

Farm Bill Update

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Where we are at today...

- The deadline for passing a new Farm Bill was Sept. 30th, 2023
- Congress passed a resolution to extend the 2018 Farm Bill to Sept. 30th, 2024, giving the current farm programs one more year
- Will a Farm Bill be passed in an election year? Will there be another extension?
- Crop Insurance is permanently authorized, as is SNAP (food assistance)

Current issues

- Most talk is a status-quo Farm Bill
 - Desire to raise PLC reference prices
 - Base acre update
- Food vs farm
 - 2023-estimated 10-year baseline is now \$1.46 trillion
 - 2018 10-year baseline was \$867 billion

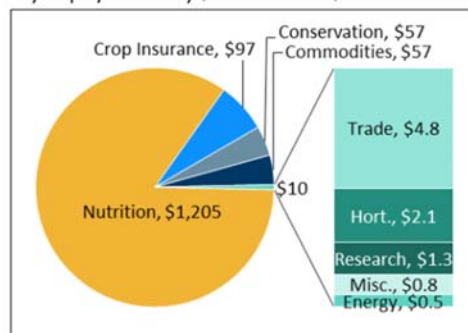


Preliminary Farm Bill “Baseline”

Congressional budgeting rules play an important role in the Farm Bill process

~84% is nutrition spending;
some years nutrition debate causes delays

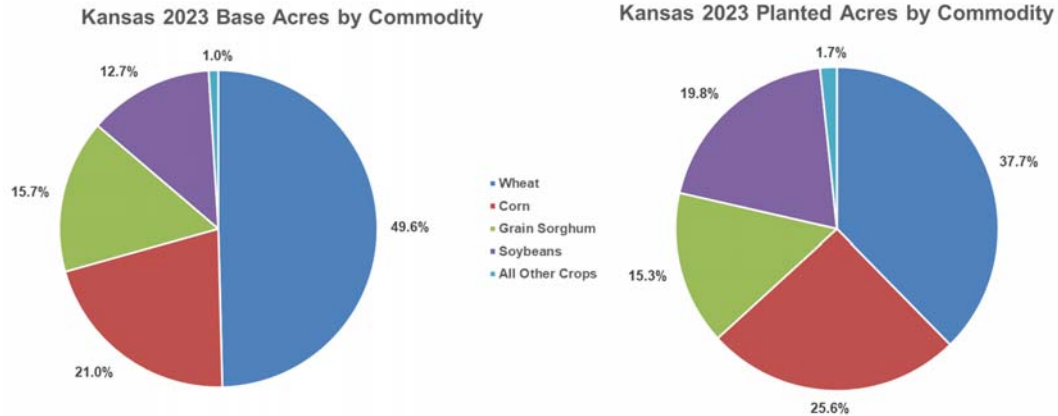
10-year projected outlays, FY2024-FY2033, billions of dollars



Source: Created by CRS using Congressional Budget Office (CBO) February 2023 Baseline and amounts indicated in law for programs in other titles.



Comparing Base Acres to Planted Acres



Base acres from national FSA database, planted acres based on 2023 NASS surveys
 In 2023, there were roughly 800,000 more planted acres of program crops than base acres



2018 Farm Bill Timeline

Election Period	Payment Received (if any)
2019 & 2020 Election	Oct. 2020 & 2021
2021 Election	Oct. 2022
2022 Election	Oct. 2023
2023 Election	Oct. 2024
2024 Election- March 15th, 2024	Oct. 2025
New Farm Bill?	

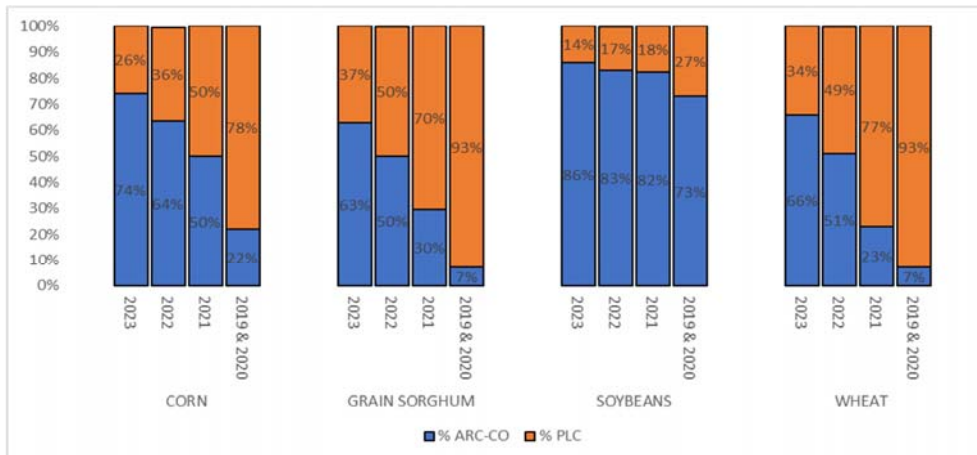
2024 Election covers the **2024/2025 Marketing Year** for crops **harvested in 2024**

Corn, Sorghum, & Soybeans Marketing year:
 Sept. 1st, 2024- Aug. 31st, 2025

Wheat Marketing year:
 June 1st, 2024 – May 31st, 2025



Program Elections in KS



<https://www.agmanager.info/ag-policy/kansas-arcplc-enrollment-maps>



Chances of Payments in Oct. 2024 for 2023 Harvested Crops?

	PLC	Wheat	Corn	Grain Sorghum	Soybeans
2023/2024 MYA Estimate*		\$7.20	\$4.80	\$4.85	\$12.75
Effective Reference Price		\$5.50	\$3.70	\$3.95	\$8.40

*January WASDE estimate

<https://www.usda.gov/oce/commodity/wasde>



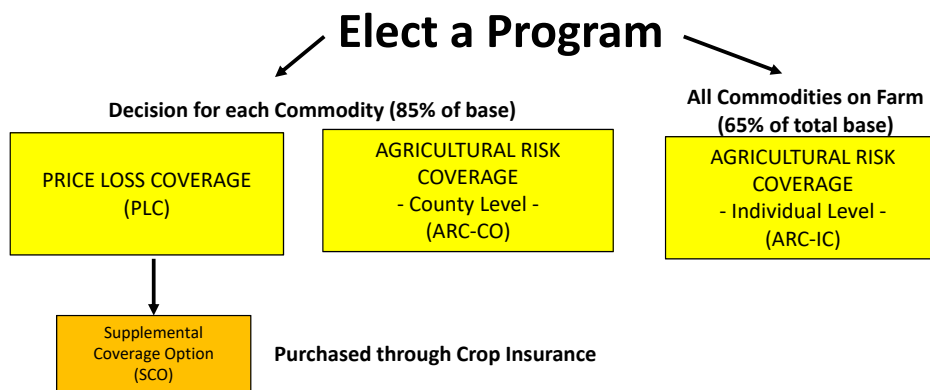
Chances of Payments in Oct. 2024 for 2023 Harvested Crops?

	ARC-CO benchmark	2023/2024 MYA*	% of Benchmark yield to trigger payment	Example Benchmark County Yield (bushels)	Bushel yield to trigger payment
Wheat	\$5.50	\$7.20	65.7%	45	29.6
Corn	\$3.98	\$4.80	71.3%	150	107.0
Grain Sorghum	\$4.31	\$4.85	76.4%	100	76.4
Soybeans	\$9.57	\$12.75	64.6%	50	32.3

*January WASDE estimate
<https://www.usda.gov/oce/commodity/wasde>



Decisions to be made...



Price Loss Coverage

- PLC – Low price program
 - Triggers when national Marketing Year Average price below the reference price for the crop
 - Paid on 85% of farm base acres and farm program yields
 - Subject to a much higher cap
- Statutory Reference prices:
 - Corn \$3.70
 - Grain Sorghum \$3.95
 - Wheat \$5.50
 - Soybeans \$8.40

New “Effective” Reference Prices for 2024:
Corn \$4.01
Grain Sorghum \$4.06
Wheat \$5.50
Soybeans \$9.26



Agricultural Risk Coverage

- ARC-CO – Low revenue program
 - Triggers when revenue is below 86% of county benchmark: set by last 5 years (with 1 lag year) of national Marketing Year Average prices and county yields
 - Payments determined on county-by-county basis, subject to a 10% payment cap
 - Paid on 85% of base acres

ARC Benchmark Prices for 2024:
Corn \$4.85
Grain Sorghum \$5.01
Wheat \$6.21
Soybeans \$11.12



What program should I choose for 2024?

Crop Name	Corn	Grain Sorghum	Soybeans	Wheat
PLC Effective Ref. Price	\$4.01	\$4.06	\$9.26	\$5.50
2024 ARC Benchmark	\$4.85	\$5.01	\$11.12	\$6.21
86% of ARC Benchmark (<u>average yield</u>)	\$4.17	\$4.31	\$9.56	\$5.34
Price ARC will Trigger w/ <u>10% yield loss</u>	\$4.63	\$4.79	\$10.63	\$5.93
Price ARC will Trigger w/ <u>10% yield gain</u>	\$3.79	\$3.92	\$8.69	\$4.86

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Research and Extension

How will drought yields affect ARC-CO?

State Name	County Name	Crop Name	ARC-CO Yield Designation	2018 trend adjusted (county yield or 80% of T)	2019 trend adjusted (county yield or 80% of T)	2020 trend adjusted (county yield or 80% of T)	2021 trend adjusted (county yield or 80% of T)	2022 trend adjusted (county yield or 80% of T)	2024 Benchmark (2018-22 Olympic avg)
Kansas	Rawlins	Corn	Irrigated	232.58	170.93	169.08	183.10	151.24	174.37
Kansas	Rawlins	Corn	Nonirrigated	125.08	106.62	66.57	64.00	64.00	79.06
Actual FSA reported non-irrigated corn yields:							48	7.2	


K-STATE
Research and Extension

Price Projections-Wheat

As of Jan. 31st, 2024

	(Final)	(Estimated)	(Projected)
Wheat	2022/2023	2023/2024	2024/2025
K-State Monthly Estimate	\$8.83	\$7.11	\$7.01
USDA WASDE Monthly Estimate	\$8.83	\$7.20	-----
FAPRI-MU (Baseline)	\$8.83	\$7.58	\$6.33
USDA ERS	\$8.83	\$7.08	-----

PLC Reference Price for Wheat is \$5.50 for 2024

<http://www.agmanager.info/crop-insurance/risk-management-strategies/projections-and-sources-mya-prices-arc-and-plc-commodity>



What program should I choose?

- PLC payments will be made if the MYA price drops below \$5.50
- **With an average yield (47 bushels), ARC-CO will not start paying until price falls to \$5.34**
- PLC payment will exceed ARC-CO payments at any yield level if price drops below \$4.72
- ARC-CO maximum payment will be **\$29.32** per acre in 2024

<https://www.agmanager.info/trade-off-between-20242025-arc-and-plc>

State:	Kansas								
County:	Rush	Crop:	Wheat	Type:	Nonirrigated				
		ARC			PLC				
5 Yr. Olympic Avg. County Yield		47.21	Bushels	Program Yield	37.5				
5 Yr. Olympic Avg. MYA Price		\$6.21		Eff. Reference Price	\$5.50				
Benchmark Revenue		\$293.17							
Guaranteed Revenue		\$252.13		PLC > ARC-CO max @	\$4.72				
		Yield							
		15	19	24	30	38	47	52	56
MYA Price	PLC Payment	ARC Payment							
\$9.33	\$0.00	\$29.32	\$29.32	\$28.21	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$8.93	\$0.00	\$29.32	\$29.32	\$29.32	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$8.55	\$0.00	\$29.32	\$29.32	\$29.32	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$8.18	\$0.00	\$29.32	\$29.32	\$29.32	\$6.73	\$0.00	\$0.00	\$0.00	\$0.00
\$7.83	\$0.00	\$29.32	\$29.32	\$29.32	\$17.23	\$0.00	\$0.00	\$0.00	\$0.00
\$7.49	\$0.00	\$29.32	\$29.32	\$29.32	\$27.43	\$0.00	\$0.00	\$0.00	\$0.00
\$7.17	\$0.00	\$29.32	\$29.32	\$29.32	\$29.32	\$0.00	\$0.00	\$0.00	\$0.00
\$6.86	\$0.00	\$29.32	\$29.32	\$29.32	\$29.32	\$0.00	\$0.00	\$0.00	\$0.00
\$6.56	\$0.00	\$29.32	\$29.32	\$29.32	\$29.32	\$2.85	\$0.00	\$0.00	\$0.00
\$6.28	\$0.00	\$29.32	\$29.32	\$29.32	\$29.32	\$13.49	\$0.00	\$0.00	\$0.00
\$6.01	\$0.00	\$29.32	\$29.32	\$29.32	\$29.32	\$23.75	\$0.00	\$0.00	\$0.00
\$5.75	\$0.00	\$29.32	\$29.32	\$29.32	\$29.32	\$29.32	\$0.00	\$0.00	\$0.00
\$5.50	\$0.00	\$29.32	\$29.32	\$29.32	\$29.32	\$29.32	\$0.00	\$0.00	\$0.00
\$5.31	\$7.13	\$29.32	\$29.32	\$29.32	\$29.32	\$29.32	\$2.56	\$0.00	\$0.00
\$5.12	\$14.26	\$29.32	\$29.32	\$29.32	\$29.32	\$29.32	\$11.49	\$0.00	\$0.00
\$4.94	\$21.01	\$29.32	\$29.32	\$29.32	\$29.32	\$29.32	\$19.95	\$0.00	\$0.00
\$4.77	\$27.39	\$29.32	\$29.32	\$29.32	\$29.32	\$29.32	\$27.94	\$4.09	\$0.00
\$4.60	\$33.77	\$29.32	\$29.32	\$29.32	\$29.32	\$29.32	\$29.32	\$12.93	\$0.00

What program should I choose?

- PLC payments will be made if the MYA price drops below \$9.26
- **With an average yield (43 bushels), ARC-CO will not start paying until price falls to \$9.26**
- PLC payment will exceed ARC-CO payments at any yield level if MYA price drops below \$7.76
- ARC-CO maximum payment will be \$47.37 per acre in 2024

<https://www.agmanager.info/trade-off-between-20242025-arc-and-plc>

ARC Payments vs. PLC Payments Under Different Yields and Prices for 2024/2025 Marketing Year									
State:	Kansas		Crop:		Soybeans		Type:		Nonirrigated
County:	Franklin		ARC		PLC				
5 Yr. Olympic Avg. County Yield	42.60		Bushels		Program Yield		31.6 Bushels		
5 Yr. Olympic Avg. MYA Price	\$11.12				Eff. Reference Price		\$9.26		
Benchmark Revenue	\$473.71								
Guaranteed Revenue	\$407.39				PLC > ARC-CO max @		\$7.76		
			Yield						
		14	18	22	27	34	43	47	52
MYA Price	PLC Payment	ARC Payment							
\$15.73	\$0.00	\$47.37	\$47.37	\$47.37	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$15.05	\$0.00	\$47.37	\$47.37	\$47.37	\$1.04	\$0.00	\$0.00	\$0.00	\$0.00
\$14.40	\$0.00	\$47.37	\$47.37	\$47.37	\$18.59	\$0.00	\$0.00	\$0.00	\$0.00
\$13.78	\$0.00	\$47.37	\$47.37	\$47.37	\$35.33	\$0.00	\$0.00	\$0.00	\$0.00
\$13.19	\$0.00	\$47.37	\$47.37	\$47.37	\$47.37	\$0.00	\$0.00	\$0.00	\$0.00
\$12.62	\$0.00	\$47.37	\$47.37	\$47.37	\$47.37	\$0.00	\$0.00	\$0.00	\$0.00
\$12.08	\$0.00	\$47.37	\$47.37	\$47.37	\$47.37	\$0.00	\$0.00	\$0.00	\$0.00
\$11.56	\$0.00	\$47.37	\$47.37	\$47.37	\$47.37	\$14.35	\$0.00	\$0.00	\$0.00
\$11.06	\$0.00	\$47.37	\$47.37	\$47.37	\$47.37	\$31.35	\$0.00	\$0.00	\$0.00
\$10.58	\$0.00	\$47.37	\$47.37	\$47.37	\$47.37	\$47.37	\$0.00	\$0.00	\$0.00
\$10.12	\$0.00	\$47.37	\$47.37	\$47.37	\$47.37	\$47.37	\$0.00	\$0.00	\$0.00
\$9.68	\$0.00	\$47.37	\$47.37	\$47.37	\$47.37	\$47.37	\$0.00	\$0.00	\$0.00
\$9.26	\$0.00	\$47.37	\$47.37	\$47.37	\$47.37	\$47.37	\$9.21	\$0.00	\$0.00
\$8.94	\$10.11	\$47.37	\$47.37	\$47.37	\$47.37	\$47.37	\$22.97	\$0.00	\$0.00
\$8.63	\$19.90	\$47.37	\$47.37	\$47.37	\$47.37	\$47.37	\$36.30	\$1.78	\$0.00
\$8.33	\$29.38	\$47.37	\$47.37	\$47.37	\$47.37	\$47.37	\$47.37	\$15.88	\$0.00
\$8.04	\$38.54	\$47.37	\$47.37	\$47.37	\$47.37	\$47.37	\$47.37	\$29.51	\$0.00
\$7.76	\$47.39	\$47.37	\$47.37	\$47.37	\$47.37	\$47.37	\$47.37	\$42.67	\$3.87

Conclusions and Implications

- Selecting ARC or PLC for 2024 may be a more difficult decision than in the past
 - Making a similar decision as we did back in 2014, coming off of high prices
 - PLC=better price protection
 - ARC=more likely? (especially for dryland crops), BUT
 - Payment hits the maximum pretty quickly
 - Do you want to use SCO? – Cannot if you are enrolled in ARC

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Crop Basis Maps

Basis Levels for Soybeans, Corn, Wheat, and Grain Sorghum

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Cattle Feeding Returns
September 12, 2016 - Tansar - CATTLE FEEDING RETURNS

Weekly Grain Market Outlook - Dan O'Brien
September 9, 2016 - O'Brien - KSN RADIO INTERVIEWS

Interactive Crop Basis Tool
September 8, 2016 - COULMARTING

Kansas Days Suitable for Fieldwork

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Kansas State University/Washburn Law School Inaugural Agribusiness Symposium
September 29, 2016
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Ag Lenders Conferences
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Ag Lenders Conferences
October 5, 2016
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...view more

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