United States Department of Agriculture

Farm Service Agency

The 2018 Farm Bill – What Is New and What Has Changed

The Agriculture Improvement Act of 2018 (the 2018 Farm Bill), signed by President Trump on Dec. 20, 2018, reauthorizes all programs administered by the Farm Service Agency (FSA) and makes modifications to most of them. Most of the programs are authorized through 2023. A select few are authorized and funded indefinitely.

Safety Net, Price Support, and Conservation Overview

- The Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs are continued with some modifications. ARC and PLC are authorized from 2019 to 2023 for all covered commodities, including seed cotton. Producers may make a new election to obtain either ARC or PLC for the 2019 crop year. That election also applies for the 2020 crop year. Producers may change elections annually during the 2021 through 2023 crop years. Owners can update the farm's PLC payment yield beginning with the 2020 crop year.
- Commodity loan rates increased for all crops except minor oilseeds, wool, mohair, honey, peanuts, and upland cotton. Marketing loan gains (MLGs) and loan deficiency payments (LDPs) are no longer subject to payment limitations, actively engaged in farming and cash-rent tenant rules.
- Buy-up coverage under the Noninsured Crop Disaster Assistance Program (NAP) is now part of permanent program authorization. Basic coverage has a payment limitation of $125,000 per person and legal entity, while the payment limitation for buy-up coverage is a separate $300,000. Service fees for applications for coverage have increased, while the premium amounts for buy-up NAP coverage are unchanged.
- The Livestock Indemnity Program (LIP), the Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program (ELAP), the Livestock Forage Disaster Program (LFP), and the Tree Assistance Program (TAP) remain authorized and have minimal changes.
- The Dairy Margin Coverage Program (DMC) has replaced the Margin Protection Program for Dairy (MPP). If an operation makes a one-time election to participate in DMC from enrollment through 2023, the operation is eligible to receive a 25 percent discount on the existing margin coverage rates. The maximum level for operations with covered production history of less than five million pounds is increased to $9.50. A dairy operation that enrolled in MPP any year from 2014-2017 may be eligible to receive a refund of premiums paid if the premium paid exceeds the MPP payments received by the operation. Producers who enrolled in the Livestock Gross Margin for Dairy Cattle program (LGM) in 2018 may enroll in 2018 MPP retroactively.
- The acreage cap for the Conservation Reserve Program (CRP) gradually increases to 27 million acres by 2023. At least 8.6 million acres must be devoted to continuous practices and 2 million acres to grassland. Two pilot programs are authorized: CLEAR 30 (Clean Lakes, Estuaries, and Rivers Initiative) and the Soil Health and Income Protection Pilot Program (SHIPP).

Credit Overview

- The Direct Farm Ownership loan limit is increased to $600,000 and the Guaranteed Farm Ownership loan limit is increased to $1,750,000.
- The Direct Operating loan limit is increased to $400,000 and the Guaranteed Operating loan limit is increased to $1,750,000.
- A farmer or rancher may receive both a $50,000 Farm Ownership Microloan and a $50,000 Operating Microloan. Previously, microloans were limited to a combined total of $50,000 for both Farm Ownership and Operating Microloans.

Average Adjusted Gross Income (AGI)

- AGI compliance provisions are unchanged. Persons and legal entities whose average AGI exceeds $900,000 are ineligible for payments under most programs administered by FSA and the Natural Resources Conservation Service (NRCS).
- The Secretary may waive the AGI limitation on a case-by-case basis if the Secretary determines that environmentally sensitive land of special significance would be protected as a result of such waiver.

Payment Limitation

A comparison of payment limitation applications under the 2014 Farm Bill as amended and under the 2018 Farm Bill.

Program – each row represents a separate payment	Per Person or Legal Entity Annual Payment and/or Acreage Limitation under the 2014 Farm Bill, as amended	Per Person or Legal Entity Annual Payment or Acreage Limitation under the 2018 Farm Bill
ARC, PLC, LDP, and MLG payments – other than peanuts	$125,000	$125,000 *Now excludes LDPs and MLGs*
ARC, PLC, LDP, and MLG payments – peanuts	$125,000	$125,000 *Now excludes LDPs and MLGs*
CRP – annual rental payment and incentive payment	$50,000	$50,000
ECP – per disaster event	$200,000	$500,000
EFRP – per disaster event	$500,000	$500,000
ELAP, LFP, and LIP	A single $125,000 limitation for ELAP, LFP, and LIP for each year 2014 - 2016; a single $125,000 limitation for ELAP and LFP for each of the 2017and 2018 years	• $125,000 for each of the 2019 and subsequent years for LFP
TAP	500 acres and $125,000 for the 2014 – 2016 crop years and a 1,000 acre per year limitation for 2017 and subsequent years	• 1,000 acre per year limitation for 2017 and subsequent years
NAP	$125,000	• Basic 50/55 coverage: $125,000 • Buy-up coverage: $300,000

- The definition of "family member" that is part of a farming operation has expanded to include first cousin, niece, and nephew to the existing list which consists of great grandparent, grandparent, parent, child (including legally adopted children and stepchildren), grandchild, great grandchild, sibling of the family members in the farming operation, and spouse of family members. This term is used to identify joint operations that are comprised entirely of family members, which are not subject to the restriction on the number of members that may qualify as actively engaged in farming.

Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC)

- Covered commodities include wheat, oats, barley, corn, grain sorghum, rice, soybeans, sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe, sesame seed, dry peas, lentils, small chickpeas, large chickpeas, peanuts, and seed cotton.
- Producers must make a one-time irrevocable election between ARC and PLC that applies to 2019 and 2020. A farm's election may be changed annually for 2021, 2022, and 2023 crop years.
- The failure of producers on a farm to make a unanimous election in 2019 will result in the farm not being

eligible for 2019 payments. For the 2020-2023 crops, unless they make new elections, they are deemed to have made the same election as they did for the 2015-2018 crop years.

- Farms that devoted their entire cropland acres to being planted to grass, or idle or fallow from Jan. 1, 2009, through Dec. 31, 2017, are ineligible to receive ARC/PLC payments from 2019 through 2023. These farms may be eligible for the Grassland Conservation Initiative program administered by NRCS.
- Producers on a farm that have 10 or less base acres are ineligible for ARC/PLC payments on that farm except if the producer is a socially disadvantaged, limited resource, or beginning farmer or rancher. Another exception to this provision applies if the sum of the base acres on the farm, when combined with the base acres of other farms in which the producer has an interest, is more than 10 acres.
- **County Agriculture Risk Coverage (ARC-CO)**
    - Payments are issued when the actual county crop revenue of a covered commodity is less than the ARC-CO guarantee for the covered commodity. Yields are based on county data, not farm data.
    - The actual or benchmark county yield for a county will be based on RMA yields established for a county-wide insurance product, if available.
    - Payments will be based on physical location of the farm.
    - A separate actual crop revenue and guarantee will be established for irrigated and nonirrigated covered commodities.
- **Individual Agriculture Risk Coverage (ARC-IC)**
    - Payments are issued when the producer's actual individual crop revenues, summed across all covered commodities planted on the farm, are less than ARC individual guarantees summed across those covered commodities on the farm.
- **PLC**
    - For 2019-2023, payments are issued when the effective reference price is greater than the applicable effective price for the crop year.
    - The effective reference price for a covered commodity for a crop year will be calculated as the lesser of:
        - 115 percent of the reference price, or
        - the greater of:
            - the reference price, or
            - 85 percent of the previous five-year Olympic average of the marketing year price.
    - Owners can update the farm's PLC payment yield beginning with the 2020 crop year. The formula to update yields is PLC payment is equal to:
        - The product obtained, times
        - 90 percent of the average yield per planted acre on the farm for the 2013 through 2017 crop years, excluding any crop year where the crop was not planted (if in any year where the crop was planted, the farm's yield is below 75 percent of the county average, use 75 percent of the county average), times
        - The national yield for the covered commodity from 2008-2012, divided by
        - The national yield for the covered commodity from 2013-2017
            - this ratio cannot be less than 90 percent nor greater than 100 percent

Commodity Loans

- The 2018 Farm Bill extends loan authority through 2023 for wheat, corn, grain sorghum, barley, oats, upland cotton, extra-long staple (ELS) cotton, long grain rice, medium/short grain rice, soybean, other oilseeds (sunflower seed, flaxseed, canola, rapeseed, safflower seed, mustard seed, crambe, and sesame seed), dry peas, lentils, small chickpeas, large chickpeas, graded and nongraded wool, mohair, honey, peanuts, and sugars (beet and cane).
- LDPs and MLGs are available through 2023 and are no longer subject to payment limitation or payment eligibility, including actively engaged in farming.
- Contaminated commodities, which contain mercurial compounds, toxin producing molds, such as aflatoxin, other substances poisonous to humans or animals, or any contamination in food commodities, are eligible to receive the full loan rate as a recourse loan, which means the commodity may not be delivered or forfeited to CCC in satisfaction of the loan indebtedness, and must be repaid in full on or before the loan maturity date at principal plus interest only.
- For crop years 2019-2023, loan rates increased for all commodities except oilseeds, wool, mohair, honey, and peanuts, and upland cotton.

Commodity	Loan Rates Per Unit Crop Years 2014 through 2018	Loan Rates Per Unit Crop Years 2019 through 2023
Wheat	$2.94/bu.	$3.38/bu.
Corn	$1.95/bu.	$2.20/bu.
Grain Sorghum	$1.95/bu.	$2.20/bu.
Barley	$1.95/bu.	$2.50/bu.
Oats	$1.39/bu.	$2.00/bu.
Upland Cotton	• Simple average of the adjusted world price (AWP) for the two immediately preceding market years • In no case will the loan rate be less than $0.45/lb. or more than $0.52/lb.	• Simple average of AWP for the two immediately preceding market years • In no case will the loan rate be less than $0.45/lb. or more than $0.52/lb. • The loan rate will not equal less than 98 percent of the loan rate for the base loan rate from the preceding year.
ELS Cotton	$0.7977/lb.	$0.95/lb.
Rice • Long Grain • Medium/Short Grain	$6.50/cwt	$7.00/cwt
Soybeans	$5.00/bu.	$6.20/bu.
Oilseeds Sunflower (oil and non-oil types, Flaxseed, Canola, Rapeseed, Safflower Seed, Mustard Seed, Crambe, and Sesame Seed	$10.09/cwt	$10.09/cwt
Dry Peas	$5.40/cwt	$6.15/cwt
Lentils	$11.28/cwt	$13.00/cwt
Small Chickpeas	$7.43/cwt	$10.00/cwt
Large Chickpeas	$11.28/cwt	$14.00/cwt
Graded Wool	$1.15/lb.	$1.15/lb.
Nongraded Wool	$0.40/lb.	$0.40/lb.
Mohair	$4.20/lb.	$4.20/lb.
Honey	$0.69/lb.	$0.69/lb.
Peanuts	$355/ton	$355/ton
Sugar • Beet Sugar, Refined • Cane Sugar, Raw Value	• $0.2409/lb. • $0.1875/lb.	• $0.2409/lb. • $0.1975/lb.

Dairy Programs

- **Dairy Margin Coverage Program**
  - The Dairy Margin Coverage Program (DMC) replaces the Margin Protection Program for dairy producers (MPP).
  - Operations may annually elect to receive coverage on a percentage of the operation's production history in five percent increments to not exceed 95 percent. The 25 percent minimum coverage percentage no longer applies.

Dairy Margin Coverage: Premium Fees Paid by Producers		
Coverage Level	Tier 1 Premium (per cwt) Covered production history less than 5 million pounds	Tier 2 Premium (per cwt) Covered production history greater than 5 million pounds
$4.00	None	None
$4.50	$0.0025	$0.0025
$5.00	$0.005	$0.005
$5.50	$0.030	$0.100
$6.00	$0.050	$0.310
$6.50	$0.070	$0.650
$7.00	$0.080	$1.107
$7.50	$0.090	$1.413
$8.00	$0.100	$1.813
$8.50	$0.105	N/A
$9.00	$0.110	N/A
$9.50	$0.150	N/A

  - A dairy operation which participated in MPP from 2014-2017 may be eligible to apply for a refund of the premiums the operation paid. This is calculated by the total of premiums paid by the operation from 2014-2017 minus the amount of indemnity payments made to the operation during the same timeframe. For this payment, producers may elect either:
    - Option 1: 75 percent of the repayment can be used toward a credit used for 2019 dairy margin coverage, or
    - Option 2: 50 percent of the repayment taken as a direct cash repayment.
  - Producers who participated in the 2018 LGM program and were ineligible to enroll in 2018 MPP are eligible to enroll in 2018 MPP. Payments will be made retroactively.
- **Milk Donation Program**
  - Dairy farmers, cooperatives, and processors may donate milk to eligible organizations which provide nutrition assistance to individuals in low-income groups.
  - Producers are eligible for reimbursement of qualified expenses.
- **Dairy Indemnity Payment Program (DIPP)**
  - DIPP, which provides payments to dairy producers when a public regulatory agency directs them to remove their milk from the commercial market because it has been contaminated by pesticides and other residues, has been reauthorized till 2023.

Conservation

- The 2018 Farm Bill reauthorizes the Conservation Reserve Program (CRP), including the Conservation Reserve Enhancement Program (CREP) and the Farmable Wetlands Program (FWP), and authorizes two new CRP pilot programs, CLEAR 30 devoted to the Clean Lakes, Estuaries, and Rivers (CLEAR) priority of the 2018 Farm Bill and the Soil Health and Income Protection Pilot Program (SHIPP).
- **CRP**
    - CRP participants establish and maintain valuable land cover to help improve water quality, prevent soil erosion, and reduce loss of wildlife habitat on cropland under 10-15-year contracts (with the opportunity to re-enroll). FSA provides participants with rental and incentive payments and cost-share assistance.
    - By 2023 the acreage limit for CRP is 27 million, with at least 8.6 million acres devoted to continuous practices and two million acres for grassland practices. This includes a target of at least 40 percent of continuous CRP acres to water quality practices that are considered part of the CLEAR (Clean Lakes, Estuaries, and Rivers) Initiative.

Payment type	Conditions
Annual rental payments	The annual rental payment is limited to a percentage of the estimated average county rental rate: • General Enrollment: 85 percent • Continuous Enrollment: 90 percent
Cost-Share Payments	• Pays 50 percent of the cost of establishing practices • Limited to 50 percent of the actual cost of seed.
Practice Incentive Payments (PIP)	For new continuous enrollment, an incentive payment is required of no more than 50 percent of the actual cost of establishing all measures and practices, including seed costs related to the establishment of cover.
Signing Incentive Payments (SIP)	For new continuous enrollment, an incentive payment is required at time of enrollment equal to 32.5 percent of the amount of the 1st year annual rental payment.

Note: CREP payments may vary.

- Other additions to CRP include expanded opportunities for haying, grazing, and other management tools, cost-share for fencing and other water distribution practices, and the opportunity for land that was under a 15-year CRP contract that expired in 2017 or 2018 to reenroll.
- **Pilot Programs**
    - **CLEAR 30**
        - CRP participants with contracts that expire on or after Dec. 20, 2018, may choose to enroll their land in CLEAR 30. This program prioritizes practices that help benefit water resources, such as grass sod waterways, contour grass sod strips, prairie strips, filter strips, riparian buffers, wetland or wetland buffers, saturated buffers, or other similar water quality practices. Contracts under CLEAR 30 are enrolled for 30 years.
        - Participants will receive 30 annual payments equal to what they would have received under continuous CRP.

- **SHIPP**
    - Eligible land must be located in the prairie pothole region and have a cropping history, have been planted in the three previous years before enrollment, and be less-productive than other land on the farm.
    - Land that was in CRP during these three previous years is not eligible. Subject to certain conditions, harvesting for seed, haying, and grazing outside the primary nesting season is allowed.
    - No more than 15 percent of eligible land per farm may enroll.
    - Contracts are from 3-5 years.
    - Annual rental payments:
        - 50 percent of the average county rental rate for the applicable county, and
        - 75 percent of the average county rental rate for the applicable county for beginning, limited resource, socially disadvantaged, or veteran farmers.
    - There is no cost-share for practice establishment except for beginning, limited resource, socially disadvantaged, or veteran farmers.
    - Enrollment ends on Dec. 31, 2020.

Emergency Conservation Program (ECP)

- ECP provides emergency cost-share assistance to farmers and ranchers to help rehabilitate farmland and ranchland damaged by natural disasters. In general, producers receive up to 75 percent cost-share for installing practices to restore land to a condition similar to that existing prior to the natural disaster. Limited resource producers have historically been allowed to receive up to 90 percent cost-share, and the 2018 Farm Bill expands that opportunity to socially disadvantaged and beginning farmers and ranchers.
- A 25 percent advance payment will be allowed for repair or replacement of fencing.
- Previously, participants were limited to a $200,000 payment limit for ECP. The 2018 Farm Bill increases the ECP payment limitation to $500,000 per disaster.

Biomass Crop Assistance Program (BCAP)

- BCAP provides incentives to farmers, ranchers, and forest landowners to establish, cultivate, and harvest eligible biomass for heat, power, bio-based products, research, and advanced biofuels. The 2018 Farm Bill eliminates the mandatory funding provision and adds algae as an eligible biomass material.

Noninsured Crop Disaster Program (NAP)

- NAP provides financial assistance to producers of crops that are not eligible for crop insurance to protect against lower yields or crops unable to be planted due to natural disasters.
- NAP provides basic coverage equivalent to the catastrophic level risk protection plan of insurance coverage. This is based on the amount of prevented planting in excess of 35 percent of intended acreage at 55 percent of the average market price, or loss of yield or value in excess of 50 percent of expected production or value at 55 percent of the average market price (or other determined prices) for the crop.
- NAP also offers higher levels of coverage (buy-up) ranging from 50 to 65 percent of production, in five percent increments, or the same prevented planted coverage level of more than 35 percent of intended acreage at 100 percent of the average market price. Buy-up coverage is now permanently authorized under the program and does not expire in 2023.

- Coverage, payment limitations, and service fees for NAP have all changed with the 2018 Farm Bill.
    - Producers who elect higher levels of coverage must also pay a premium equal to:
    - The producer's share of the crop, times
    - The number of eligible acres devoted to the crop, times
    - The approved yield per acre, times
    - The coverage level, times
    - The average market price, times
        - Note: Producers may now elect to use the contract price or other prices such as local, organic, or direct market price instead of the average market price.
    - A 5.25 percent premium fee.
    - The payment limitation per producer and legal entity has increased to $300,000 for buy-up coverage; it remains at $125,000 for basic coverage.
    - Service fees have increased to $325 per crop per county, and to $825 per producer per county, not to exceed $1,950 per producer.

Disaster Programs

- **Emergency Assistance for Livestock, Honey Bees, and Farm-raised Fish (ELAP)**
    - ELAP provides emergency assistance to eligible producers of livestock, honeybees, and farm-raised fish for losses due to disease (including cattle tick fever), adverse weather, or other conditions, such as blizzards and wildfires that are not covered by LFP and LIP. In addition to covering the cost related to gathering livestock to treat for cattle tick fever, ELAP will now cover the cost related to gathering livestock to inspect for cattle tick fever.
- **Livestock Indemnity Program (LIP)**
    - LIP provides benefits to livestock producers for livestock deaths or injuries in excess of normal mortality caused by adverse weather or attacks by animals that have been reintroduced into the wild by the federal government. "Cold" is now considered a covered eligible loss for unweaned livestock without regard to any management practice, vaccination protocol, or lack of vaccination.
    - LIP now covers diseases that are caused or transmitted by a vector and are not controlled by vaccination or an acceptable management practice. These diseases were previously covered under ELAP.
- **Tree Assistance Program (TAP)**
    - TAP provides financial assistance to eligible orchardists and nursery tree growers to replant or rehabilitate eligible trees, bushes, and vines lost by natural disasters.
    - For beginning or veteran farmers or ranchers, the reimbursement costs for TAP increased from 65 percent to 75 percent for replanting lost trees, bushes, and vines; and from 50 percent to 75 percent for the cost of pruning, removal, and other costs incurred for salvaging existing trees, bushes, and vines.
- **Organic Cost-Share Certification Program (OCCSP)**
    - OCCSP has funding for each fiscal year through FY 2023, which will remain available until expended.

Farm Loan Program

- **Direct Farm Ownership Experience**
  - The 2018 Farm Bill modifies the existing three-year experience requirement for Direct Farm Ownership loans by including the following as experience:
    - 16 hours of post-secondary education in an agriculture-related field
    - Successful completion of a farm management curriculum offered by a cooperative extension service, community college, adult vocational agriculture program, non-profit organization, or land-grant college or university.
    - One-year experience as a farm laborer with substantial management responsibility
    - Successful completion of an internship, mentorship, or apprenticeship in day-to-day farm management
    - Significant business management experience
    - Honorable discharge from the armed forces
    - Successful repayment of a youth loan
    - Established relationship with a counselor in the Service Corps of Retired Executives (SCORE) program who has experience in farming or ranching
- **Limit Increases**
  - Direct Farm Ownership loan limit increases from $300,000 to $600,000 and increases the Guaranteed Farm Ownership loan limit from $1,429,000 to $1,750,000. The Guaranteed loan limit continues to be adjusted annually based on inflation.
  - The Direct Operating loan limit increases from $300,000 to $400,000 and increases the Guaranteed Operating loan limit from $1,429,000 to $1,750,000. The Guaranteed loan limit continues to be adjusted annually based on inflation.
  - The 2018 Farm Bill increases access to credit under the microloan program. Previously, Microloans were limited to a total of $50,000 for both Farm Ownership and Operating Microloans. The 2018 Farm Bill now applies this limit separately. A farmer or rancher may receive both a $50,000 Farm Ownership Microloan and a $50,000 Operating Microloan.
- With the passage of the 2018 Farm Bill, equitable relief may be granted on direct farm ownership, operating, or emergency loans to certain farmers or ranchers who failed to comply with the terms of the loan due to an action of, or the advice of, an FSA employee.
- All socially disadvantaged and beginning farmers will receive a guarantee equal to 95 percent, rather than the typical 90 percent guarantee.
- The 2018 Farm Bill makes borrowers who have received a debt write down or restructuring of a farm loan eligible for an Emergency Loan.
- The scope of eligible issues covered under the USDA Agricultural Mediation Program has expanded.
  - New issues to be covered include:
    - The National Organic Program
    - Lease issues
    - Family farm transition
    - Farmer-neighbor disputes
  - Additionally, use of mediation grant funds is expanded to include providing credit counseling.
- Pending decisions by the Secretary, FSA has authority to implement a relending program to resolve ownership and succession on farmland with multiple owners.