The Farm Program Integrity Act of 2013 (S.281, H.R.1932)

This commodity program reform bill was introduced earlier this year in the Senate by Sens. Chuck Grassley (R-IA), Tim Johnson (D-SD), Michael Enzi (R-WY), and Sherrod Brown (D-OH) and in the House by Rep. Jeff Fortenberry (R-NE). A brief summary of the bill follows.

The Farm Program Integrity Act of 2013 (FPIA) is patterned very closely on previous versions of the same bill offered by Sen. Grassley, and co-sponsored for many years by former Senator Byron Dorgan (D-ND) and in the 111th Congress by former Senator Russ Feingold (D-WI). The Dorgan-Grassley bill won strong majority bipartisan support on the Senate floor in each of the past two farm bill debates (2002 and 2008), but did not in either instance become part of the final farm bill adopted into law. Those two farm bills, however, added new spending to the farm bill coffers, whereas the current Farm Bill under negotiation is expected to require significant spending reductions, increasing the likelihood for the inclusion of payment reform in the final product.

The provisions from this bill were adopted by the full Senate during debate of the Farm Bill last year, and are included in the draft farm bill reported out of the Senate Agriculture Committee again this year. The House Agriculture Committee however did not include these reform measures in their version of the farm bill voted out of committee last year or this year.

FPIA has two major provisions that, if enacted, would lower the per farm cap on farm commodity program payments, simplify eligibility, and ensure that federal farm payments flow to working farmers.

<u>Part One: Reduce Farm Program Payment Limits</u>

This bill would reduce the cap on commodity payments that any one farm receives to **$250,000 per year.** This would be achieved be reducing the following payment limits for a married couple:

- Total of all title I program payments, including direct payments (if continued in the next farm bill) counter-cyclical payments, acreage crop revenue election payments, and any new form of price or revenue triggered commodity payment included in the next farm bill, **from $210,000 to $100,000**
- marketing loan gains and loan deficiency payments from **no limit at all to $150,000**

<table>
<tr><th>Commodity Payment[1]</th><th>Current Limit (per individual)</th><th>FPIA Limit (per individual)</th><th>Current Limit (per married couple)</th><th>FPIA Limit (per married couple)</th></tr>
<tr><td>Counter-cyclical payments/Acreage crop revenue election payments</td><td>$65,000</td><td rowspan="2">$50,000</td><td>$130,000</td><td rowspan="2">$100,000</td></tr>
<tr><td>Any new price or revenue triggered payment in next farm bill</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>Marketing loan gains
Loan deficiency payments</td><td>No limit</td><td>$75,000</td><td>No limit</td><td>$150,000</td></tr>
<tr><td>TOTAL PAYMENTS</td><td>No limit</td><td>$125,000</td><td>No limit</td><td>$250,000</td></tr>
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[1] FPIA assumes that direct payments are discontinued in the farm bill reauthorization. If they are continued, FPIA would place a cap of $50,000 on any combination of payments that include direct, counter-cyclical, ACRE, or any new revenue triggered payment.

Part Two: Close Loopholes in Farm Commodity Payments

This bill would also close existing loopholes that allow mega farms to collect far higher payments than current law would otherwise seem to allow. Current law requires a contribution of 1,000 hours of labor on the farm or involvement in its management in order to receive farm payments. However, the vague and largely unenforceable regulatory standard for "actively managing" farm operations has foiled lawmakers' attempts to target payments to working farmers.

The provisions in this bill would force USDA to adopt a measurable standard to determine whether recipients are actively engaged in farming and clarify the definition of management to require ongoing and direct involvement in farm activities to stop the current evasion of payment limits. Landowners who share rent land to an actively-engaged producer and producers serving as the soles manager of a farming operation or the primary manager for their share of a multi-family operation would also be considered to be actively engaged. Closing the current management loophole is widely viewed by experts as the linchpin to any attempt to stop current abusive practices that allow mega farms to receive millions of dollars in taxpayer subsidies.

All Members are invited to co-sponsor the *Farm Program Integrity Act*.
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