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

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SUMMARY

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

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

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

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

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

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

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

Contents

Figures

Tables

Appendixes

Contacts

Introduction

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

2018 Farm Bill: Title I—Commodities

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

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

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

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

Subtitle C—Sugar (Provisions not included)

Section 1301. Sugar policy.

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

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

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

Section 1501. Supplemental agricultural disaster assistance.

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

Section 1601. Noninsured crop assistance program.

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

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

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

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

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

Background on Title I Support Programs

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

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

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

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

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[2] For side-by-side comparison of sugar and dairy provisions, see footnote 1.

[3] Eligible program commodities, "Loan Commodities," "Covered Commodities," and "Base Acres" are described later in this report.

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

[5] The agricultural disaster assistance programs are permanently authorized with no expiration date.

[6] See CRS Report R44606, *The Commodity Credit Corporation: In Brief*, by Megan Stubbs.

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

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

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

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

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

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

Policy Rationale for Farm Commodity Subsidies

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

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

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

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

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

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

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

Authorizing Legislation

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

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

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

Eligible Commodities

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

Covered Commodities

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

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

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

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

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

Loan Commodities

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

Fresh Milk

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

Sugar Cane and Sugar Beets

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

Agricultural Products Without a Title I Revenue Support Program

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

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

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[14] For details, see CRS Report R45143, *Seed Cotton as a Farm Program Crop: In Brief*, by Randy Schnepf.

[15] For more information, see CRS In Focus IF10750, *Farm Bill Primer: Dairy Safety Net*, by Joel L. Greene.

[16] For more information, see CRS In Focus IF10689, *Farm Bill Primer: Sugar Program*, by Mark A. McMinimy.

[17] Described in section "Agricultural Disaster Assistance Programs" of this report. See also CRS Report RS21212, *Agricultural Disaster Assistance*, by Megan Stubbs.

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

[19] See CRS Report RS21212, *Agricultural Disaster Assistance*, by Megan Stubbs.

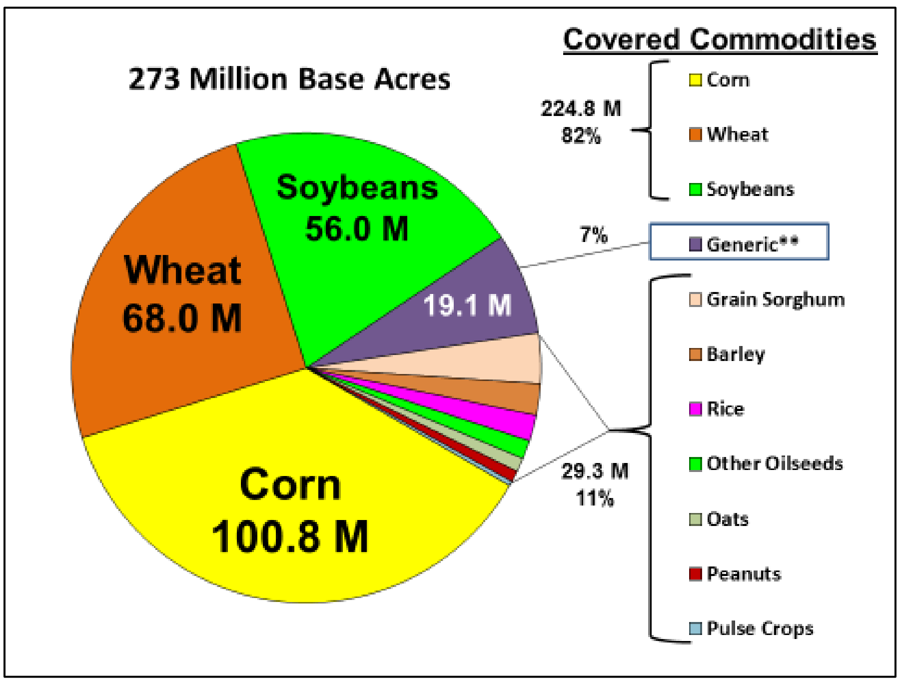
Definition of *Farm*

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

Base Acres

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

Figure 1. Base Acres for Crop Year 2015



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

[20] 7 C.F.R. §718.2.

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

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

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

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

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

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

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

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

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

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

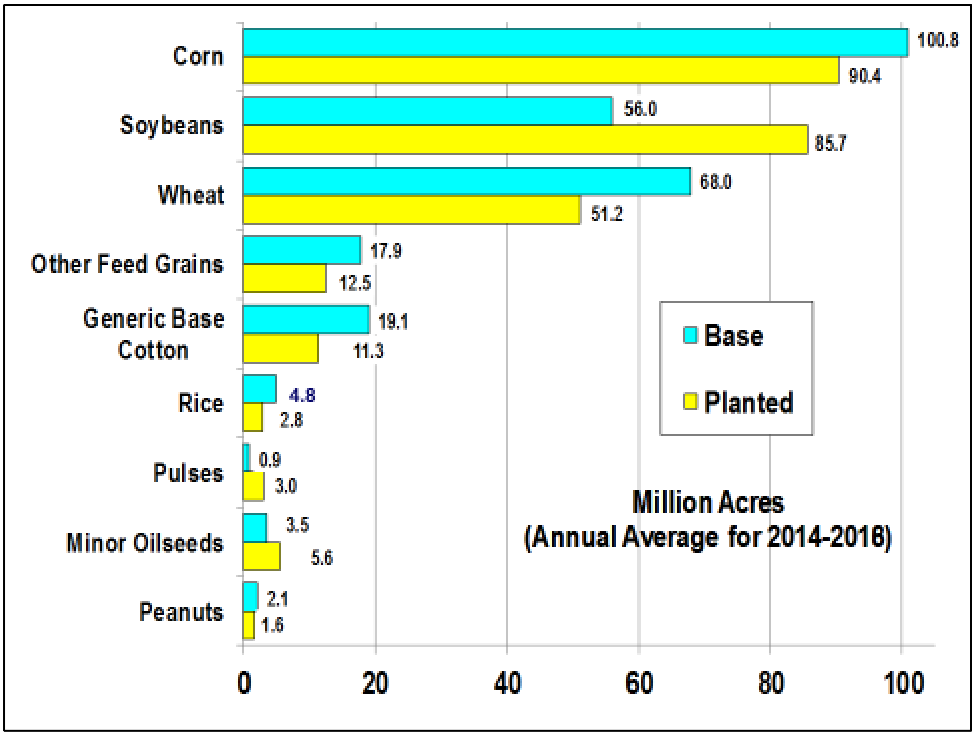
[23] For example, a Conservation Reserve Program contract or a wetland reserve easement.

[24] For an explanation of how this decoupling is applied, see "Decoupled Payments Made on Base Acres".

[25] See the "Eligible Producers" section of this report for more on conservation compliance and other requirements.

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

Figure 2. Base Versus Planted Acres, 2014-2018



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

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

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

[26] See CRS In Focus IF10193, *The WTO Brazil-U.S. Cotton Case*, by Randy Schnepf.

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

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

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

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

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

Eligible Producers

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

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

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

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

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

[33] See CRS Report R42459, *Conservation Compliance and U.S. Farm Policy*, by Megan Stubbs.

Eligibility and Tenancy

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

Cash Renting Base Acres

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

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

Share Cropping Base Acres

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

Farm Commodity Revenue Support Programs

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

The Marketing Assistance Loan (MAL) Program

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

[34] ERS, "Farmland Ownership and Tenure," accessed on April 5, 2019, https://www.ers.usda.gov/topics/farm-economy/land-use-land-value-tenure/farmland-ownership-and-tenure/.

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

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

[37] See CRS In Focus IF11164, *2018 Farm Bill Primer: Title I Commodity Programs*, by Randy Schnepf.

[38] See CRS In Focus IF11162, *2018 Farm Bill Primer: Marketing Assistance Loan Program*, by Randy Schnepf.

These qualifying crops are referred to as loan commodities (**Table 1**).[39] Because MAL benefits are directly linked to the harvested output, benefits are said to be "coupled."

No Signup, but Participation Requires a Harvested Crop

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

How the MAL Program Works

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

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

Policy Evolution of the MAL Program

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

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

[39] In the cited table, commodities with MAL loan rates are referred to as "loan" commodities. Commodities with PLC reference prices are known as "covered" commodities.

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

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

USDA-Announced, Alternative MAL Repayment Prices

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

A Producer Has Four Potential Repayment Choices Under an MAL Loan

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

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

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

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

Under the 2018 farm bill (Section 1703):

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[42] USDA's FSA publicly releases the MAL repayment rates at https://www.fsa.usda.gov/programs-and-services/price-support/Index.

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

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

Under the previous 2014 farm bill:

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

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

Table 1. Farm Prices, Marketing Assistance Loan Rates, and PLC Reference Prices

(2014 farm bill versus 2018 farm bill)

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

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

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

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

b. The Olympic average (excluding high and low data years) for crop years 2014-2018 of market-year average farm prices (MYAPs). Average adjusted world prices are used for comparison of upland cotton and rice MAL loan rates instead of farm prices.

c. Upland cotton was removed from eligibility for the ARC and PLC programs by the 2014 farm bill due to a ruling from a World Trade Organization dispute settlement case successfully brought by Brazil against U.S. cotton support programs (see CRS In Focus IF10193, *The WTO Brazil-U.S. Cotton Case*, by Randy Schnepf). However, upland cotton remains eligible for the MAL program.

d. The loan rate for upland cotton is the average MYAP for the preceding two years but within a range of $45/cwt. and $52/cwt.

e. Seed cotton was added as a covered commodity, but not a loan commodity, by the Bipartisan Budget Act of 2018 (P.L. 115-123).

f. U.S. wholesale refined beet sugar price, Midwest markets, Milling and Baking News, as reported by ERS.

g. U.S. raw sugar price, Contract No. 14/16, duty fee paid New York, as reported by ERS.

h. Average farm price received, with no distinction for graded or ungraded, as reported by NASS.

i. Minor oilseeds include the six listed oilseeds (sunflower, flaxseed, canola, rapeseed, mustard, and safflower), as well as crambe and sesame—but these latter two are excluded from the price calculation due to insufficient data.

j. Weighted average based on 2018 production as reported by NASS.

PLC and ARC Programs

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

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

Producer Election

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

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

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

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

Price Loss Coverage (PLC)

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

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

PLC Payment Formula

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

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

PLC Payment Yield

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

[46] The Olympic average excludes the high and low data years from the average.

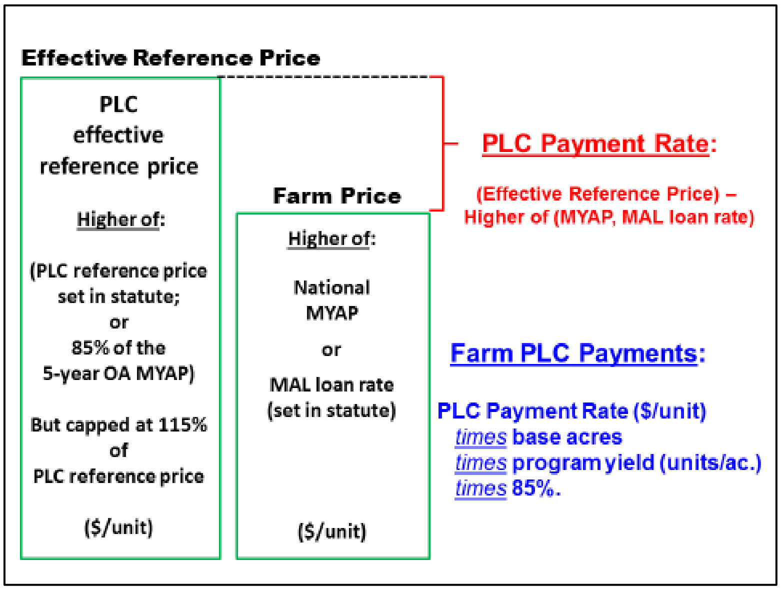
[47] The concept of payment acres equal to 85% of base acres originated with a provision in the Omnibus Budget Reconciliation Act of 1990 (P.L. 101-508, §1101) that was intended to score budget savings. See ERS, *Provisions of the Food, Agriculture, Conservation and Trade Act of 1990*, AIB 624, June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

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

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

Figure 3. The Price Loss Coverage (PLC) Program Formula

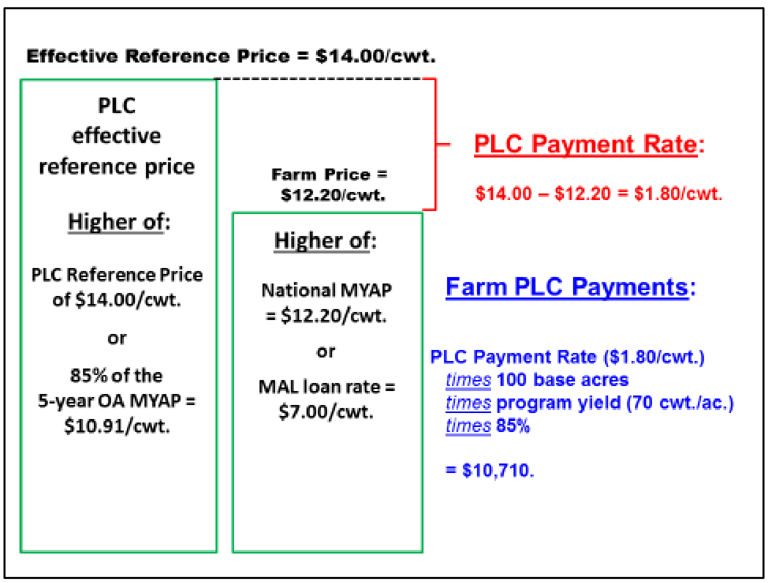
(makes payment when national MYAP drops below the effective reference price)



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

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

Figure 4. PLC Low-Price Scenario for Rice



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

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

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

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

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

Agriculture Risk Coverage (ARC)

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

County ARC (ARC-CO)

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

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

[51] The county refers to the county where the farm operation is located.

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

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

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

County Yield Data Changes

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

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

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

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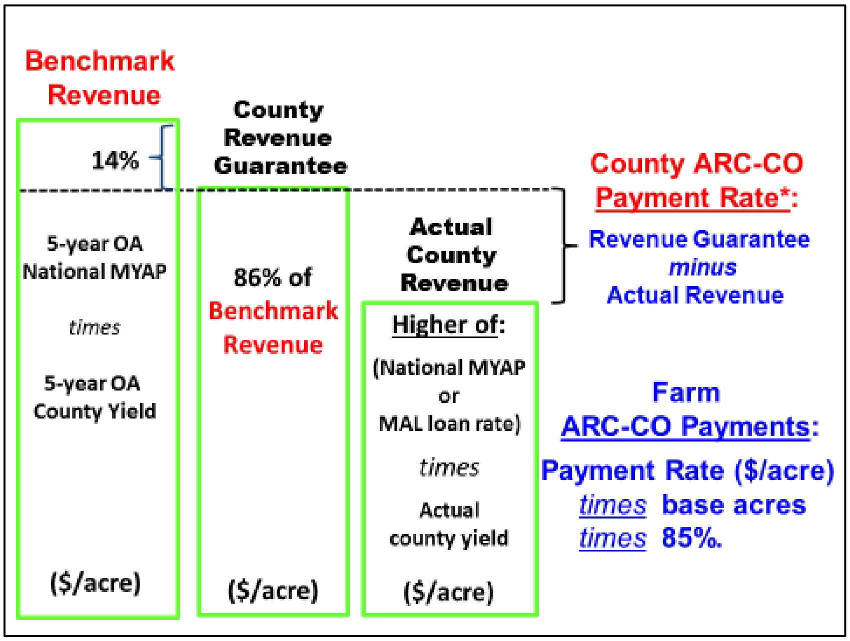
52 The 86% of benchmark revenue as the revenue guarantee and the 10% of benchmark revenue as a cap on per-acre payments were determined by policymakers.

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

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

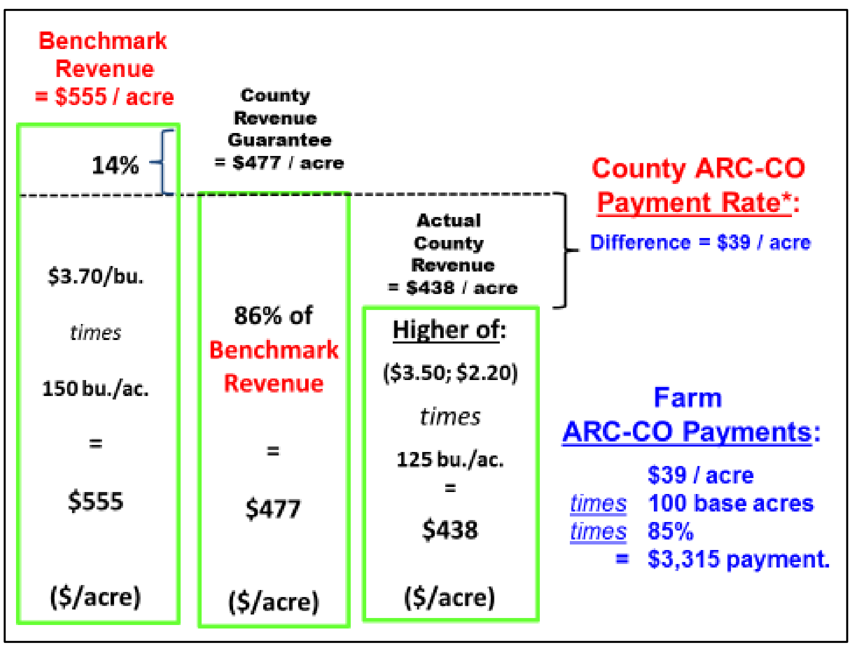
Payment triggered when actual county revenue drops below 86% of county revenue guarantee



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

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

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



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

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

Individual ARC (ARC-IC)

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

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

Decoupled Payments Made on Base Acres

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

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

Payment Limits

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

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

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

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

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

Miscellaneous Payment Programs

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

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

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

Interaction with Federal Crop Insurance

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

Dairy and Sugar Programs

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

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

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

The Dairy Margin Coverage Program

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

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

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

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

The Sugar Program

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

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

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

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

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

Agricultural Disaster Assistance Programs

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

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

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

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

[62] See CRS Report RS21212, *Agricultural Disaster Assistance*, by Megan Stubbs; and CRS In Focus IF10565, *Federal Disaster Assistance for Agriculture*, by Megan Stubbs.

[63] Beginning and veteran producers receive 75% of the cost of replanting and 75% of the cost of rehabilitation.

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

Noninsured Crop Disaster Assistance Program (NAP)

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

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

Estimated Cost of the Commodity Title

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

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

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

[64] See CRS Report RS21212, *Agricultural Disaster Assistance*, by Megan Stubbs.

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

Table 2. Historic and Projected Annual Outlays for Title I: 2014 and 2018 Farm Bills

Annual averages in millions of dollars

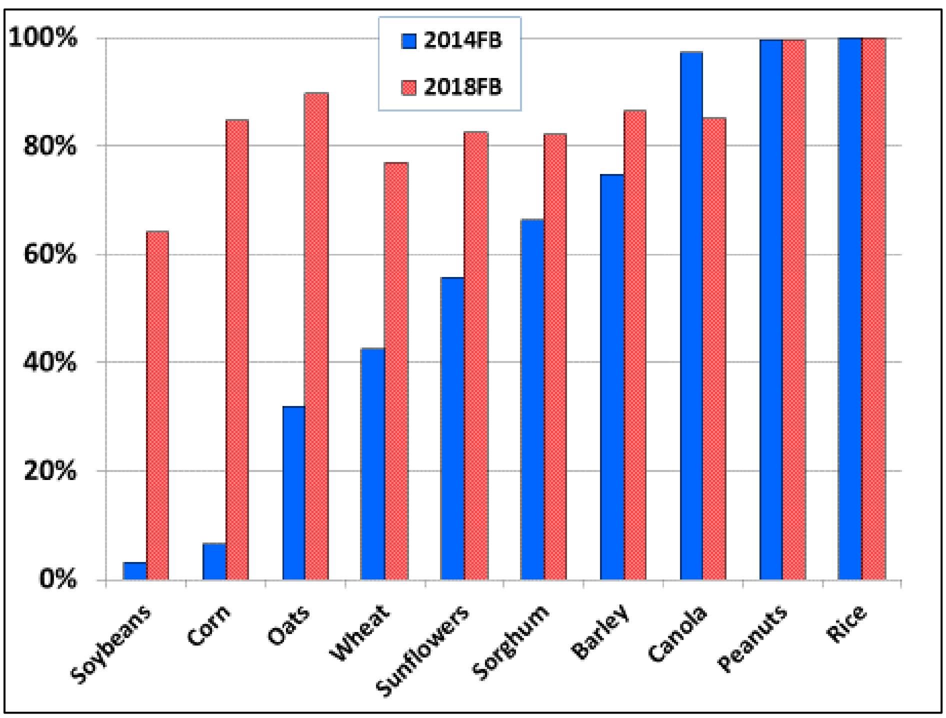
Title I Program Category	2014 Farm Bill: 2014-2018	2018 Farm Bill: 2019-2023
Price Loss Coverage Program	$1,787	$4,140
Agricultural Risk Coverage Program	$3,295	$1,231
Nonrecourse Marketing Assistance Loan Program	$200	$51
Dairy Margin Coverage program	$75	$171
Agriculture Disaster Assistance	$1,802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

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

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

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

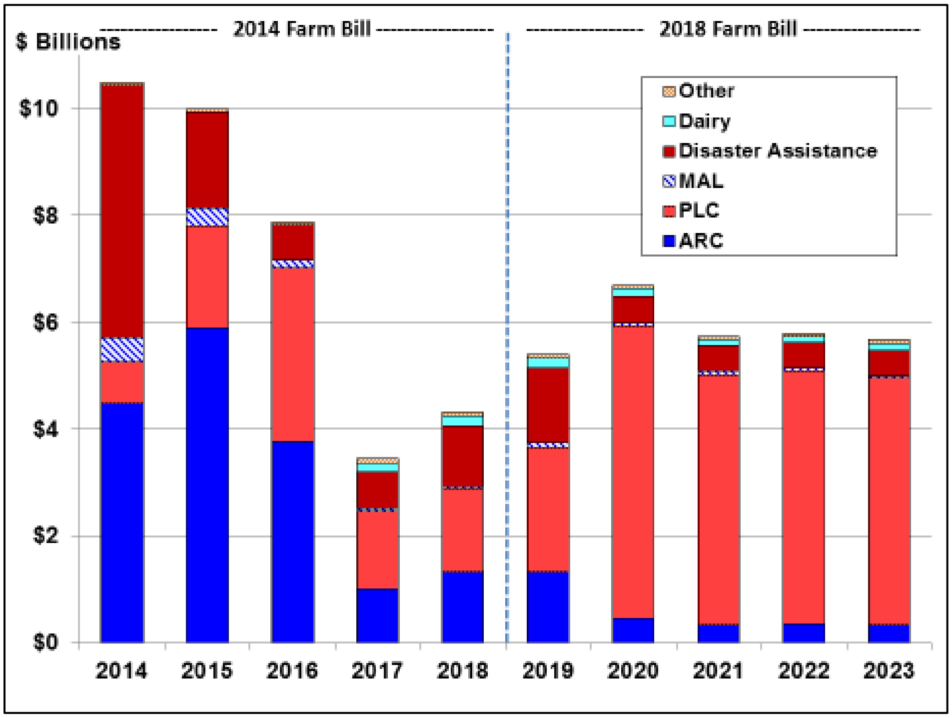
Percentage of base acres enrolled in PLC



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

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

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



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

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

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

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

The BBA made substantial changes to both the dairy program and the treatment of cotton under the PLC and ARC programs.[66]

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

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

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

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

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

Table A-1. Subtitle A—Commodity Policy

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

Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended	Current Law: 2018 Farm Bill (P.L. 115-334)
Extra-long-staple (ELS) cotton. Cotton that is (A) produced from pure strain varieties of the Barbadense species or any hybrid of the species, or other similar types of ELS cotton, designated by the Secretary, having characteristics needed for various end uses for which U.S. upland cotton is not suitable, and grown in irrigated or other designated U.S. cotton-growing regions; and (B) ginned on a roller-type gin or other authorized gin for experimental purposes. **(7 U.S.C. §9011(8))**	Continues prior law.
Generic base acres. The number of cotton base acres in effect under Section 1001 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. §8702), as adjusted pursuant to Section 1101 of such act (7 U.S.C. 8711), as in effect on September 30, 2013 **(7 U.S.C. 9011(9))**, subject to any adjustment or reduction. **(7 U.S.C. 9012(d))**.	Continues prior law.
Individual coverage. Type of coverage under the ARC program to be obtained by the producer at the farm (not county) level. **(7 U.S.C. §9011(10))**	Continues prior law.
Medium-grain rice: Includes short-grain rice and temperate japonica rice. **(7 U.S.C. §9011(11))**	Continues prior law.
Other oilseed. A crop of sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe, sesame seed, or, if designated by the Secretary, another oilseed. **(7 U.S.C. §9011(12))**	Continues prior law.
Payment acres. The number of acres determined for a farm, as determined under 7 U.S.C. 9014, that are eligible for payments under the PLC or ARC programs. **(7 U.S.C. §9011(13))**	Continues prior law.
Payment yield. For a covered commodity, the yield used to make counter-cyclical payments under the 2008 farm bill as in effect on September 30, 2013, or the yield established under the PLC program. (7 **U.S.C.9011(14))**	Continues prior law, but with a one-time option to update payment yields (see **(7 U.S.C. §9013)** for details).
Price Loss Coverage (PLC). Coverage provided under the PLC program. **(7 U.S.C. 9011(15))**	Continues prior law.
Producer. Generally, an owner, operator, landlord, tenant, or sharecropper who shares in the risk of producing a crop and is entitled to share in the crop available for marketing from the farm or would have shared had the crop been produced. For a grower of hybrid seed, the existence of a hybrid seed contract and other program rules shall not adversely affect the ability to receive a payment. **(7 U.S.C. §9011(16))**	Continues prior law.
Pulse crop. Dry peas, lentils, small chickpeas, and large chickpeas. **(7 U.S.C. §9011 (17))**	Continues prior law.
Reference prices. With respect to a covered commodity for a crop year: • For wheat, $5.50 per bushel (bu.).	Continues prior law.

Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended	Current Law: 2018 Farm Bill (P.L. 115-334)
• For corn, $3.70 per bu. • For grain sorghum, $3.95 per bu. • For barley, $4.95 per bu. • For oats, $2.40 per bu. • For long-grain rice, $14.00 per hundredweight (cwt). • For medium-grain rice, $14.00 per cwt. • For soybeans, $8.40 per bu. • For other oilseeds, $20.15 per cwt. • For peanuts, $535.00 per ton. • For dry peas, $11.00 per cwt. • For lentils, $19.97 per cwt. • For small chickpeas, $19.04 per cwt. • For large chickpeas, $21.54 per cwt. • For seed cotton, $0.367 per lb. **(7 U.S.C. §9011(18))**	
Secretary. The Secretary of Agriculture. **(7 U.S.C. §9011(19))**	Continues prior law.
Seed cotton. Unginned upland cotton that includes both lint and seed. **(7 U.S.C. §9011(20))**	
State. Each of the U.S. states, the District of Columbia, the Commonwealth of Puerto Rico, and any other U.S. territory or possession. **(7 U.S.C. §9011(21))**	Continues prior law.
Temperate japonica rice. Rice that is grown in high altitudes or temperate regions of high latitudes with cooler climate conditions in the Western United States, as determined by the Secretary, for the purpose of the reallocation of base acres, the establishment of a reference price and an effective price, and the determination of the actual crop revenue and ARC guarantee. **(7 U.S.C. §9011(22))**	Continues prior law.
Transitional yield. Defined in Section 502(b) of the Federal Crop Insurance Act **(7 U.S.C. §1502(b)(11))** as the maximum average production per acre or equivalent measure that is assigned to acreage for a crop year by the Federal Crop Insurance Corporation whenever the producer fails to certify that acceptable documentation of production and acreage for the crop year is in the possession of the producer or present the acceptable documentation. **(7 U.S.C. §9011(23))**	Continues prior law.
United States. When used in a geographical sense, all of the states. **(7 U.S.C. §9011(24))**	Continues prior law.
United States premium factor. The percentage by which the difference in the U.S. loan schedule premiums for Strict Middling 1 1/8-inch upland cotton and for Middling 1 3/32-inch	Continues prior law.

Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended	Current Law: 2018 Farm Bill (P.L. 115-334)
upland cotton exceeds the difference in the applicable premiums for comparable international qualities. **(7 U.S.C. §9011(25))**	
Base Acres	
One-time reallocation of base acres among covered commodities. Crop-specific base acres were subject to a producer's one-time choice to retain base acres or undertake a reallocation of total farm base acres among covered commodities based on average shares of planted base by commodity during the 2009-2012 period. Generic base acres are retained and may not be reallocated. **(7 U.S.C. §9012(a))**	No comparable provision. Base acres are included through the retention of crop-specific base acres under prior law.
Seed cotton base acres. Not later than May 10, 2018, the Secretary shall require the owner of a farm to allocate all generic base acres based on whether the farm has a recent history of covered commodities (including seed cotton) being planted or prevented from being planted during the 2009-2016 crop years. If a farm has no such recent history, then the farm owner allocates the farm's generic base to unassigned crop base for which no ARC or PLC payments may be made. If a farm has such a recent history, then the farm owner allocates the farm's generic base among seed cotton and other covered commodities as (A) to seed cotton base acres in a quantity equal to the greater of 80% of generic base acres or the average of seed cotton acres planted or prevented from being planted on the farm during the 2009-2012 crop years (not to exceed the farm's total generic base acres) or (B) to commodity-specific base acres in proportion to each crop's share of planted (or prevented from being planted) acreage during 2009-2012. Following the base allocation under either (A) or (B), any residual generic base acres shall be allocated to unassigned crop base for which no ARC or PLC payments may be made. If a farm owner fails to make an election for generic base, then the farm owner shall be deemed to have elected to allocate all generic base acres in accordance with formulation (A) above. **(7 U.S.C. §9014(b)(4))**	Continues prior law.
Adjustments to base. Base acres are increased/decreased when land leaves/enters conservation programs. **(7 U.S.C. §9012(b))**	Continues prior law.
Prevention of excess base acres. Base is reduced if the sum of the base acres for the farm (including any new oilseed acreage and generic base acres) plus any acreage in the Conservation Reserve Program or the Wetlands Reserve Program (or any other federal conservation program that makes payments in exchange for not producing a crop) exceeds the actual cropland acreage on the farm. An exception shall be made in the case of certain double-cropped acreage as determined by the Secretary. The owner of the farm shall be given an opportunity to select the base acres that will be reduced. **(7 U.S.C. §9012(c))**	Continues prior law with technical correction to add specificity on updating reference to wetlands reserve program to wetland reserve easements under the Agricultural Conservation Easement Program. **(§1102(a))**

Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended	Current Law: 2018 Farm Bill (P.L. 115-334)
Reduction of base acres. The farm owner may reduce, at any time, base acres for any covered commodity. Such reduction shall be permanent. Base is reduced proportionately when acreage has been subdivided and developed for multiple residential units or other nonfarming uses. **(7 U.S.C. §9012(d))**	Reduction of base acres is the same as prior law of **(7 U.S.C. §9012(d)(1-2))**, but with two new conditions below. **(§1102(b))**
No comparable provision.	**Treatment of base planted to grass or pasture.** If all cropland on a farm (including idled or fallow land) was planted to grass or pasture during January 1, 2009, to December 31, 2017, then all base acres and payment yields on that farm are retained, but no payment shall be made to those base acres under ARC or PLC during the 2019-2023 crop years. Furthermore, the producers on such a farm are not eligible to change their election option of ARC or PLC. **(§1102(b))**
No comparable provision.	**Prohibition on reconstitution of farm.** The Secretary shall ensure that a farm may not be reconstituted to void or change the treatment of base acres. **(§1102(b))**
Payment Yields	
Payment yields. For making PLC program payments, all covered commodities must use a program yield to derive a per-acre payment rate. In this regard, the Secretary shall establish a program yield for each farm for any designated oilseed for which a payment yield was not established under Section 1102 of the 2008 farm bill. **(7 U.S.C. §9013(a))**	Continues prior law.
Payment yield for designated oilseeds. For designated oilseeds, such a payment yield on a farm equals the product of the average yield per planted acre for the 1998-2001 crop years (excluding years in which acreage planted was zero) and the ratio of the national average yield for the 1981-1985 crops and the national average yield for the 1998-2001 crops. If the yield per planted acre for a designated oilseed for any of the 1998-2001 crop years was less than 75% of the county yield for that designated oilseed, the Secretary shall assign a yield "plug" for that crop year equal to 75% of the county yield. **(7 U.S.C. §9013(b))** For other covered commodities, see the discussion under **7 U.S.C. §9013 (c)-(e)**.	To make PLC payments, this provision continues the Secretary's authority to establish payment yields for each farm for any designated oilseed that does not have a payment yield under the 2014 farm bill. For any oilseed that is designated on or after the date of enactment of the 2018 farm bill, the payment yield shall be calculated as 90% of the most recent five-year-average yield (excluding any year in which the yield was zero). **(§1103(a))**
Absence of payment yield. In the case of a covered commodity on a farm for which base acres have been established or that is planted on generic base acres, if no payment yield has been established, the Secretary shall establish an appropriate payment yield by taking into consideration the farm program payment yields applicable to that covered commodity for similarly situated farms. The use of such data in an appeal, by the Secretary or by the producer, shall not be subject to any other provision of law. **(7 U.S.C. §9013(c))**	Continues prior law.
Updating payment yields for PLC. The owner of a farm was given a one-time opportunity to update, on a covered commodity-by-covered-commodity basis, the payment yield used in calculating PLC payments for each covered commodity for which the PLC	**Single opportunity to update yields.** Provides a one-time opportunity for a farm owner to update program yields on a covered-commodity by covered-commodity basis for use in calculating any PLC payment. Yields may be updated as 90% of average yield per planted acre

Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended	Current Law: 2018 Farm Bill (P.L. 115-334)
election was made. The election shall be made at a time and manner to be in effect beginning with the 2014 crop year as determined by the Secretary. The PLC payment yield update was equal to 90% of the average of the yield per planted acre for the covered commodity for the 2008-2012 crop years, excluding any crop year in which the acreage planted to the covered commodity was zero. **(7 U.S.C. §9013(d))**	for 2013-2017 crop years but subject to a commodity-specific adjustment factor (equal to the ratio of the 2008-2012 national average yield over the 2013-2017 national average yield) to account for national increase in trend yield. The yield update election must be made so as to be in effect beginning with the 2020 crop year. **(§1103(b))**
Yield plug. If the yield for any of the 2008-2012 crop years was less than 75% of the average county yield, a "plug" yield was used for that crop year equal to 75% of the county average for 2008-2012. (7 **U.S.C. §9013(d)(4))**	If the farm-level yield is less than 75% of the average county yield for a covered commodity for any of the years (excluding any year in which the yield was zero), then the Secretary shall assign 75% of the 2013-2017 average county yield for the covered commodity for that crop year. The election must be made so as to be in effect beginning with the 2020 crop year. **(§1103(b))**
Payment yield for seed cotton. The payment yield for seed cotton for a farm shall be equal to 2.4 times the payment yield for upland cotton for the farm established under the 2008 farm bill as in effect on September 30, 2013. At the sole discretion of the owner of a farm with an established yield for upland cotton, the owner shall have a one-time opportunity to update the payment yield for upland cotton, as provided in **7 U.S.C. §9013(d)**, for the purpose of calculating the payment yield for seed cotton. **(7 U.S.C. §9013(e))**	The average yield for seed cotton per planted acre equals 2.4 times the average yield for upland cotton per planted acre. **(§1103(b))**
Payment Acres	
Payment acres. With respect to PLC and county-level ARC payments, payment acres are 85% of the base acres of a covered commodity on a farm. For individual (farm-level) ARC, the payment acres equal 65% of the base acres for all of the covered commodities on the farm. Generic base is eligible for payments if a covered commodity is planted on the farm. Specifically, for each crop year, generic base acres are attributed (i.e., temporarily designated as) base acres to a particular covered commodity base in proportion to that crop's share of total plantings of all covered commodities in that year. The amount of generic base attributed for a particular year cannot exceed the acreage planted to covered commodities in that year. (Use of double-cropping for payment calculations is not allowed unless the practice is approved by the Secretary.) **(7 U.S.C. §9014)**	Continues prior law.
Exclusion from payment acres. Payment acres may not include any crop subsequently planted during the same crop year on the same land for which the first crop is eligible for PLC or ARC payments unless the crop was approved for double cropping as determined by the Secretary. **(7 U.S.C. §9014(c))**	Continues prior law.

Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended	Current Law: 2018 Farm Bill (P.L. 115-334)
Minimal payment acres. A producer on a farm may not receive PLC payments or ARC payments if the sum of the base acres on the farm is 10 acres or less except for socially disadvantaged farmers/ranchers or limited resource farmers/ranchers. **(7 U.S.C. §9014(d))**	Continues prior law but with new exemptions. First, a farmer may combine base acres from all farms in which the farmer has an interest. If this aggregate total for base acres is greater than 10 acres, then these acres are exempted from the prohibition on ARC and PLC payments. Also, two additional producer groupings—beginning farmers or ranchers and veteran farmers or ranchers—are excluded from the minimal base acres payment prohibition. **(§1104(1))**
Effect of planting fruits and vegetables on payment acres. Any crop may be planted without effect on base acres. However, payment acres on a farm are reduced in any crop year in which fruits, vegetables (other than mung beans and pulse crops), or wild rice (FVWR) have been planted on base acres. The reduction to payment acres is one-for-one for each acre planted to these crops in excess of 15% of base acres for either the PLC or county coverage under the ARC program and in excess of 35% of base acres for ARC individual coverage. **(7 U.S.C. §9014(e)(1-3))** No reduction to payment acres shall be made under this subsection, as determined by the Secretary, if FVWR are grown solely for conservation purposes and not harvested for use or sale or if a region has a history of double-cropping covered commodities with FVWR and the FVWR were so double-cropped on the base acres. **(7 U.S.C. §9014(e)(4))**	For each crop year for which FVWR are planted to base acres on a farm for which a reduction in payment acres is made under this subsection, the Secretary shall consider such base acres to be planted, or prevented from being planted, to a covered commodity for purposes of any adjustment or reduction of base acres. **(§1104(2))**
Unassigned crop base. Requires the Secretary to maintain information on generic base acres on a farm allocated as unassigned crop base under the formulation for seed cotton base acres. **(7 U.S.C. §9014(b)(4)(B,D); 7 U.S.C. §9014(f))**	Continues prior law.
Producer Election	
Producer election. For the 2014-2018 crop years, all producers involved in a single farm operation had to unanimously make a one-time, irrevocable election to obtain either (1) PLC or county-level ARC on a covered-commodity-by-covered-commodity basis or (2) ARC individual coverage applicable to all of the covered commodities on the farm. **(7 U.S.C. §9015)** **Note:** In Section 60101(a) of the Bipartisan Budget Act of 2018 (P.L. 115-123), producers of seed cotton base were given a one-time election for their seed cotton base between PLC and county-level ARC in the 2018 crop year. **(7 U.S.C. §9015(g))**	For the 2019-2020 crop years, all producers on a farm must unanimously make a one-time, irrevocable election to obtain either PLC or county-level ARC on a covered-commodity-by-covered-commodity basis. **(§1105 (1)-(2))** **Option to change producer election.** Notwithstanding **7 U.S.C. §9015(a),** amends current law to allow participating producers a one-time choice in crop year 2021 and each crop year thereafter to change their election choice between ARC and PLC. The new election shall apply to the crop year for which it is made and each crop year thereafter until another election is made. **(§1105(5))**
Failure to make a choice. Failure to make a unanimous election for the 2014 crop year results in no program payments to the farm for the 2014 crop year, and the producers on the farm are deemed to have elected PLC for all covered commodities on the farm for the 2015-2018 crop years. If all the producers on a farm selected ARC county coverage for a covered commodity, the Secretary could not make PLC payments to the producers on the farm with respect to that covered commodity. If all the producers on a farm selected	Failure to make a unanimous election for the 2019 crop year results in no program payments to the farm for the 2019 crop year, and producers on the farm are deemed to have elected the same coverage for the 2020-2023 crop years as was applicable for the 2015-2018 crop years. **(§1105(3))**

Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended	Current Law: 2018 Farm Bill (P.L. 115-334)
individual coverage, payment calculations included the producer's share of all farms in the same state in which the producer has an interest and for which individual coverage was selected. Producers on a farm cannot reconstitute the farm to void or change a program election. **(7 U.S.C. §9015(c))**	
Annual filing for ARC and PLC. In accordance with its authority to implement these programs **(7 U.S.C. §1601),** USDA is directed to issue regulations. Such regulations require that eligible producers of covered commodities with base acres must execute and submit an ARC or PLC program contract not later than June 1 of the applicable year for each of 2016 through 2018 fiscal year contracts. **(7 CFR §1412.41)**	**Options for electronic filing and multi-year contract for ARC and PLC.** Producers may remotely and electronically sign annual contracts for ARC and PLC, and producers have the option to sign a multi-year contract for the ARC and PLC programs. **(§1706(b))**
Price Loss Coverage (PLC) Program	
PLC program. Establishes the PLC program for crop years 2014-2018. PLC payments are made on a farm where the owners have unanimously elected to participate in PLC on a covered-commodity-by-covered-commodity basis if the effective price is less than the reference price. **(7 U.S.C. §9016(a))**	Requires the Secretary to make PLC payments on a covered-commodity-by-covered-commodity basis where all of the producers on a farm have elected PLC for crop years 2019-2023 when the effective price for a crop year is less than the effective reference price. **(§1106(1)(D))**
PLC effective price. The higher of (1) the "MYAP received by producers during the 12-month marketing year" for the covered commodity, as determined by the Secretary, or (2) the national average loan rate for a marketing assistance loan. **(7 U.S.C. 9016(b))**	Continues prior law.
PLC effective price for barley. The all-barley price. **(7 U.S.C. 9016(f))**	Continues prior law.
PLC effective price for seed cotton. The MYAP for seed cotton, calculated as the quotient obtained by dividing (A) the sum obtained by adding (i) the product of the upland cotton lint MYAP and total U.S. upland cotton lint production, measured in pounds, and (ii) the product of the cottonseed MYAP and total U.S. cottonseed production, measured in pounds, by (B) the sum of total U.S. upland cotton lint production and total U.S. cottonseed production, both measured in pounds. **(7 U.S.C. §9016(h))**	Continues prior law.
Reference price for temperate japonica rice. The Secretary shall provide a reference price with respect to temperate japonica rice in an amount equal to 115% of the amount established for long-grain and medium-grain rice in order to reflect price premiums. **(7 U.S.C. §9016(g))**	To reflect price premiums, the reference price for temperate japonica rice equals $14.00 per cwt., as adjusted by the formula for calculating the effective reference price multiplied by the ratio of the simple average of the MYAP of medium-grain rice from crop years 2012-2016 divided by the simple average of the MYAP of all rice from crop years 2012-2016. **(§1106(3))**
PLC payment rate. The difference between the reference price in statute and the MYAP or loan rate, if higher. (7 **U.S.C. §9016(c))**	Defines the PLC payment rate for each covered commodity, for the crop years 2019-2023, as the difference between the effective reference price and the effective price for a crop year when the effective price is lower. Not later than 30 days after the end of each applicable 12-month marketing year for each covered commodity, the Secretary shall publish the PLC payment rate. **(§1106(2)(B))**

Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended	Current Law: 2018 Farm Bill (P.L. 115-334)
PLC payment amount. If PLC payments for a covered commodity are triggered for any of crop years 2014-2018, the payment amount equals the payment rate times payment acres times payment yield. **(7 U.S.C. §9016(d))**	Continues prior law.
Timing of PLC payment. Payments shall be made beginning October 1, or as soon as practicable thereafter, after the end of the applicable marketing year for the covered commodity. **(7 U.S.C. §9016(e))**	Not later than 30 days after the end of each applicable 12-month marketing year for each covered commodity, the Secretary shall publish the PLC payment rate. **(§1106(2)(B))** **Insufficient data.** In the case of a covered commodity for which the Secretary cannot determine the payment rate for the most recent 12-month marketing year by the date described above, due to insufficient reporting of timely pricing data by one or more nongovernmental entities, the Secretary shall publish the payment rate as soon as practicable after the marketing year data are made available. **(§1106(2)(D))**
Agricultural Risk Coverage (ARC) Program	
ARC program. Establishes the ARC program as either a county-level, commodity-specific ARC or an individual whole-farm ARC. Under the "producer election" **(7 U.S.C. §9015)**, producers may select county-level ARC or PLC on a commodity-by-commodity basis for each farm or select individual farm-level ARC for all covered commodities on the farm. ARC payments for a crop year are triggered if the actual crop revenue is less than its ARC guarantee. Both the actual crop revenue and ARC guarantee are calculated differently based on the producer's election choice: either county- or farm-level ARC. **(7 U.S.C. §9017(a))**	Extends both the county- and individual-level ARC programs through 2023. Requires that payments are to be based on the physical location of the farm. **(§1107)**
Actual crop revenue. The actual crop revenue varies with the choice of county-level or farm-level ARC. County coverage for a crop year of a covered commodity: actual crop revenue per acre equals the actual average county yield per planted acre for a covered commodity times the higher of the MYAP or the national average marketing assistance loan rate. **Individual (farm-level) coverage.** Actual crop revenue per acre is the producer's share of the aggregated revenue per acre for all covered commodities planted on all farms for which individual coverage has been selected. Actual crop revenue per acre equals the sum of covered commodity revenue (total production of each covered commodity on such farms times the higher of (i) the MYAP or (ii) the national average loan rate) divided by the total planted acres of all covered commodities on such farms. **(7 U.S.C. §9017(b))**	Continues prior law.
ARC revenue guarantee. ARC guarantee per acre equals 86% times the benchmark revenue. The benchmark revenue varies with the choice of county-level or individual (farm-level) ARC. For county ARC coverage for a covered commodity for a crop year, benchmark revenue per acre equals the recent five-year average county yield (excluding the years with the highest	Continues ARC program as in current law through 2023. **(§1107(1)(A)-(B))**

Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended	Current Law: 2018 Farm Bill (P.L. 115-334)
and lowest yields, or "Olympic average") times the covered commodity's Olympic MYAP for the most recent five crop years. For individual ARC coverage for a crop year, benchmark revenue is based on the producer's share of all covered commodities planted on all farms for which individual coverage has been selected and in which the producer has an interest. Benchmark revenue is the summation of Olympic five-year average revenue for each covered commodity aggregated across all farms with individual coverage, adjusted to reflect current-year planted acreage shares by covered commodity. **(7 U.S.C. §9017(c))**	
No comparable provision.	**Trend-adjusted yields.** Includes a trend-adjustment for both the average historical county yield (i.e., the five-year Olympic MYAP) and the actual average county yield per planted acre for the county, crop, and year in question. The yield adjustment should not exceed the trend-adjusted yield factor used to increase yield history under the federal crop insurance endorsement for that crop and county. **(§1107(1)(C)-(E))**
Yield plugs in ARC actual revenue and revenue guarantee calculations. If, for the covered commodity for any of the five most recent crop years, the yield per planted acre or historical county yield per planted acre is less than 70% of the transitional yield, then 70% of the transitional yield shall be used for those years. **(7 U.S.C. §9017(c)(4))**	Effective for the 2019-2023 crop years, if, for the covered commodity for any of the five most recent crop years, the yield per planted acre or historical county yield per planted acre is less than 80% of the transitional yield, then 80% of the transitional yield shall be used for those years**. (§1107(2)(C))**
Reference price in ARC revenue guarantee. The reference price is used if the MYAP for any of the five most recent crop years is lower than the reference price. **(7 U.S.C. §9017(c)(5))**	**Effective reference price in lieu of low MYAP.** For crop years 2019-2023, if the national MYAP during the 12-month marketing year for any of the five most recent crop years is lower than the effective reference price (defined under **§1101(8)**) for the covered commodity, the Secretary shall use the effective reference price for those years in calculating the ARC revenue guarantee. **(§1107(2)(F))**
ARC payment rate. The payment rate for a covered commodity, in the case of either county coverage or individual coverage, is equal to the lesser of (1) the amount that the ARC guarantee exceeds the actual crop revenue for the crop year or (2) 10% of the benchmark revenue for the crop year. **(7 U.S.C. §9017(d))**	Continues prior law. **(§1107(3)(A)-(C))**
ARC payment amount. If ARC payments are required to be paid for any of the 2014-2018 crop years, then the payment amount equals the payment rate times the payment acres. **(7 U.S.C. §9017(e))**	Extends ARC payments through crop year 2023. **(§1107(4))**
Timing of ARC payments. Payments shall be made beginning October 1, or as soon as practicable thereafter, after the end of the applicable marketing year for the covered commodity. **(7 U.S.C. §9017(f))**	Not later than 30 days after the end of each applicable 12-month marketing year for each covered commodity, the Secretary shall publish the ARC payment rate. **(§1107(3)(D))**
Additional duties of the Secretary. In providing ARC, the Secretary shall, to the maximum extent practical, (1) use all available information and analysis, including data mining, to check for anomalies in the determination of ARC payments; (2) calculate a separate actual	Continues additional duties of the Secretary as in current law with an additional specification regarding county yield determinations as follows:

Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended	Current Law: 2018 Farm Bill (P.L. 115-334)
crop revenue and ARC guarantee for irrigated and non-irrigated covered commodities, (3) for individual coverage, if the Secretary determines that the farm has planted acreage in a quantity that is insufficient to calculate a representative average yield for the farm, assign an average yield for a farm on the basis of the yield history of representative farms in the state, region, or crop reporting district, as determined by the Secretary; and (4) for county coverage, if the Secretary cannot establish the actual or benchmark county yield for each planted acre for a crop year for a covered commodity in the county, or the yield is an unrepresentative average yield for the county, assign an actual or benchmark county yield for each planted acre for the crop year for the covered commodity on the basis of the yield history of representative farms in the state, region, or crop reporting district, as determined by the Secretary. **(7 U.S.C. §9017(g))**	**Separate yields for irrigated and nonirrigated land.** In providing ARC, the Secretary shall calculate a separate actual crop revenue and agriculture risk coverage guarantee for irrigated and nonirrigated covered commodities. **(§1107(5)(A))** **Prioritize RMA data.** Effective for the 2019-2023 crop years, in the case of county coverage the Secretary shall assign an actual or benchmark county yield for each planted acre for the crop year for the covered commodity: (A) where county data collected by the Risk Management Agency (RMA) are sufficient to offer a county-wide insurance product, using the actual average county yield determined by RMA (i.e., prioritize RMA data in the calculation of both the guarantee and actual yield in each county); or (B) for any other county using (i) other sources of yield information, as determined by USDA, or (ii) the yield history of representative farms in the state, region, or crop reporting district, as determined by USDA. **(§1107(5)(D))**
No comparable provision.	**Reporting requirements.** USDA shall publish, for each covered commodity in each county, the county risk coverage guarantee, average historical county yield, and national average market price for each covered commodity in each county, not later than 30 days after the end of each applicable 12-month marketing year. In the event of insufficient data for a covered commodity, USDA shall rely on data from nongovernmental sources and publish the ARC data components within 60 days of the end of the marketing year. Similarly, USDA shall publish actual average county yield estimates by covered commodity including sources of data and information on any USDA evaluations of that data. **(§1107(6))**
No comparable provision.	**Administrative units.** Amends current law to allow, under certain circumstances, for the division of up to 25 counties nationwide into two separate administrative units for determining ARC payments. To be eligible, a county must (1) be larger than 1,400 square miles and (2) contain more than 190,000 base acres. Prior to any ARC payments for the 2019 crop, the FSA state committee, in consultation with the FSA county committee, may make a one-time election to divide a county into two administrative units to better reflect differences in weather patterns, soil types, or other factors. The election is in effect for the 2019-2023 crop years. Preference is given to the division of counties with greater variation in climate, soils, and expected productivity between the proposed administrative units. **(§1107(6))**
Producer Agreement	
Producer agreements. The Secretary may require producers to comply with certain provisions in exchange for receiving payments, issue rules to ensure compliance, and modify compliance requirements. Eligibility for PLC and ARC payments and marketing loans	Continues prior law.

Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended	Current Law: 2018 Farm Bill (P.L. 115-334)
requires producers to comply with conservation and wetland protection, control noxious weeds, maintain sound agricultural practices, and use the farm's land attributable to base acres for agricultural or conserving use and not for nonagricultural commercial, industrial, or residential use as determined by the Secretary. **(7 U.S.C. §9018(a))**	
Termination of payments. A transfer of or change in the interest of the producers on a farm will result in the termination of payments unless the transferee or owner agrees to assume all compliance obligations. An exception to payment termination is made for producers who die or become incapacitated. **(7 U.S.C. §9018(b))**	Continues prior law.
Annual acreage reports. Eligibility for PLC and ARC payments and marketing loans requires producers to submit annual acreage reports. **(7 U.S.C. §9018(c))** Eligibility for ARC payments for individual (i.e., the whole-farm, farm-level) coverage (as opposed to the crop-specific, county-level ARC program) requires a producer to submit annual production reports for each covered commodity that is covered by the farm's ARC individual program—as produced on all farms in the same state. **(7 U.S.C. §9018(d))**	Continues prior law.
Effect of inaccurate reports. No penalties (with respect to benefits under PLC, ARC, or marketing loans) can be assessed against a producer for an inaccurate acreage or production report unless the Secretary determines that the producer knowingly and willfully falsified the report. **(7 U.S.C. §9018(e))**	Continues prior law.
Interests of tenants and sharecroppers. The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers and shall provide for the sharing of payments among producers on a farm. **(7 U.S.C. §9018(f-g))**	Continues prior law.
Repeal of Transition Assistance for Producers of Upland Cotton	
Cotton Transition Assistance Payments. Transition payments are made available for upland cotton for the 2014 crop year (and for 2015 if STAX is not yet available—see Title XI). Payment equals program yield (divided by the national yield of 597 pounds per acre) times transition assistance rate times payment acres. Transition rate is based on cotton price decline between June 2013 and December 2013. Payment acres in 2014 equal 60% of 2013 cotton base acres and 36.5% in 2015. **(7 U.S.C. §9019)**	Cotton Transition Assistance Payments are repealed. **(§1108a)**

Source: Compiled by CRS.

Table A-2. Subtitle B—Marketing Loans

Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended	Current Law: 2018 Farm Bill (P.L. 115-334)
Nonrecourse Marketing Loans and Other Recourse Loans	
Nonrecourse marketing loans are available for any amount of loan of a loan commodity (see list below) produced in crop years 2014-2018. To receive a marketing assistance loan, a producer must comply with applicable conservation and wetland protection requirements during the term of the loan. **(7 U.S.C. §9031)** Peanuts nonrecourse marketing loans are authorized separately and may be obtained through a marketing cooperative or association approved by USDA. Storage for peanuts under loan is to be provided on a nondiscriminatory basis and under any additional requirements. USDA shall pay storage, handling, and other associated costs incurred for peanuts placed under loan. Such costs must be repaid if the peanuts under loan are redeemed but not if forfeited. **(7 U.S.C. §9031(e))**	Extends nonrecourse marketing assistance loans for all loan commodities (including peanuts) through crop year 2023. **(§1201)**
Loan commodities and loan rates. For crop years 2014-2018, the loan rate for a nonrecourse marketing assistance loan for each loan commodity is as follows: • Wheat, $2.94 per bu. • Corn, $1.95 per bu. • Grain sorghum, $1.95 per bu. • Barley, $1.95 per bu. • Oats, $1.39 per bu. • ELS cotton, $0.7977 per lb. • Long-grain rice, $6.50 per cwt. • Medium-grain rice, $6.50 per cwt. • Soybeans, $5.00 per bu. • Other oilseeds, $10.09 per cwt. for sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe, sesame seed, or any other oilseeds designated by the Secretary. • Dry peas, $5.40 per cwt. • Lentils, $11.28 per cwt. • Small chickpeas, $7.43 per cwt. • Large chickpeas, $11.28 per cwt. • Graded wool, $1.15 per lb. • Nongraded wool, $0.40 per lb. • Mohair, $4.20 per lb. • Honey, $0.69 per lb. • Peanuts, $355 per ton. **(7 U.S.C. §9032)**	Continues the nonrecourse marketing assistance loan program for commodities in current law for the 2019-2023 crop years, but with additional specification that the loan rate for each loan commodity is as follows: • Wheat, $3.38 per bu. • Corn, $2.20 per bu. • Grain sorghum, $2.20 per bu. • Barley, $2.50 per bu. • Oats, $2.00 per bu. • ELS cotton, $0.95 per lb. • Long-grain rice, $7.00 per cwt. • Medium-grain rice, $7.00 per cwt. • Soybeans, $6.20 per bu. • Other oilseeds, $10.09 per cwt. for sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe, sesame seed, or any other oilseeds designated by the Secretary. • Dry peas, $6.15 per cwt. • Lentils, $13.00 per cwt. • Small chickpeas, $10.00 per cwt. • Large chickpeas, $14.00 per cwt. • Graded wool, $1.15 per lb. • Nongraded wool, $0.40 per lb. • Mohair, $4.20 per lb. • Honey, $0.69 per lb. • Peanuts, $355 per ton. • Seed cotton, $0.25 per lb. **(§1202)**

Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended	Current Law: 2018 Farm Bill (P.L. 115-334)
Upland cotton loan rate. The simple average of the adjusted prevailing world price for the two immediately preceding marketing years but in no case less than $0.45 per lb. or more than $0.52 per pound (announced October 1 preceding the next domestic plantings). **(7 U.S.C. §9032(a)(6))**	The simple average of the adjusted prevailing world price for the two immediately preceding marketing years but in no case more than $0.52 per pound nor less than $0.45 per pound or an amount equal to 98% of the loan rate for the preceding year (announced October 1 preceding the next domestic plantings). **(§1202)**
Single county loan rate for other oilseeds is established in each county for each other kind of oilseed. **(7 U.S.C. §9032(b))**	Continues prior law.
Seed cotton loan rate. Only for implementation of the PLC and ARC programs, the loan rate for seed cotton is deemed to be $0.25 per pound. This does not authorize a seed cotton nonrecourse marketing loan. **(7 U.S.C. §9032(c))**	Continues prior law.
Term of loans. Nine months after the day the loan is made. Extensions prohibited. Same term for peanuts. **(7 U.S.C. §9033)**	Continues prior law.
Repayment of loans. Loans may be repaid at the lesser of (1) the loan rate plus interest, (2) a rate based on average market prices during the preceding 30-day period, or (3) a rate determined by USDA that will minimize forfeitures, accumulation of stocks, storage costs, market impediments, and discrepancies in benefits across states and counties. Excludes upland cotton, rice, ELS cotton, confectionery, and each kind of sunflower seed (other than oil sunflower seed). **(7 U.S.C. §9034(a))**	Continues prior law.
Special repayment rates. For upland cotton, long-grain rice, and medium-grain rice, repayment may be at the lesser of the loan rate plus interest or the prevailing world price for the commodity adjusted to U.S. quality and location. **(7 U.S.C. §9034(b))** ELS cotton repayment rate is the loan rate plus interest. **(7 U.S.C. §9034(c))** For confectionery and each kind of sunflower seed (other than oil sunflower seed), loans must be repaid at the lesser of the loan rate plus interest or the repayment rate for oil sunflower seed. **(7 U.S.C. §9034(f))**	Continues prior law.
Prevailing world market price. The Secretary shall prescribe by regulation a formula to determine the prevailing world market price for each of upland cotton, long-grain rice, and medium-grain rice and a mechanism to announce periodically prevailing world market prices. **(7 U.S.C. §9034(d))** Provides explicit market conditions to USDA for adjustments to the prevailing world market price for quality and location (both rice and upland cotton) and additionally the potential for loan forfeitures (upland cotton). **(7 U.S.C. §9034(e))**	Continues prior law. The adjustments to the prevailing world market price for upland cotton as used to determine the repayment rate of marketing assistance loans are extended through July 31, 2024. **(§1201(b)(1))**
Payment of cotton storage costs. For each of crop years 2014-2018, the Secretary shall make cotton storage payments available in the same manner and at the same rates as the Secretary provided storage payments for the 2006 crop of cotton, except that the rates shall be reduced by 10%. **(7 U.S.C. §9034(g))**	Extends current law for crop years 2019-2023. **(§1201(b)(2))**

Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended	Current Law: 2018 Farm Bill (P.L. 115-334)
Repayment rate for peanuts. Loans may be repaid at the lesser of (1) the loan rate plus interest or (2) a rate determined by USDA that will minimize forfeitures, accumulation of stocks, storage costs, market impediments, and discrepancies in benefits across states and counties. **(7 U.S.C. §9034(h)))**	Continues prior law.
Authority to temporarily adjust repayment rates. USDA may temporarily, and on a short-term basis only, adjust the repayment rates in the event of a severe disruption to marketing, transportation, or related infrastructure. **(7 U.S.C. §9034(i))**	Continues prior law.
Loan deficiency payments (LDPs). For the crop years 2014-2018, USDA makes available LDPs to producers who agree to forego marketing loans. An LDP is computed by multiplying the payment rate (the amount that the loan rate exceeds the rate at which a marketing loan may be repaid) for the commodity times the quantity of the commodity produced. LDPs are also available for unshorn pelts or hay and silage, even though they are not eligible for marketing loans. ELS cotton is not eligible. Payment rates determined using the rate in effect as of the date that producers request payment. (Producers do not need to lose beneficial interest.) **(7 U.S.C. §9035)**	Extends current law through crop year 2023. **(§1201(c)(1))**
Payments in lieu of LDPs are available for grazed acreage of wheat, barley, oats, or triticale if a producer forgoes harvesting any crop from that acreage. Crop production on the grazed acreage is not eligible for crop insurance or noninsured crop assistance. **(7 U.S.C. §9036)**	Extends current law through crop year 2023. **(§1201(c)(2))**
Special marketing loan provisions for upland cotton. Imposes a special import quota on upland cotton without an expiration date beginning on August 1, 2014, when price of U.S. cotton, delivered to a definable and significant international market, exceeds the prevailing world market price for four weeks. **(7 U.S.C. §9037(b))** Limited global import quota is imposed on upland cotton when U.S. prices average 130% of the previous three-year average of U.S. prices. **(7 U.S.C. §9037(b))**	Continues prior law.
Economic adjustment assistance to users of upland cotton provides assistance to domestic users of upland cotton for uses of all cotton regardless of origin to acquire, construct, install, modernize, develop, convert, or expand land, plant, buildings, equipment, facilities, or machinery. Rate is $0.03 per pound effective beginning August 1, 2013. **(7 U.S.C. 9037(c))**	Extends current law (at current $0.03/pound rate) without an expiration date but changes the subsection heading of current law to "Economic Adjustment Assistance for Textile Mills." **(§1203(b))** Repeals a redundant authority in 7 U.S.C. §8737(c). **(§1203(a))**
Special competitive provisions for ELS cotton. Payments to domestic users and exporters are triggered whenever the world market price for the lowest priced ELS cotton is below the prevailing U.S. price for a competing growth of ELS cotton for a four-week period and the lowest priced competing growth of ELS cotton is less than 134% of the loan rate for ELS cotton. Effective through July 31, 2019. Payments equal the difference between	Continues the authorization through July 31, 2024, of the special competitive provisions for ELS cotton but adjusts the payment trigger to whenever the world market price for the lowest priced ELS cotton is below the prevailing U.S. price for a competing growth of ELS cotton for a four-week period and the lowest priced competing growth of ELS cotton is less

Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended	Current Law: 2018 Farm Bill (P.L. 115-334)
the trigger prices (above) times the amount purchased by domestic users or exported by exporters in the week following the four-week trigger period. **(7 U.S.C. §9038)**	than 113% of the loan rate for ELS cotton. This adjustment reflects the increase in the ELS cotton loan rate. **(§1204)**
Availability of recourse loan. For crop years 2014-2018, recourse loans for high-moisture feed grains and seed cotton are available for farms that normally harvest corn or sorghum in a high-moisture condition at rates set by the USDA. For recourse loans for seed cotton, repayment is at loan rate plus interest. **(7 U.S.C. §9039)**	Continues the authorization for recourse loans for certain crops for the 2019-2023 crop years in same manner as current law except for the addition of a provision providing for recourse loans for commodities that are contaminated but still merchantable. **(§1205)**
Adjustment of loans. Adjustments are authorized for any commodity (other than cotton) based on differences in grade, type, quality, location, and other factors. Allows county loan rates as low as 95% of the U.S. average if it does not increase outlays. Prohibits adjustments that would increase the national average loan rate. For cotton, loan rates may be adjusted for differences in quality factors (made after consultation with the U.S. cotton industry). For rice, loan rates may be adjusted for differences in grade and quality (including milling yields). **(7 U.S.C. §9040)**	Continues prior law.

Source: Compiled by CRS.

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

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

Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended	Current Law: 2018 Farm Bill (P.L. 115-334)
during the normal grazing period, (e) five months of payments if the county has a D4 rating for at least four weeks. For fire on public land, the monthly payment rate equaled to 50% of estimated feed costs and covered the period the federal agency excludes the producer from using the managed rangeland for grazing. **(7 U.S.C. §9081(c))**	
Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP). Provides payments to producers of livestock, honey bees, and farm-raised fish as compensation for losses due to disease (including cattle tick fever), adverse weather, feed or water shortages, or other conditions (such as wildfires) that are not covered under LIP or LFP. **(7 U.S.C. §9081(d))**	Amends the program to add the cost of inspecting for cattle tick fever to the list of approved costs covered by the program. Effective date of amendment applies to inspections conducted on or after enactment. **(§1501(c))**
The **Tree Assistance Program (TAP)** provides payments to eligible orchardists and nursery growers to replant or rehabilitate trees, bushes, and vines damaged by natural disasters. Eligible losses must exceed 15%, after adjustment for normal mortality including natural disaster, including plant disease, insect infestation, drought, fire, freeze, flood, earthquake, lightning, or other occurrence. For damage or mortality in excess of 15%, payments cover 65% of the cost of replanting trees or nursery stock and 50% of the cost of rehabilitation (e.g., pruning and removal to salvage existing trees or prepare the land to replant trees). **TAP** has a separate limit of $125,000 per year, and TAP payment acreage may not exceed 1,000 acres. **(7 U.S.C. §9081(e))**	Adds a new, increased payment rate for beginning and veteran producers of 75% of the cost of replanting and rehabilitation. **(§1501(d))** **TAP** is no longer subject to a payment limit, but TAP payment acreage may not exceed 1,000 acres. **(§1501(f))**
Disaster program payment limit: Total combined payments received under **LFP** and **ELAP** are limited to $125,000 for any crop year. (7 **U.S.C. §9081(f))**	Excludes **ELAP** from the payment limit. **LFP** payments remain subject to a $125,000 per crop year payment limit. **(§1501(f))**

Source: Compiled by CRS.

Table A-4. Subtitle F—Noninsured Crop Assistance

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

Source: Compiled by CRS.

Table A-5. Subtitle G—Administration

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

Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended	Current Law: 2018 Farm Bill (P.L. 115-334)
the loan was obtained through a fraudulent representation by the producer. However, USDA may require a producer to assume liability for a deficiency in the grade, quality, or quantity of a commodity stored on a farm or delivered by the producer; failure to properly care for and preserve a commodity; or failure or refusal to deliver a commodity in accordance with a program. **(7 U.S.C. §7284)**	
Program Suspension	
Suspends the permanent price support authority of the Agricultural Adjustment Act of 1938 and the Agricultural Adjustment Act of 1949 for the 2014-2018 crop years (covered commodities, peanuts, and sugar) and for milk through December 31, 2018. **(7 U.S.C. §8782)**	Same as prior law, except applies to 2019-2023 crop years and through December 31, 2023 for milk. **(§1702)**
Payment Limitations	
Payment limitations. Establishes a per-year limit on cumulative commodity program payments for PLC payments, ARC payments, marketing loan gains (MLGs), and LDPs. —PLC, ARC, MLGs, and LDPs for the sum of all covered commodities except peanuts: $125,000. —PLC, ARC, MLGs and LDPs, for peanuts: $125,000. —cotton transition payments (2014 and 2015): $40,000. Any benefits arising from forfeiture of crops held under marketing assistance loans is not subject to a payment limit. **(7 U.S.C. §1308(a)-(d))**	Retains the payment limit of $125,000 per year for all covered commodities (with a separate limit for peanuts) to a person or legal entity but applies it only to the sum of PLC and ARC payments. Marketing assistance loan benefits (MLGs, LDPs, and forfeiture benefits) are excluded from payment limits. **(§1703(a)(2))** Amends the definition of *family member* (see below) **(§1703(a)(1)(B))** Amends current law to require the Secretary to apply reductions in PLC or ARC payments due to a sequester before applying payment limitations. **(§1603(a)(4))** All changes made to payment limits shall apply starting with the 2019 crop year. **(§1703(b))**
Payment attribution. Payments are attributed to a person by accounting for the direct and indirect ownership in any legal entity. Payments made directly to a person are combined with the person's pro-rata share of payments from a legal entity. Payments to a legal entity cannot exceed the limits above and are attributed to persons. Attribution of payments to legal entities is traced to four levels of ownership. If a payment has not been allocated to an individual after four levels of ownership, the payment to the first-level entity is reduced on a pro-rata basis. Payments made to a legal entity are reduced proportionately by the ownership share of any person or legal entity that has otherwise exceeded the applicable payment limitation. **(7 U.S.C. §1308 (e)-(h))**	Continues other payment limit provisions such as direct attribution. Addresses active personal management (see below).
Actively engaged in farming (AEF) requirement. To be eligible to receive an ARC or PLC payment or MAL benefit, a person or legal entity shall be AEF with respect to a farming operation according to the following criteria. A person (including a partner in a general partnership or joint venture, a grantor of a revocable trust, or a participant in a similar entity) shall be considered AEF if (1) the person makes a significant contribution of (A) capital, equipment, or land; and (B) personal labor or	Continues prior law.

Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended	Current Law: 2018 Farm Bill (P.L. 115-334)
active personal management; (2) the person's share of the profits or losses from the farming operation is commensurate with contributions to the farming operation; and (3) the person's contributions are at risk. A legal entity that is a corporation, joint stock company, association, limited partnership, charitable organization, or other similar entity shall be considered as AEF if (i) the legal entity separately makes a significant contribution of capital, equipment, or land; (ii) the stockholders or members collectively make a significant contribution of personal labor or active personal management to the operation; and (iii) the standards (2) and (3) above for a person are met by the legal entity. **(7 U.S.C. §1308-1(b))** Instructs the Secretary of Agriculture to write new regulations that define *significant contribution of active personal management* (to more clearly and objectively implement **(7 U.S.C §1308-1(b)(2))**, recognizing past difficulties). Specifically allows for different limits for varying types of farming operations based on considerations of size, nature, and management requirements of different farming types, changes in the nature of active personal management due to advancements in farming practices, and the impact of this regulation on the long-term viability of farming operations. Regulations shall not apply to entities made solely of family members. Conferees intend for regional differences and a range of activities performed to be considered. Regulations are to be promulgated within six months of enactment and may apply beginning with the 2015 crop year. **(7 U.S.C. §1308-1note)**	
Family member. A person to whom a member in the farming operation is related as lineal ancestor, lineal descendant, sibling, spouse, or otherwise by marriage. **(7 U.S.C. §1308(a)(2))**	Revises the definition of *family member* to include first cousins, nieces, and nephews. **(§1703(a)(1)(B))**
Treatment of joint ventures and partnerships. Payment limit for joint ventures and general partnerships equals the payment limit for a person or legal entity of $125,000 times the number of eligible persons or legal entities that comprise the business' ownership. **(7 U.S.C. §1308(e)(3)(B)(ii))**	Continues prior law.
Adjusted Gross Income (AGI) Limitation	
AGI limitation. Prohibits farm commodity program benefits (including benefits under PLC, ARC, MAL, agricultural disaster assistance, or conservation programs) to an individual or entity if AGI exceeds $900,000. The AGI limit is calculated as the average AGI or comparable measure of the person or legal entity over the three taxable years prior to the most immediately complete taxable year. **(7 U.S.C. §1308-3a)**	Continues current AGI limitation subject to the two amendments. Provides authority to Secretary to waive AGI limitation, on case-by-case basis, to protect environmentally sensitive land of special significance. **(§1704 (a)(2))** Applies the **Section 1704** changes starting with the 2018 crop, fiscal, or program year as appropriate. **(§1704(c))**
No comparable provision.	**Farm Service Agency (FSA) accountability.** (a) Not later than one year from enactment, USDA shall establish policies, procedures, and plans to improve accountability and

Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended	Current Law: 2018 Farm Bill (P.L. 115-334)
	integrity through targeted and coordinated activities, including data mining to identify and reduce errors, waste, fraud, and abuse in FSA programs. (b) Not later than three years after enactment, USDA shall submit a report to the House and Senate Agriculture Committees describing efforts to achieve the goals cited in (a). **(§1705(b))**
Implementation. Requires the Secretary to maintain base acres and payment yields for each covered commodity. **(7 U.S.C. §9097(a))** Requires the Secretary to continue to streamline administrative burdens and costs including through the Acreage Crop Reporting and Streamlining Initiative (ACRSI); improve coordination, information sharing, and administrative work within USDA; and use new technologies to enhance efficiency and effectiveness of program delivery. **(7 U.S.C. §9097(b))** The Secretary shall make $100 million available to implement this title. Additional funds are made available upon notification to House and Senate Agriculture Committees of significant progress by September 20, 2014 ($10 million) and full implementation by September 30, 2015 ($10 million). Also $3 million is available for state extension services to educate farmers and ranchers of their options under this title and $3 million to support qualified universities to develop and train producers on web-based decision aids. **(7 U.S.C. §9097(c))**. USDA shall use CCC funds to ensure that the MAL program and benefits are fully functional in any year that discretionary spending limits are enforced via sequestration or other means. **(7 U.S.C. §9097(d))**	Same as prior law for all provisions except: No agent, approved insurance provider (AIP), or employee or contractor of an agency or AIP bears responsibility or liability under ACRSI for the eligibility of a producer for programs administered by USDA that are not policies or plans of insurance offered under the Federal Crop Insurance Act (7 U.S.C. §1501 *et. seq.*) except in cases of fraud, misrepresentation, or scheme and device. Crop insurance agents and AIPs are allowed access to records held by FSA necessary for effective crop insurance program delivery. USDA shall continue to improve coordination and data sharing efforts with NRCS, FSA, and RMA. By September 30, 2020, RMA and FSA shall implement a consistent method for determining farm and crop acreage, yields, property descriptions, and other common informational requirements, including measures of common land units. Producers may remotely and electronically sign annual contracts for ARC and PLC, and producers have the option to sign multi-year contracts for the ARC and PLC programs. The Secretary is required to make $15.5 million in mandatory funding available for the FSA to implement this title. USDA shall use CCC funds to ensure that PLC and ARC payments are fully made prior to enforcing in any year where discretionary spending limits are enforced via sequestration or other budgetary means. Any USDA payment obligations that have not been disbursed or liquidated and remain outstanding five years after the date on which the payment was obligated or made available shall be de-obligated and revert to the Treasury. The Secretary may delay the date of de-obligation. Not later than January 1, 2020, and each January 1 thereafter through January 1, 2023, USDA shall submit a report on tilled native sod that was subject to benefit reductions under crop insurance or NAP. **(§1706)**
Exemption from certain reporting requirements for certain producers. Section 1244(m) of the Food Security Act of 1985, as amended by Section 766 of the Consolidated Appropriations Act of 2018 (P.L. 115-124), stipulates that select federal grant financial reporting requirements for producers (defined as producers and landowners eligible to	Expands the federal grant financial reporting requirement exemption for NRCS conservation programs to all commodity, indemnity, and conservation programs administered by FSA, the Animal and Plant Health Inspection Service (APHIS), and the NRCS. Further defines *exempted producer* as an eligible entity that participates in a farm bill conservation program, an

Prior Law: 2014 Farm Bill (P.L. 113-79), as Amended	Current Law: 2018 Farm Bill (P.L. 115-334)
participate in any USDA conservation program) should not apply to Natural Resources Conservation Service (NRCS) conservation programs. **(16 U.S.C. §3844(m))**	indemnity or disease control program, or a Title I commodity program (excluding cotton) administered by NRCS, APHIS, and FSA. **(§1707)**

Source: Compiled by CRS.

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