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Farm Bill Primer: Farm Safety Net Programs

The federal "farm safety net" refers to a collection of programs administered by the U.S. Department of Agriculture (USDA) that provide risk protection and income support to farmers in the United States in response to natural disasters, adverse growing conditions, and/or low market prices. Farm safety net programs include the Federal Crop Insurance Program (FCIP), farm-bill-authorized commodity support and disaster assistance programs, and commodity support and disaster assistance programs authorized outside of a farm bill (i.e., ad hoc farm support programs). The FCIP and farm-bill-authorized programs provide payments to farmers that are triggered automatically based on production, weather, and/or market conditions. Ad hoc programs provide payments to farmers in response to certain conditions, depending on the funding provided.

Congress has authorized commodity support programs for specific crop years in farm bills since the 1930s. Congress has permanently authorized the FCIP and farm-bill-authorized disaster assistance programs under various laws and included provisions to amend these programs in farm bills since 2008. Congress has authorized ad hoc support intermittently and, at certain times, allowed USDA to use the authorities of the Commodity Credit Corporation (CCC) to initiate ad hoc support.

The FCIP and farm-bill-authorized commodity support and disaster assistance programs are funded with mandatory appropriations of "such sums as necessary." The Congressional Budget Office (CBO) estimates the cost of these programs in the farm bill budget baseline. Ad hoc programs are funded with discretionary appropriations, and CBO typically does not include the cost of these programs in the farm bill budget baseline.

The Agriculture Improvement Act of 2018 (2018 farm bill; P.L. 115-334) made relatively limited changes to expected FCIP and farm-bill-authorized support program payments. Between 2018 and 2025, Congress appropriated and USDA initiated various ad hoc farm support in response to disasters and other market disruptions. The FY2025 budget reconciliation law (P.L. 119-21) reauthorized the farm-bill-authorized commodity support programs through the 2031 crop year and made changes to the FCIP and the farm-bill-authorized commodity support and disaster assistance programs to increase financial assistance and risk management options for farmers.

Federal Crop Insurance Program

The FCIP offers insurance policies that farmers can purchase to mitigate the financial risks of natural disasters, adverse growing conditions, and certain commodity price declines. USDA regulates the insurance offered and subsidizes the premiums that farmers pay. Premium subsidies were approximately $15 billion in 2026, equal to about 66% of the total premium on average for all insurance policies sold in 2026. Federal crop insurance is available for field crops (e.g., corn, cotton), specialty crops (e.g., fruits, vegetables), certain types of livestock and animal products, and grazing lands. USDA Risk Management Agency administers the FCIP. There are no statutory caps on maximum premium subsidies or indemnities per farmer.

Farm-Bill-Authorized Commodity Support Programs

USDA Farm Service Agency (FSA) administers commodity support programs that provide price and income support for eligible farmers. The Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs provide payments triggered automatically by relatively low revenues or prices, respectively, for eligible field crops. The Marketing Assistance Loan (MAL) and Loan Deficiency Payment (LDP) programs provide low-interest loans and payments triggered automatically by relatively low prices for eligible stored field crops and certain other commodities. The Dairy Margin Coverage (DMC) program provides payments for dairy producers based on the difference between the price of milk and the cost of feed for dairy cows. Producers of sugar beets, sugar cane, and refined sugar benefit from programs that support U.S. sugar prices.

ARC, PLC, and LDP are free for eligible farmers. Farmers must pay premiums for most DMC coverage. Except when market prices drop below MAL price support levels, farmers must repay MAL loans with interest rates set at 1% above the cost of borrowing from the U.S. Treasury. Farmers cannot combine ARC and PLC for the same commodity. Also, farmers cannot combine MALs and LDPs for the same commodity. Statute caps the maximum total ARC and PLC payments for each eligible farmer.

Farm-Bill-Authorized Disaster Assistance Programs

USDA FSA administers agricultural disaster assistance programs that provide financial assistance to help producers recover from certain natural disasters. The Noninsured Crop Disaster Assistance Program (NAP) offers farmers the opportunity to purchase coverage for losses due to natural disasters in areas where FCIP coverage is unavailable, with limited exceptions. NAP support is available for a wide variety of crops and grazing lands. The Tree Assistance Program (TAP) provides payments for losses to qualifying tree, bush, and vine crops. The Livestock Indemnity Program (LIP) provides payments for qualifying injuries and deaths of eligible livestock. The Livestock Forage Disaster Program (LFP) provides payments for grazing losses due to qualifying droughts or wildfires. The Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program (ELAP) provides payments for

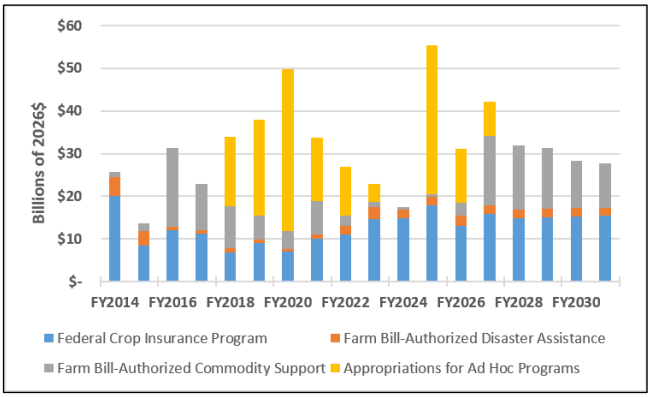
losses involving certain livestock, honeybees, or farm-raised fish not covered by LIP and LFP.

These programs do not require federal disaster designations to automatically trigger payments. ELAP, LFP, LIP, and TAP are free for eligible farmers. Farmers must purchase NAP coverage. Statute caps the maximum total NAP and LFP payments for each eligible farmer.

Crop Insurance and Farm-Bill-Authorized Program Outlays

FCIP and farm-bill-authorized program outlays vary by year based on program enrollments, market prices, and natural disasters and adverse growing conditions (**Figure 1**). Using CBO's February 2026 baseline for USDA mandatory farm programs, CRS estimates that the combined federal cost of these programs will average about $30.6 billion annually for FY2027-FY2031.

Figure 1. Outlays and Appropriations for Farm Safety Net Programs, FY2014-FY2031



Source: CRS calculations using audit reports of the Federal Crop Insurance Corporation; U.S. Department of Agriculture (USDA), explanatory notes, various agencies and years; USDA press releases, various years; and Congressional Budget Office (CBO) February 2026 baseline projections for USDA farm programs.

Notes: Values of ad hoc programs are dollars appropriated in the fiscal year shown. All other values are program outlays in the fiscal year shown. Values for FY2014-FY2025 are adjusted for inflation using the U.S. Bureau of Economic Analysis Implicit Price Deflator for Gross Domestic Product. Values for FY2026 are USDA estimates. Values for FY2027-FY2031 are CBO projections.

FCIP and farm-bill-authorized program payments are proportional to a farm's production. As a result, larger-scale farms tend to receive more in total payments than small-scale farms, subject to applicable program payment limits and eligibility criteria.

Ad Hoc Farm Support, 2014-2025

Congress created ARC and PLC and expanded the FCIP and farm-bill-authorized disaster assistance programs in the Agricultural Act of 2014 (2014 farm bill; P.L. 113-79). Between 2014 and 2017, Congress did not authorize ad hoc farm support and restricted USDA's ability each year to use the CCC for providing farm support and for other purposes. In enacting the 2018 farm bill, Congress made limited changes to expected FCIP and farm-bill-authorized program payments.

Since 2018, Congress appropriated funds for ad hoc support programs and discontinued annual restrictions on USDA's use of the CCC. In response, USDA created multiple ad hoc farm support programs, which provided various types of relief: ad hoc disaster assistance for the 2018-2024 crop years, additional FCIP premium subsidies in 2019 and 2021-2022, ad hoc commodity support in 2018-2019 in response to retaliatory tariffs imposed by foreign trading partners, ad hoc commodity support in 2020-2023 in response to the COVID-19 pandemic, and ad hoc commodity support in 2024 and 2025 in response to market disruptions and perceived high farm input costs, among other ad hoc farm support. In general, the ad hoc disaster assistance and other supplemental assistance programs compensated for losses not covered by the FCIP or farm-bill-authorized programs. Some of the ad hoc commodity support programs provided payments only for commodities eligible for farm-bill-authorized commodity support programs; other programs provided payments for a broader range of commodities.

2026 Farm Bill

Both versions of the 2026 farm bill—House-passed H.R. 7567 and Senate committee-reported S. 5526—would make limited changes to expected FCIP and farm-bill-authorized program payments.

Issues for Congress

Farm safety net programs have been established and amended over time to provide a measure of financial stability for the farm sector and to promote an adequate supply of certain agricultural products while allowing producers to respond to market signals. In P.L. 119-21, Congress made changes to expand payments to farmers from the FCIP and farm-bill-authorized commodity support and disaster assistance programs. The 2026 farm bill proposals would make some changes that would further modify expected program payments.

The prices of some farm inputs (e.g., fuel, fertilizers, seeds, and labor) have increased in recent years for a variety of reasons. Except for the DMC program, farm-bill-authorized commodity support programs do not provide automatic payments in response to rising farm input prices. Congress authorized and USDA initiated ad hoc support in 2025 and 2026, in part to address potential effects of high farm input prices. Some stakeholders support providing additional ad hoc assistance and/or increased farm-bill-authorized support to help farmers defray input prices and maintain commodity production. Other stakeholders suggest that if the United States produced smaller harvests, market prices would increase and farmers could achieve profitability with reduced farm support payments. Higher market prices could increase costs for the individuals and businesses that purchase agricultural commodities. Congress may consider what level of farm support and types of programs would fulfill current policy objectives and whether the programs are sufficiently flexible to address changing farm circumstances.

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