# Continuing Resolution - Farm Related Provisions; and Social Security Legislation

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## Overview

On December 21, the H.R. 6363, the "Further Continuing Appropriations and Other Extensions Act, 2024," (Act) was signed into law. The legislation extends federal funding at current levels through March 14, 2025, and includes provisions for $100 billion in disaster relief (some of which is for agricultural producers) and $10 billion in agricultural market assistance. However, cut from the Act was the removal of the debt limit for incoming President Trump's first few years in office. Further debates over government spending and the debt ceiling are anticipated when Congress reconvenes in January. Also cut from an initial version of the Act was a provision that would have allowed year-round sales of E15.

The Congress also passed legislation dealing with a perceived inequity in the Social Security system.

## Key Provisions Related to Agriculture

The Act contains several provisions of importance to agricultural producers:

**Extension of the 2018 Farm Bill programs.** The Act ensures the continuation of various agricultural programs, including farm support initiatives, conservation efforts, and nutrition assistance, by extending the 2018 Farm Bill. This extension provides stability and certainty to farmers, ranchers, and land stewards, allowing them to plan and operate without the disruption that would have occurred if these programs had lapsed.

The extension maintains the existing funding structure of the 2018 Farm Bill. Historically, the Farm Bill's budget has been allocated as follows:

- Nutrition Assistance (e.g., SNAP): Approximately 76%
- Conservation Programs: Around 7%
- Commodity Programs: About 7%
- Crop Insurance: Roughly 9%
- Other Programs: Approximately 1%

These allocations are now extended through September 30, 2025.

**Disaster aid.** The Act provides approximately $110 billion in aid, with specific allocations for the agricultural sector. This encompassed $21 billion designated for agricultural disaster assistance, including $2 billion specifically for livestock producers, with another $10 billion designated for economic aid to farmers, ensuring they have access to necessary credit and resources to continue operations amid challenges posed by natural disasters and economic pressures as a result of low commodity prices and high input costs.

**Note:** The disaster funds cover losses from an array of natural disasters in 2023 and 2024 -- droughts, wildfires, hurricanes, floods, derechos, excessive heat, tornadoes, winter storms, freeze events and excessive moisture. As such, the receipt of such disaster relief is not deferable because a payment received in 2025 relates to a prior tax year.

**Social Security Fairness Act (SSFA)**

**Background.** On December 21, 2024, the U.S. Senate passed the SSFA with a vote of 76-20, following the House's approval on November 12, 2024, by a vote of 327-75. The SSFA addresses two provisions that impact Social Security benefits for some recipients - the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO). Those are two rules that affect the amount of Social Security benefits that can be received for people that have worked in jobs that are not covered by Social Security, such as government positions. These provisions are designed to adjust Social Security benefits for people who receive a pension from government employment where Social Security taxes were not paid.

**Windfall Elimination Provision (WEP).** The WEP reduces the amount of Social Security benefits you can receive if you have a pension from a job where you did not pay Social Security taxes (such as a federal, state, or local government job). Typically, Social Security benefits are calculated using a formula based on your average indexed monthly earnings (AIME), but the WEP modifies this formula for people who worked in non-Social Security-covered employment. Thus, the WEP reduces Social Security benefits based on your own work record.

**Note:** Under normal circumstances, Social Security benefits are based on a person's 35 highest-earning years. However, for those with a government pension from a job that didn't pay into Social Security, the WEP reduces the amount of the person's Social Security benefit by changing the formula that's used to calculate the benefit. That can result in up to a $557 per month reduction in Social Security benefits (as of 2024) depending on the individual's work history and how many years the individual worked in jobs covered by Social Security. The reduction is smaller if a person has more than 30 years of work in jobs where Social Security taxes were paid.

**Government Pension Offset (GPO).** The GPO affects spousal or survivor Social Security benefits for people who receive a pension from government employment that does not pay into Social Security. Thus, the GPO reduces the spousal or survivor benefit based on a spouse's work record.

**Note:** The GPO reduces the amount of Social Security spousal or survivor benefits a person can receive if they are also receiving a pension from a job where they did not pay Social Security taxes. The GPO works by reducing the spousal or survivor benefits by two-thirds of the amount of the person's government pension. For example, assume that Sally is entitled to a $900 per month Social Security spousal benefit. She also receives a $1,500 per month government pension. The GPO would reduce her spousal benefit by $1,000 (two-thirds of $1,500). As a result, her spousal benefit would be reduced to $0.

Both provisions aim to reduce Social Security benefits for people who have a government pension from non-Social Security-covered work, acknowledging that they may not have contributed to the Social Security system for all their earnings.

The SSFA allows approximately three million public service retirees to receive full Social Security benefits and allegedly corrects disparities that disproportionately affected lower-income workers and women in public service. However, the Congressional Budget Office estimates the repeal will cost $196 billion over the next decade, adding to federal deficits, hastening the insolvency of Social Security and reducing benefits to everyone in future years. The Committee for a Responsible Federal Budget estimates that the SSFA would make Social Security insolvent six months to a year earlier than current projections, and that a typical dual-income couple retiring in 2033 would see their benefits cut by an additional $25,000 over their lifetime. For couples retiring after 2033, the estimate is that the SSFA could result in a benefit reduction of up to $400,000.

**Note:** Once the President signs the SSFA into law, the changes will apply to monthly insurance benefits payable after December 2023.

**Conclusion**

The Act funds the government temporarily and extends the Farm Bill. The economic and disaster relief for farmers will be beneficial as farmers renegotiate existing operating loans with lenders. However, the inability of the Congress to remove the debt ceiling could provide difficulties in the provision or extension of current tax law and the creation of new tax breaks designed to primarily benefit lower to middle income taxpayers.

The SSFA attempts to address a perceived inequity in Social Security benefits, but could end up reducing such benefits for all recipients in future years.