

2024 Illinois Farm Economics Summit

Farm Policy Outlook

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Gardner
Agriculture
Policy
Program



WHERE THINGS STAND, Part 1.

Farm Bill Reauthorization.

Farm Bill Reauthorization.

Initially expired in 2023
(extended).

House Agriculture
Committee reported May
24, 2024; 33-21.

No movement in the
Senate.

**Lame Duck; another
extension...big
questions remain.**

118TH CONGRESS
2^D SESSION

H. R. 8467

To provide for the reform and continuation of agricultural and other programs of the Department of Agriculture through fiscal year 2029, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 21, 2024

Mr. THOMPSON of Pennsylvania introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To provide for the reform and continuation of agricultural and other programs of the Department of Agriculture through fiscal year 2029, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “Farm, Food, and National Security Act of 2024”.

<https://www.congress.gov/118/bills/hr8467/BILLS-118hr8467ih.xml>.



WHERE THINGS STAND, Part 2.

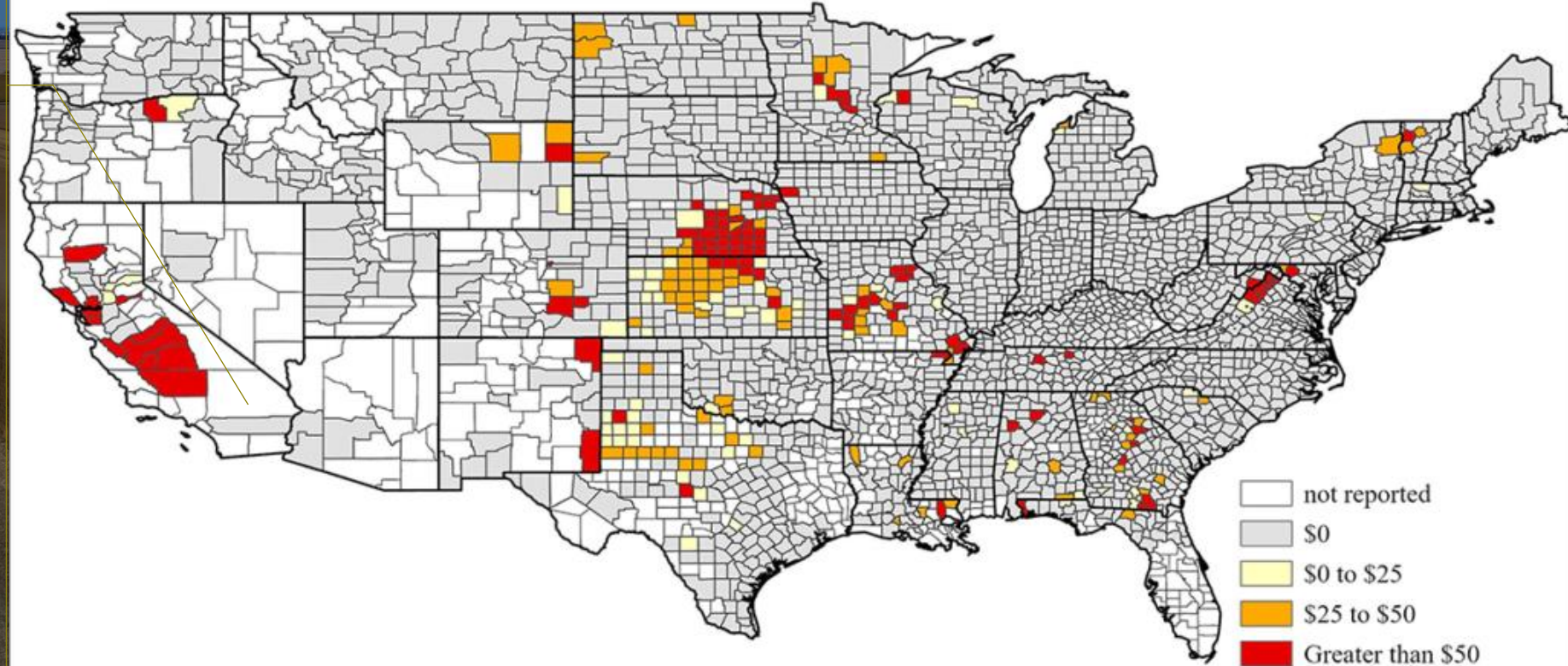
Agriculture Risk Coverage (ARC) & Price Loss Coverage (PLC)

ARC/PLC (Corn Base Acres)

Corn:

- ✓ MYA of \$4.55 on Eff. Ref. of \$3.70 in 2023
- ✓ Eff. Ref. price increase to \$4.01 for 2024;
- ✓ Increasing to \$4.26 for 2025 & 2026.

Figure 1. ARC-CO Payment Rates (\$/base acre) for Corn in 2023



Note: Payment rates are reported for 'non-irrigated' or 'all' categories for each county.

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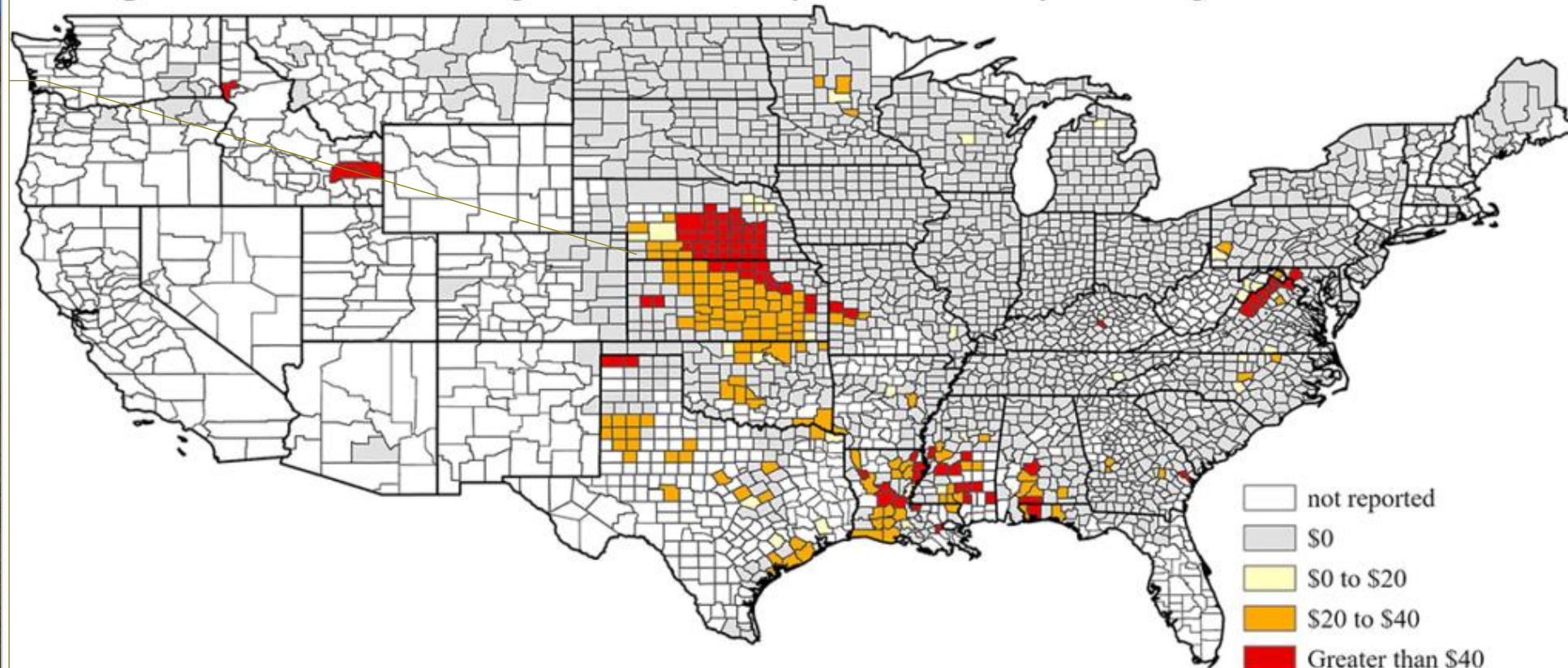
<https://farmdocdaily.illinois.edu/2024/10/2023-arc-co-and-plc-payments-for-corn-soybeans-and-wheat.html>

ARC/PLC (Soybean Base Acres)

Soybeans:

- ✓ MYA of \$12.40 on Eff. Ref. Price of \$8.40 for 2023.
- ✓ Effective Ref. Price increase to \$9.26 for 2024;
- ✓ Increasing to \$9.66 for 2025 & 2026.

Figure 2. ARC-CO Payment Rates (\$/base acre) for Soybeans in 2023



Note: Payment rates are reported for 'non-irrigated' or 'all' categories for each county.

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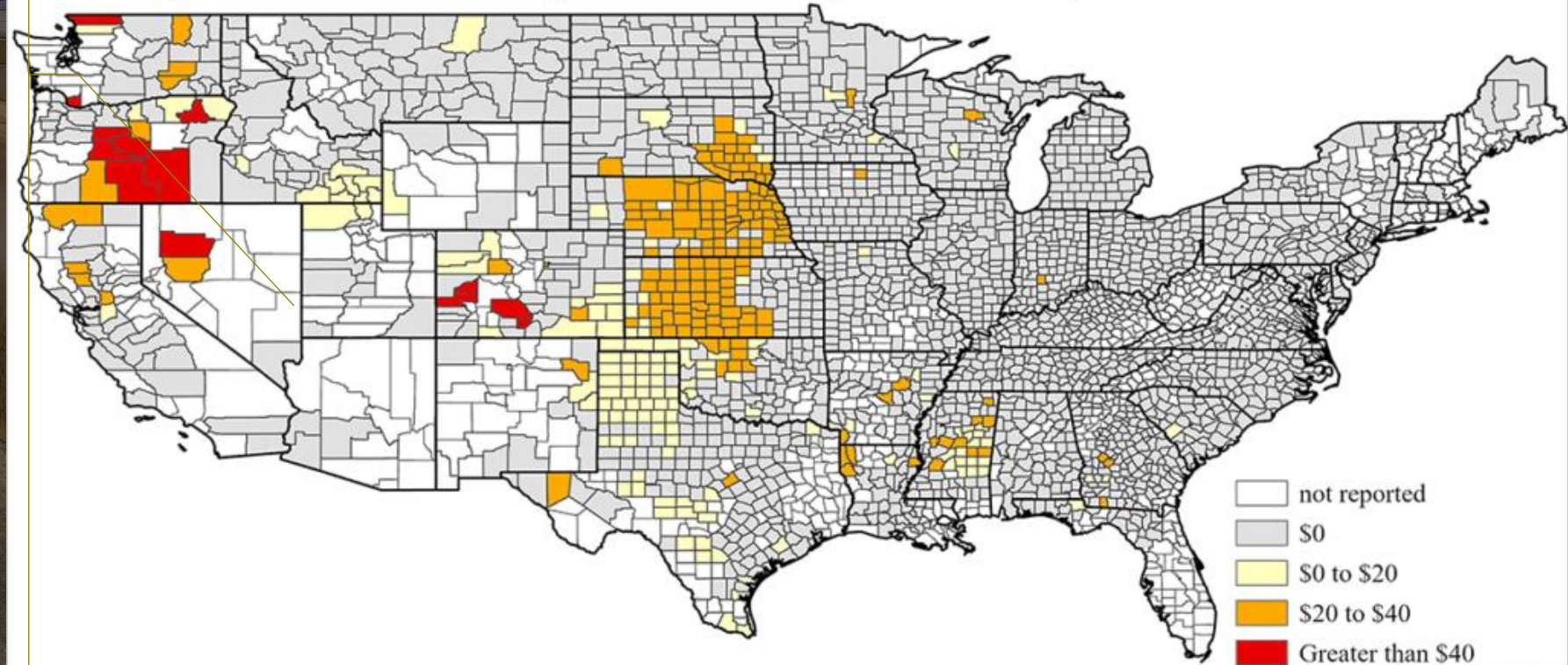
<https://farmdocdaily.illinois.edu/2024/10/2023-arc-co-and-plc-payments-for-corn-soybeans-and-wheat.html>

ARC/PLC (Wheat Base Acres)

Wheat:

- ✓ MYA of \$6.96 on Eff. Ref. Price of \$5.50 in 2023 (and 2024).
- ✓ Effective Ref. Price increases to \$5.56 in 2025 and \$5.72 in 2026.

Figure 3. ARC-CO Payment Rates (\$/base acre) for Wheat in 2023



Note: Payment rates are reported for 'non-irrigated' or 'all' categories for each county.

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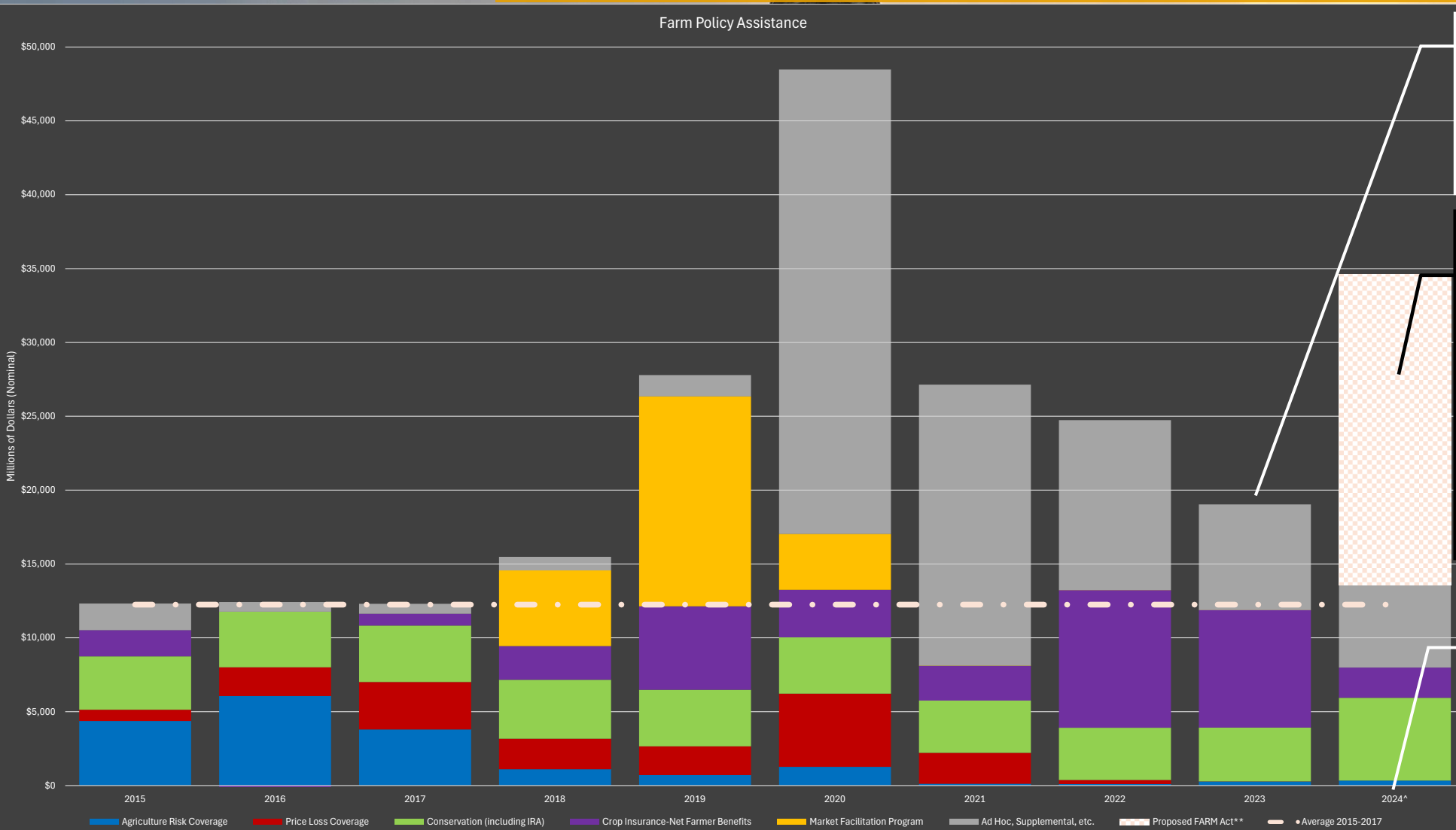
<https://farmdocdaily.illinois.edu/2024/10/2023-arc-co-and-plc-payments-for-corn-soybeans-and-wheat.html>



WHERE THINGS STAND, Part 3.

A Farm Policy Snapshot

Snapshot of Farm Policy (Since 2014 Farm Bill)



Question:

- ✓ Drops in revenue & payments;
- ✓ **Does it justify panic?**

**Note:

- ✓ Projection for FARM Act is as proposed in October (<https://farmdocdaily.illinois.edu/2024/11/reviewing-the-latest-ad-hoc-payment-proposal-in-congress.html>).
- ✓ **Don't bank on it.**

^Note:

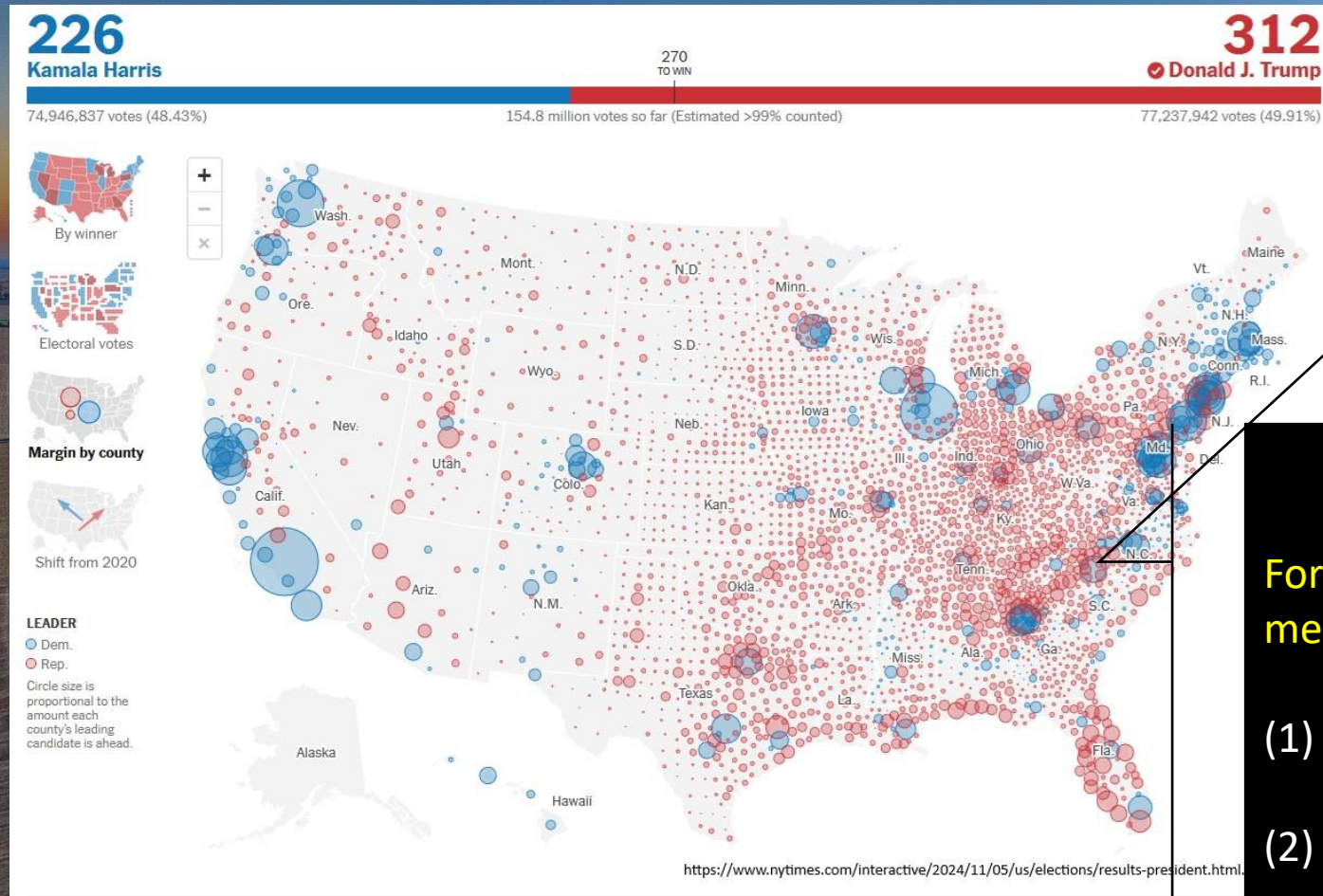
- ✓ Amounts used for 2024 are a rough approximation using CBO projections & USDA forecast.

An aerial photograph of a rural landscape during sunset. The sky is a gradient of blue and orange. In the foreground, there are large fields of harvested corn. A small town or village is visible in the middle ground, with houses and trees. A red barn and a white silo are prominent in the lower right. A large orange rectangular overlay covers the center of the image, containing white text.

Outlook, Part 1.

2024 Elections.

2024 Elections



Republicans win “trifecta”: Presidency & majorities in House and Senate for 119th Congress.

For Farm Bill Reauthorization, this most likely means:

- (1) No reauthorization in the lame duck session;
- (2) Expect extension; optimists see an extension-plus (changes in reference prices or ad hoc?); and
- (3) Reconciliation for 2025; maybe two...



Outlook, Part 2.

The Election Gamble

A Gambling Metaphor

Taken Literally...

Tariffs

Deportation

Taken figuratively or traditionally...

For Agriculture...

Increased costs; potential embargoes, etc.

Incalculable disruptions, especially meat, dairy & fruits/veg.

Tax cuts and budget reconciliation.

Possible Responses...

Payments for farmers(see, MFP2018); others?

Exemptions for ag? Complete unknown.

Handicapping the Farm Bill is challenging.

Farm Bill & Reconciliation

Brief History Detour

Rec'n converted to an offensive weapon against mandatory spending.

Nearly derails Farm Bill reauth.; Boll Weevil Dems cut a deal...

1981

Rec'n passes in conjunction with Farm Bill

Cuts farm program payment acres to 85%

1990

Reconciliation to cut everything from farm programs to food stamps, WIC, and more (Gingrich revolution)

Pres. Clinton vetoes; eventually get 1996 Farm Bill (decoupling).

1995

Dems win trifecta in 2020

Use reconciliation to pass Inflation Reduction Act; includes \$20b for conservation.

2022

Note that the troubled 2014 reauthorization was plagued by budget fights (debt ceiling) after 2010 midterms.

An aerial photograph of a rural landscape during sunset. The sky is a mix of blue and orange. In the foreground, there are large fields of harvested corn. A small town or village is visible in the middle ground, with houses and trees. A red barn and a white silo are prominent in the lower right. A large orange rectangular overlay covers the top half of the image, containing the title text.

Outlook, Part 3.

Handicapping the Farm Bill

Handicapping the Farm Bill

Reconciliation is nearly a lock (tax cuts & slim majorities).

Including SNAP is also nearly a lock (trillions in offsets likely needed).

Uncertain: what else is included & what happens to the rest of the Farm Bill.

❖ Potential for two reconciliation efforts in 2025 and another for FY2026; good odds one will include significant cuts to SNAP and IRA.

❖ If only SNAP (and IRA/conservation), then all bets are off on reauthorizing farm programs and the rest of a Farm Bill in regular order in 2025 (another extension is most likely).

❖ The Longshot. Reconciliation also includes significant cuts to farm programs, conservation, and crop insurance.

❖ Even Money. Reconciliation cuts only SNAP and IRA/conservation (maybe other conservation as well), but increases farm payments (e.g., reference prices) & crop insurance.

Handicapping the Farm Bill

Budget Hawks

vs.

Boll Weevils.

Congressional Budget Office Projects **\$1.4 trillion** in mandatory spending in the Farm Bill (over 10 years); 80% of it from SNAP.

Hold the gavels in committees + SNAP cuts may appease Budget Hawks.

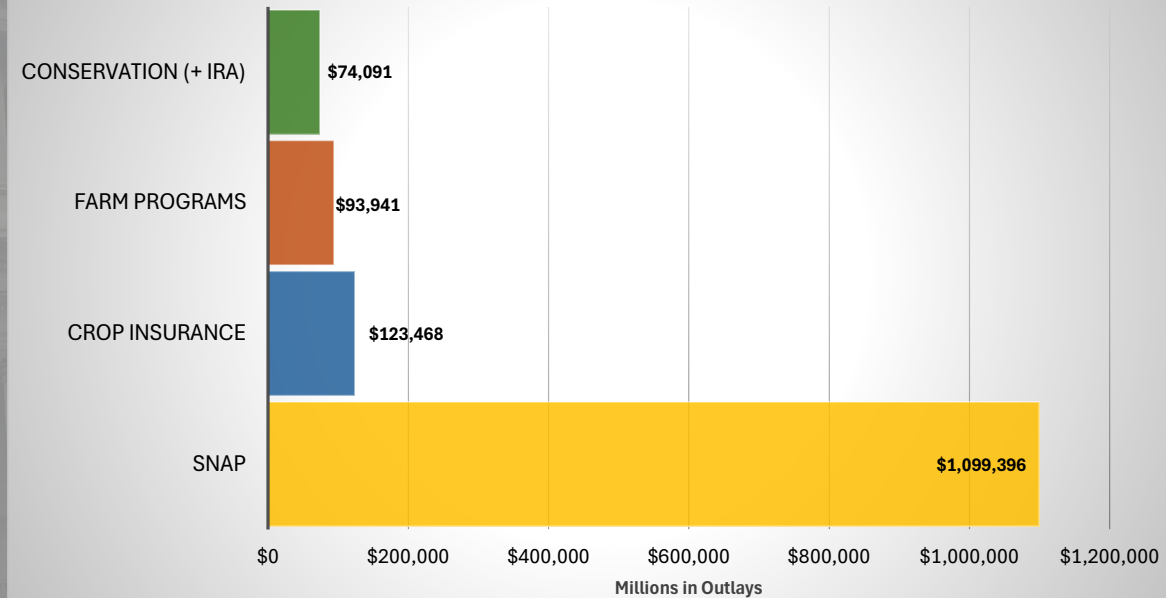
Reconciliation is a huge omnibus bill with many things to support + President backing.

Farm payment programs generally small \$ in large budget.

Need for offsets + debt & deficit challenges.

Slim majorities in both chambers = Republicans need all votes.

Farm Bill Baseline, FY 2025 to FY 2034 (CBO June 2024)



Budget Discipline Fifty Years (1974)

