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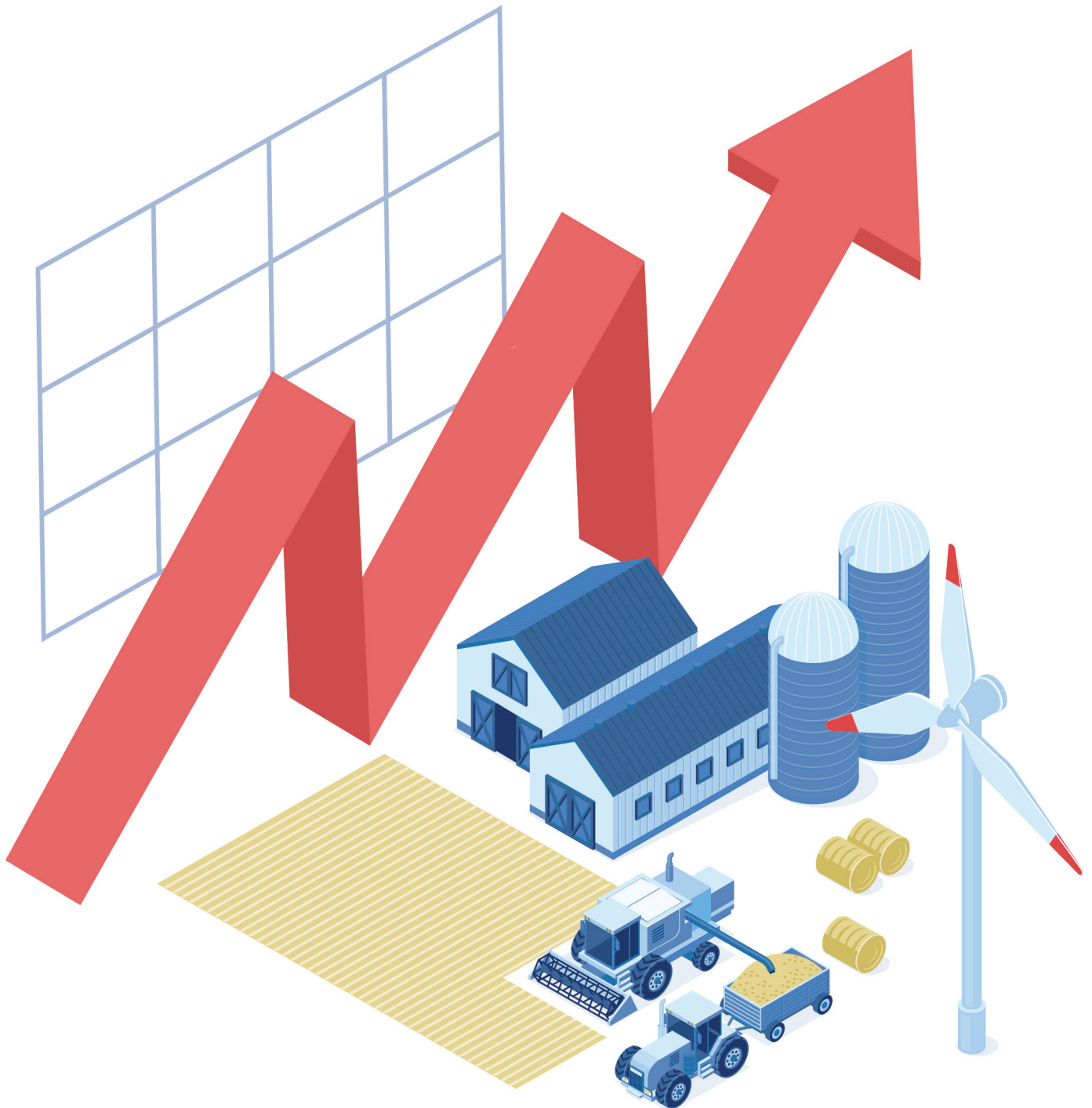
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# U.S. Agricultural Policy Review, 2021

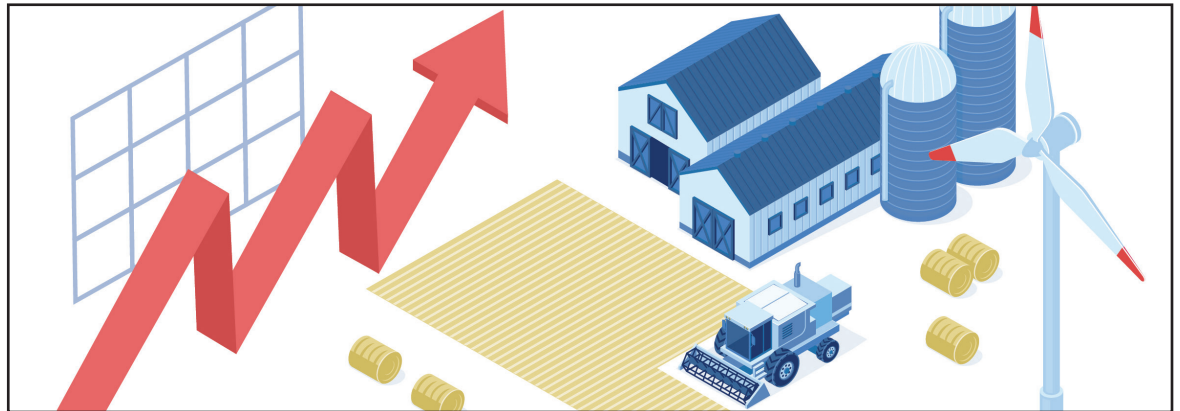
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# U.S. Agricultural Policy Review, 2021

Katherine Baldwin, Brian Williams, Francis Tsiboe, Anne Effland, Dylan Turner, Bryan Pratt, Jordan Jones, Saied Toossi, and Leslie Hodges

## Abstract

This report is the inaugural edition in a series examining annual developments in U.S. agricultural policies, focusing on policies related to production agriculture, agrofood value chains, and food and nutrition assistance. U.S. agricultural policies are designed to address multiple objectives—including providing an income safety net for agricultural producers, minimizing negative environmental impacts of agricultural production, ensuring agricultural supply chains are equipped to provide adequate quantities of safe food to consumers, and helping address food and nutrition insecurity among vulnerable populations. Different policy tools are used to meet these objectives—including cost share, direct payments, provision of credit, or access to services. Policy developments in 2021 continued to respond to the ongoing impacts of the Coronavirus (COVID-19) pandemic and extreme weather. Other policy developments in 2021 were aimed at updating certain risk management tools, addressing the impacts of climate change, and supporting improved equity in access to farm programs and outreach to underserved communities.

## Keywords:

Farm policy, ad hoc assistance, COVID-19, disaster assistance, commodity programs, conservation, crop insurance, climate, equity, supply chains, food and nutrition assistance

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# U.S. Agricultural Policy Review, 2021

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## What Is the Issue?

U.S. agricultural policies target a wide array of policy objectives, which includes providing an income safety net for agricultural producers, minimizing negative environmental impacts of agricultural production, ensuring that agricultural supply chains are equipped to provide adequate quantities of safe food to consumers, and helping address food and nutrition insecurity amongst vulnerable populations. Different policy tools are used to meet these objectives—including cost share, direct payments, provision of credit, or access to services. This report is the inaugural edition in a planned series examining annual developments in U.S. agricultural policies, focusing on policies related to production agriculture, agrofood value chains, and food and nutrition assistance.



## What Did the Study Find?

In 2021, developments in agricultural policies related to production agriculture, agrofood value chains, and food and nutrition assistance remained focused on addressing the continuing effects of the Coronavirus (COVID-19) pandemic and the impacts of extreme weather events. A number of different policy tools targeting production agriculture were employed in 2021—some of which were built upon existing programs, while others were new initiatives. Major policy developments in key program areas included the following:

- In response to the continued market disruptions from the COVID-19 pandemic, the U.S. Department of Agriculture (USDA) introduced the Pandemic Assistance for Producers initiative, which sought to address gaps in previous COVID-19 assistance packages through a mix of new programs, expansion of benefits in existing programs, and a greater focus on outreach to underserved producers.
- To address impacts from extreme weather events, the new Quality Loss Adjustment (QLA) Program was implemented to address crop quality losses incurred in 2018 and 2019, which were not covered by the Wildfire and Hurricane Indemnity Program Plus (WHIP+).

ERS is a primary source of economic research and analysis from the U.S. Department of Agriculture, providing timely information on economic and policy issues related to agriculture, food, the environment, and rural America.

- To encourage the adoption of climate-smart and other beneficial practices for participants in the Federal Crop Insurance Program (FCIP), USDA introduced the Pandemic Cover Crop Program (PCCP) to support cover crop planting and the Post-Application Coverage Endorsement (PACE) product to help mitigate the risks of split nitrogen applications (to reduce leaching and run-off).

USDA also introduced new initiatives aimed at addressing the impacts of climate change, as well as supporting improved equity in access to farm programs and outreach to underserved communities. Additional details of these initiatives are as follows:

- Released the USDA Action Plan for Climate Adaptation and Resilience.
- Announced the intent to develop a new “Climate-Smart Agriculture and Forestry Partnership Program” to encourage the adoption of climate-smart farming practices and promote markets for climate-smart commodities.
- Supported climate-smart practices (including practices that address carbon sequestration, soil health, water quality practices, and high-priority conservation and resource concerns) by offering new or expanded incentives under the USDA, Farm Service Agency’s (FSA) Conservation Reserve Program (CRP) and the USDA, Natural Resources Conservation Service’s (NRCS) Environmental Quality Incentives Program (EQIP).
- Assisted holders of heirs’ property in resolving title issues and facilitating access to USDA programs, loans, grants, and services through the launch of the Heirs’ Property Relending Program (HPRP).

Developments in agrofood policies sought to address immediate needs in supply chain functionality, such as worker health and inspections of meat processing facilities, as well as support improved resilience to future shocks. These included authorizing assistance for pandemic-related worker health and safety costs through the new Farm and Food Workers Relief (FFWR) grant program and facilitating the expansion of smaller meat processing facilities through the introduction of the Meat and Poultry Inspection Readiness Grant (MPIRG) program.

Food and nutrition policy developments largely continued to address pandemic-related disruptions to food assistance programming, including by raising benefit levels and authorizing administrative program flexibilities. In addition, benefit levels under the Supplemental Nutrition Assistance Program (SNAP) were raised as a result of a re-evaluation of the Thrifty Food Plan (TFP) used to calculate SNAP benefits. USDA also began prioritizing nutrition security in 2021, expanding its target from providing enough food for an active, healthy life to providing the types of foods that deliver nutrients to optimize health and honor cultural preferences, with a greater focus on equity.

## **How Was the Study Conducted?**

USDA, Economic Research Service (ERS) researchers compiled details on new policies and program initiatives announced or introduced in 2021 related to the U.S. agriculture sector and food supply chain from a variety of sources. Among these sources were Federal Register notices; budget documents; program agency websites, fact sheets, handbooks, and implementation documents; and USDA press releases. Data used to provide context on program trends and recent events are sourced from the relevant Federal agency databases, such as: USDA, Agricultural Marketing Service (AMS); USDA, ERS; USDA, FSA; USDA, Food and Nutrition Service (FNS); USDA, Risk Management Agency (RMA); and the U.S. Department of Commerce’s National Oceanic and Atmospheric Administration (NOAA).

# U.S. Agricultural Policy Review, 2021

## Introduction

This report is the inaugural edition in a series examining annual developments in U.S. agricultural policies, focusing on policies related to production agriculture, agrofood value chains, and food and nutrition assistance. The report discusses a subsection of major developments in U.S. food and agricultural policy in calendar year 2021—including the announcement of new initiatives, as well as the implementation of new programs and revisions to some existing programs. This report does not cover all policy changes instituted by USDA, as the Department’s mandate is wider than only food and agriculture. For example, while much of the U.S. forestry and rural development policy is implemented through USDA, this report does not cover policy developments in either of these two areas. Changes in U.S. food and agricultural policy are typically enacted as part of the Farm Bill—a piece of legislation passed roughly every 5 years, with the Agriculture Improvement Act of 2018 being the most recent iteration. However, programs detailed in the Farm Bill are not always implemented in Farm Bill years—as the programs often require rulemaking, staff education, and outreach before being fully deployed. Other programs related to food and agriculture—typically ad hoc measures that respond to unforeseen events, as was the case recently for COVID-19 and extreme weather—are often authorized by legislation in non-Farm Bill years. In addition, there may be discretionary changes to existing programs in response to market conditions or other developments.

Most developments in U.S. food and agricultural policy in 2021 were driven by impacts from the ongoing COVID-19 pandemic and extreme weather events. Other policy developments in 2021 were aimed at updating certain risk management tools, addressing the impacts of climate change, and supporting improved equity in access to farm programs and outreach to underserved communities. This report provides an explanation of the year’s policy developments, including revisions to existing programs and initiatives that were announced and/or implemented in 2021.

## Producer Support

### Ad Hoc Assistance

#### *Pandemic Assistance*

Many policy developments in 2021 were driven by the ongoing COVID-19 pandemic, which continued to impact public health, supply chain functionality, and the wider economy. For agriculture, the pandemic’s initial impacts were mostly from bottlenecks in supply chains due to processing plant closures or slowdowns (Krumel and Goodrich, 2021; Padilla et al., 2021) and reduced demand for food consumed away from home due to social distancing and restaurant and school closures (Dong and Zeballos, 2021; Lin, 2020). The first COVID response packages aimed to address these impacts. Using the authority under the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 (P.L. 116–136), USDA created the Coronavirus Food Assistance Program (CFAP) in 2020 to specifically target the U.S. agricultural sector. The program’s first round of assistance, CFAP 1, made direct payments to producers who faced price declines in the first half of 2020 and experienced additional pandemic-related marketing costs. A second round of direct payments was

provided in late 2020 (CFAP 2)<sup>1</sup> to producers who faced additional market disruptions and production costs, as well as reduced farm-level prices.

In December 2020, Congress provided additional assistance through the Consolidated Appropriations Act (CAA) of 2021 (P.L. 116–260) to address the ongoing impacts of the pandemic. With these additional resources, USDA took further steps in 2021 to address gaps in previous pandemic response efforts. Beginning in March 2021, USDA announced additional COVID-related farm support programs under the umbrella of the USDA Pandemic Assistance for Producers initiative. With a budget of \$12 billion, funded largely through the CARES Act and the CAA, the new initiative was implemented in four parts (table 1).

The first part developed new pandemic-related aid programs—including the Pandemic Livestock Indemnity Program (PLIP) and the Organic and Transitional Education and Certification Program (OTECP)—that offered assistance for costs that weren't covered by previous programs (for example, costs of livestock depopulation or disposal or costs incurred for organic certification) or were targeted toward producers who were economically affected by the pandemic but may not have received financial assistance from the earlier programs. Some of these groups of beneficiaries included small to medium farm operations, beginning farmers, socially disadvantaged producers, organic producers, and specialty crop producers.

Part two of the new initiative provided additional funding (estimated at \$500 million) for expedited assistance through several existing programs—including the Specialty Crop Block Grant Program (SCBGP), the Local Agriculture Marketing Program (LAMP), and the Beginning Farmer and Rancher Development Program (BFRDP).

Under part three, additional appropriations from the CAA for CFAP 1 and 2 (which were first implemented in 2020) were distributed. Pursuant to the CAA, the payment rate was increased for cattle, while the 2020 acreage of all row crops eligible for CFAP 2 price-trigger<sup>2</sup> or flat-rate<sup>3</sup> payments were paid \$20 per acre. Other adjustments were made to CFAP in order to make the program available to producers of several previously ineligible commodities, and formula adjustments were made to previously filed applications related to yield calculations and payments from other programs.

To improve access and outreach to underserved producers, the fourth and final part of USDA's Pandemic Assistance for Producers initiative reopened the CFAP 2 sign-up from April 5, 2021, to October 12, 2021, and committed at least \$2.5 million to improve CFAP 2 outreach. Those funds were designated to help the USDA Farm Service Agency (FSA) establish partnerships and direct outreach efforts to promote awareness of CFAP 2 programs among underserved producers by cooperating with organizations with strong connections to socially disadvantaged communities.

Table 1

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<sup>1</sup> CFAP 2 largely utilized Commodity Credit Corporation (CCC) funds under the CCC Charter Act authority rather than pandemic funding, with the exception of payments for tobacco, which used the remaining CARES funding.

<sup>2</sup> For purposes of the program, price trigger commodities were major commodities that met a minimum 5-percent price decline over a specified period of time. These included crops like barley, corn, sorghum, soybeans, sunflowers, upland cotton, and wheat, and livestock and livestock products such as broilers and eggs, dairy, beef cattle, hogs and pigs, and lambs and sheep.

<sup>3</sup> For purposes of the program, flat-rate crops were those that did not meet the 5-percent decline trigger or did not have data available to calculate a price change. These included alfalfa, canola, flax, hemp, millet, oats, peanuts, rapeseed, rice, safflower, and sesame.



## USDA's Pandemic Assistance for Producers Initiative

Initiative	Administering agency	Description
Part 1 (new programs)		
Spot Market Hog Pandemic Program (SMHPP) 1, 3	FSA	Assistance to producers who sold hogs through a negotiated sale from April 16, 2020, through September 1, 2020 (the period in which these producers faced the greatest reduction in market prices due to the COVID-19 pandemic)
Organic and Transitional Education and Certification Program (OTECP) 1, 4	FSA	Certified operations and transitional operations that incurred eligible expenses (certification and transitional expenses, educational event registration fees, and soil testing for micronutrient deficiencies) in fiscal years 2020, 2021, and/or 2022 were eligible for partial compensation in light of the economic challenges of obtaining or renewing organic certifications during the pandemic
Pandemic Livestock Indemnity Program (PLIP) 2, 5	FSA	Assistance to eligible swine, chicken, and turkey producers who suffered losses due to insufficient access to processing facilities during the COVID-19 pandemic; assistance includes financial relief for those losses and for the cost of depopulation and disposal of carcasses
Dairy Donation Program (DDP) 2, 6	AMS	Reimbursements to eligible dairy organizations for some expenses related to dairy product donations to non-profit organizations for distribution to recipient individuals and families
Pandemic Market Volatility Assistance Program (PMVAP) 1, 7	AMS	Qualified dairy farmers who received a lower value for their product due to market abnormalities caused by the pandemic were reimbursed for 80 percent of the monthly revenue difference for up to 5 million pounds of annual production marketed and on fluid milk sales from July through December 2020
Pandemic Cover Crop Program (PCCP) 2, 8	RMA	Producers who insured their spring crop with most insurance policies and planted a qualifying cover crop during the 2021 and 2022 crop years could receive crop insurance premium support of \$5/acre, or no more than the premium owed
Pandemic Response and Safety (PRS) Grant Program 2, 9	AMS	Small businesses in certain sectors, such as small-scale specialty crop producers and processors, meat and other food processors, distributors, and farmers' markets, were eligible for grants to help protect workers and address supply chain disruptions caused by the pandemic
Part 2 (additional funding for existing programs)		
Value-Added Producer Grant (VAPG) Program 2, 10	RBCS	\$35 million for the VAPG Program (part of the Local Agriculture Market Program, or LAMP) that helps independent agricultural producers, agricultural producer groups, farmer or rancher co-operatives, and majority-controlled, producer-based business ventures enter into value-added activities related to the processing and/or marketing of bio-based, value-added products
Specialty Crop Block Grant Program (SCBGP) 2, 11	AMS	\$97 million for innovative projects that support the specialty crop food sector and explore new market opportunities for U.S. food and agricultural products
Gus Schumacher Nutrition Incentive Program (GusNIP) 2, 12	NIFA	\$75 million through GusNIP COVID Relief and Response (GusCRR) to address critical food and nutrition security needs of low-income communities through increased consumption of fruits and vegetables, enhance the resilience of food and healthcare systems impacted by the pandemic, and maximize funds reaching participants in communities in need
<b>Continues on next page &gt;</b>		

Beginning Farmer and Rancher Development Program (BFRDP) 2, 13	NIFA	Additional funding for collaborative State, Tribal, local, or regionally based networks or partnerships of public or private educational or community-based nongovernmental organizations that provide education, training, outreach, and mentoring programs to enhance the sustainability of the next generation of farmers
Local Agriculture Market Program (LAMP) 2, 14	AMS	Additional funding for LAMP grant programs (\$47 million combined for the Farmers Market Promotion Program and Local Food Promotion Program, and \$10.3 million for the Regional Food System Partnerships Program) that support the development, coordination, and expansion of direct producer-to-consumer marketing, local and regional food markets and enterprises, and value-added agricultural products—with a specific focus on improving outreach to underserved producers and communities and to small and medium agricultural operations
Supplemental Dairy Margin Coverage (DMC) Program 2, 15	FSA	Dairy producers with approved DMC contracts, production history less than 5 million pounds, and 2019 milk marketings exceeding established production history were eligible to receive payments on an approved supplemental production history when the DMC margin falls below the operation's covered level
Dairy Margin Coverage premium hay feed cost update 2, 16	FSA	Alfalfa hay component of the DMC feed cost calculation was amended to better reflect the actual costs that dairy farmers pay for high-quality alfalfa hay
Part 3 (formula and eligibility adjustments to CFAP 1 and CFAP 2)		
Coronavirus Food Assistance Program (CFAP 1 and CFAP 2) 2, 17	FSA	Supplemental payments to cattle producers with approved CFAP 1 applications  Supplemental payments to producers of flat-rate or price-trigger crops under CFAP 2 based on 2020 acreage  Adjustment of CFAP 2 eligibility and payment formulas for some commodities and added new commodities not previously eligible for CFAP (e.g., pullets and turfgrass sod)
Part 4 (improve access to CFAP 2 for underserved producers and carry out targeted outreach)		
Coronavirus Food Assistance Program (CFAP 2) 2, 18	FSA	CFAP 2 signup was reopened for additional applications in conjunction with additional funding to expand outreach to underserved communities of farmers and ranchers

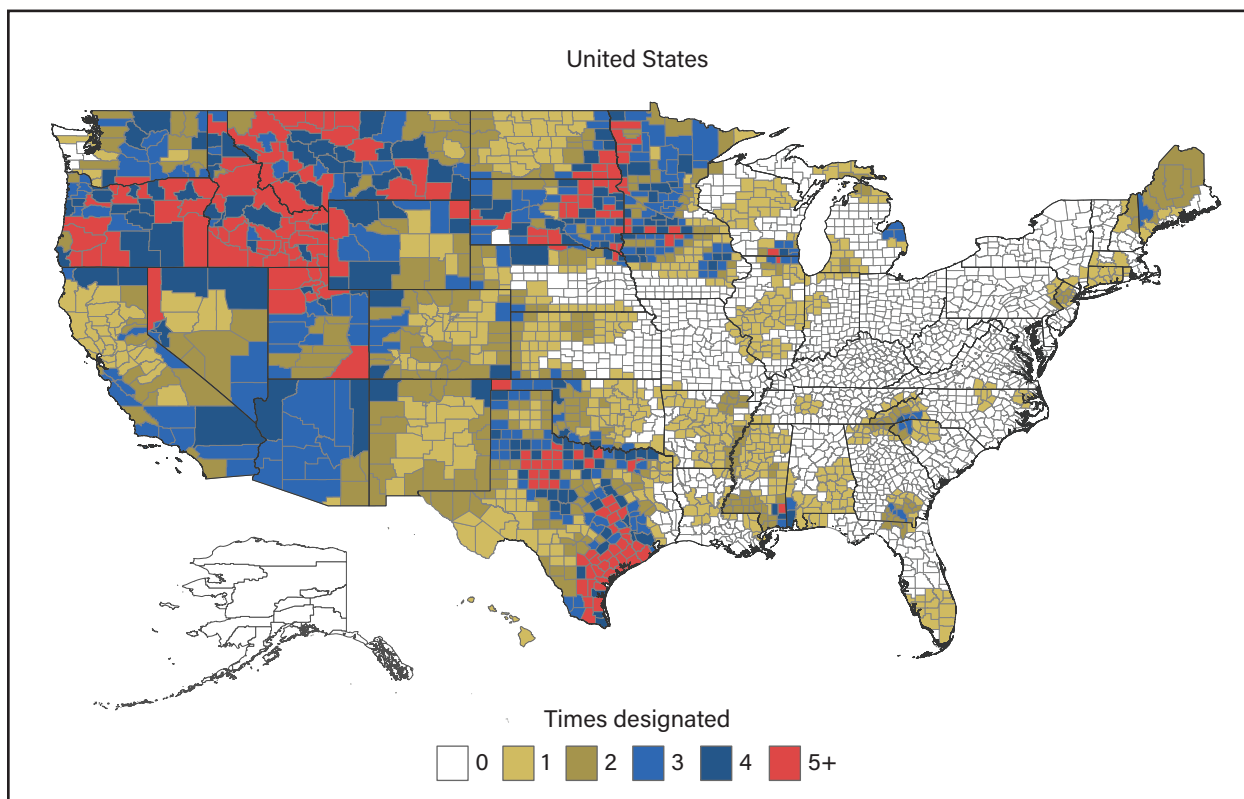
AMS = Agricultural Marketing Service (an agency of USDA). FSA = Farm Service Agency (an agency of USDA). NIFA = National Institute of Food and Agriculture (an agency of USDA). RBCS = Rural Business-Cooperative Service (an agency of USDA). RMA = Risk Management Agency (an agency of USDA).

Note: 1 = authorized in the Coronavirus Aid, Relief, and Economic Security (CARES) Act, 2020 (P.L. 116-136); 2 = authorized in the Consolidated Appropriations Act (CAA), 2021 (P.L. 116-260). Further details on each individual program are available from: 3 = See 86 FR 71003 and 87 FR 15358 for more information; 4 = See 86 FR 61113 for more information; 5 = See 86 FR 37990 for more information; 6 = See 86 FR 48887 for more information; 7 = See Pandemic Market Volatility Assistance Program for Dairy Brochure on the USDA, AMS website for more information; 8 = See 86 FR 29553 for more information; 9 = See 86 FR 48972 and Funding Opportunity USDA-AMS-TM-PRS-G-21-0011 for more information; 10 = See 86 FR 12905 for more information; 11 = See Funding Opportunity USDA-AMS-TM-SCBGP-G-21-0003 for more information; 12 = See Assistance Listing Number 10.331 on the General Services Administration's System for Award Management website; 13 = See Funding Opportunity USDA-NIFA-BFR-008056 for more information; 14 = See Funding Opportunities USDA-AMS-TM-FMPP-G-21-0002, USDA-AMS-TM-LFPP-G-21-0001, and USDA-AMS-TM-RFSP-G-21-0009 for more information; 15 = See 86 FR 70689 for more information; 16 = See 86 FR 70689 for more information; 17 = See Coronavirus Food Assistance Program 2 Fact Sheet on the USDA, FSA website for more information; 18 = See Funding Opportunity USDA-FSA-MULTI-21-NOFO0001104 for more information.

Source: Compiled by USDA, Economic Research Service based on USDA's Pandemic Assistance for Producers website.

Concurrent with providing assistance for immediate recovery from COVID-19 disruptions, programming continued to evolve to address agricultural damages from extreme weather events. In 2021 alone, economy-wide damages from extreme weather events were estimated at \$145 billion<sup>4</sup> (equivalent to 0.6 percent of the U.S. Gross Domestic Product)—the third costliest year since 1980 (NOAA-NCEI, 2022).<sup>5</sup> While the largest share of these costs resulted from non-agricultural damages, the substantial impacts to agriculture were reflected in the large number of counties (1,578) covered by disaster declarations—the vast majority of which were associated with prevailing drought conditions that impacted much of the Western United States (figure 1). USDA Secretarial disaster declarations attributed to drought have been climbing since 2017, covering more than 1,000 counties by 2020 (figure 2).

Figure 1  
**USDA Secretarial disaster declarations by county for 2021**



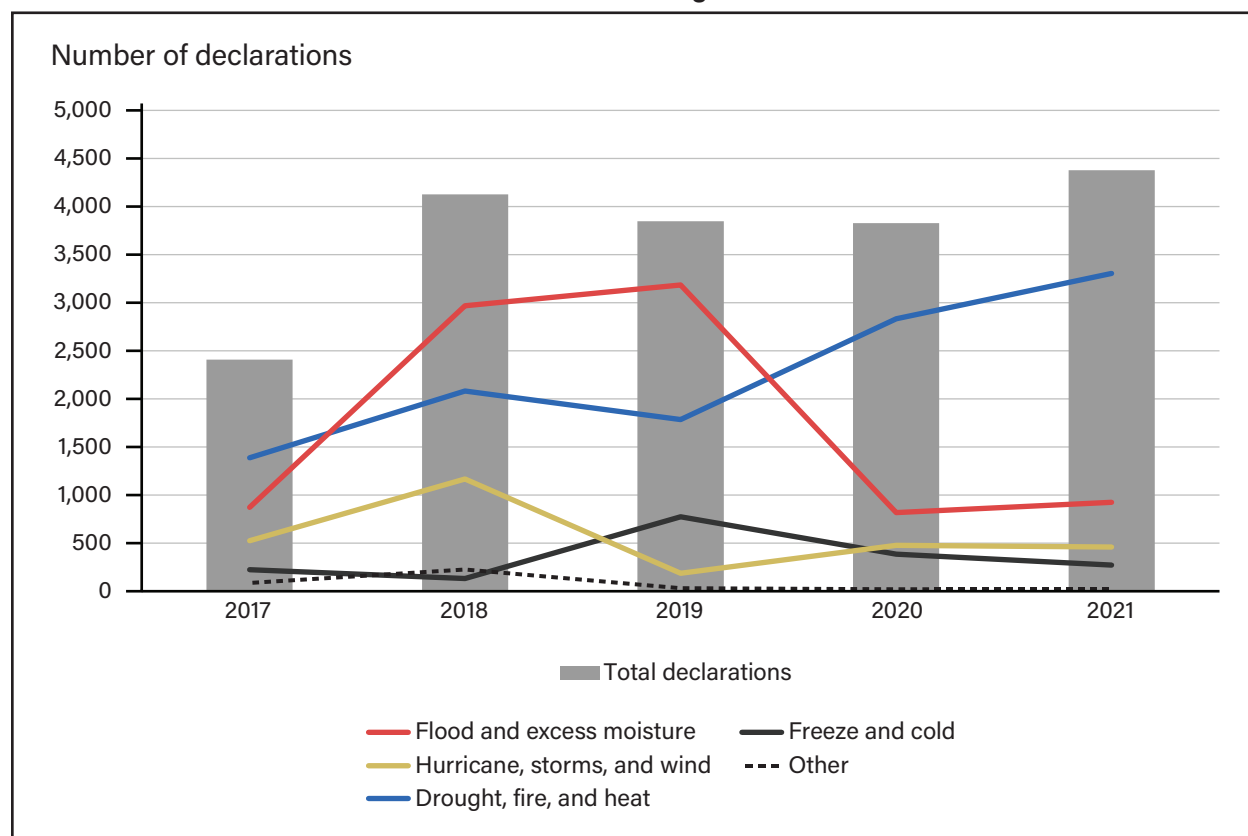
Source: USDA, Economic Research Service calculations using data from USDA, Farm Service Agency Disaster Designation Information.

<sup>4</sup> About half of the damages (\$75 billion) were attributable to Hurricane Ida, but other significant events included Winter Storm Uri and the cold wave of February 2021 (impacts were greatest in Texas, but the storm affected numerous States) (\$24 billion), the Western U.S. wildfire season (\$10.6 billion), and the heat wave and persistent Western U.S. drought (\$8.9 billion) (Smith, 2022).

<sup>5</sup> The years 2017 and 2005 were the only years with more extreme weather-related costs, with CPI-adjusted costs of \$340 billion and \$239 billion, respectively—equivalent to 2.0 percent and 1.7 percent of U.S. GDP in those years. While the costs associated with natural hazards vary by year, NOAA notes, “The number and cost of disasters are increasing over time due to a combination of increased exposure (i.e., values at risk of possible loss), vulnerability (i.e., how much damage does the intensity at a location cause), and that climate change is increasing the frequency of some types of extremes that lead to billion-dollar disasters.” Costs are estimated by the National Centers for Environmental Information and seek to capture economy-wide costs associated with each extreme weather event. For more details on cost estimation methodology, see (Smith and Matthews, 2015).

Figure 2

**USDA Secretarial disaster declarations related to drought have increased since 2017**



Note: Agricultural disaster declarations issued by the Secretary of Agriculture are independent of other disaster declarations and are used to trigger eligibility for a number of USDA disaster assistance programs. Counts of the total number of disaster declarations do not represent the total number of counties with a disaster declaration in a given year, as some counties receive multiple disaster declarations in a single year. Similarly, counties can have multiple perils associated with a single disaster declaration, meaning values depicted by the lines representing the count of disaster declarations associated with each peril type will sum to a value greater than the total declarations for that year. Perils classified under "Drought, fire, and heat" include drought, fire, and wildfire, excessive or high heat, and low humidity. Perils classified under "Flood and excess moisture" include floods, flash floods, and excessive rain, moisture, or humidity. Perils classified under "Freeze and cold" include winter storms, ice storms, snow, blizzards, frost and freeze, cold-wet weather, and cold-below-normal temperatures. Perils classified under "Hurricane, storms, and wind" include severe thunderstorms, high winds, hurricanes, typhoons, tropical storms, and tornadoes. Perils classified under "Other" include hail, volcano, heavy surf, ice jams, insects, tidal surges, lightning, disease, and insufficient chill hours.

Source: USDA, Economic Research Service calculations using data from USDA, Farm Service Agency Disaster Designation Information.

Since the 2017 Wildfire and Hurricane Indemnity Program (WHIP)<sup>6</sup>, enacted to compensate certain producers for losses related to Hurricanes Harvey, Irma, Maria, and other hurricanes and wildfires occurring in 2017, Congress passed additional ad hoc programs to compensate producers for the impacts of natural disasters (beyond what is covered by crop insurance or other USDA statutory disaster assistance programs). The Additional Supplemental Appropriations for Disaster Relief Act of 2019 (P.L. 116–20) included the Wildfire and Hurricane Indemnity Program Plus (WHIP+), which, among other provisions, expanded the list of qualifying disaster events and authorized assistance for damage occurring in calendar years 2018 and 2019, covering Hurricanes Florence and Michael and numerous California wildfires; the On-Farm Storage Loss Program, which provided assistance to eligible producers who suffered losses of stored commodities; and the WHIP Milk Loss Program, which provided assistance to dairy operations for milk that was dumped or removed from the commercial milk market due to weather events. Not all losses from these events were

<sup>6</sup> Authorized in the Bipartisan Budget Act of 2018 (P.L. 115–123).

strictly production losses in terms of volume. Rather, some producers also experienced substantial impacts to crop quality (for example, wine grapes tainted with smoke from wildfires). To address these impacts, the Further Consolidated Appropriations Act of 2020 (P.L. 116–94) authorized expenditures appropriated under the Additional Supplemental Appropriations for Disaster Relief Act of 2019 (P.L. 116–20) for the purposes of crop quality losses as well as production losses. Through this legislation, the Quality Loss Adjustment (QLA) Program was introduced in 2021, which compensated eligible producers for losses incurred from reductions in crop quality due to natural disaster events in 2018 or 2019. Through the QLA Program, producers could receive financial assistance when a harvested crop suffered a 5-percent or greater loss due to quality discount pricing.<sup>7</sup> USDA also implemented provisions to cover new types of losses from 2018 and 2019 under WHIP+ in 2021 and completed payments for already approved losses incurred in 2019 that had previously been limited by budget constraints.

In September 2021, the Extending Government Funding and Delivering Emergency Assistance Act (P.L. 117–43) authorized \$10 billion in new assistance for producers who experienced production losses from disasters that occurred in 2020 and 2021.<sup>8</sup> Of the total amount authorized, the act required that \$750 million go to livestock producers to compensate for their losses from drought or wildfires incurred in 2021.

## Standing Farm Programs

### *Commodity Programs*

While the programs through which direct payments are often delivered are typically laid out in each Farm Bill, new programs can also be introduced (or modified) in non-Farm Bill years, as indicated above. This was the case with policy changes to the Dairy Margin Coverage (DMC) program and the Emergency Assistance for Livestock, Honey Bees, and Farm-raised Fish Program (ELAP). In December 2021, USDA announced modifications to DMC to help small- and mid-sized dairies with growing production to manage their increasing risk, per statutory language in the CAA<sup>9</sup>. The policy change allowed dairies with less than 5 million pounds of established production history (roughly 250 milking cows or less) to enroll supplemental production in DMC for calendar years 2021, 2022, and 2023 based on a formula using 2019 milk marketings (USDA, FSA and CCC, 2021). DMC helps producers manage risk by making payments when the difference (margin) between a national milk price and a national average feed cost falls below a producer-selected margin coverage level. Payments are made on production history, based on milk marketings from 2011–2013. By allowing small- and medium-sized producers to enroll supplemental production based on 2019 marketings, growing dairies gain an additional historical production base with which to manage revenue volatility. Additionally, USDA made a discretionary change to the alfalfa hay component of the DMC feed cost calculation, amending it to better reflect the actual costs that dairy farmers pay for high-quality alfalfa hay. This change in the feed cost calculation was made retroactive to the beginning of the 2020 program year.

With respect to ELAP, USDA announced in September that (in addition to existing assistance covering the cost of transporting water) the program would be expanded to provide assistance for transporting feed

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<sup>7</sup> In the case of forage crops, similar reductions in nutrient levels were deemed sufficient for meeting the eligibility conditions.

<sup>8</sup> In spring 2022, USDA announced that this assistance would be dispersed through two new programs – the Emergency Livestock Relief Program (ELRP) and the Emergency Relief Program (ERP), while the Milk Loss Program and the On-Farm Stored Commodity Loss Program would also receive funding from the legislation. As the programs were implemented in 2022, the programs are beyond the scope of this year’s report.

<sup>9</sup> Specifically, Section 761 of Subtitle B of Title VII of Division N of the CAA.

when hay or other grazing resources were limited due to drought.<sup>10</sup> Eligibility for the expanded program was determined based on prevailing drought conditions of the production area, as indicated by the U.S. Drought Monitor (USDM). Qualifying ranches and farms could receive payments equal to 60 percent of transportation costs in excess of their historic standard costs, while producers of an underserved group qualified for a special payment rate of 90 percent.

### *Conservation*

Several discretionary policy changes were made to existing USDA conservation programs in 2021 with a view toward incentivizing climate-smart practices. For the Conservation Reserve Program (CRP), a Climate-Smart Practice Incentive was introduced in 2021, with payments ranging from 3 to 10 percent of the contract's annual rental rate—depending on the estimated benefits of the practice—for CRP practices that will increase carbon sequestration, reduce greenhouse gas emissions, or otherwise qualify as climate smart (USDA, FSA, 2021a). In complement, Water Quality Incentive payments for continuous CRP were raised from 10 to 20 percent for practices that improve water quality. These incentives were put in place in addition to changes that increased the maximum allowable annual rental rates for all fields, with larger increases for fields with soil productivity above their county average.<sup>11</sup>

Two CRP pilot programs first authorized in the 2018 Farm Bill—the Soil Health and Income Protection Program (SHIPP) and the Clean Lakes, Estuaries, and Rivers 30-year contracts (CLEAR30) initiative—were expanded. For SHIPP, this expansion came in the form of opening a second signup period, while for CLEAR30, the pilot was made available nationwide (previously, the pilot had only been available in the Chesapeake Bay and Great Lakes regions). Finally, USDA launched the CRP Climate Change Mitigation Assessment Initiative in October 2021—providing \$10 million to sample, measure, and monitor soil carbon on CRP acres to quantify CRP climate outcomes more accurately (USDA, FSA, 2021d). Under the program, soil carbon will be sampled on lands under the three categories of CRP practice types (perennial grass, trees, and wetlands), with the data contributing to improved modeling and better targeting of practices to the most environmentally sensitive lands.

Alongside the changes to CRP, specific initiatives were launched under the Environmental Quality Incentives Program (EQIP) to support the adoption of targeted climate-smart conservation practices. These initiatives included the launch of a new Conservation Incentives Contract option, created under the 2018 Farm Bill, which is intended to help producers address high-priority conservation and resource concerns under 5- to 10-year contracts (USDA, NRCS, n.d.).

### *Crop Insurance*

Several changes to the Federal Crop Insurance Program (FCIP)—administered by USDA's Risk Management Agency (RMA)—were announced in 2021 in line with wider departmental efforts to encourage certain sustainable agricultural practices and to improve equity in farm programming. First, USDA, RMA announced new insurance options for producers to allow for or encourage the uptake of certain practices with wider environmental benefits. In June 2021, USDA, RMA rolled out the Pandemic Cover Crop Program (PCCP) under the Pandemic Assistance for Producers initiative (see table 1), which provided producers with premium support of \$5 per acre on crop insurance for fields reporting a cover crop that meets Natural Resources Conservation Service (NRCS) standards. Then in September 2021, USDA, RMA announced a new crop insurance option for producers of nonirrigated corn who “split apply” nitrogen (a practice involving

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<sup>10</sup> In 2022, this assistance was retroactively expanded to also cover above-normal costs for hauling livestock to forage.

<sup>11</sup> For details on all changes to CRP in 2021, see (FSA, 2021a).

multiple smaller applications that can reduce runoff or the leaching of nutrients into waterways and groundwater) called the Post-Application Coverage Endorsement (PACE). USDA, RMA also introduced other flexibilities or provisions beginning in crop year 2021 to facilitate the capacity of producers to meet conservation and climate goals under a wide range of production practices.<sup>12</sup>

Other changes to crop insurance sought to improve coverage options for small producers. A previous analysis of crop insurance options found that existing products were not well tailored to the production and marketing realities of small farms that sell to local food outlets (Agralytica, 2021). For example, the Whole-Farm Revenue Protection (WFRP) program did not allow for coverage of post-production costs, which are often much greater for local food producers than for larger commercial producers. Consequently, few local food producers purchased available policies.<sup>13</sup> In response, USDA, RMA rolled out a new insurance option, called the Micro Farm policy, in October 2021 designed to better accommodate small farms that sell production locally (USDA, RMA, 2021a). Offered through WFRP, the Micro Farm policy features simplified recordkeeping requirements—including no expense or individual commodity reporting—and considers certain market readiness and post-production costs as allowable revenue. The new policy became available for the 2022 crop year to producers with an average allowable revenue of \$100,000 or less.<sup>14</sup>

## Climate

New USDA initiatives dedicated to climate (outside of modifications to standing conservation programs explored above) in 2021 reflected the broader, Governmentwide focus of the current administration on mitigating and adapting to climate risk. In January 2021, U.S. President Joe Biden signed Executive Order 14008, “Tackling the Climate Crisis at Home and Abroad.” The order mandated that agencies across the Federal Government coordinate an approach to the climate crisis, including preparing action plans and integrating climate adaptation into their operations. USDA released its “Action Plan for Climate Adaptation and Resilience” in August 2021. This plan laid out the critical climate change vulnerabilities that the agricultural sector faces—including decreased agricultural productivity, threats to water quality and quantity, disproportionate impacts to vulnerable communities, shocks due to extreme climate events, and stress on infrastructure and public lands. The plan also proposed specific actions—investing in soil health, increasing outreach to promote the adoption of climate-smart adaptation strategies, improving climate data, and increasing support for research and the development of climate-smart practices and technologies (USDA, 2021a). In line with these efforts (in September 2021), USDA announced its intent to develop a new “Climate-Smart Agriculture and Forestry Partnership Program” to encourage the adoption of climate-smart farming practices and promote markets for “climate-smart commodities”—that is, agricultural commodities produced using farming practices that reduce greenhouse gas emissions or sequester carbon (USDA, CCC, 2021).<sup>15</sup>

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<sup>12</sup> These included allowing producers to hay, graze, or chop cover crops for silage, haylage, or baleage at any time and still receive 100 percent of prevented planting payments—and relaxing USDA, RMA’s “1 in 4” requirement that land must be planted, insured, and harvested in at least 1 of the 4 most recent crop years. See (USDA, RMA, 2020b, 2020a) for details.

<sup>13</sup> For further information, see Agralytica, 2021.

<sup>14</sup> For carryover insureds, the threshold is \$125,000 or less in allowable revenue.

<sup>15</sup> A notice of funding opportunity was issued in early 2022 for the Partnerships for Climate-Smart Commodities program, which will provide up to \$1 billion for pilot projects that create market opportunities for commodities produced using climate-smart practices. Pilots will provide technical and financial assistance to producers who implement climate-smart practices on a voluntary basis on working lands; pilot innovative and cost-effective methods for quantification, monitoring, reporting, and verification of greenhouse gas benefits; and market the resulting climate-smart commodities. Subsequent to this notice, in September 2022, Secretary Vilsack announced that USDA will invest up to \$2.8 billion in 70 selected projects under the first pool of funding, and in December 2022, an additional investment of \$325 million for 71 projects was announced under the second funding pool. For more information, see (USDA, 2022a).

Climate-related agricultural policy developments in 2021 also included several cross-departmental initiatives. In September 2021, USDA joined the Sustainable Aviation Fuel (SAF) Grand Challenge in conjunction with the Departments of Energy and Transportation. Through the SAF Grand Challenge, USDA will support sustainable biomass production systems, provide outreach and technology transfers to accelerate adoption, and collaborate to expedite regulatory approvals of new SAF feedstocks to meet the challenge of providing 35 billion gallons of SAF by 2050 (DOE-DOT-USDA, 2021). Another cross-departmental initiative brought together USDA, the Department of the Interior, and the Federal Emergency Management Agency (FEMA) to jointly launch a Wildland Fire Mitigation and Management Commission in December 2021—as required under the Infrastructure Investment and Jobs Act (IIJA) (P.L. 117–58) signed into law in November 2021—with a mandate to recommend Federal policies to prevent, mitigate, and manage wildfires more effectively (USDA, n.d.-b). While traditionally associated with forested lands, larger and more intensive fires are increasingly affecting U.S. agriculture through both damage to grasslands and livestock grazing areas, as well as through smoke damage to specialty crops like wine grapes. While crop insurance indemnities from fire represent a small part of overall crop insurance losses (typically less than 1 percent), indemnities from this hazard exceeded \$10 million in 3 of the past 5 years, spiking to more than \$250 million in 2020 (USDA, RMA, 2022). As discussed in the previous section, wildfire losses were also included in the recent 2017 WHIP and WHIP+ ad hoc disaster programs.

## Equity

While USDA has administered various programs benefiting socially disadvantaged farmers and ranchers<sup>16</sup> (SDFRs) since the 1990s, 2021 saw a variety of developments to improve equitable access to farm programming. First, the America Rescue Plan Act, 2021 (ARPA) (P.L. 117–2), signed into law in March 2021, mandated that part of the funding under the act be used to fund an equity commission to “address racial equity issues within the Department of Agriculture and its programs.” In September 2021, USDA announced its intent to establish the Equity Commission and began to solicit nominations for membership (USDA, 2021b). The 15-member commission seeks to advise the U.S. Secretary of Agriculture on how current policies, programs, or structures act as barriers to inclusion—generating an interim report on findings and recommendations within 12 months of the commission’s establishment.

USDA launched the Heirs’ Property Relending Program (HPRP) in 2021. “Heirs’ property” refers to family land inherited without a will or legal documentation. In these circumstances, descendants have a right to use the land but do not have a clear title to the property (USDA, n.d.-a). Consequently, holders of heirs’ property have historically had difficulties in both accessing commercial financing and establishing eligibility for USDA programs (Bailey et al., 2019). To help resolve these issues, the 2018 Farm Bill allowed heirs without a clear title to obtain a farm number (needed to apply for programs) and directed USDA to establish a relending program to help heirs resolve title issues to facilitate access to USDA programs, loans, grants, and services. HPRP was the result of this Farm Bill mandate. Applications to intermediate lenders under the program opened in August 2021 (USDA, FSA, 2021b).

USDA also moved to increase the participation of underserved groups (including SDFRs) in established programs through expanded outreach and technical assistance initiatives. Available data suggest that SDFRs continue to participate in Government farm programs at lower rates than non-SDFRs: While 36 percent of

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<sup>16</sup> As defined in 7 U.S.C. § 2279, the term “socially disadvantaged farmer or rancher” indicates a farmer or rancher who is a member of a socially disadvantaged group—one whose members have been subjected to racial or ethnic prejudice because of their identity as members of a group without regard to their individual qualities. See (Casey, 2021) for a discussion of racial equity in U.S. farming and farm programs.



all U.S. farm operations received Government payments in 2017, only 21 percent of farms operated by SDFRs received these payments (GAO, 2019). Initiatives launched in 2021 to redress this disparity included: reinstituting funding for risk management training and educational tools for underserved populations through USDA, RMA (USDA, RMA, 2021b), providing outreach and technical assistance to improve participation in USDA, FSA programming (USDA, FSA, 2021c), and using \$75 million in funds from ARPA to better connect underserved producers to USDA programs—vis-a-vis cooperator organizations such as the National Black Farmers Association, the Intertribal Agricultural Council, and the Farmer Veteran Coalition (USDA, 2021c).

## Agrofood Policies

Outside of policies supporting producers, 2021 also saw the development of various policies directed at the wider agrofood industry. These policies included initiatives to address immediate needs in supply chain functionality (such as worker health and inspections of meat processing facilities), as well as programs targeting improved resilience to future shocks—including a meat processing capacity initiative, new rules for livestock transactions, and investments in local foods (table 2).

Two policy changes sought to improve supply chain functionality in the midst of the pandemic. First, \$700 million was committed to assistance for pandemic-related worker health and safety costs through the new Farm and Food Workers Relief (FFWR) Grant Program, funded through the CAA. Through \$5 million to \$50 million grants to State agencies, Tribal governments, and nonprofit organizations with a track record of working with hard-to-reach populations, the program provided funds to farm workers and meatpacking workers to cover the cost of personal protective equipment, expenses related to quarantines, testing, and other pandemic-related expenses. As part of the \$700 million, USDA provided \$20 million to grocery store workers through a pilot program.

A second supply chain policy change helped small-scale meat processors continue operating during the pandemic. As large meatpacking plants faced temporary pandemic-related shutdowns or reductions to their slaughter levels, many small-scale processors saw an increase in their slaughter demand. Because the fees associated with overtime USDA, Food Safety and Inspection Service (FSIS) services increase with longer operating hours, small-scale plants faced increased costs for raising animal slaughter and processing output, reducing their incentive to fill gaps left by large plant shutdowns and slowdowns. To counteract that disincentive, the ARPA authorized USDA's FSIS to reduce fees for overtime and holiday inspections for small and very small meat processing facilities. This change reduced the regulatory burden imposed through higher inspection costs for small and very small processors by 30 and 75 percent, respectively.

Another slate of initiatives sought to improve the resilience of agrofood supply chains to future shocks. In June 2021, USDA announced more than \$4 billion in investments in agricultural supply chains to prevent future supply chain disruptions. Funded primarily by the ARPA, USDA will focus on investments in strengthening the food system, creating new market opportunities, tackling the climate crisis, helping communities that have been left behind, and supporting good-paying jobs throughout the supply chain.

One segment of the agrofood industry whose operations were particularly disrupted by the pandemic was meat processing. In April 2020, the forced shutdown of up to 45 percent of U.S. slaughter capacity caused concern regarding the resiliency of the meat processing industry. Although less than 5 percent of total plants closed or reduced capacity during this period (Giri et al., 2021), those plants that closed were some of the largest plants in the country. To reduce the future impact of temporary closures of large meat packers, USDA

announced a \$500 million investment into expanding capacity in the meat and poultry processing industry in July 2021.

A second related initiative, the Meat and Poultry Inspection Readiness Grant (MPIRG) program, is intended to facilitate the expanded capacity of smaller meat processing facilities. Announced in November 2021, MPIRG grants help to cover the costs for improvements needed to achieve a Federal Grant of Inspection or to operate under the Cooperative Interstate Shipment program. Among the improvements covered by MPIRG are facility expansion, modernization of equipment, labeling, and food safety requirements—all of which will enable the processor to serve a larger market.

Working along another track to improve resilience in the meat industry, USDA’s Agricultural Marketing Service (AMS) announced the new Dealer Statutory Trust to Protect Livestock Sellers in February 2021. The trust was established to protect the sellers of livestock from a default by livestock dealers. Prior to the trust, if a dealer defaulted on payments owed to producers, few avenues existed for producers to collect what was owed when banks had already seized the dealer’s assets. The Dealer Statutory Trust gives producers (as well as sale barns) priority in recovering the livestock or the value of the livestock if the buyer defaults.

An additional focus of supply chain fortification initiatives has been improving the resilience of local supply chains. To facilitate supply chain linkages between producers and consumers, in December 2021, USDA announced the establishment of the Local Food Purchase Assistance Cooperative Agreement Program (LFPA). The LFPA awards up to \$400 million in emergency food assistance for the purchase of locally grown foods directly from underserved farmers and ranchers.

Table 2  
**Agrofood policy developments in 2021**

Initiative	Administering agency	Description
Farm and Food Workers Relief (FFWR) Grant Program 1, 3	AMS	\$700 million in grants to State agencies, Tribal entities, and nonprofit organizations to distribute relief payments to frontline farmworkers and meatpacking workers who incurred expenses preparing for, preventing exposure to, and responding to the COVID-19 pandemic (including expenses for personal protective equipment, quarantine, and testing)
USDA, FSIS overtime inspections 2, 4	FSIS	Reduced USDA, FSIS inspection fees for overtime and holidays for eligible small and very small establishments
Investments in agrofood supply chains 1, 2, 5	TBD	Funding announced for future program development to strengthen supply chain functionality
Meat processing capacity 2, 6	TBD	\$500 million to be invested in expanding capacity in the meat and poultry processing industry
Meat and Poultry Inspection Readiness Grant (MPIRG) 1, 7	AMS	\$55.2 million in grants made available for meat and poultry slaughter and processing facilities to make improvements needed to achieve a Federal Grant of Inspection or to operate under the Cooperative Interstate Shipment (CIS) program
Dealer Statutory Trust to protect livestock sellers 1, 8	AMS	Requires livestock dealers to hold either purchased livestock or else proceeds from livestock sale in trust until payment has been received by sellers
<b>Continues on next page &gt;</b>		

Local Food Purchase Assistance Cooperative Agreement Program (LFPA) 2, 9	AMS	Makes available up to \$400 million to States and Tribal governments for emergency food assistance purchases of locally grown foods
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AMS = Agricultural Marketing Service (an agency of USDA). FSIS = Food Safety and Inspection Service (an agency of USDA). TBD = To Be Determined.

Note: 1 = authorized in the Consolidated Appropriations Act (CAA), 2021 (P.L. 116-260); 2 = authorized in the American Rescue Plan Act (ARPA), 2021 (P.L. 117-2). 3 = See 86 FR 57633 for more information; 4 = See FSIS Notice 27-21 for more information; 5 = See USDA Press Release No. 0125.21 for more information; 6 = See 86 FR 37728 for more information; 7 = See 86 FR 27063 and Funding Opportunity USDA-AMS-TM-MPIRG-G-21-0001 for more information; 8 = See Packers and Stockyards Act, 1921 as amended May 2021 for more information; 9 = See 86 FR 54420 and Funding Opportunity USDA-AMS-10182-LFPA0000-22-0001 for more information.

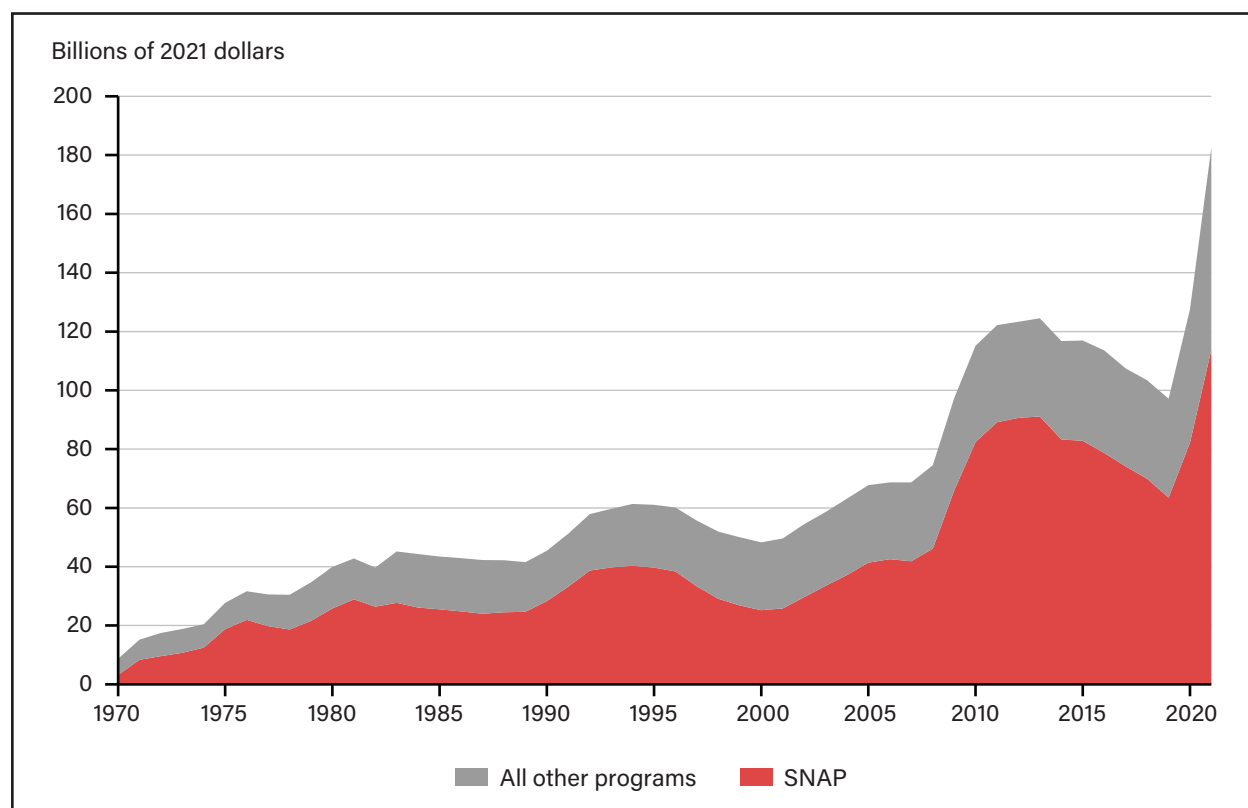
Source: Compiled by USDA, Economic Research Service.

## Food and Nutrition Assistance

Policies involving USDA’s food and nutrition assistance programs continued to develop in 2021, following temporary changes in 2020 in response to the effects of the COVID-19 pandemic such as increased unemployment and the effects of school closures, which interrupted access to school meals. Policy changes included higher benefit levels, extensions of administrative flexibilities in program operations, and the continued operation of two temporary programs—the Pandemic Electronic Benefit Transfer (P-EBT) and the Farmers to Families Food Box Program (table 3). Collectively, these developments contributed to record high annual spending of \$182.5 billion in fiscal year 2021 (Jones et al., 2022) (figure 3).

Figure 3

**Inflation-adjusted USDA spending on food and nutrition assistance, fiscal years 1970–2021**



SNAP = Supplemental Nutrition Assistance Program.

Note: Figures are based on preliminary data from the January 2022 Program Information Report (Keydata) released by USDA, Food and Nutrition Service (FNS) in April 2022; September 2021 Keydata, released by USDA, FNS in December 2021; and information provided by USDA, Agricultural Marketing Service (AMS). Spending in billions of 2021 dollars, adjusted using the Personal Consumption Expenditures price index, U.S. Department of Commerce, Bureau of Economic Analysis.

Source: USDA, Economic Research Service using data from USDA, FNS and USDA, AMS.

USDA administers 15 food assistance and nutrition programs, the largest of which include the Supplemental Nutrition Assistance Program (SNAP), the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), the National School Lunch Program (NSLP), the School Breakfast Program (SBP), the Child and Adult Care Food Program (CACFP), the Summer Food Service Program (SFSP), and the NSLP’s Seamless Summer Option (SSO). SNAP—the largest of the USDA food and nutrition assistance programs—provides benefits that vary with income to households meeting certain income, assets, and other criteria. These benefits are used to purchase food at authorized retailers via an electronic system known as Electronic Benefits Transfer (EBT). SNAP benefits were expanded in several key ways in 2021. The maximum SNAP benefit was temporarily increased by 15 percent from January 1, 2021, through September 30, 2021.<sup>17</sup> As in 2020, States were allowed in 2021 to issue supplemental emergency allotments to SNAP households receiving less than the maximum benefit to bring their monthly benefit up to the maximum. Beginning April 1, 2021, emergency allotments were revised such that all households received a minimum of \$95, increasing the benefits of households previously receiving no emergency allotment or an amount lower than the minimum. Some States ended emergency allotments in 2021, with eight States no longer issuing the allotments by the end of September 2021. Beginning October 1, 2021, the maximum benefit was permanently increased by roughly

<sup>17</sup> This 15-percent increase was funded from January 1 through June 30 through the CAA and then extended through September 30 as part of ARPA.

21 percent due to a revision of the Thrifty Food Plan, which is used to determine SNAP benefit levels. This was the first increase in the purchasing power of SNAP benefits since the program was introduced in 1975 (USDA, FNS, 2022a). Federal SNAP spending increased 44 percent to a record high of \$113.8 billion in fiscal year 2021 (figure 3). Additionally, various waivers continued into calendar year 2021 from calendar year 2020, including those suspending work-related time limits on able-bodied adults without dependents and allowing several administrative flexibilities.

WIC provides supplemental food packages—in addition to nutrition education, breastfeeding support, and healthcare referrals—to low-income pregnant and postpartum women, infants, and children up to 5 years of age at nutritional risk. In March 2021, States were given the option to temporarily increase the cash value voucher for fruit and vegetable purchases—one part of the WIC food package—from \$9 to \$11 and up to \$35 through September 30, 2021. Through subsequent appropriations, States were required to increase this amount—to \$24 for child participants, \$43 for pregnant and postpartum women participants, and \$47 for breastfeeding participants—beginning October 1, 2021, and this temporary increase will continue through the end of fiscal year 2022. Spending on WIC totaled \$5 billion in fiscal year 2021 and participation averaged 6 million people a month. In addition, in fiscal year 2021, as part of ARPA, the USDA, Food and Nutrition Service (FNS) received \$390 million for outreach, innovation, and modernization in WIC and the WIC Farmers' Market Nutrition Program (FMNP). Investments in WIC using this funding include prioritizing outreach, improving the shopping experience, investing in and diversifying the WIC workforce, and modernizing technology and service delivery (USDA, FNS, 2022b).

The Child Nutrition Programs provide free and low-cost meals to children and certain adults in institutional and community settings. Specifically, the NSLP and SBP provide meals for children in schools and residential childcare institutions; the CACFP provides meals to children and adults in care at daycare centers and homes, and children and youth attending afterschool programs or receiving services at emergency shelters.<sup>18</sup> The SFSP and the NSLP's SSO provide meals to children through qualified organizations in low-income areas when schools are not in session (e.g., summer break) or during unexpected school closures. In 2020, in response to pandemic-related disruptions to school and childcare provider operations, USDA provided administrative flexibilities to support continued program delivery. These flexibilities were provided through nationwide waivers that were later extended to cover school year 2021–2022 operations and included waivers for meal service, provider and participant eligibility, and program monitoring. Meal service flexibilities included allowing meals to be served in non-congregate settings, picked up by parents or guardians, and provided outside of traditional meal service hours. Additional waivers included participant eligibility for free school meals for all children in all areas by allowing the operation of SFSP and SSO, instead of NSLP and SBP, at schools during school year 2020–2021, then during school year 2021–2022, allowing the operation of SSO, instead of NSLP and SBP. This allowed all meals to be served free in school districts electing the waiver. Additionally, Federal reimbursement rates for meals served through the SSO were raised beginning July 1, 2021, to match the higher reimbursement rates for meals served through the SFSP.

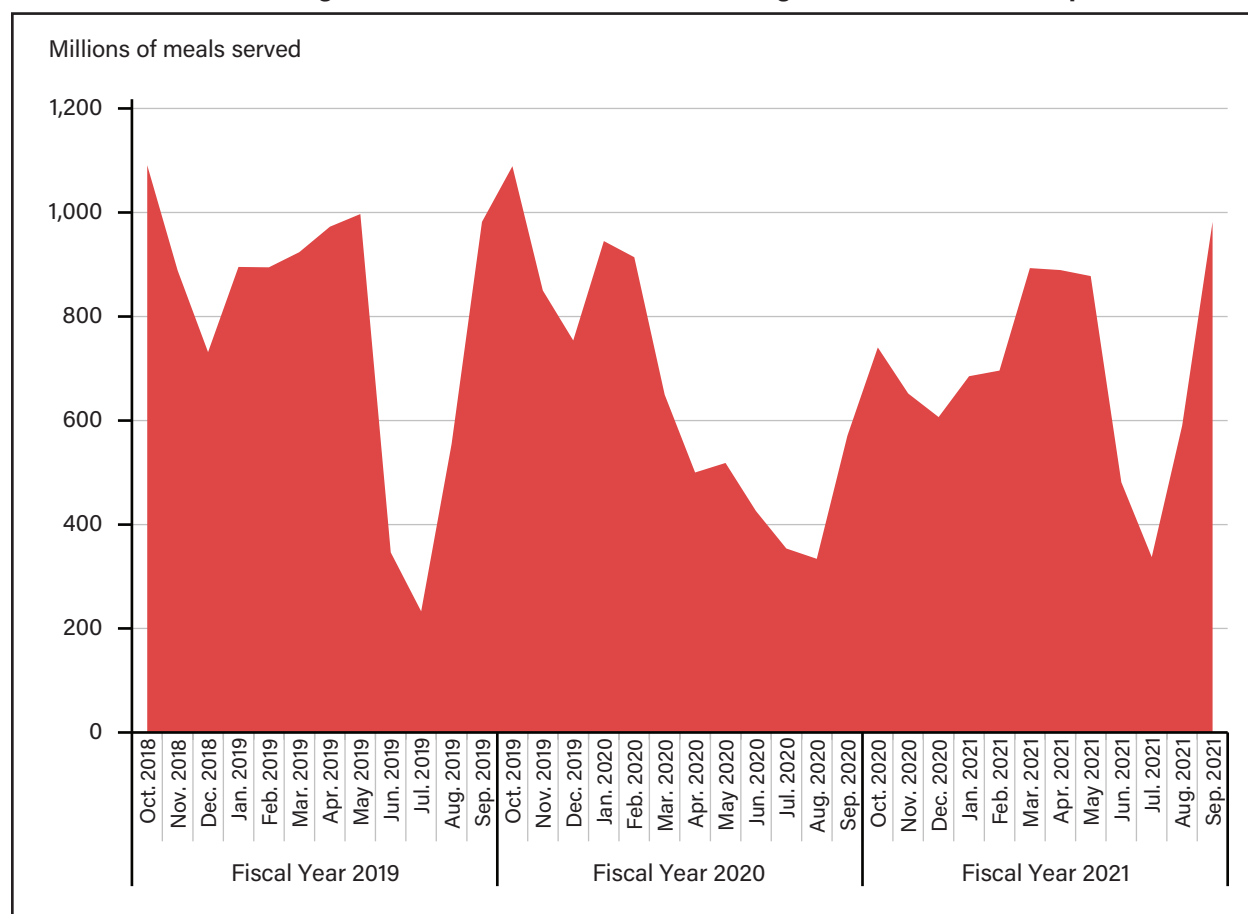
Area eligibility flexibilities were granted to schools and afterschool care centers during the 2020–2021 school year, allowing them to operate the CACFP at-risk afterschool care component regardless of their location. Beginning in March 2021, USDA also temporarily expanded the maximum age for youth receiving CACFP meals in emergency shelters from age 18 to age 24. During summer 2021, USDA extended area eligibility flexibilities to all SFSP and SSO open and closed enrolled sites, allowing program operators to serve free meals to any children attending any site. For school year 2021–2022, USDA extended CACFP at-risk area eligibility flexibilities but also granted a waiver to allow all CACFP family daycare home providers, regardless of their location, to receive reimbursement for meals at the higher tier 1 rate.

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<sup>18</sup> While the CACFP does serve some older or functionally impaired adults, more than 95 percent of its meals are served to children.

USDA also provided nationwide waivers to help address supply chain disruptions affecting schools. For school year 2020–2021, USDA issued waivers of the meal pattern requirements for all Child Nutrition Programs, which allowed State agencies to approve targeted and justified exceptions to the meal patterns when requested by program operators. The meal pattern waivers were extended for the 2021–2022 school year but were targeted to specific food components for NSLP, SBP, CACFP, and SSO. State agencies also had the ability to apply for 12(l) waivers for parent pick up and an alternate site service for the Fresh Fruit and Vegetable Program (FFVP) and for parent pick up and non-congregate service 12(l) waivers in the Special Milk Program (SMP) in the 2020–2021 and 2021–2022 school years. The FFVP provides free fresh fruits and vegetables to children at eligible elementary schools during the school day, and the SMP provides milk to children in schools and childcare institutions that do not participate in other Federal meal service programs.

Figure 4  
**Total meals served across the National School Lunch Program, School Breakfast Program, Child and Adult Care Food Program, and Summer Food Service Program, October 2018–September 2021**



Source: USDA, Economic Research Service using data from USDA, Food and Nutrition Service.

In addition, in December 2021, \$1 billion in new Supply Chain Assistance (SCA) funding was provided to help schools maintain meal quality and consistency. A further \$300 million was provided as additional support for purchases of domestically sourced and produced food, known as “USDA Foods,” for States to distribute to schools, and \$200 million was allocated for the new Local Food for Schools Cooperative Agreement Program (LFS), which allows States to purchase domestic local foods for distribution to schools (USDA, FNS, 2021b).

By the end of fiscal year 2021, the number of meals served through these Child Nutrition Programs rebounded to near pre-pandemic levels as more children returned to in-person school and care. In total, 982 million meals were served through all 4 programs in September 2021, 72 percent greater than in September 2020 and about the same as in September 2019 (figure 4). Overall, a total of 8.4 billion meals were provided through the NSLP, SBP, CACFP, and SFSP at a cost of \$26.8 billion in fiscal year 2021.

Benefits for the temporary P-EBT program—implemented in 2020 to reimburse low-income households with children for the value of school meals in areas where COVID-19 disrupted in-person school attendance—were increased to cover afterschool snacks on January 22, 2021, effectively raising the reimbursement by approximately 15 percent. In March 2021, P-EBT was expanded to cover the summer months when most schools are closed for instruction, and the program was authorized for future school years in which there is a COVID-19 public health emergency declaration. The Farmers to Families Food Box Program—another temporary program designed and implemented in 2020 as a temporary, emergency relief effort to respond to severe market disruption caused by the global pandemic with the aim of purchasing agricultural commodities from U.S.-based producers for distribution to families in need through food banks and other charitable organizations—continued to operate in 2021 before the temporary program ended in May 2021. USDA has applied lessons learned from the Farmers to Families Food Box experience to inform future activities. For example, in 2021, USDA began offering a fresh produce box through The Emergency Food Assistance Program (TEFAP), provided in response to a demand for more fresh produce from food banks and their clients (USDA, FNS, 2021c).

In June 2021, USDA announced an investment of up to \$1 billion to support emergency food networks, such as food banks or food pantries and other local organizations, with funding provided through the American Rescue Plan Act. Through TEFAP, USDA purchases a variety of USDA Foods and makes them available to State distributing agencies. State agencies provide the food to local agencies that they have selected, usually food banks, which in turn distribute the food to local organizations, such as soup kitchens and food pantries, that directly serve the public. Using lessons learned from the pandemic, USDA's \$1 billion investment is intended to reinforce emergency food networks in preparation for future crises. Accordingly, \$500 million was allocated to purchasing food for distribution to State food bank networks through TEFAP, \$400 million was designated for the establishment of cooperative agreements with local entities for the food bank network (specifically through the subsequently announced LFPA), and \$100 million was provided for a new grant initiative to expand TEFAP's reach into remote, rural, Tribal, and/or low-income areas that are underserved by current program operations (USDA, FNS, 2021a).

Finally, in 2021, USDA launched a prioritization of nutrition security—that is, consistent access, availability, and affordability of foods and beverages that promote well-being, prevent disease, and, if needed, treat disease, particularly among racial/ethnic minorities, lower income, and rural and remote populations including Tribal communities and Insular areas (USDA, FNS, n.d.). This represents an expansion from a focus on food security (e.g., providing enough food for an active, healthy life) to providing the types of foods that deliver nutrients to optimize health and honor cultural food preferences, with a greater focus on equity.

Table 3

**Food assistance policy developments in 2021**

Program	Development
Supplemental Nutrition Assistance Program (SNAP) 2, 3	<ul style="list-style-type: none"> <li>•Temporary 15-percent increase in maximum benefit from January through September 2021</li> <li>•Minimum monthly emergency allotment set at \$95 beginning in April 2021</li> <li>•Permanent increase in the maximum benefit of about 21 percent beginning in October 2021 due to the re-evaluation of the Thrifty Food Plan</li> </ul>
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) 3	<ul style="list-style-type: none"> <li>•Benefit levels for the Card Verification Value for fruit and vegetable purchases were temporarily raised from \$9 (adults) and \$11 (children) to: <ul style="list-style-type: none"> <li>•\$35 per participant for up to 4 months from April through September 2021</li> <li>•\$24 for child participants, \$43 for pregnant and postpartum women participants, and \$47 for fully and partially breastfeeding women participants from October through December 2021, which have continued throughout fiscal year 2022</li> </ul> </li> </ul>
Pandemic Electronic Benefit Transfer (P-EBT) 2, 4	<ul style="list-style-type: none"> <li>•Benefits increased by about 15 percent in January 2021</li> <li>•Extended to cover the summer months in March 2021</li> </ul>
Farmers to Families Food Box Program 4	<ul style="list-style-type: none"> <li>•Temporary program that ended in May 2021; USDA is using lessons learned to support the emergency feeding network</li> </ul>
National School Lunch Program (NSLP), School Breakfast Program (SBP) 2, 4	<ul style="list-style-type: none"> <li>•Extension of administrative flexibilities in program operations introduced in 2020</li> <li>•Funding of \$1.5 billion to help school districts obtain agricultural commodities for school meal programs announced in September 2021: <ul style="list-style-type: none"> <li>•\$1 billion in "Supply Chain Assistance" to maintain meal quality and consistency in the face of supply chain interruptions</li> <li>•\$300 million for a "USDA Foods" program to procure and distribute food directly to schools to offset supply chain disruptions</li> <li>•\$200 million allocated for the Local Food for Schools Cooperative Agreement Program, allowing States to purchase local foods for distribution to schools</li> </ul> </li> </ul>
Child and Adult Care Food Program (CACFP) 2, 4	<ul style="list-style-type: none"> <li>•Extension of administrative flexibilities in program operations introduced in 2020</li> <li>•Extension of waiver allowing CACFP at-risk afterschool centers to provide meals and snacks to all children in all areas</li> <li>•Extension of waivers allowing family day care homes to be reimbursed for all meals and snacks at the tier 1 rate</li> <li>•Temporarily increased the maximum age limit for youth receiving CACFP meals in emergency shelters from 18 to 24</li> </ul>
Seamless Summer Option (SSO) and Summer Food Service Program (SFSP) 2, 4	<ul style="list-style-type: none"> <li>•Extension of administrative flexibilities in program operations introduced in 2020</li> <li>•Extension of waivers allowing the SFSP, the NSLP, and SBP's SSO to provide free meals to all children in all months of the year and in all areas</li> <li>•Higher SFSP Federal reimbursement rate for meals served through the SSO beginning July 2021</li> </ul>

Note: 1 = authorized in the Coronavirus Aid, Relief, and Economic Security (CARES) Act, 2020 (P.L. 116-136); 2 = authorized in the Consolidated Appropriations Act (CAA), 2021 (P.L. 116-260); 3 = authorized in the American Rescue Plan Act (ARPA), 2021 (P.L. 117-2); 4 = authorized in the Families First Coronavirus Response Act (FFCRA), 2020 (P.L. 116-127).

Source: Compiled by USDA, Economic Research Service.



## Summary and Conclusion

This report is the inaugural edition in a planned series examining annual developments in U.S. agricultural policies, focusing on policies related to production agriculture, agrofood value chains, and food and nutrition assistance. U.S. agricultural policy developments in 2021 largely focused on addressing impacts on the sector due to the COVID-19 pandemic and extreme weather events. Several new initiatives also aimed at addressing the impacts of climate change and supporting improved equity in access to farm programs and outreach to underserved communities.

Major agricultural producer support initiatives continued to focus on addressing production losses related to the COVID-19 pandemic. Specifically, the Pandemic Assistance for Producers initiative sought to fill gaps identified in assistance programs developed in the first stages of pandemic disruptions and address new market disruptions. This initiative was undertaken through a four-pronged approach: (1) providing new pandemic-related aid programs that offered financial support to a broader set of producers, (2) adding new funding to existing programs, (3) carrying out formula payments under CFAP 1 and CFAP 2, and (4) reopening the CFAP 2 signup to improve access and outreach to underserved producers. Aside from these pandemic-related policy developments in producer support, other policy changes were related to recovery from extreme weather events. These changes included a new QLA program, as well as the commitment of \$10 billion in assistance for disaster-related production losses incurred in 2020 and 2021. Other policy changes related to producer support included innovations in the CRP and EQIP programs focused on the adoption of climate-smart agriculture, the rollout of crop insurance products that incentivize conservation practices, such as cover crops and split nitrogen applications (PCCP, PACE), equity-focused initiatives that strengthen program outreach to SDFRs, and the launch of the HPRP.

The year 2021 saw the introduction of a variety of climate and environment-related developments outside of existing USDA programs, including: the release of the USDA Action Plan for Climate Adaptation and Resilience, the announcement of the new Climate-Smart Agriculture and Forestry Partnership Program, and the launch of cross-departmental initiatives like the SAF Grand Challenge and the Wildland Fire Mitigation and Management Commission.

Policymakers also introduced programs intended to improve the resiliency of the wider agrofood industry. These programs included initiatives to address immediate needs in supply chain functionality—such as worker health and the inspections of meat processing facilities—as well as programs targeting improved resilience to future shocks (including a meat processing capacity initiative, new rules for livestock transactions, and investments in local foods).

Finally, various policy developments focused on reinforcing the consumer safety net through changes to nutrition and food assistance programs such as SNAP, WIC, and NSLP. These changes included higher benefit levels, extensions of administrative flexibilities in program operations, and the continued operation of temporary programs P-EBT and the Farmers to Families Food Box Program. USDA also began prioritizing nutrition security in 2021, placing greater emphasis on providing the types of foods that deliver nutrients to optimize health and honor cultural food preferences, with a greater focus on equity.

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