



Ag Policy and Farm Bill Outlook

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Understanding The Farm Bill Debate

- Economics – record farm income and reduced commodity program spending leading into the debate giving way to reduced prices and calls for higher support levels
- Budget – ad hoc vs. farm bill spending and farm vs. food spending
- Trade – conflicts and commitments
- Politics – posturing over principles vs. pragmatism





What's Happened?

- 2018 Farm Bill expired in September 2023
- One-year extension passed before permanent legislation took hold
- Not all programs have the same expiration date/threat
- House Agriculture Committee passed farm bill
- Senate Agriculture Committee Chair released farm bill principles
- 2018 Farm Bill extension expired in September 2024



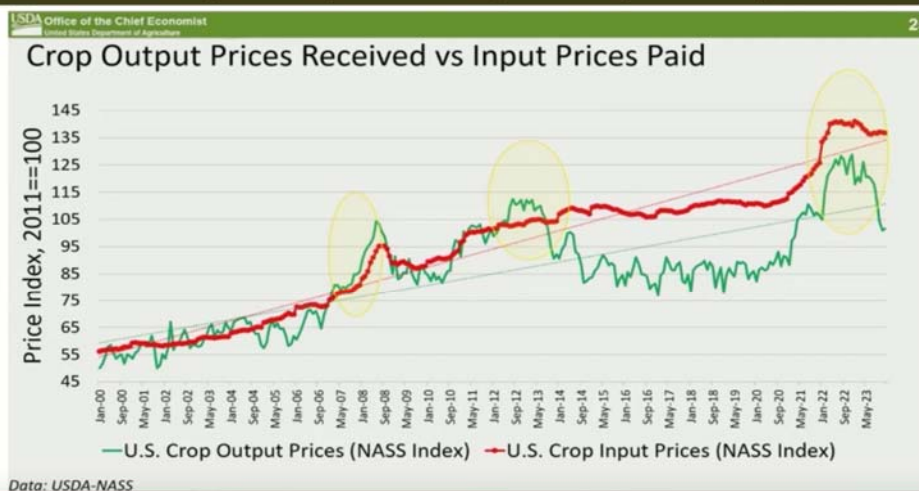
Pressure on Farm Income and the Safety Net



U.S. DEPARTMENT OF AGRICULTURE

AGRICULTURAL OUTLOOK FORUM

HYBRID EVENT · February 15-16, 2024 · Crystal City Gateway Marriott, Arlington VA



Source: Seth Meyer,
USDA Ag Outlook
Forum, February
2024



Farm Bill Proposals

Safety Net Highlights

House – Ag Committee Bill

- Title I
 - Reference prices increased 10-20%
 - ARC protection increased
 - Guarantee increased from 86% to 90%
 - Band increased from 10% to 12.5%
 - Limited base acreage update
- Title XI
 - SCO protection increased
 - Coverage level increased to 90%
 - Subsidy increased to 80%

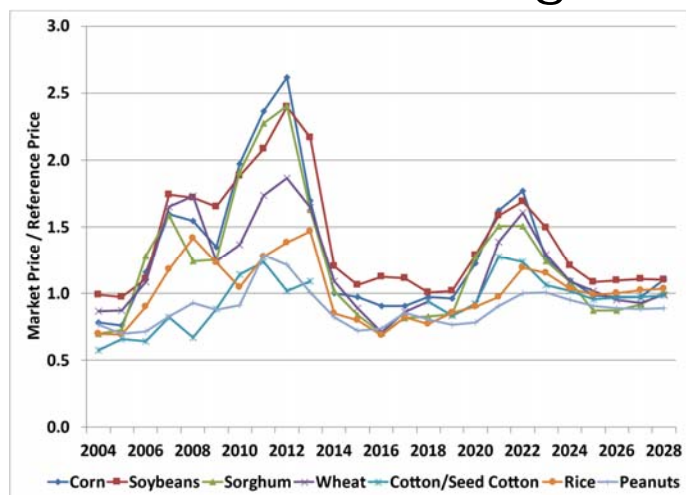
Senate – Stabenow Talking Points

- Title I
 - Reference prices for seed cotton, rice, and peanuts by 5%
 - Limited base acreage update
 - ARC guarantee increased from 86% to 88%
- Title XI
 - SCO protection increased
 - Coverage level increased to 88%
 - Subsidy increased to 80%



Farm Bill Directions and Challenges

- Commodity program revisions
 - ARC v. PLC preferences
 - Reference price support levels





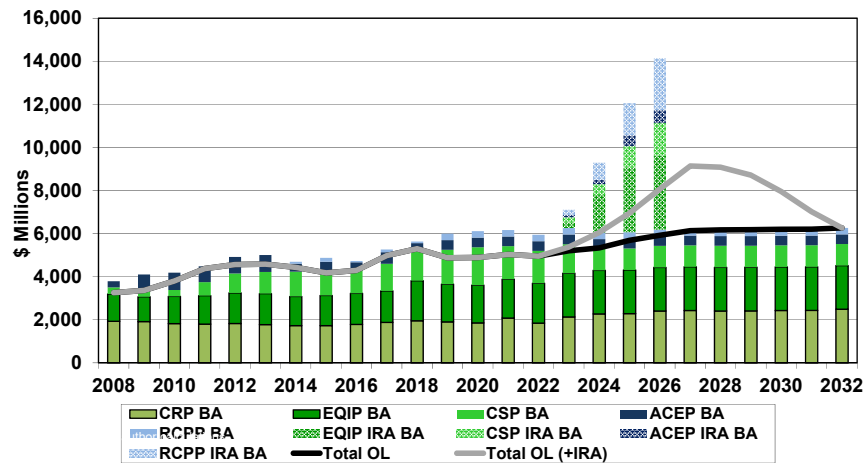
What Hasn't Happened?

- House farm bill doesn't score within budget/baseline
- Senate Agriculture Committee has not introduced legislative text
- No time scheduled for floor debate before farm bill expiration



Conservation Programs

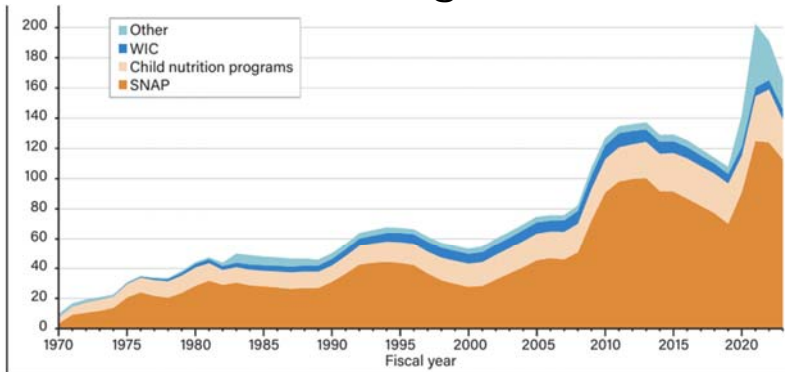
Budget Authority, Outlays, and IRA Impacts



Source: CBO and author calculations, August 2022



Nutrition Assistance Programs



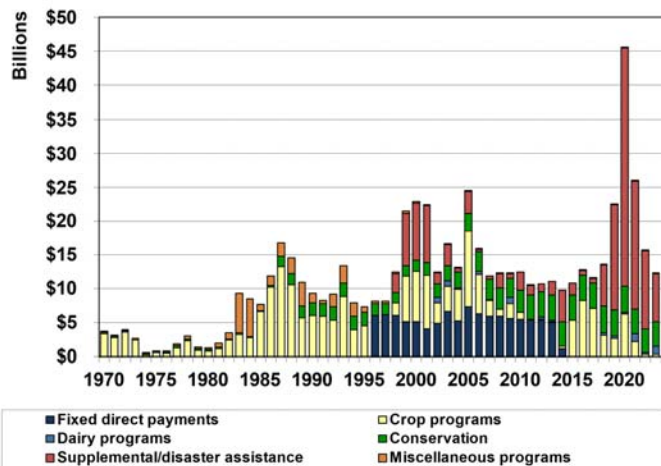
FY = Fiscal year. SNAP = Supplemental Nutrition Assistance Program. Child nutrition programs = National School Lunch Program; School Breakfast Program; Special Milk Program; related commodity costs; Child and Adult Care Food Program; and Summer Food Service Program. WIC = Special Supplemental Nutrition Program for Women, Infants, and Children. Other = All other program and administrative spending, including Pandemic Electronic Benefit Transfer (P-EBT) in FYs 2020-23 and the Farmers to Families Food Box Program in FYs 2020-21.

Source: USDA, Economic Research Service using USDA, FNS data; and USDA, Agricultural Marketing Service data.



CCC Spending

- Issues
 - Secretary of Agriculture authority
 - Budget for ad hoc spending vs. legislated programs



Source: USDA-ERS and author calculations, September 2024



What Could Happen?

- 2018 Farm Bill lapses until lame duck session of Congress
- New farm bill could be passed in lame duck session of Congress
- One-year extension could be passed to push off issue to new session of Congress



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What Happens if Nothing Happens?

- Permanent legislation
- Farm bill debate begins anew in 2025
- 2025 farm programs a continuation of 2018 Farm Bill



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ARC & PLC – 2023 Crop Payment Rates (Paid in 2024)

Commodity	PLC	ARC		Price**	Downside Price/Revenue Risk Covered by ARC/PLC	
	Effective Reference Price	Benchmark Price	Effective Price at Benchmark Yield*		Price Change to Have Triggered PLC	Yield Change to Have Triggered ARC
Corn	\$3.70	\$3.98	\$3.42	\$4.55	-19%	-25%
Grain Sorghum	\$3.95	\$4.31	\$3.71	\$4.93	-20%	-25%
Soybeans	\$8.40	\$9.57	\$8.23	\$12.40	-32%	-34%
Wheat	\$5.50	\$5.50	\$4.73	\$6.96	-21%	-32%

* Effective price for ARC based on 86% of benchmark price that would trigger ARC payments assuming no yield loss from benchmark yield.
 ** Prices for 2023 based on USDA-NASS Agricultural Prices report.



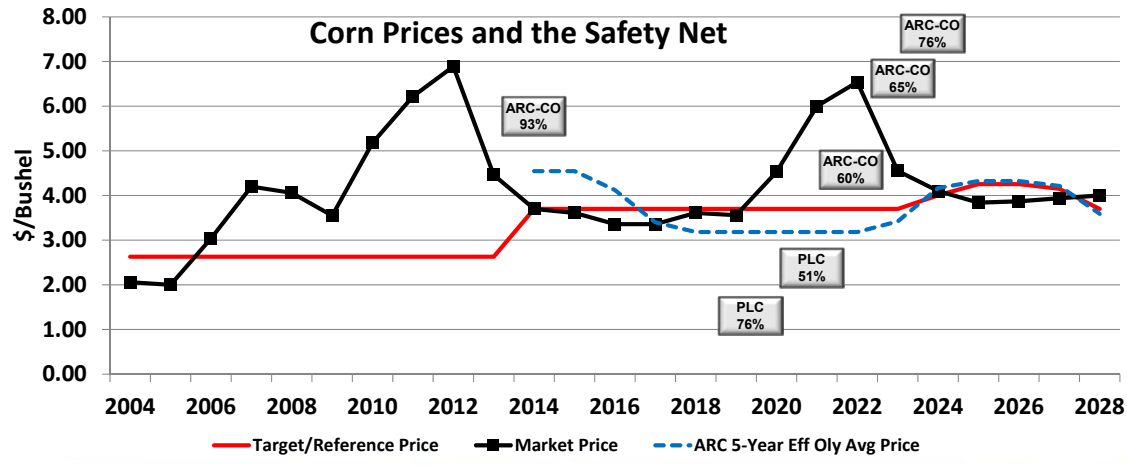
ARC & PLC – Projected 2024 Crop Payment Rates (Paid in 2025)

Commodity	PLC	ARC		Projected Price**	Downside Price/Revenue Risk Covered by ARC/PLC	
	Effective Reference Price	Benchmark Price	Effective Price at Benchmark Yield*		Projected Price Change to Trigger PLC	Projected Revenue Change to Trigger ARC
Corn	\$4.01	\$4.85	\$4.17	\$4.10	-2%	2%
Grain Sorghum	\$4.06	\$5.01	\$4.31	\$4.10	-1%	5%
Soybeans	\$9.26	\$11.12	\$9.56	\$10.80	-14%	-11%
Wheat	\$5.50	\$6.21	\$5.34	\$5.70	-4%	-6%

* Effective price for ARC based on 86% of benchmark price that would trigger ARC payments assuming no yield loss from benchmark yield.
 ** Projected prices for 2024 based on projections from USDA-WAOB and USDA-FSA as of September 2024.



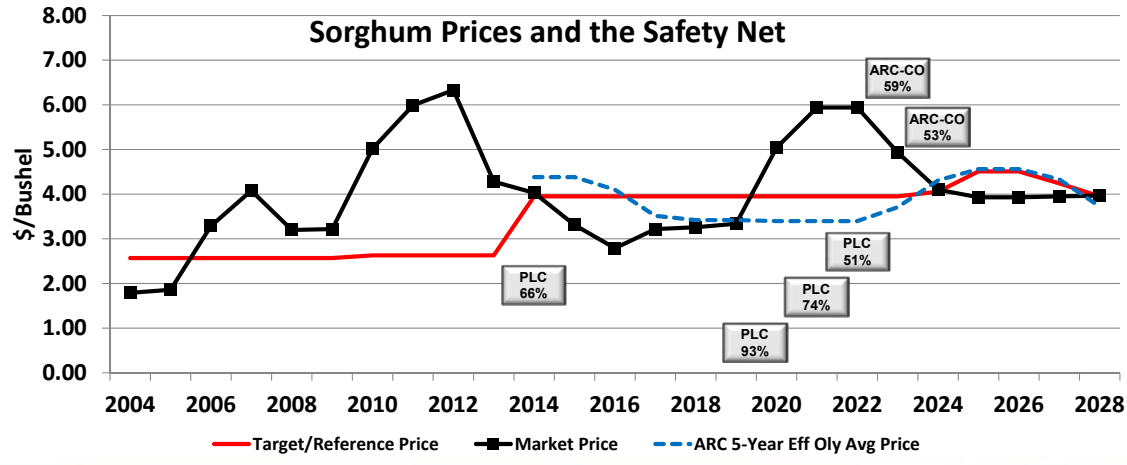
Farm Bill Decisions and Outlook



* Prices and projections through 2024 from USDA-NASS, USDA-WAOB, and USDA-FSA as of September 2024. Price projections for 2025-2028 from FAPRI as of September 2024. Percentage enrollments by year represent national base acreage enrollment between ARC-CO and PLC.



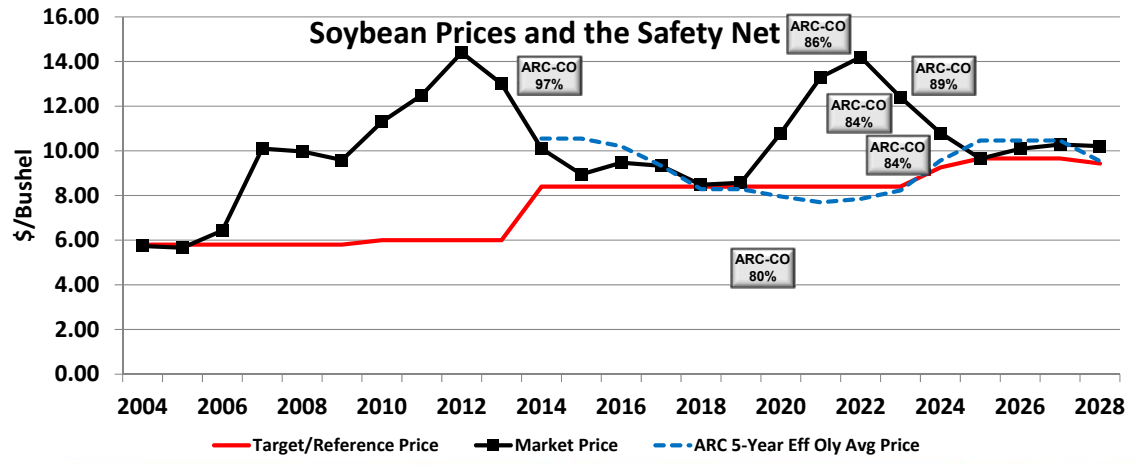
Farm Bill Decisions and Outlook



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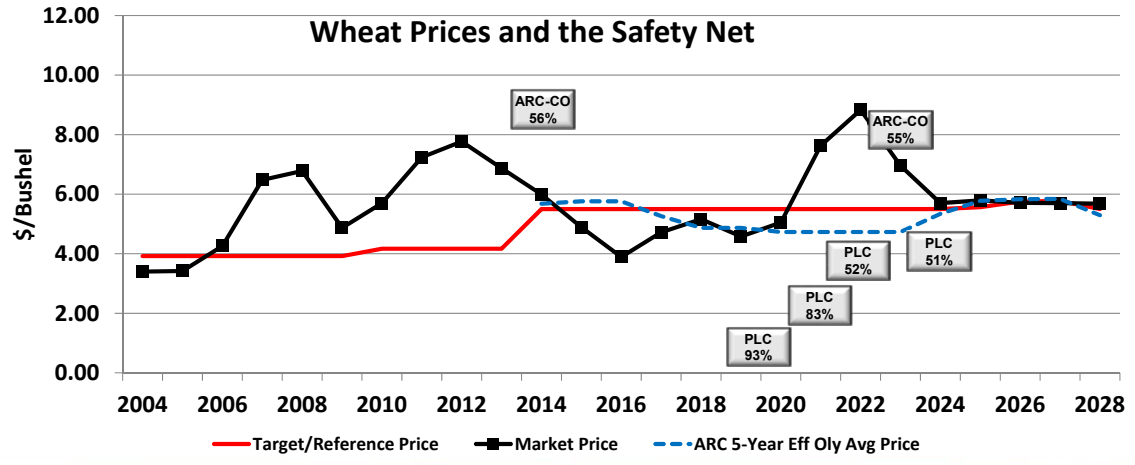
Farm Bill Decisions and Outlook



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Farm Bill Decisions and Outlook



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Comparing Safety Nets

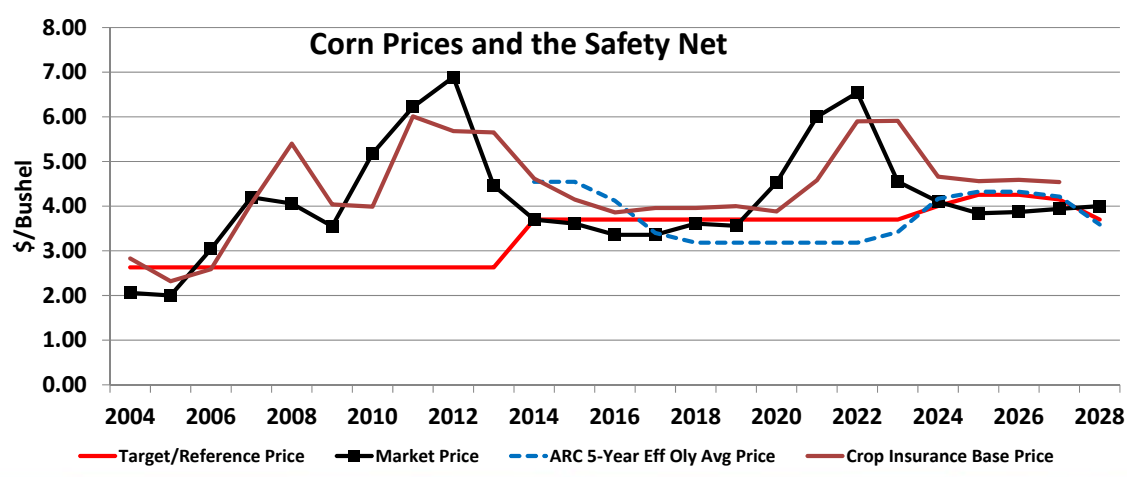
2025 PLC, ARC, and SCO Effective Protection Levels Under Status Quo Programs

Commodity	PLC		ARC		SCO		Projected Harvest Price****	Projected Market Year Average Price****	Downside Price/Revenue Risk Covered by PLC/ARC/SCO		
	5-Year Olympic Average Price	Effective Reference Price	Benchmark Price	Effective Price at Benchmark Yield*	Base/Projected Base Price**	Effective SCO Price at Expected Yield***			Projected Price Change to Trigger PLC	Projected Revenue Change to Trigger ARC	Projected Revenue Change to Trigger SCO
Corn	\$5.03	\$4.26	\$5.03	\$4.32	\$4.55	\$3.92	\$4.56	\$3.84	+11%	+13%	-14%
Grain Sorghum	\$5.30	\$4.51	\$5.30	\$4.56	\$4.56	\$3.92	\$4.56	\$3.93	+15%	+16%	-14%
Soybeans	\$12.17	\$9.66	\$12.17	\$10.46	\$10.81	\$9.30	\$10.81	\$9.65	0%	+8%	-14%
Wheat	\$6.55	\$5.56	\$6.72	\$5.78	\$6.00	\$5.16	\$6.47	\$5.79	-4%	0%	-20%

* Effective price for ARC based on 86% of benchmark price that would trigger ARC payments assuming no yield loss from benchmark yield. ** Base and projected base price for SCO based on prices published by USDA-RMA for wheat (in Nebraska) and futures market settlement prices for other commodities as of October 7, 2024. ***Effective price for SCO based on 86% of insurance projected price that would trigger SCO payments assuming no yield loss from expected yield. **** Projected prices for 2025 based on futures market prices as of October 7, 2024 or market year average price projections from FAPRI as of August 2024.



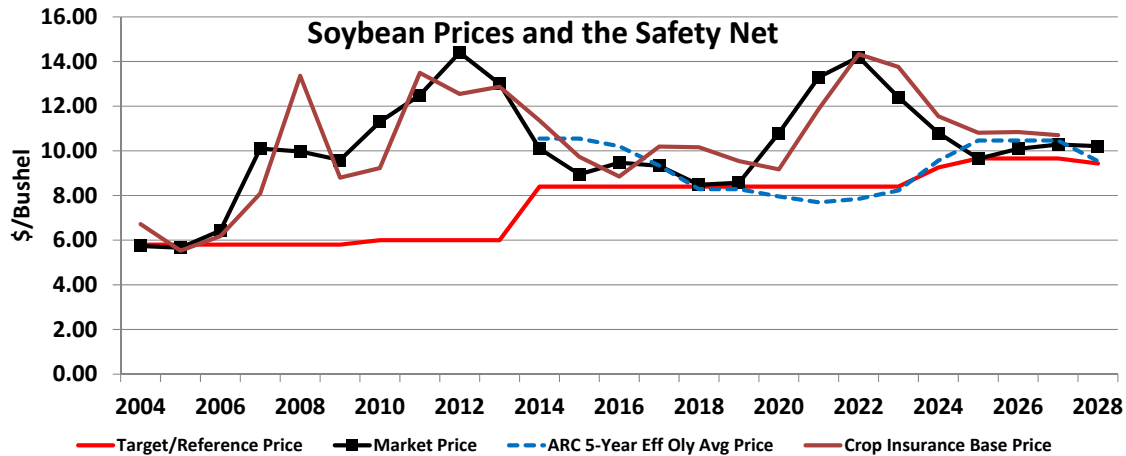
Risk Management Decisions and Outlook



* Prices and projections through 2024 from USDA-NASS, USDA-WAOB, USDA-FSA, and USDA-RMA as of October 2024. Price projections for 2025-2028 from FAPRI as of September 2024 or futures market as of October 7, 2024.



Risk Management Decisions and Outlook



* Prices and projections through 2024 from USDA-NASS, USDA-WAOB, USDA-FSA, and USDA-RMA as of October 2024. Price projections for 2025-2028 from FAPRI as of September 2024 or futures market as of October 7, 2024.



What Else Could Happen?

- General policy and regulatory uncertainty in wake of Supreme Court striking down the Chevron doctrine
- Trade policy uncertainty and concern over conflict
- Tax policy uncertainty as 2017 Tax Cuts and Jobs Act provisions set to expire at end of 2025
- Energy and climate policy uncertainty
- Labor and immigration uncertainty



Extension Risk Management Education Opportunities

- Areas of Risk
 - Production
 - Marketing
 - Financial
 - Legal
 - Human
- Audiences and Funding Opportunities
 - Traditional (Full Spectrum)
 - Underserved by Crop Insurance
 - Exploratory
- Regional Competitive Grants Program
 - September RFA
 - 18-month projects (April-following September)



More information at ncerme.org and extensionrme.org

