

Policy Updates & Panel Discussion



2025 Illinois Farm Economics Summit



Minds of Mumford



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The Reconciliation Farm Bill's Wake

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Jonathan Coppess



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Farm Policy Updates

Reconciliation Farm
Bill

Increased
reference
prices (PLC)

ARC-CO at
90% and 12%



\$12b “Bridge”



\$10b ECAP

Table 1. Projected Commodity Title (ARC/PLC) Payments for Selected Commodities for 2025

Commodity	2025 Effective Reference Price	2025 ARC Benchmark Price	2025/26 Projected MYA Price ¹		Enrolled Base Acres (1,000s)	Projected Payment Rate ² (\$/Base Acre)	Projected Payments (\$ millions)
Soybeans	\$10.71	\$12.17	\$10.50	\$/bu	52,200	\$22.45	\$1,172
Wheat	\$6.35	\$6.98	\$5.00	\$/bu	60,984	\$48.27	\$2,944
Grain Sorghum	\$4.67	\$5.30	\$3.80	\$/bu	8,359	\$49.53	\$414
Corn	\$4.42	\$5.03	\$4.00	\$/bu	91,855	\$65.97	\$6,059
Seed Cotton	\$0.4200	\$0.4311	\$0.3337	\$/lb	11,154	\$127.78	\$1,425
Peanuts	\$0.3150	\$0.3150	\$0.2500	\$/lb	2,330	\$197.07	\$459
Long Grain Rice	\$0.1690	\$0.1690	\$0.1150	\$/lb	3,733	\$285.82	\$1,067
Total					230,615	\$58.71	\$13,540

¹Based on USDA projections in the WASDE and ARC/PLC program data released on November 14, 2025

²Based on maximum of estimated ARC and PLC payments for each county

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<https://farmdocdaily.illinois.edu/2025/11/projected-arc-and-plc-payments-for-2025.html>

However, the Farm Bill Is Dead

The Fatal Blows:

- In 2013, first defeat on House floor since 1962; partisan fight over food assistance.

(Supplemental Nutrition Assistance Program, SNAP (previously food stamps).
→

- In 2018, second defeat on House floor; partisan fight over food assistance.
→
- From 2018 to 2025: nearly \$150b in ad hoc and supplemental assistance to farmers.
→
- OB3 2025: cut **\$200 billion** from food assistance to cover cost of doubling payments to farmers, breaking the cardinal rule.
→

Crop Insurance: OB3 Changes

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Gary Schnitkey



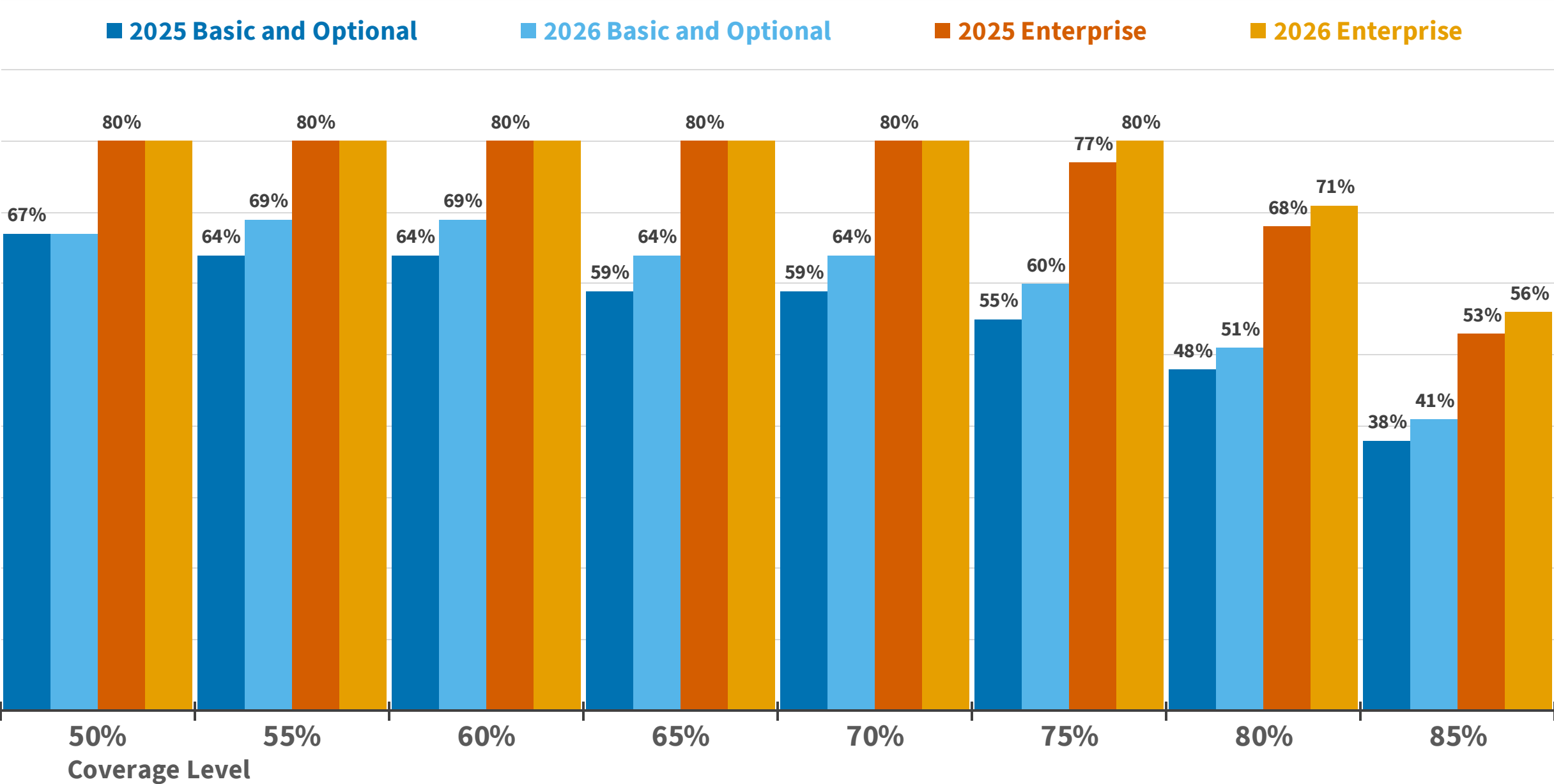
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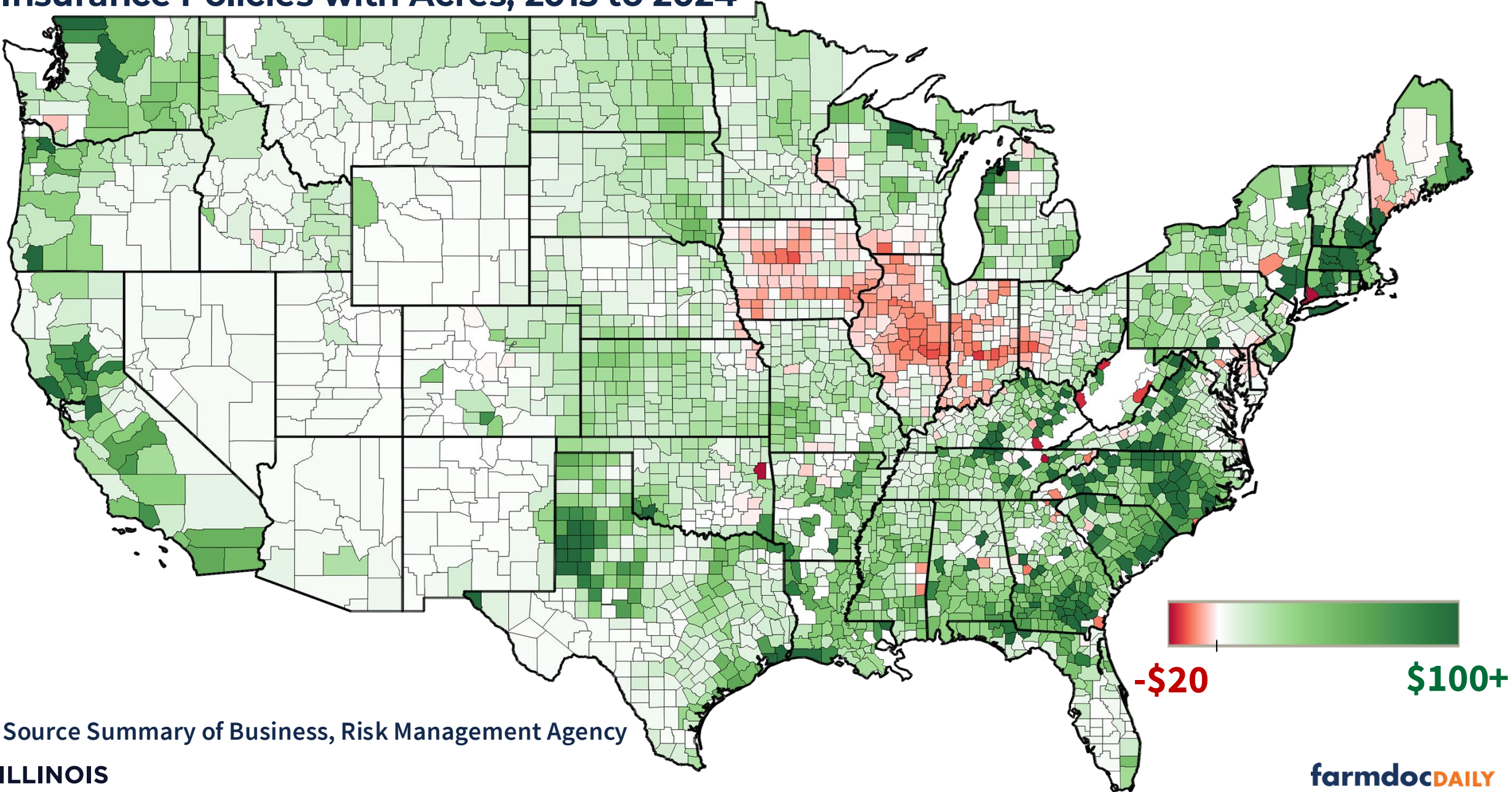
Crop Insurance Changes from OB3 Act

- SCO and ECO
 - Increased on revenue products from 65% to 80%
 - Significantly reduced premium: If **\$15 per acre** in 2025 would be **\$8.57 per acre**
- COMBO product subsidies increased.
- Everyone needs to think about ECO/SCO.
- We are developing an online calculator to evaluate decisions.

Subsidy Rates (%) for Farm-Level Crop Insurance Products



Net Indemnity payments (Payment - Farmer-Paid Premium) for Federal Crop Insurance Policies with Acres, 2015 to 2024



Conservation Policy Updates

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The Reconciliation Farm Bill

Key issues or changes:

- IRA conservation dollars shifted into baseline programs (no net increase)
- CRP not reauthorized; temporary extension through Sept. 2026
- Illinois farmers may see tighter competition for conservation dollars

Ongoing support for conservation:

- USDA working-lands programs (EQIP, CSP, etc.) reauthorized through 2031
- Illinois Cover Crop Premium Discount: up to \$5/acre off crop insurance
- Important for Illinois Nutrient Loss Reduction Strategy

Ad Hoc Government Payments

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Nick Paulson



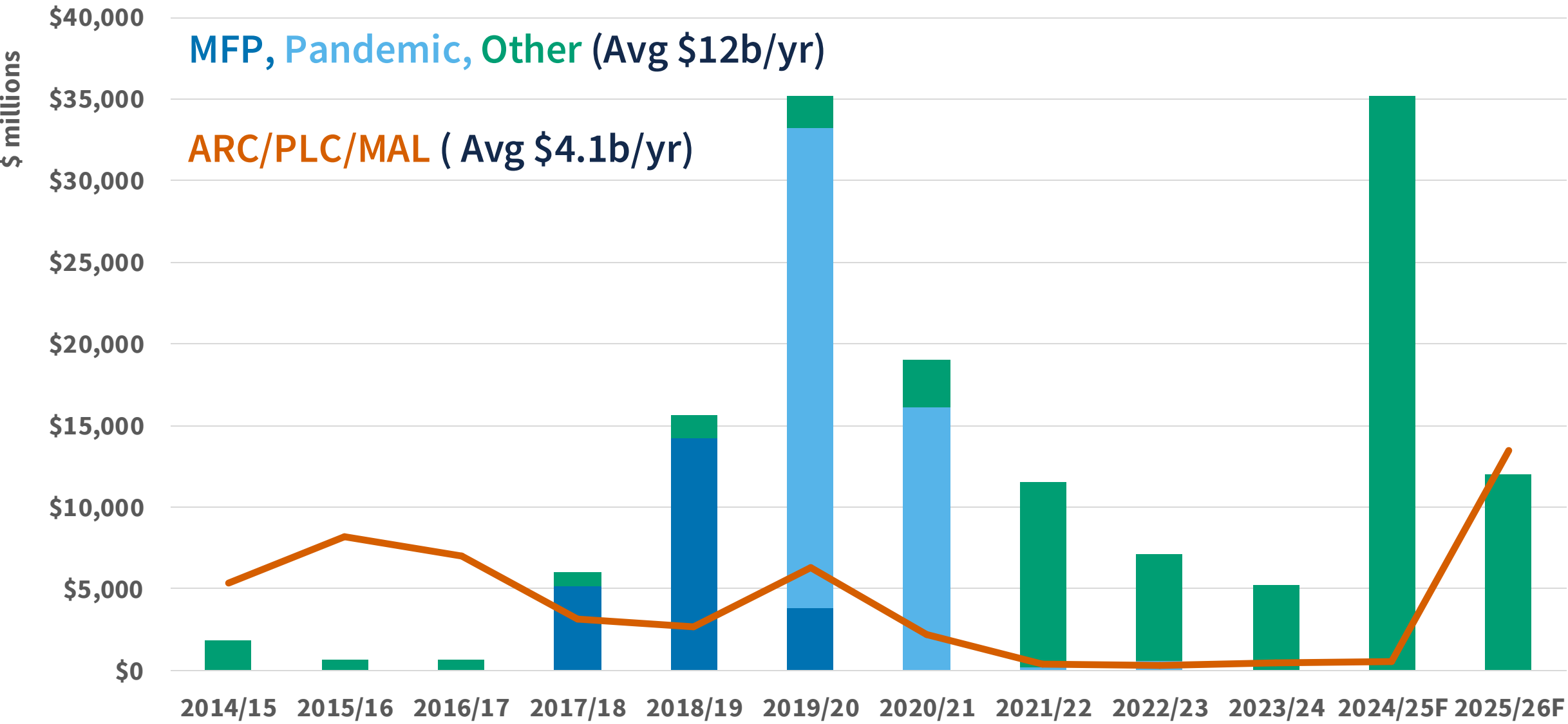
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Supplemental and Ad Hoc Disaster Assistance

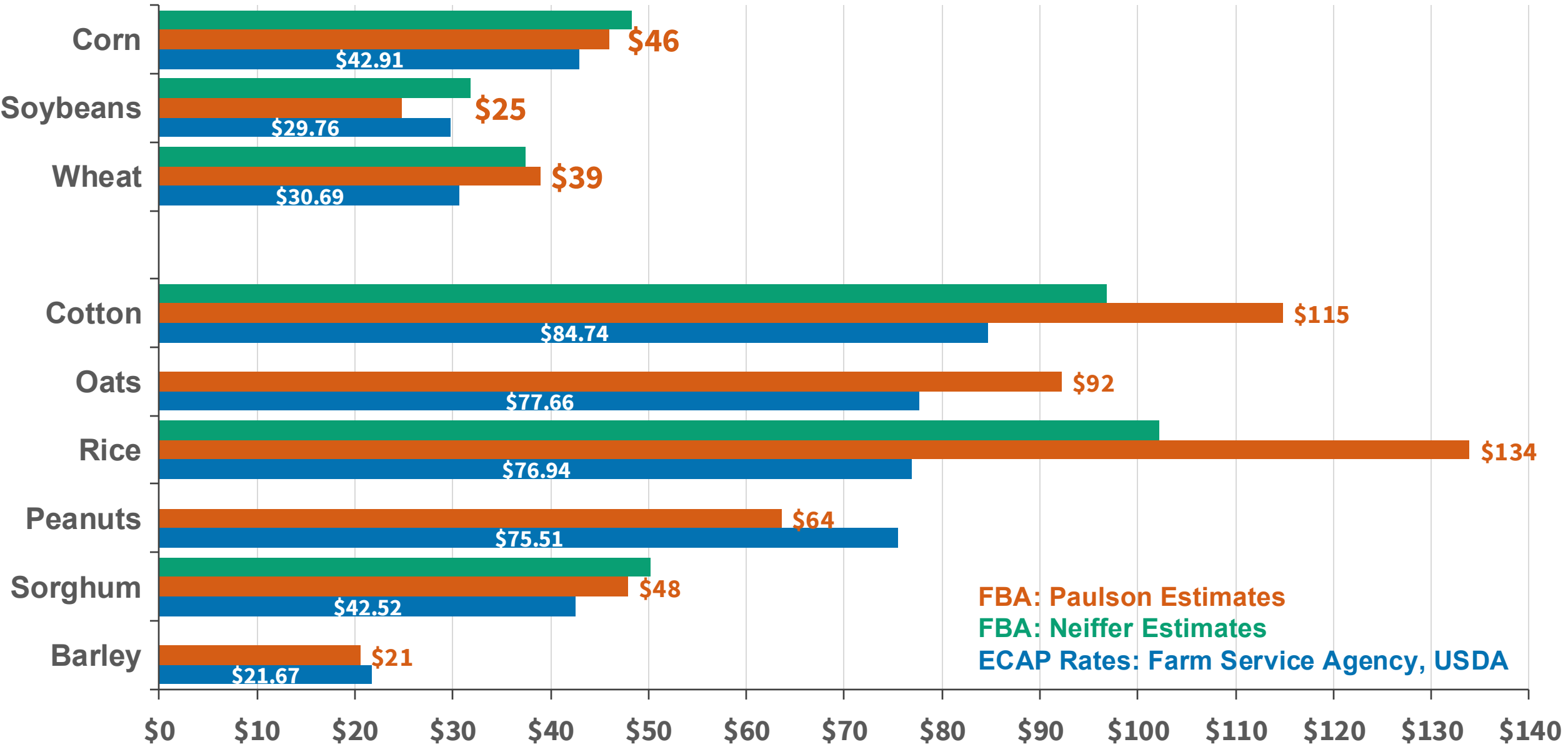
- **Ad hoc is latin for “as needed”**
 - By definition, no specific design/implementation → tailored to the disaster
- **Historically used to (partially) cover losses associated with natural disasters**
 - Recent examples: **WHIP, WHIP+, ELRP, SDRP**
- **More recently, also used to cover economic losses more broadly**
 - Trade damages
 - **MFP, ECAP**, and, as of this week, **FBA**
 - Pandemic-associated damages
 - **CFAP**, also **PPP** and **EIDL**
- **Important Note: Crop Insurance and Title I programs have evolved over time in attempt to eliminate, or at least reduce, need for disaster assistance**

ARC/PLC and Disaster Assistance Spending Since 2015



Sources: USDA-ERS and farmdoc estimates

ECAP Payment Rates and ESTIMATED FBA Payment Rates (\$/acre)



Biofuels Policy Updates

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Ryan Goodrich



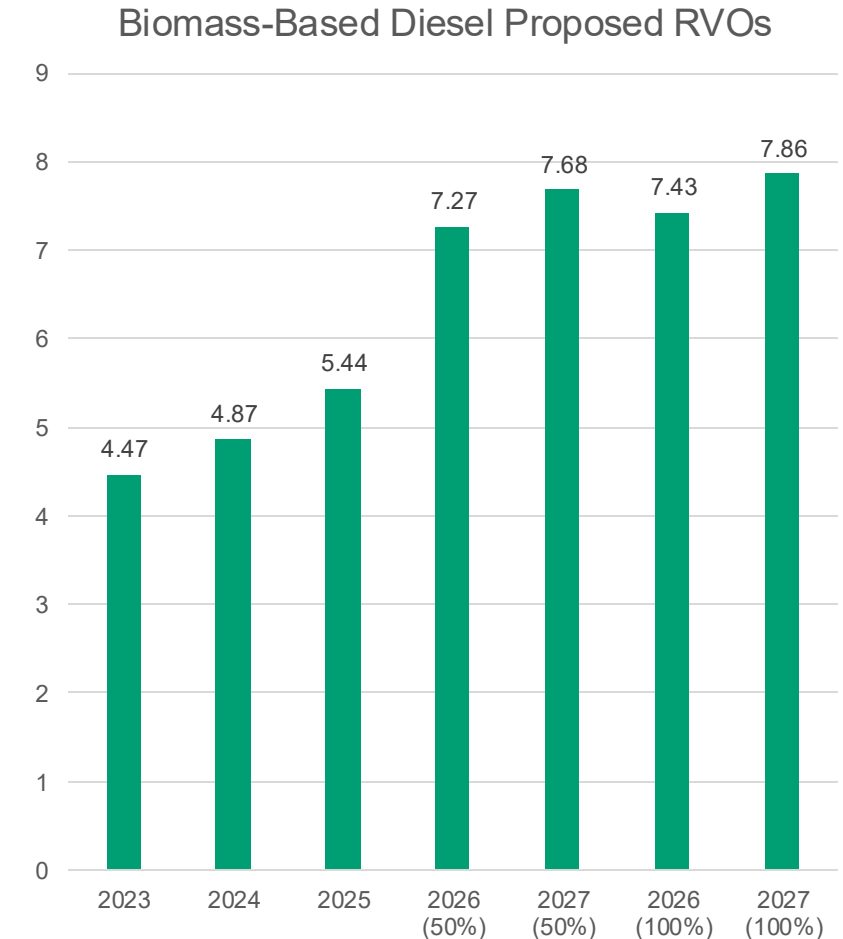
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EPA's 2025 RFS Decisions

Since June, the EPA issued four major rulings

1. **June: RVO Proposal for 2026 – 27**
 - Big increase in BBD requirements
 - New “half-RIN” penalty for imported feedstock/fuel
2. **July: Small Refinery Exemption (SRE) Overhaul**
 - Fewer exemptions ⇒ higher effective blending requirements
3. **September: Reallocation Framework**
 - Going forward: 50% or 100% reallocation of exempt gallons to other refiners
4. **November: New Round of SRE Decisions**
 - Additional petitions denied or partially denied
 - Tightens RIN supply even further



Note: depicted RVOs adjust June proposal by SRE actions

Source: Hubbs and Irwin, farmdoc daily (Nov. 12, 2025)

<https://farmdocdaily.illinois.edu/2025/11/rewriting-the-rfs-playbook-the-impact-of-revised-rvos-on-projected-biomass-based-diesel-production-and-feedstock-use-for-2026-2027.html>.

E15 and SAF: Other Biofuel Developments to Watch

E15 (15% ethanol blend)

- As of April: year-round E15 in effect in 8 Midwest states (IA, IL, MN, MO, NE, OH, SD, WI)
- Congressional approval needed for national year-round E15 (still under consideration)
- If approved, anticipate a slow roll-out (\approx 2% of stations nationwide currently sell the blend)

Sustainable Aviation Fuel (SAF)

- OBBBA extends 45Z tax credit through 2029
- Airlines have aggressive emission reduction goals
- Most near-term SAF capacity follows HEFA pathway

OB3: Tax Policy Updates

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Brad Zwilling



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Ag Policy – OB3 Tax implications

- 179 expensing – \$1.25M now \$2.5M
- 100% Bonus – After 1-19-2025
- Business Meals Deduction
 - for convenience of employer disallowed after 2025
- 1099 Misc & 1099 NEC
 - \$600 amount now \$2K in 2026

Ag Policy – OB3 Tax implications

- Tax Rates – TJCA until '28 10/12/22/24/32/35/37
 - Was 10/15/25/28/33/35/39.6
- QBID Continues
- \$15M Estate exclusion
- IRC §1062 (Farmland sale tax paid over 4 years)
 - Farmer selling farm real estate to a farmer

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