 of the Foreign Assistance Act of 1961 (P.L. 87-195) to create EFSP. The program is authorized to provide emergency food assistance “including in the form of funds, transfers, vouchers, and agricultural commodities” to address emergency food needs as a result of natural, human-induced, and complex emergencies (e.g., earthquakes, civil unrest, famine). The Global Food Security Reauthorization Act of 2017 (P.L. 115-266) will expire at the end of FY2023. As Congress considers a new farm bill, it also may choose to consider whether to reauthorize GFSA.

The United States’ use of market-based assistance has increased under EFSP in recent years. In FY2010, in-kind aid comprised roughly 89% of U.S. international food assistance, with market-based assistance making up the remaining 11%. In FY2020, in-kind aid accounted for roughly 41% of assistance, and market-based assistance comprised approximately 59%.⁷⁸ Proponents of market-based assistance emphasize that it allows for quicker response times than shipping in-kind aid via ocean freight. Critics of market-based assistance argue that it could undermine the coalition of commodity groups, NGOs, and shippers that advocate for international food assistance programs, potentially resulting in reductions in funding for U.S. food assistance programs. As Congress debates the next farm bill, it could consider whether existing programs and the current split between in-kind and market-based assistance strike the right balance to address global hunger.

For Further Information

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Relevant CRS Products

- CRS Report R45422, *U.S. International Food Assistance: An Overview*, by Alyssa R. Casey and Emily M. Morgenstern
- CRS In Focus IF10475, *Global Food Security Act of 2016 (P.L. 114-195)*, by Sonya Hammons

Credit

The federal government has a long history of assisting farmers with obtaining loans. Government intervention in otherwise private lending markets has been justified by citing unequal information, lack of competition, insufficient rural lending resources, and efforts by Congress to direct lending to various groups, such as small farms, beginning farmers, or socially disadvantaged farmers.

⁷⁷ USDA provides commodities to partner entities for distribution or monetization. In practice, the majority of Food for Progress projects have monetized all commodities.

⁷⁸ USAID, *International Food Assistance Report to Congress for Fiscal Year 2020*.

Selected Farm Bill Provisions

The agricultural lender over which Congress has the most authority is USDA’s Farm Service Agency (FSA). FSA is a relatively small lender based on market share, providing about \$13 billion of direct loans (about 3% of the overall \$441 billion market for farm debt at the end of 2020) and \$17 billion of loan guarantees (about 4% of the market).⁷⁹ FSA makes direct farm ownership and operating loans to family-sized farms that are unable to obtain credit elsewhere.⁸⁰ FSA also guarantees payment of principal and interest on qualified loans made by other lenders who may not have lent without the government guarantee.

For individual borrowers, FSA loan limits are set in law: \$400,000 for direct farm operating loans; \$600,000 for direct farm ownership loans; and \$1.825 million for guaranteed loans (amount adjusted for inflation in FY2022). The standard guarantee ratio is 80%-90% of the amount borrowed depending on the borrower’s credit risk, but for socially disadvantaged and beginning farmer borrowers, the guarantee ratio is 95%. The 2018 farm bill increased each of these guarantee ratios.

The Farm Credit System (FCS) is another agricultural lender with a federal mandate. FCS is a cooperatively owned, federally chartered private lender with a statutory mandate limited to serving agriculture-related borrowers. It is a government-sponsored enterprise receiving tax benefits, among other preferences, in return for restrictions on its lending base. FCS makes loans to creditworthy farmers and accounts for about 44% of farm debt.

Issues and Options

The statutory authorities for FSA and FCS are permanent. Farm bills often amend these statutes for eligibility criteria, the scope of operations, and—for FSA—authorization for appropriations.

The following issues could be debated in the next farm bill: further targeting FSA lending resources to beginning and socially disadvantaged farmers who face financial difficulties due to obtaining or repaying farm loans;⁸¹ increasing focus at FSA or FCS on specific agriculture sectors or practices, such as local or urban farms, conservation practices, or trait-specific production; and addressing loan forgiveness and related qualification criteria for provisions that were enacted in the American Rescue Plan Act (P.L. 117-2) but have been stalled pending ongoing judicial review.

For Further Information

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Relevant CRS Product

- CRS Report R46768, *Agricultural Credit: Institutions and Issues*, by Jim Monke

⁷⁹ USDA, Farm Service Agency (FSA), “FY2020 Farm Loan Programs Servicing Data,” at <https://www.fsa.usda.gov/programs-and-services/farm-loan-programs/program-data/index>; and USDA, Economic Research Service (ERS), “Farm Sector Balance Sheet,” December 1, 2021, at <https://www.ers.usda.gov/topics/farm-economy/farm-sector-income-finances/assets-debt-and-wealth>.

⁸⁰ Family-sized farms are required for the USDA farm loan program in 7 U.S.C. §1922 and are defined in regulation (7 C.F.R §761.2) as a business operations that produce enough agricultural commodities to be recognized as a farm rather than a rural residence and has labor and management provided primarily by the borrower with assistance from persons related by blood or marriage and may use full-time hired labor only to supplement family labor.

⁸¹ U.S. Government Accountability Office, *Agricultural Lending: Information on Credit and Outreach to Socially Disadvantaged Farmers and Ranchers Is Limited*, GAO-19-539, July 2019.

Rural Development

Approximately 14% of U.S. residents (46 million) live in rural areas.⁸² Rural communities face unique challenges compared with urban communities, including higher poverty rates, declining populations, and lower per person incomes.⁸³ USDA Rural Development (RD) administers programs that are meant to help to improve the economic condition and quality of life in rural America.

RD programs can be grouped into the following categories: rural business, rural utilities, and rural housing. Rural business programs—administered by the Rural Business-Cooperative service—promote the expansion and development of rural businesses. Rural utilities programs—administered by the Rural Utilities Service—construct and modernize utility systems, including water, waste disposal, electrical, telephone, and broadband systems. Rural housing programs—administered by the Rural Housing Service—build and improve housing and essential community facilities in rural areas.

Selected Farm Bill Provisions

Since 1973, farm bills have included a rural development title to address challenges facing rural communities, as well as to reauthorize and amend existing programs administered by RD. Most RD programs rely on discretionary funding, which Congress has authorized in previous farm bills and funded through the annual appropriations process.

Among its many provisions, the Rural Development title (Title VI) of the 2018 farm bill includes provisions to combat substance use disorder in rural areas. In the 2018 farm bill, Congress prioritized funding for selected RD programs for projects providing services to prevent, treat, and recover from substance use disorder and extended this prioritization for FY2019-FY2025 (two years longer than FY2023, which is when authorization for most other 2018 farm bill programs and provisions expire).

Most RD programs require projects to serve rural areas. Prior to the 2018 farm bill, a *rural area* was defined for many RD programs as any area other than a city or town with a population of more than 50,000 and the urbanized area contiguous and adjacent to such a city or town (7 U.S.C. §1991(a)(13)). For the direct loans and grants aspects of the Community Facilities Program and the Water and Waste Disposal Program within RD, a *rural area* is defined as an area with a population threshold lower than 50,000 people. The 2018 farm bill amends the definition of *rural* to exclude certain populations when determining an area's population: incarcerated populations on a long-term or regional basis and the first 1,500 people living in housing on military bases.

The 2018 farm bill reauthorized and amended a wide range of RD programs, including the Rural Broadband Program and the Community Connect Grant Program. The reauthorization for most RD programs, including the Rural Broadband Program, expires at the end of FY2023. The Rural Broadband Program provides assistance to help construct, improve, and acquire facilities and equipment needed to provide broadband service to rural areas. Prior to enactment, the program's authority was limited to direct loans and loan guarantees. The 2018 farm bill established a grant program within the Rural Broadband Program. To date, Congress has provided funding for direct loans and loan guarantees but not for grants. The 2018 farm bill also increased the minimum broadband access speed for Rural Broadband Program eligibility. This change resulted in a

⁸² John Cromartie et al., "2020 Edition: Rural America at a Glance," USDA, ERS, Economic Information Bulletin (EIB) Number 221, December 2020.

⁸³ Ibid.; and John Pender et al., "2019 Edition: Rural America at a Glance," ERS, EIB-212, November 2019.

greater number of rural areas becoming eligible for the program. In addition, the 2018 farm bill provided permanent authority for the Community Connect Grant Program, which awards grants to entities to provide broadband service to economically challenged rural communities.

Issues and Options

The ReConnect Program was not included in the 2018 farm bill. Congress established the pilot program that became known as the ReConnect Program through the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2018 (P.L. 115-141), which became law after the 2018 farm bill was enacted. Congress has appropriated more than \$4.3 billion for the ReConnect Program. The program provides funding and financing to facilitate broadband deployment in rural areas that do not have sufficient broadband access. Congress has reauthorized the pilot program through annual appropriations acts. Congress could consider whether to permanently authorize the ReConnect Program in the next farm bill.

Congress also may consider whether USDA Rural Development programs could play a larger role in helping to prevent and treat COVID-19 in rural areas. USDA’s Economic Research Service (ERS) found that from September 2020 to October 2021, rural persistent poverty counties experienced higher numbers of COVID-19 cases compared with other rural counties and urban counties, including urban persistent poverty counties.⁸⁴ Congress could consider whether RD programs could be utilized to help rural persistent poverty counties address COVID-19 challenges.

For Further Information

CRS Expert

- Lisa S. Benson, Analyst in Agricultural Policy

Relevant CRS Products

- CRS Report R46912, *USDA Rural Broadband, Electric, and Water Programs: FY2022 Appropriations*, by Lisa S. Benson
- CRS In Focus IF11918, *Infrastructure Investment and Jobs Act: Funding for USDA Rural Broadband Programs*, by Lisa S. Benson
- CRS In Focus IF11988, *Build Back Better Act: Agriculture and Forestry Provisions*, by Jim Monke et al.
- CRS Report RL31837, *An Overview of USDA Rural Development Programs*, by Tadlock Cowan
- CRS Report R47017, *USDA’s ReConnect Program: Expanding Rural Broadband*, by Lisa S. Benson

Research, Extension, and Education

Since 1977, enacted farm bill legislation has included a research title focused on agricultural research, extension, and education.⁸⁵ This title reauthorizes funding for existing programs, establishes new programs, and amends USDA policies and programs. It addresses *extramural* activities conducted at land-grant universities (LGUs) and other nonfederal institutions, as well as USDA policies, programs, and *intramural* research conducted by federal researchers.

Four agencies carry out USDA’s research, extension, and education activities. The National Institute of Food and Agriculture (NIFA) administers extramural programs; the Agricultural

⁸⁴ Elizabeth A. Dobis et al., “2021 Edition: Rural America at a Glance,” ERS, EIB-230, November 2021.

⁸⁵ Agricultural *extension* provides nonformal education to the nonuniversity public.

Research Service (ARS) conducts intramural scientific research; ERS conducts economic and social science research; and the National Agricultural Statistics Service (NASS) provides official statistics on U.S. agriculture. The Office of the Chief Scientist (OCS) coordinates science policy and activities across USDA.

Most research title programs require annual discretionary appropriations; a few programs receive mandatory spending. Upon enactment of the 2018 farm bill, projected mandatory outlays for the research title totaled \$694 million (FY2019-FY2023). In contrast, USDA research agencies received approximately \$3.4 billion in discretionary appropriations for FY2021 alone. In addition to federal funding, certain grants require nonfederal matching funds.

Selected Farm Bill Provisions

The farm bill addresses extramural activities administered by NIFA, OCS, and the Foundation for Food and Agriculture Research (FFAR) and intramural activities of ARS, ERS, and NASS.

NIFA administers capacity grant programs for LGUs and competitive grant programs for LGUs as well as a range of eligible applicants.⁸⁶ Capacity grant programs (e.g., Hatch Act, Evans-Allen Act, Tribal College Endowment Fund) are permanently authorized and require annual appropriations. The 2018 farm bill addressed capacity grant issues, including reporting and administrative requirements, nonfederal matching funds, and program eligibility. Competitive grant programs generally require annual appropriations and reauthorization with each farm bill. Specific to LGUs, the 2018 farm bill established new competitive grant programs (e.g., Scholarships for Students at 1890 Institutions; New Beginning for Tribal Students; and Centers of Excellence at 1890 Institutions) and amended existing programs. The Agriculture and Food Research Initiative (AFRI), NIFA's flagship competitive grants program, is open to a range of applicants. The 2018 farm bill amended AFRI and reauthorized appropriations through FY2023. The 2018 farm bill also provided mandatory funds for certain competitive grant programs (e.g., the Specialty Crop Research Initiative, Organic Agriculture Research and Extension Initiative, and Farming Opportunities Training and Outreach).

Within OCS, the 2018 farm bill authorized a new pilot program—the Agriculture Advanced Research and Development Authority (AGARDA)—to carry out innovative research and develop solutions to agricultural threats. Congress authorized \$50 million per year (FY2019-FY2023) for AGARDA. Congress provided \$1 million for AGARDA in FY2022 appropriations (P.L. 117-103). As of this writing, USDA has not established AGARDA.

FFAR is a nonprofit research corporation designed to leverage federal investments in agricultural research with private funding. Congress established FFAR in the 2014 farm bill (P.L. 113-79) and provided a total of \$200 million in mandatory funding. The 2018 farm bill provided an additional \$185 million in mandatory funding and required FFAR to submit to Congress a strategic plan describing a path to self-sustainability.⁸⁷

Other research title provisions address USDA policies, programs, and intramural research. For example, the 2018 farm bill amended the purposes of federally funded agricultural research, extension, and education to add international scientific collaboration; reauthorized and amended provisions for a federal advisory board; and directed ERS to update a report on U.S. dairy farms.

⁸⁶ NIFA distributes *capacity grants* (formula funds) among eligible institutions based on formulas in statute. NIFA awards *competitive grants* directly to individual projects selected by NIFA through a peer-review process.

⁸⁷ This strategic plan is available at Foundation for Food and Agriculture Research, “Governance,” at <https://foundationfar.org/about/governance>.

Issues and Options

In the next farm bill, Congress may choose to address a variety of issues related to agricultural research, extension, and education. These may include LGU funding equity; research infrastructure; research innovation; and climate change research and extension.

Some stakeholders and Members of Congress have expressed concerns about funding equity among LGU types. The 2018 farm bill addressed differences in grant requirements for 1890 (historically Black) and 1862 (original) LGUs. Organizations representing Native American education have called for increased funding of 1994 (Tribal) Institutions. Congress may consider whether (and if so, how) to address concerns about LGU funding equity, including the amounts, types, and policies associated with funding different types of LGUs.

Congress may choose to address the role of federal funding, if any, in improving agricultural research infrastructure. Many grants prohibit spending federal funds on research facilities. The Build Back Better Act (H.R. 5376) would provide \$1 billion for agricultural research facilities at minority-serving LGUs and certain other institutions.

The 2018 farm bill authorized AGARDA to support innovative, high-risk, high-reward research that otherwise may not be funded. As of this writing, Congress has appropriated a total of \$1 million for AGARDA; its authorization expires at the end of FY2023. Congress may consider whether there is need for federal funding of innovative research and the flexible hiring and funding authorities granted to AGARDA.

Extreme weather and climate change have emerged as concerns for farmers and ranchers. Stakeholders including the Food and Agriculture Climate Alliance—a diverse coalition of producers, agribusiness, state governments, and others—have advocated for an increased focus on these topics. Congress may consider whether existing authorities, programs, and funding levels for climate change research and extension adequately address the needs of agricultural producers.

For Further Information

CRS Expert

- Genevieve K. Croft, Specialist in Agricultural Policy

Relevant CRS Products

- CRS Report R40819, *Agricultural Research: Background and Issues*, by Genevieve K. Croft
- CRS In Focus IF12023, *Farm Bill Primer: Agricultural Research and Extension*, by Genevieve K. Croft
- CRS In Focus IF11319, *2018 Farm Bill Primer: Agricultural Research and Extension*, by Genevieve K. Croft
- CRS Report R45897, *The U.S. Land-Grant University System: An Overview*, by Genevieve K. Croft
- CRS In Focus IF11847, *1890 Land-Grant Universities: Background and Selected Issues*, by Genevieve K. Croft
- CRS In Focus IF12009, *1994 Land-Grant Universities: Background and Selected Issues*, by Genevieve K. Croft

Forestry

One-third of the land area in the United States is forestland (765 million acres).⁸⁸ These lands provide ecological services, including air and water resources, fish and wildlife habitats, opportunities for recreation and cultural use, and timber resources for lumber, plywood, paper, and other materials, among other uses and benefits. Most U.S. forestland is privately owned (444

⁸⁸ Sonja Oswald et al., *Forest Resources of the United States, 2017: A Technical Document Supporting the Forest Service 2020 RPA Assessment*, Forest Service, GTR-WO-97, 2019.

million acres); the rest is publicly owned—primarily by the federal government—of which 238 million acres are federal and 84 million acres are state and local.

The federal government engages in four types of forestry activities: managing federal forests; providing financial, technical, or other resources to promote forest ownership and stewardship (referred to as “forestry assistance”); sponsoring or conducting research to advance the science of forestry; and engaging in international forestry assistance and research. The Forest Service (within USDA) is the principal federal forest management agency and is responsible for administering most forestry assistance programs, conducting forestry research, and leading U.S. international forestry assistance and research efforts. The Forest Service is responsible for managing 19% of all U.S. forestlands (145 million acres) as part of the National Forest System (NFS).⁸⁹

Selected Farm Bill Provisions

The previous three farm bills each contained a standalone forestry title that included provisions related to forestry research, providing assistance for nonfederal forest management, and federal forest management.⁹⁰ Title VII (Forestry) of the 2018 farm bill modified one and repealed several forestry research programs, including a grant program to support minority and female students studying forestry and a project demonstrating wood bioenergy. In addition, the 2018 farm bill repealed, modified, and reauthorized some forestry assistance programs. This included providing explicit statutory authorization and congressional direction for programs that had been operating under existing, broad authorization (e.g., the Landscape Scale Restoration program). The law also established, reauthorized, and modified assistance programs intended to promote the use of wood products for energy, building construction, and other purposes and to mitigate wildfire risk by incentivizing the removal of forest biomass on both federal and nonfederal lands. The 2018 farm bill included other provisions related to federal and tribal forest management—such as modifying planning requirements and reauthorizing, extending, expanding, and establishing certain management, partnership, and collaboration programs—as well as several provisions related to the Forest Service’s authorities to convey NFS lands through lease, sale, or exchange.

Issues and Options

Most forestry assistance, research, and federal forest management programs are permanently authorized and do not require reauthorization in the farm bill. Some programs, however, are set to expire at the end of FY2023.⁹¹ If expiring programs are to continue, Congress may consider the following: extending these programs, with or without changes; modifying existing programs and possibly establishing new options to support assistance to nonfederal forest owners, forest research, and federal forest management. Congress also could consider addressing specific and/or emerging forestry issues, such as those related to forest risks or climate change. Congress also may choose to address any potential issues with provisions enacted in the Infrastructure Investment and Jobs Act (IIJA; P.L. 117-58). IIJA authorized, provided program direction, and

⁸⁹ In addition to forests, the 193 million acre National Forest System contains nonforested woodlands and grasslands. Other federal agencies manage forestlands, including the Bureau of Land Management, National Park Service, and Fish and Wildlife Service (all within the Department of the Interior).

⁹⁰ Forestry-related provisions may be included in other farm bill titles. For example, in the 2018 farm bill, the Conservation (Title II), Research (Title VII), Energy (Title IX), and Miscellaneous (Title XII) titles each contained provisions related to forestry or forest ownership.

⁹¹ The four programs set to expire at the end of FY2023 are the Healthy Forests Reserve Program, Rural Revitalization Technology, National Forest Foundation, and funding for implementing statewide forest resource assessments.

appropriated funding for several Forest Service assistance and research programs and activities. Alternatively, Congress may elect not to address forestry issues, if, for example, existing authorities and programs are considered adequate in addressing the nation’s forestry needs.

Congress may choose to address concerns related to forest health management generally on federal and nonfederal lands. This could include assistance or management programs to reduce the risk of catastrophic disturbance events, such as an uncharacteristically severe wildfire or insect or disease infestations. For nonfederal forests, this may include establishing or modifying assistance programs to enhance wildfire protection, preparedness, and forest resiliency. For federal forests, this may involve establishing new authorities or expanding existing authorities to reduce hazardous fuel levels or other forest restoration activities. Because many forest risks span multiple ownership boundaries, Congress may consider new approaches to expand or facilitate cross-boundary forest management activities. This could be through authorizing and/or incentivizing a variety of federal and nonfederal partnerships and collaborations.

Congress may choose to continue facilitating the development or advancement of wood products. In previous farm bills and other legislation, Congress has established several programs to promote new markets and uses for woody biomass, in part to encourage forest restoration and reduce wildfire threats. A new farm bill could extend, expand, alter, or terminate these programs or replace them with alternative approaches.

Forests can contribute to mitigating climate change and be affected by changing climatic conditions. To address some of the uncertainties regarding climate impacts on forest management, Congress may consider modifying existing or establishing new research programs. As another option, Congress could establish programs to increase or optimize carbon sequestration on federal and nonfederal lands through market or nonmarket mechanisms.

For Further Information

CRS Experts

- Katie Hoover, Specialist in Natural Resources Policy
- Anne A. Riddle, Analyst in Natural Resources Policy

Relevant CRS Products

- CRS In Focus IF12054, *Farm Bill Primer: Forestry Title*, by Katie Hoover
- CRS Report R45219, *Forest Service Assistance Programs*, by Anne A. Riddle and Katie Hoover
- CRS Report R43872, *National Forest System Management: Overview, Appropriations, and Issues for Congress*, by Katie Hoover and Anne A. Riddle
- CRS Report R46976, *U.S. Forest Ownership and Management: Background and Issues for Congress*, by Katie Hoover and Anne A. Riddle
- CRS Report R45696, *Forest Management Provisions Enacted in the 115th Congress*, by Katie Hoover et al.

Energy

Four farm bills have contained an energy title: the 2002, 2008, 2014, and 2018 farm bills. Over time, the focus of the energy titles has shifted and expanded. The 2002 farm bill established several new programs, including programs focused on biofuels, biobased products, and energy efficiency. The 2008 farm bill increased the number of energy programs and expanded the focus to include more non-corn feedstock programs (e.g., Community Wood Energy Program) and a biomass feedstock logistics program (i.e., Biomass Crop Assistance Program). The 2014 farm bill extended funding for most of those programs. The 2018 farm bill also extended funding—

providing less mandatory funding than previous farm bills—and established the Carbon Utilization and Biogas Education Program.

The farm bill primarily centers on *agriculture-based renewable energy*, which is generally defined as energy (e.g., transportation fuel, electricity, or heat) produced from biomass feedstocks (e.g., woody biomass, crop residue) or energy produced from resources located in rural areas (e.g., wind) or from agricultural operations (e.g., manure). Examples of such energy include corn-based ethanol, wind farms, and anaerobic digesters. Producing this type of energy can encourage rural economic development, environmental improvements, energy security, and more. Challenges include feedstock access, supply, and cost, as well as technology development and infrastructure, among other things.

Selected Farm Bill Provisions

The Energy title (Title IX) of the 2018 farm bill has a dozen provisions pertaining mostly to agriculture-based renewable energy production and use.⁹² Program coverage areas include biobased products, biofuels, renewable chemicals, energy efficiency, renewable energy systems, biomass research and development, biomass feedstocks, wood energy, carbon utilization and sequestration, biogas, and more. Many of the existing programs build upon programs established in the 2002 farm bill's energy title. USDA administers these programs, most of which expire at the end of FY2023 and lack baseline funding.

Congress provided mandatory funding (\$375 million) and authorized discretionary funding (\$1.7 billion) over the five-year reauthorization period for the 2018 farm bill for many of the energy title programs. Mandatory funding has supported most programs, as Congress has rarely appropriated discretionary funding. Programs that have routinely received discretionary funding include the Rural Energy for America Program (REAP), the Rural Energy Savings Program, and the Sun Grant Program.

Issues and Options

As Congress prepares for the next farm bill, it may consider some of the issues facing the energy title programs. Among these are funding and authorization. For instance, REAP is the only program that has authorization past FY2023. The mandatory baseline funding for many of the other energy title programs expires at the end of FY2023. Additionally, Congress has authorized a fraction of the discretionary funds available for the energy title programs for FY2019-FY2021 (approximately \$48 million of a possible approximately \$1 billion). Congress may assess whether a different authorization period (e.g., longer than five years) and different funding amounts could be considered for the energy title programs to reflect the complexity and design life associated with many of the projects they support.

Congress may further explore how agriculture-based renewable energy fits into the U.S. energy portfolio and if it addresses consumer demands and climate policy goals, among other things. For example, Congress may consider a more rapid transition from conventional biofuels to advanced biofuels, partly for the environmental benefits, and may consider related opportunities and challenges with such a transition. Additionally, Congress may ponder the extent to which agriculture-based renewable energy can contribute to energy production and consumption trends given the impacts of the COVID-19 pandemic, commodity supply and pricing, and international trade negotiations. Lastly, Congress may examine the progress and impacts of existing mandates

⁹² 7 U.S.C. Ch. 107 Renewable Energy Research and Development.

(e.g., the Renewable Fuel Standard) and tax incentives (e.g., Renewable Electricity Production Tax Credit) that involve biomass or agriculture-related renewable energy.

For Further Information

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Relevant CRS Products

- CRS In Focus IF10288, *Overview of the 2018 Farm Bill Energy Title Programs*, by Kelsi Bracmort
- CRS Report R45943, *The Farm Bill Energy Title: An Overview and Funding History*, by Kelsi Bracmort
- CRS Report R43325, *The Renewable Fuel Standard (RFS): An Overview*, by Kelsi Bracmort
- CRS Report R46865, *Energy Tax Provisions: Overview and Budgetary Cost*, by Molly F. Sherlock

Miscellaneous

The miscellaneous titles in farm bills have included a variety of provisions that are not united by a common theme. The title has included provisions addressing the livestock and poultry sectors, particularly on animal health and disease preparedness issues (see “Animal Agriculture”). The 2008 farm bill (P.L. 110-246) was an exception for livestock, as that farm bill included a standalone Livestock title (Title XI). Animal welfare provisions have been included regularly in the Miscellaneous title.

The miscellaneous titles of the last three farm bills have included provisions for beginning farmers and ranchers, socially disadvantaged producers, and veteran farmers. Some provisions have created outreach and technical programs, various commissions, advisory committees, and required civil rights reports. The 2018 farm bill contained provisions that amended the Department of Agriculture Reorganization Act of 1994 (P.L. 103-354, as amended), making various changes to USDA agencies. The Miscellaneous title also is the location of many USDA report requests on issues or new programs not directly linked to other titles in the farm bill.

Appendix. 2018 Farm Bill Titles and Subtitles

Agriculture Improvement Act of 2018, P.L. 115-334

I. Commodities

- A. Commodity Policy
- B. Marketing Loans
- C. Sugar
- D. Dairy Margin Coverage and Other Dairy Related Provisions
- E. Supplemental Agricultural Disaster Assistance
- F. Noninsured Crop Assistance
- G. Administration

II. Conservation

- A. Wetland Conservation
- B. Conservation Reserve Program
- C. Environmental Quality Incentives Program and Conservation Stewardship Program
- D. Other Conservation Programs
- E. Funding and Administration
- F. Agricultural Conservation Easement Program
- G. Regional Conservation Partnership Program
- H. Repeals and Technical Amendments

III. Trade

- A. Food for Peace Act
- B. Agricultural Trade Act of 1978
- C. Other Agricultural Trade Laws

IV. Nutrition

- A. Supplemental Nutrition Assistance Program
- B. Commodity Distribution Programs
- C. Miscellaneous

V. Credit

- A. Farm Ownership Loans
- B. Operating Loans
- C. Administrative Provisions
- D. Miscellaneous

VI. Rural Development

- A. Improving Health Outcomes in Rural America
- B. Connecting Rural Americans to High Speed Broadband
- C. Miscellaneous
- D. Additional Amendments to the Consolidated Farm and Rural Development Act
- E. Additional Amendments to the Rural Electrification Act of 1936
- F. Program Repeals
- G. Technical Corrections

VII. Research, Extension, and Related Matters

- A. National Agricultural Research, Extension, and Teaching Policy Act of 1977
- B. Food, Agriculture, Conservation, and Trade Act of 1990
- C. Agricultural Research, Extension, and Education Reform Act of 1998
- D. Food, Conservation, and Energy Act of 2008
- E. Amendments to Other Laws
- F. Other Matters

VIII. Forestry

- A. Cooperative Forestry Assistance Act of 1978
- B. Forest and Rangeland Renewable Resources Research Act of 1978
- C. Global Climate Change Prevention Act of 1990
- D. Healthy Forests Restoration Act of 2003
- E. Repeal or Reauthorization of Miscellaneous Forestry Programs
- F. Forest Management
- G. Other Matters

IX. Energy

X. Horticulture

XI. Crop Insurance

XII. Miscellaneous

- A. Livestock
- B. Agriculture and Food Defense
- C. Historically Underserved Producers
- D. Department of Agriculture Reorganization Act of 1994 Amendments
- E. Other Miscellaneous Provisions
- F. General Provisions

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