THE FARM PROGRAM INTEGRITY ACT OF 2023

The *Farm Program Integrity Act*, introduced by Senators Chuck Grassley (R-Iowa) and Sherrod Brown (D-Ohio), would close longstanding loopholes in the Farm Bill's payment limitation and "actively engaged in farming" provisions to ensure that the nominal per farm commodity program payment cap in statute is effectively the real cap. The bill would end years of abuse in which the top one percent of the nation's commodity farms routinely capture a quarter of total payments. The bill creates a hard cap of $250,000 in the total amount of commodity support any farm can receive annually. It also requires those receiving taxpayer support to be working farmers, spending at least half time on farm labor and management each year.

Specifically, the bill:

- Retains the current law payment cap of $125,000 for an individual and adds a $250,000 hard cap for any one farm operation. Within that cap, marketing loan gains and loan deficiency payments would be capped at $75,000 per operation.

- Revises the "actively engaged in farming" provision to replace current law – which requires at least 1,000 hours of labor or, instead of labor, an unquantified amount of "management" – with a requirement for 1,000 hours of labor and management in any combination (or 50 percent of their commensurate share of total farm labor and management requirements).

- Removes exemptions from payment limits for farms organized as general partnerships. In the late 1980s, Congress limited corporate farms to a single payment limit, leading many to then reorganize as general partnerships to skirt the limit.

- Ends the special provision in current law that provides peanut farmers with double the payment limit of any other type of commodity farm.

The bill would allow all family and extended family members to qualify as actively engaged in farming under the new labor and management rule and thereby be payment eligible. As under current law, landowners who share rent land to actively engaged producers are also deemed actively engaged, provided the share of the payment received by the landlord is commensurate with the share of the crop or income received as rent. As under current law, cash rent landlords are ineligible.

The management loophole in current law and regulations results in the type of abuse reported by the U.S. Government Accountability Office (GAO) in its May 2018 Farm Program Payments report:

- $260 million in one year sent to absentee "managers" of general partnership farms who did not live or work on the farm;

- Nearly $1 million a year given to each of the 50 largest farms in the country organized as general partnerships, with the largest one receiving $3.7 million in a single year; and

- 150 general partnership farms having 11 or more absentee "managers" each receiving a separate payment limit.

The situation has only worsened since that time, as USDA rules and enforcement have weakened. The current law loopholes provide mega farms with excessive government subsidies which can then be used to outbid everyone else, especially cash-strapped beginning farmers, to buy or rent farmland as it comes on the market. Over time, this reduces economic opportunity in farming, stratifies wealth, makes it even harder for new farmers to get started and harms rural economies and the vitality of rural communities.

The loopholes also waste precious Farm Bill resources that could be better spent on dealing with the real issues of the day, including measures to strengthen farm and rural economies, advance conservation of natural resources and invest in long term innovation and prosperity through agricultural research.

At a time when work requirements have been debated at length with respect to food assistance for food insecure Americans, it is time for an honest discussion about targeting farm commodity payments to working family farmers. The 2023 Farm Bill should adopt strong, effective and loophole-free payment limits. The *Farm Program Integrity Act* provides the roadmap for achieving this important farm policy objective.