

Dec. 13, 2018

# Highlights of the Compromise Farm Bill

The compromise farm bill, which has an estimated price tag of \$867 million over 10 years, was passed by an 87-13 Senate vote on Dec. 11 and by a 369-47 House vote on Dec. 12. Agriculture leaders in Congress hope to have President Donald Trump sign the bill before the Dec. 21 funding deadline to avoid the government spending package and border wall debate. If Congress fails to pass the farm bill this month, lawmakers would have to restart the legislative process next year, giving a Democrat-controlled House the opportunity to include provisions that Republicans consider unfavorable.

The final bill does not include a House Republican proposal for stricter work requirements for certain Supplemental Nutrition Assistance Program participants. A controversial proposal from Sen. Chuck Grassley (R-Iowa) to curb how many farm managers can qualify for commodity subsidies also did not make the cut — current law does not limit the number of managers on family farms eligible for commodity payments as long as they actively contribute personal labor or management to the farm on a regular basis.

## FARM SUBSIDIES



**Lets farmers nationwide adjust their average crop yields** on file with USDA. Yield data factors into how much money farmers receive from the subsidy programs known as Agriculture Risk Coverage and Price Loss Coverage. ARC and PLC are triggered when producers' average revenue or crop prices drop below certain thresholds.



**Expands the definition of a family operation** to include first cousins, nieces and nephews — making them eligible for commodity subsidies issued when farmers' average revenue or crop prices fall below certain levels.



**Commodity payments are capped** at \$125,000 per person each year, and double that for couples. Soybean, corn, cotton, peanut and other row crop growers earning more than \$900,000 a year in adjusted gross income are ineligible for commodity payments — the cap under current law.

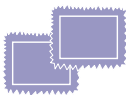


**Raises crop prices** guaranteed in USDA marketing loans, which growers often take out at harvest time. The loan allows them to store crop rather than sell it on the market at harvest, when prices tend to be lower because of the increase in supply. The loans are nonrecourse, which means that if crop prices have dropped sharply by the time a farmer's payment to USDA is due, the farmer does not have to repay the full amount. The farm bill does not increase loan rates for peanuts and cotton, which are already higher than average market prices.



**Expands on the assistance that congressional budget leaders provided to dairy farmers** in the fiscal 2018 spending package enacted earlier this year. Farm bill negotiators agreed to make it less expensive for smaller dairy farms to participate in the Margin Protection Program and purchase higher coverage levels. MPP makes payments when the difference between the price of milk and feed drops below margins that farmers insure.

## NUTRITION



**Leaves current policy of the Supplemental Nutrition Assistance Program policy mostly intact**, though the bill does make some administrative changes designed to reduce improper payments in the program, including doing away with state performance bonuses.

A 2015 USDA report found that some states were reducing benefit payment error rates with help from private consultants rather than reporting them to the agency.



**Increases funding for the Food Insecurity Nutrition Incentive Grant Program**, which is aimed at helping SNAP recipients purchase more produce.



**Reinvests a little more than \$1 billion in savings over a decade into other SNAP-related programs.** Three program areas fuel these savings — the biggest pot of money comes from creation of a nationwide National Accuracy Clearinghouse tasked with making sure SNAP recipients are not able to draw benefits in more than one state. The compromise also gleans some savings from eliminating state performance bonuses and through cuts to the Community Food Projects grant program, which funds initiatives to improve food security in low-income communities.

## CONSERVATION, FORESTRY



**Increases acreage of land that can be enrolled in the Conservation Reserve Program** — an initiative that pays farmers to take environmentally sensitive land out of production — by 3 million acres and capped at 27 million acres.



**Waives environmental reviews for activities, such as clearing diseased or insect-infested trees.**



**The Conservation Stewardship Program**, which pays farmers to implement practices that benefit the environment, would continue. Farmers who have grassland that has not been planted with row crops since 2009 — and are therefore ineligible for commodity payments — would now be allowed to enroll in the Conservation Stewardship Program and be paid \$18 an acre to leave the land undeveloped.

Source: USDA, POLITICO staff reports

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