



Farm Bill Primer: MAL and LDP Farm Support Programs

Updated October 20, 2026

The Marketing Assistance Loan (MAL) program has been a significant feature of U.S. farm commodity support policy and farm bills since the 1930s. The MAL program provides low-interest loans to eligible farmers collateralized by eligible stored commodities. MALs help farmers meet cash flow needs while allowing them to delay sales of harvested commodities until later in the marketing year when market conditions may improve. The MAL program also provides price support to borrowers when market prices drop below levels specified in statute. Congress has authorized the Loan Deficiency Payment (LDP) program in farm bills since the 1980s. The LDP program provides payments equivalent to the price support benefits available under the MAL program to eligible farmers who have not taken out MALs for their stored commodities. The U.S. Department of Agriculture (USDA) Farm Service Agency administers both programs. The FY2025 budget reconciliation law (P.L. 119-21) extended the MAL and LDP programs through crop year 2031 and made changes to increase the support provided to participating farmers.

Marketing Assistance Loan Program

The MAL program offers producers or processors—depending on the commodity—nine-month-term *nonrecourse and recourse loans* for qualifying stored commodities. Under nonrecourse loans, USDA must accept the forfeited crop pledged as collateral as full payment of an outstanding loan. Under recourse loans, the borrower is liable for repaying the loan in full. Borrowers cannot sell or otherwise market their stored commodities until they repay their MALs. Borrowers may repay loans at any time before maturity without penalty. Interest rates are fixed at 1% above U.S. Treasury rates. Commodities may be stored in an approved warehouse or on the farm.

MALs are valued at commodity-specific, statutory *loan rates* (Table 1). For example, consider a hypothetical farmer who has 10,000 bushels of corn in storage on a day in 2026 when the local market price is \$5.00 per bushel. The farmer could sell the corn in the market for \$5.00 per bushel that day and receive \$50,000. If the farmer takes out a MAL that day, the loan amount would be \$24,200—not \$50,000—because the 2026 statutory loan rate for corn is \$2.42 per bushel. At loan maturity, the farmer would be responsible for repaying \$24,200 plus interest charges.

Nonrecourse MALs offer price support benefits at any point in time while a commodity's price is below the loan rate. If local market prices fall below the MAL rates, farmers may repay nonrecourse loans at the market price or surrender the commodity used as collateral in lieu of repayment, and USDA waives any accrued interest charges. Farmers receive the difference between the lower market price and the higher MAL rate as a *marketing loan gain*.

Table 1. Marketing Assistance Loan (MAL) Rates

Commodity	Unit	MAL Rate	MAL Rate
		2019-2025	2026-2031
Barley	\$/bu.	\$2.50	\$2.75
Chickpeas, large	\$/cwt.	\$14.00	\$15.40
Chickpeas, small	\$/cwt.	\$10.00	\$11.00
Corn	\$/bu.	\$2.20	\$2.42
Cotton (extra long staple)	\$/lb.	\$0.95	\$1.00
Cotton (upland) ^a	\$/lb.	\$0.45- \$0.52	\$0.55
Honey	\$/lb.	\$0.69	\$1.50
Lentils	\$/cwt.	\$13.00	\$14.30
Mohair	\$/lb.	\$4.20	\$5.00
Oats	\$/bu.	\$2.00	\$2.20
Other oilseeds ^b	\$/cwt.	\$10.09	\$11.10
Peanuts	\$/ton	\$355.00	\$390.00
Peas, dry	\$/cwt.	\$6.15	\$6.87
Rice, long and medium grain	\$/cwt.	\$7.00	\$7.70
Sorghum, grain	\$/bu.	\$2.20	\$2.42
Soybeans	\$/bu.	\$6.20	\$6.82
Sugar, raw cane	\$/lb.	\$0.1975	\$0.24
Sugar, refined beet	\$/lb.	\$0.2538	\$0.3277
Wheat	\$/bu.	\$3.38	\$3.72
Wool, graded	\$/lb.	\$1.15	\$1.60
Wool, ungraded	\$/lb.	\$0.40	\$0.55

Sources: CRS calculations; 7 U.S.C. §9032 and §7272.

Notes: bu. = bushel, cwt. = 100 pounds, lb. = pound. Years are crop years, the 12-month period that begins when the crop is typically harvested; varies by commodity.

- The 2019-2025 upland cotton MAL rate was the average price over two years, limited to a range of \$0.45- \$0.52/lb.
- Other oilseeds include canola, crambe, flaxseed, mustard seed, rapeseed, safflower, sesame seed, and sunflower seed.

Assume the hypothetical farmer with 10,000 bushels of corn took out a MAL worth \$24,200. If one day the local market price drops to \$2.30 per bushel, the farmer could surrender his corn to USDA or pay off the MAL in cash at the local market price of \$2.30 per bushel, \$23,000 total. In both cases, the farmer would retain the difference between the original loan amount (\$24,200) and the repaid amount (either \$23,000 in cash or \$23,000 worth of forfeited corn) as a marketing loan gain (\$1,200).

USDA announces local market prices for all commodities eligible for MALs. For most commodities, the local price is posted daily and based on U.S. prices. [In accordance with statute](#), USDA announces weekly prices for cotton and rice based on international prices.

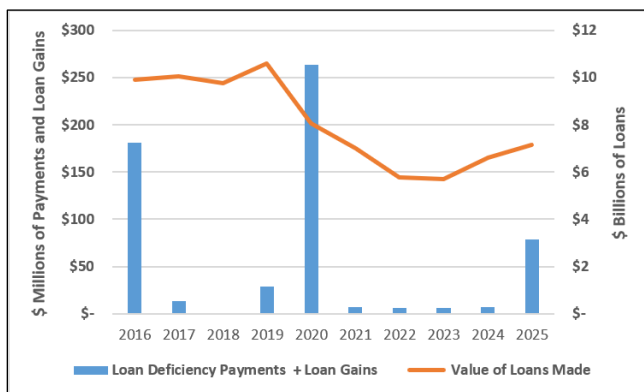
Loan Deficiency Payment Program

Eligible farmers who do not sign up for MALs may elect to participate in the LDP program. When market prices fall below the MAL rates, the LDP program provides payments to eligible producers equal to the amount of the MAL gains, in lieu of executing a MAL. LDPs are available for the same commodities eligible for MALs, with two exceptions. Extra-long staple cotton is eligible for MALs but not LDPs. Unshorn pelts are eligible for LDPs but not MALs.

Funding and Program Outlays

The MAL and LDP programs receive mandatory appropriations of “such sums as necessary” through USDA’s Commodity Credit Corporation (CCC). Program outlays vary from year to year on the basis of enrollments and market conditions ([Figure 1](#)). Between 2021 and 2024, commodity prices were relatively high. During that time, farmers took out fewer MALs, total lending decreased, and fewer price support payments were triggered compared with prior years.

Figure 1. Marketing Assistance Loans Made and Loan Gains Plus Loan Deficiency Payments, Crop Years 2016-2025



Source: CRS calculations using U.S. Department of Agriculture program data, downloaded September 28, 2026.

Notes: Values adjusted for inflation to 2026 dollars using the U.S. Bureau of Economic Analysis Implicit Price Deflators for Gross Domestic Product, updated October 2026.

Between 2018 and 2025, farmers took out MALs totaling approximately \$6.5 billion per year on average (not adjusted for inflation) for all eligible commodities with the exception of crambe and sesame seeds. Over that period, price support benefits were triggered at times for chickpeas, cotton, honey, lentils, mohair, peanuts, soybeans, wheat, wool, and unshorn pelts. Farmers received approximately \$334.1 million in MAL gains and LDPs and forfeited commodities to USDA worth approximately \$71.5 million (not adjusted for inflation).

FY2025 Budget Reconciliation Law

The FY2025 budget reconciliation law made changes to increase the support provided to farmers from the MAL and LDP programs. The law increased the statutory loan rates for all eligible commodities ([Table 1](#)) for crop years 2026-2031. The law increased the minimum storage payment for forfeited cotton and made changes to how cotton world prices are calculated for the purpose of repaying MALs.

2026 Farm Bill

The House-passed and Senate committee-reported versions of the 2026 farm bill ([H.R. 7567](#) and [S. 5526](#)) would make no changes to the MAL or LDP programs. However, both bills would allow farmers to repay nonrecourse MALs when USDA employees are furloughed because of a lapse in USDA appropriations.

Issues for Congress

MALs are intended to incentivize farmers to store more of their production after harvest, potentially allowing for more consistent supplies and market prices throughout the year. During the 1950s, 1960s, and 1980s, market prices remained below loan rates for extended periods. This led to frequent loan forfeitures and large government stock holdings at relatively high costs to taxpayers. Farmers also planted crops on the basis of loan rates rather than market prices. Congress created the LDP program and additional MAL program features in the 1980s. These changes reduced commodity forfeitures and USDA’s expenditures for storing and selling commodities. Congress has expanded the list of eligible loan crops over the decades, most recently adding dry peas, lentils, and small and large chickpeas in 2002.

The Agriculture Improvement Act (2018 farm bill; [P.L. 115-334](#)) removed limitations on the maximum benefits that an individual or legal entity can receive per year from the MAL and LDP programs. Some policymakers advocate for tighter limits to lower program costs and respond to concerns about payments to large farms. Others contend that large farms should not be penalized for the economies of size and efficiencies they have achieved.

Congress and USDA provided supplemental commodity support for some of the commodities eligible for MALs and LDPs in 2024 and 2025; this was timed to help farmers manage cash flow needs after harvest. Congress could consider whether to further modify the MAL and LDP programs to reduce the need for future supplemental commodity support, taking into account that any expansion in these programs under the existing farm bill baseline may require funding reductions for other farm bill priorities. Higher MAL rates allow farmers to receive higher valued loans for their stored commodities. Higher MAL rates also increase the likelihood of triggering MAL gains and LDP payments. Interest payments from repaid MALs partially offset the program’s cost to taxpayers.

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IF12140

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