

From the Capital to the Combine: 2025 Farm Policy Changes Unpacked



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Interesting times

- Where we were a year ago and where we are now
- Current policy updates
- What to watch over the next year

1 Year Ago

- Farm Economy
 - Tight crop margins for the foreseeable future
 - Between July 2023 and July 2024, fed and feeder steer prices rose 6–8%
- Status quo trade and market access
- Farm bill negotiations stalled
 - D: No decrease in climate, nutrition programs
 - R: Increase in farm safety net with tightening of nutrition programs

Today

- Farm Economy
 - Tight crop margins for the foreseeable future, financial stress somewhat mitigated by an ad hoc payment infusion
 - “It’s a wonderful time to be in the cattle business, there’s no doubt about it.”

Policy:

- Evolving trade situation
- The Ad Hoc Era continued
- #OBBBA or #OB3

Topics

Ad Hoc Payments

ECAP

SDRP

One Big Beautiful Bill

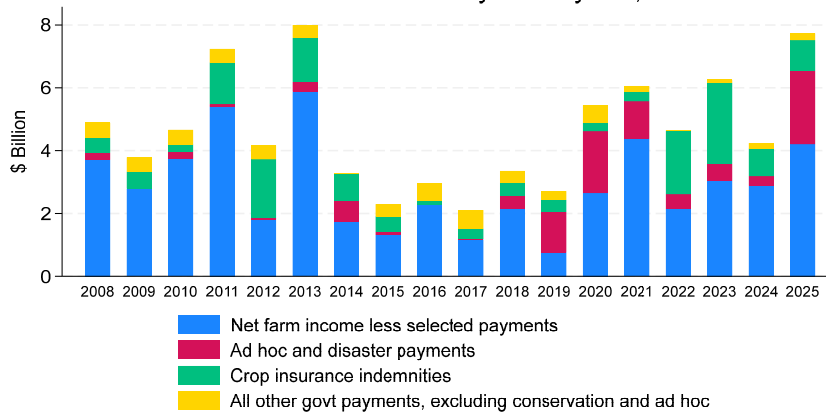
ARC/PLC

Crop Insurance

Tariffs/Trade, Labor, Skinny Farm Bill,
USDA Reorganization

The Ad Hoc Era continues

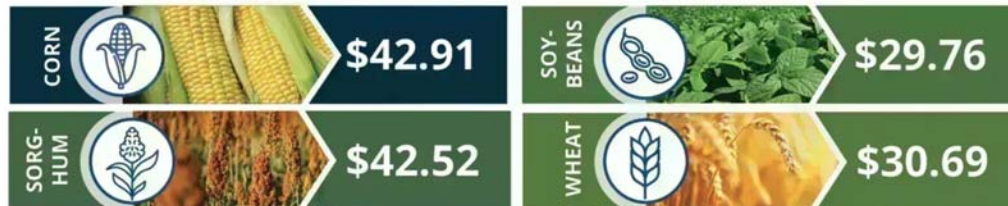
Net Farm Income and Safety Net Payouts, Kansas



Data source: USDA Economic Research Service Farm Income and Wealth Statistics, Feb. 2025; 2024 and 2025 are forecasts estimated by the Rural and Farm Finance Policy Analysis Center (RAFF) at the University of Missouri

Emergency Commodity Assistance Program (ECAP)

- \$10 Billion authorized through American Relief Act (Dec. 2024)
- One-time economic assistance payment based on 2024 acres planted (or 50% of prevent plant)



ECAP

- Original payment factored by 85% to stay under \$10 Billion
- Will there be a second payment?

$\$10 \text{ Billion} * 85\% = \8.5 billion

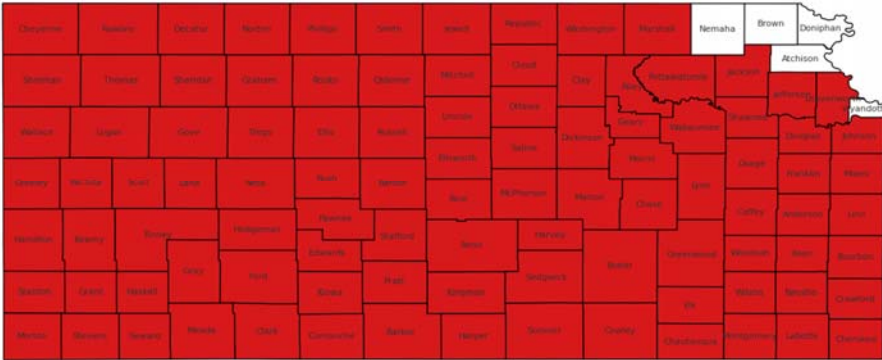
Current spending @ \$7.97 billion

Deadline was Aug. 15th to apply

Supplemental Disaster Relief Program (SDRP)

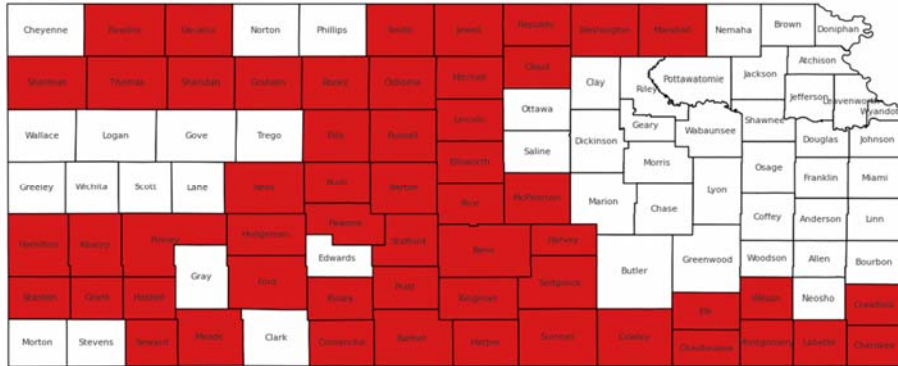
- \$20+ billion authorized for 2023 and 2024 crop years
- Emergency Livestock Relief Program (ELRP)
 - “Top-up” to Livestock Forage Disaster Program (LFP) for 2023 and 2024 of 35%
 - To date for Kansas: \$89.5 M for 2023 and \$15.6 M for 2024
- SDRP Stage 1
 - Paid to producers with a qualifying loss and insurance payout
 - Factored by 35%, could be a second payment if funds allow
- SDRP Stage 2
 - Shallow losses not triggering an insurance indemnity, quality losses, uncovered losses
 - Mid-September start date anticipated for sign-up

SDRP Drought Counties 2023



Drought will likely be the most common cause of loss under SDRP, but several other types of natural disasters are eligible

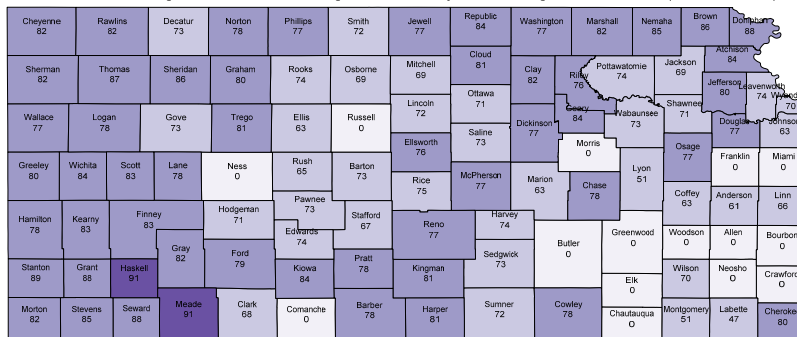
SDRP Drought Counties 2024



Drought will likely be the most common cause of loss under SDRP, but several other types of natural disasters are eligible

SDPR Magnitude: Irrigated Corn

Unofficial Average Phase 1 SDRP Irrigated Corn Payouts for Eligible Producers (\$/Acre, 2023)

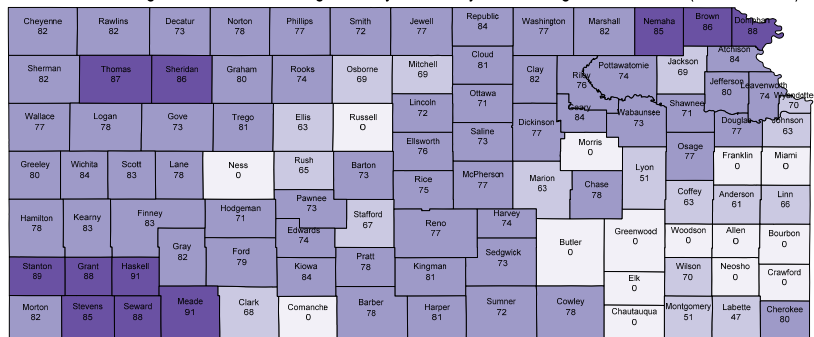


Source: The data used in this map was downloaded on July 15, 2025 from the USDA Risk Management Agency. Payments are estimated based on actual total liabilities and net indemnities for producers that selected a 75% coverage level on Revenue Protection Policies only in each county. Administrative fees are not included in these estimates. Phase 1 payments will only be made to producers with an underlying crop insurance claim for SDRP Phase 1. Producers in Nemaha, Brown, Doniphan, Atchison, and Wyandotte are not eligible based drought-related loss for 2023, but may be eligible for other covered losses. Counties with zero reported no insured irrigated corn acreage.



SDPR Magnitude: Irrigated Soy

Unofficial Average Phase 1 SDPR Irrigated Soybeans Payouts for Eligible Producers (\$/Acre, 2023)

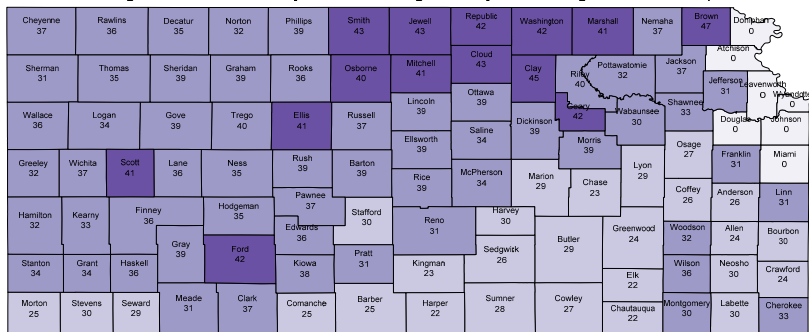


Source: The data used in this map was downloaded on July 15, 2025 from the USDA Risk Management Agency. Payments are estimated based on actual total liabilities and net indemnities for producers that selected a 75% coverage level on Revenue Protection Policies only in each county. Administrative fees are not included in these estimates. Phase 1 payments will only be made to producers with an underlying crop insurance claim for SDPR Phase 1. Producers in Nemaha, Brown, Doniphan, Atchison, and Wyandotte are not eligible based drought-related loss for 2023, but may be eligible for other covered losses. Counties with zero reported no insured irrigated soybeans acreage.



SDPR Magnitude: Dryland Milo

Unofficial Average Phase 1 SDPR Dryland Grain Sorghum Payouts for Eligible Producers (\$/Acre, 2023)



Source: The data used in this map was downloaded on July 15, 2025 from the USDA Risk Management Agency. Payments are estimated based on actual total liabilities and net indemnities for producers that selected a 75% coverage level on Revenue Protection Policies only in each county. Administrative fees are not included in these estimates. Phase 1 payments will only be made to producers with an underlying crop insurance claim for SDPR Phase 1. Producers in Nemaha, Brown, Doniphan, Atchison, and Wyandotte are not eligible based drought-related loss for 2023, but may be eligible for other covered losses. Counties with zero reported no insured dryland grain sorghum acreage.



SDPR Magnitude: Dryland Wheat

[illegible]

Source: The data used in this map was downloaded on July 15, 2025 from the USDA Risk Management Agency. Payments are estimated based on actual total liabilities and net indemnities for producers that selected a 75% coverage level on Revenue Protection Policies only in each county. Administrative fees are not included in these estimates. The 1991 payments will only be made to producers with an underlying crop insurance claim for SDRP Phase 1. Producers in Nemaha, Brown, Doniphan, Atchison, and Wyandotte are not eligible based drought-related loss for 2023, but may be eligible for other covered losses. Counties with zero reported no insured dryland wheat acreage.



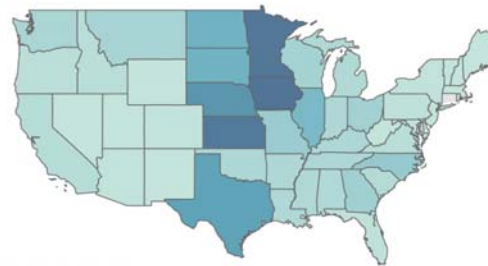
SDRP

TOTAL PAYMENTS DISBURSED	TOTAL APPROVED APPLICATIONS PAID
\$4,020,090,062	271,246

Iowa	\$476 M
Minnesota	\$463 M
Kansas	\$453 M
Nebraska	\$346 M
Texas	\$280 M

Hover for details

Hover for details



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<https://www.fsa.usda.gov/resources/programs/supplemental-disaster-relief-program-sdrp/dashboard> as of 8/17/2025

Ad hoc era: management

- Help is on the way, but when?
- Will more “emergency” payments be authorized?
- Opportunity
 - Cash flow planning for an uncertain farm economy
 - What investments make sense?

Farm Programs in 2024

No PLC anticipated, ARC for some drought-affected counties

ARC for the 2024 crop will be paid in Oct. 2025

<https://www.agmanager.info/ag-policy/arc-co-actual-payment-maps/kansas-20242025-arc-co-wheat-payment-rates-and-fall-crop>

ECAP – 627 M	}	Total to date: 1.2 Billion
SDRP – 453 M		
ELRP – 105 M		

#OBBBA or #OB3

“One Big Beautiful Bill Act”

- Strengthen ARC and PLC
- Strengthen Crop Insurance
- Add base acres
- Change payment limits and eligibility
- Tax changes, including provisions affecting farmland transfer

Farm Programs (ARC/PLC)

- New changes will take effect with the 2025 harvested crop
 - Remember those payments will not come until October 2026 (after the completion of the 2025/2026 Marketing Year)
- For the 2025 harvested crop **ONLY**, farmers will receive the higher of the calculated ARC or PLC payment, regardless of what they elected last spring
 - Annual elections will resume for the 2026 crop and beyond
- Base Acres potentially can be added to the farm in 2026 if planted acres exceed base acres in 2019-2023. The formula is a bit ambiguous, but more clarity is expected closer to 2026. **Existing base acres will not change.**

Ag Risk Coverage (ARC)

- ARC guarantee is now 90% of the calculated benchmark (previously 86%)
 - Still pays on 85% of the producer's base acres in each crop
- Maximum payments are now 12% of the benchmark revenue instead of 10%
 - 20% effective increase (minimum, benchmark price increases for wheat and some other crops)
- You now can purchase a Supplemental Coverage Option (SCO) endorsement for your crop insurance, regardless whether you select ARC or PLC

Ag Risk Coverage (ARC)

Crop	2018 Farm Bill Calculated 2025 Benchmark Price	New Calculated 2025 Benchmark Price*	2025/2026 MYA August WASDE Estimate	New Max. County Yield to Trigger ARC payment (% of Benchmark Yield)
Corn	\$5.03	\$5.03	\$3.90	116%
Soybeans	\$12.15	\$12.17	\$10.10	108%
Wheat	\$6.72	\$6.98	\$5.30	119%
Grain Sorghum	\$5.30	\$5.30	\$3.70	129%

* 2025 Benchmark ARC Price changes because of Effective Reference Price substitutions before the Olympic Average calculation

Reference Prices - PLC

Statutory Reference Price – prices set in the language of the bill

Effective Reference Price – formula that can potentially raise reference prices above statutory prices based on previous marketing years

Marketing Year	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024
Corn Price	\$3.56	\$4.53	\$6.00	\$6.54	\$4.55

Olympic Average $= (\$4.53 + \$6.00 + \$4.55) / 3$

Effective Reference Price (ERP) = $\$5.02 * 88\% = \4.42

Cannot be lower than new Statutory Reference Price (\$4.10)

Cannot be higher than 113% of \$4.10 (\$4.63)

Reference Prices - PLC

Crop	2018 Farm Bill Statutory Reference Price	Old 2025 ERP	New Statutory Reference Price	New ERP for 2025 Crop	2025/2026 MYA Forecasted Price*	2025/2026 PLC Payment Rate based on MYA forecast** (per bushel)
Corn	\$3.70	\$4.26	\$4.10	\$4.42	\$3.90	\$0.52
Soybeans	\$8.40	\$9.66	\$10.00	\$10.71	\$10.10	\$0.61
Wheat	\$5.50	\$5.56	\$6.35	\$6.35	\$5.30	\$1.05
Grain Sorghum	\$3.95	\$4.51	\$4.40	\$4.67	\$3.70	\$0.97

Reference Prices - PLC

Marketing Year	2025/2026	2026/2027*	2027/2028*	2028/2029*	2029/2030*
Wheat	\$6.35	\$6.35	\$6.35	\$6.35	\$6.35
Corn	\$4.42	\$4.42	\$4.35	\$4.10	\$4.10
Grain Sorghum	\$4.67	\$4.67	\$4.40	\$4.40	\$4.40
Soybeans	\$10.71	\$10.71	\$10.48	\$10.00	\$10.00

* Based on USDA baseline projections for MYA prices

0.5% Annual Escalator starts in 2031, capped at 113% of Statutory Reference Prices

2025 ARC and PLC Example Payouts (dryland crops)

McPherson Co Wheat

Estimated PLC under \$5.30
wheat: **\$38/acre**

Estimated ARC under \$5.30
wheat, actual county yield =
benchmark yield: **\$32/acre**

Nemaha Co Corn

Estimated PLC under \$3.90
Corn: **\$50/acre**

Estimated ARC under \$3.90
corn, actual county yield =
benchmark yields: **\$89/acre**

2025 ARC and PLC Example Payouts (dryland crops)

Labette Co Soybeans

Estimated PLC under \$10.10
soybeans: \$14/acre

Estimated ARC under \$10.10
soybeans, actual county yield
= benchmark yield: \$16/acre

Finney Co Sorghum

Estimated PLC under \$3.70
Sorghum: \$58/acre

Estimated ARC under \$3.70
sorghum, actual county yield
= benchmark yield: \$31/acre

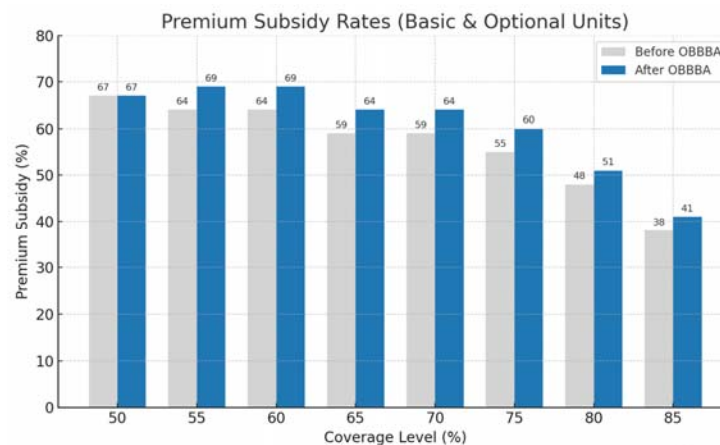
Payment Limitations

- Payment limit is increased from \$125,000 to \$155,000 effective with the 2025 crop year and is adjusted annually for inflation
- Payment limits based on the number of owners and entity structures have changed (previously pass-through entities that limit liability were limited to a single payment limit)
- AGI limitations changed to include income from agri-tourism activities, direct-to-consumer marketing of agricultural products, and gain from the sale of agricultural equipment when determining if 75% of average gross income is derived from farming

Crop Insurance Provisions

- Premium subsidy increase for basic and optional units
 - May trigger an increase in enterprise unit subsidy
- Supplemental Coverage Option (SCO) strengthened
- Definition of beginning farmer increased to 10 years, increase in premium subsidies
- ARPI goes up to 95%, higher premium subsidy
- No SCO-ARC restriction

Basic and Optional Units



Enterprise units?

- Not explicitly in OBBBA, but current rules require equality between \$ amount of premium subsidy for OU, BU, and EU “to the extent possible”
- Procedure and timing not announced by RMA
- NDSU estimate – increases in EU premium subsidy at 75%, 80%, 85% levels (other levels already at 80%)

<https://www.arpc-ndsu.com/post/obbb-premium-subsidy-increases-in-basic-optional-and-enterprise-units>

SCO Changes

- Increases underlying coverage from 86% to 90%
 - Increases sizes and likelihood of payouts
 - Which will **increase** premium cost
- Premium subsidy increases from 65% to 80%
 - Which will **decrease** premiums

Example

- Dryland wheat in McPherson County in 2026
- 50 bushel APH
- Estimated projected price \$5.70
- Expected revenue: \$285/acre

Producer Premiums (unofficial)

	60%	65%	70%	75%	80%	85%
Liability	\$171	\$185	\$200	\$214	\$228	\$242
Old OU	\$4	\$6	\$8	\$11	\$16	\$24
New OU	\$3	\$5	\$7	\$10	\$15	\$23
Old EU	\$2	\$2	\$3	\$4	\$8	\$15
New EU*	\$2	\$2	\$3	\$4	\$7	\$14
Old SCO	\$8	\$7	\$6	\$5	\$3	\$1
"New" SCO 86%	\$4	\$4	\$3	\$3	\$2	\$0.50
New SCO 90%*	\$6	\$5	\$5	\$4	\$3	\$2

Note: "Old" and "new" estimates are unofficial estimates calculated using the RMA cost estimator, but the new estimates make assumption on subsidy rates that have not been released by RMA. Premiums are rounded to the nearest \$.

SCO Liability/Premium (unofficial)

	60%	65%	70%	75%	80%	85%
Old SCO	\$10	\$9	\$8	\$7	\$6	\$4
"New" SCO 86%	\$17	\$15	\$13	\$12	\$11	\$7
New SCO 90%*	\$15	\$14	\$12	\$11	\$10	\$9

Note: Higher values imply a better value or additional \$ of coverage for \$1 of premium. "Old" and "new" estimates are official based on the RMA cost estimator, but the new estimates make assumption on subsidy rates that have not been released by RMA

SCO Liability/Premium (unofficial)

	60%	65%	70%	75%	80%	85%
Optional Units for Underlying RP Policy						
Old OU + SCO	\$21	\$19	\$18	\$16	\$13	\$10
New OU + SCO	\$27	\$24	\$21	\$18	\$14	\$10
Enterprise Units for Underlying RP Policy						
Old EU + SCO	\$28	\$28	\$29	\$29	\$24	\$16
New EU + SCO	\$36	\$35	\$34	\$34	\$26	\$17

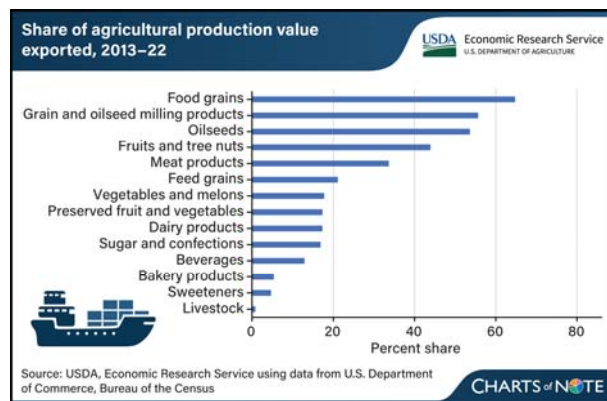
Note: Higher values imply a better value or additional \$ of coverage for \$1 of premium. "Old" and "new" estimates are official based on the RMA cost estimator, but the new estimates make assumption on subsidy rates that have not been released by RMA

Crop Insurance: the bottom line

- Premiums will likely decrease \$1-3/acre
 - Relative cost likely to stay the same across unit structure but still TBD
- SCO will provide more protection at a lower cost
 - Additional cost may still be a concern
- Reconsider ARPI???

What to watch over the next year

- TRADE
- Continuation of the ad hoc era?
- Skinny Farm Bill?
- Conservation
- Labor
- USDA Reorganization



Conclusion

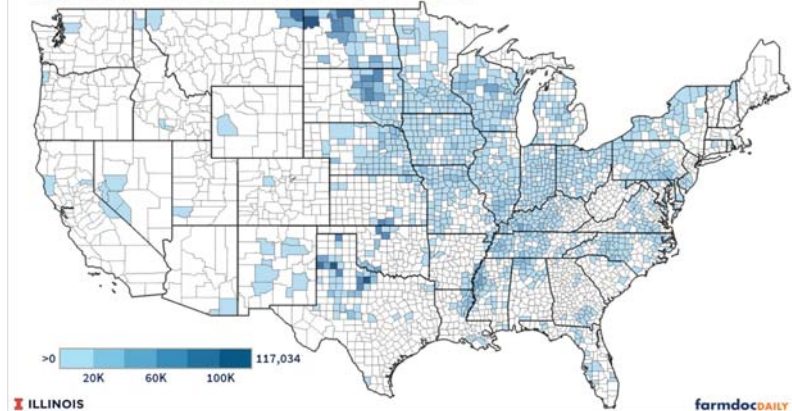
- Safety net has been strengthened
 - ARC and PLC will trigger more easily and pay out more
 - Base acre additions will benefit under-based farms
 - SCO is a (much) better value, other crop insurance changes *appear* to be similar across policy choices
- For many producers, some analysis may be warranted
- Opportunity to prepare for potential extended period of low crop margins

Resources

- www.AgManager.info
 - <https://www.agmanager.info/ag-policy/arc-co-actual-payment-maps>
 - <https://www.agmanager.info/crop-insurance/crop-insurance-papers-and-information/advanced-arc-plc-sco-tradeoff-tool>
 - <https://www.agmanager.info/ag-law-and-human-resources/ag-law-issues/one-big-beautiful-bill-act-commodities-subtitle>
- Tax Changes Articles:
<https://www.calt.iastate.edu/post/one-big-beautiful-bill-act-implements-significant-tax-package>
- Tracking Ad Hoc Payments made is KS:
 - ECAP: <https://www.fsa.usda.gov/resources/programs/emergency-commodity-assistance-program/dashboard>
 - ELRP: <https://www.fsa.usda.gov/resources/programs/emergency-livestock-relief-program-elrp/dashboard>
 - SDRP: <https://www.fsa.usda.gov/resources/programs/emergency-livestock-relief-program-elrp/dashboard>

Base acre estimate 1

Figure 1. Additional Base Acres from Covered Crops



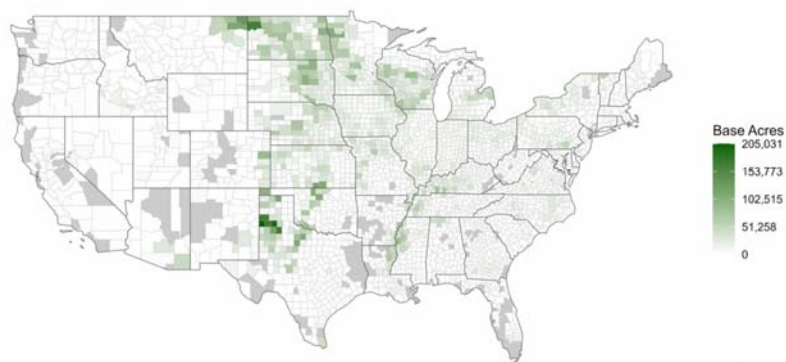
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<https://farmdocdaily.illinois.edu/2025/07/reconciliation-bill-proposals-to-add-base-acres.html>



Base acre estimate 2

Figure 2. Additional Base Acres Allocated to All Covered Commodities by County, Scenario 2 ("FSA")



<https://raff.missouri.edu/wp-content/uploads/2025/07/2025-07-2-RaFF-Policy-Brief.pdf>

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