



Ag Policy and Farm Bill Outlook

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A Recent History

- **2018 Farm Bill expired in September 2023**
- **One-year farm bill extension passed before permanent legislation took hold**
 - **Not all programs have the same expiration date/threat**
- **House Agriculture Committee passed farm bill in May**
- **Senate Agriculture Committee Chair released farm bill principles in May**
- **2018 Farm Bill extension expired in September 2024**
- **Senate Ag Committee chair released farm bill language after the election**
- **One-year farm bill extension and ag disaster and economic assistance included in legislation passed in December**



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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 vs. principles vs. pragmatism

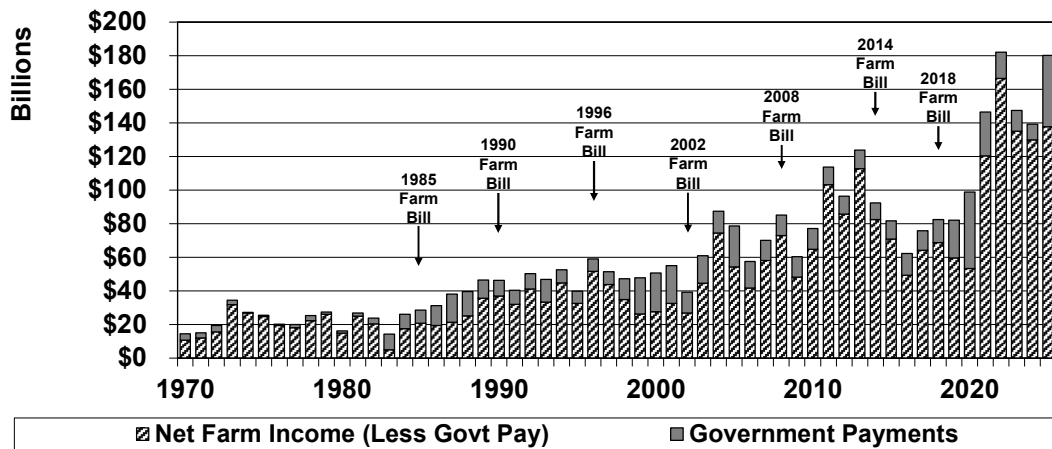


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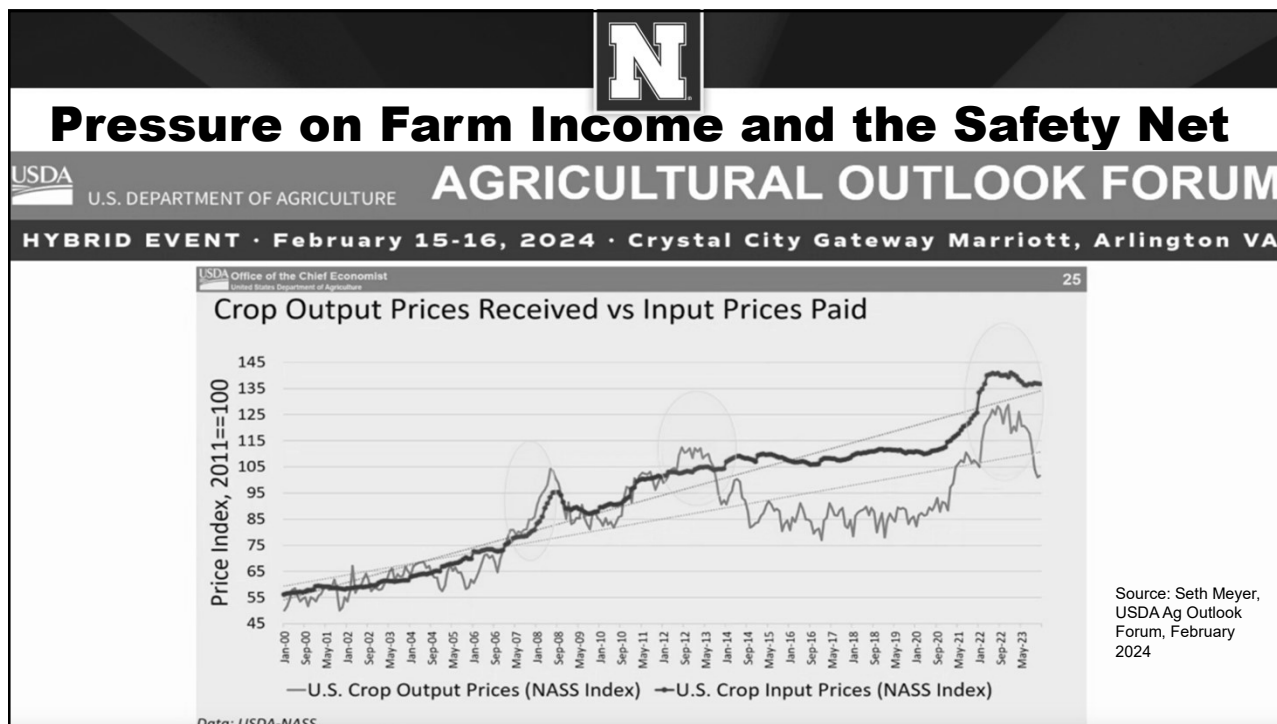
The Economic Setting

U.S. Net Farm Income and Government Payments



Source: USDA Economic Research Service, February 2025

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Farm Bill Directions

- **Farm income safety net has evolved over time**
 - **Price support and supply control**
 - **Income support tied to price and revenue**
 - **Risk management**
- **Future program components**
 - **Crop insurance as the foundation**
 - **Revenue safety net or price safety net**
 - **Underlying marketing loan**
 - **Supplemental crop insurance**
 - **Disaster assistance**

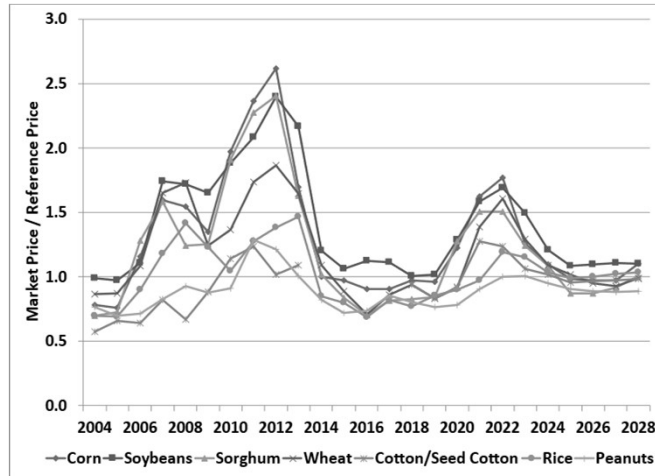
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Farm Bill Directions and Challenges

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



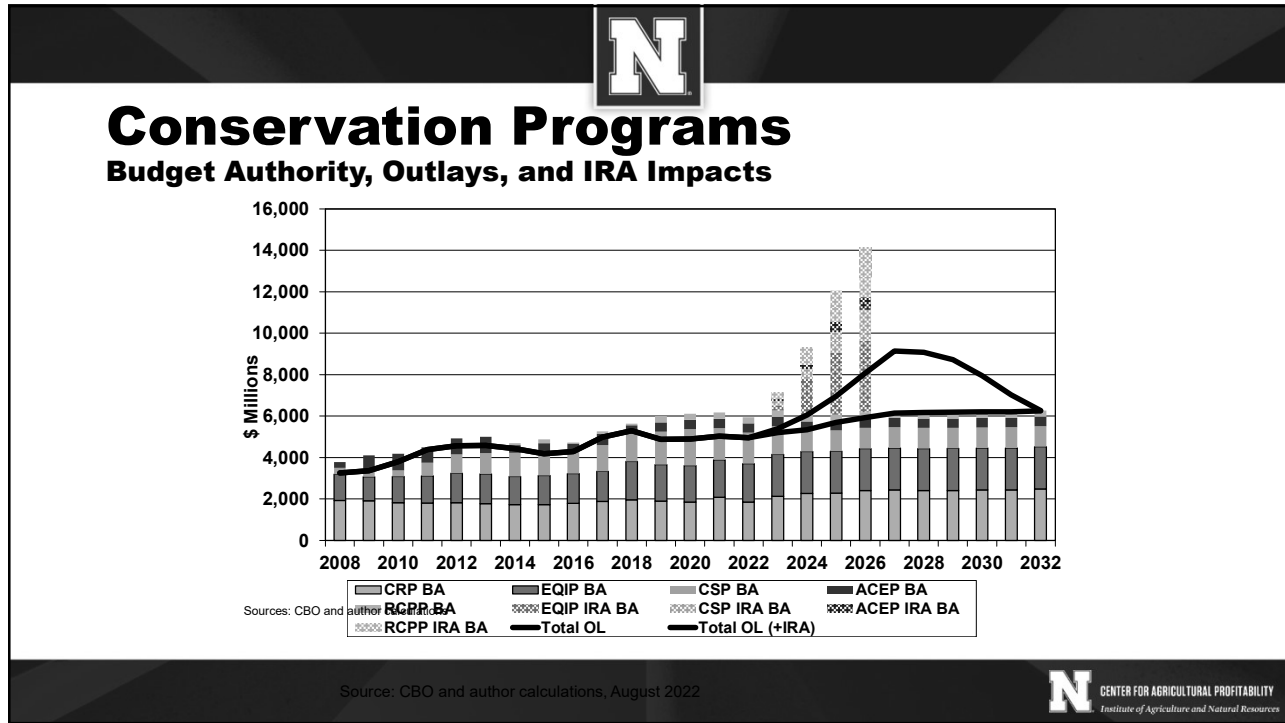
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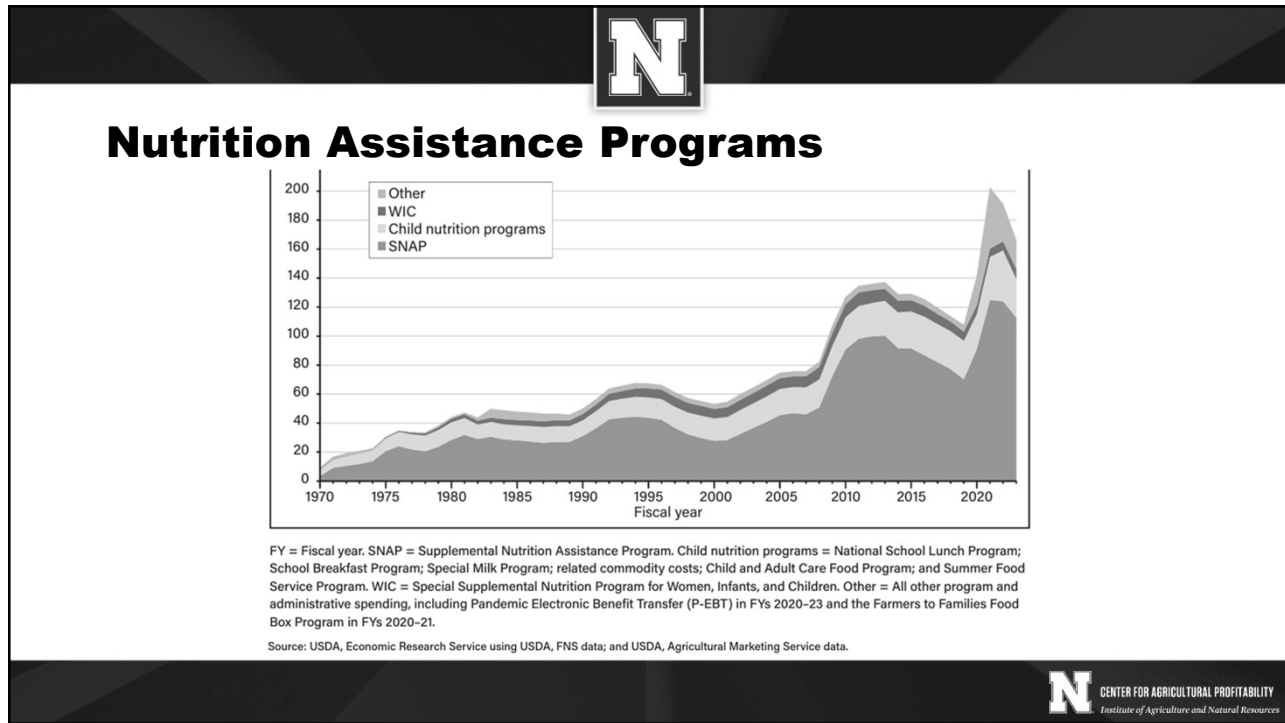
Budget Battles

- **Commodity title – Safety net increases**
- **Nutrition title – SNAP**
- **Conservation – IRA spending on climate practices**
- **CCC spending – Secretarial authority**

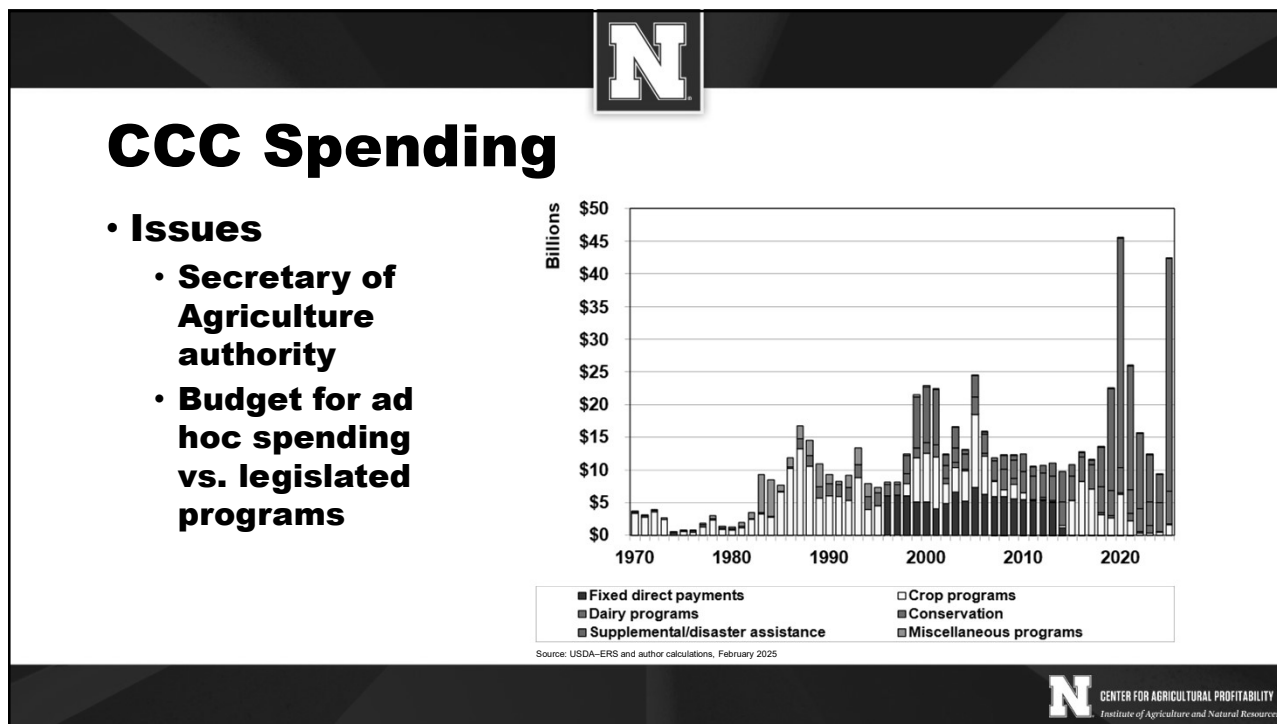
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Agriculture Committee Leadership 119th Congress, 2025-2027

Senate Ag Leadership


- **John Boozman, Chair, R-AR**
- **Amy Klobuchar, Ranking Member, D-MN**

House Ag Leadership

- **Glenn Thompson, Chair, R-PA**
- **Angie Craig, Ranking Member, D-MN**




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2025 Farm Program and Farm Bill Outlook

- **Cash flow – 2024 crop program payments**
- **2025 enrollment decision – ARC v PLC**
- **Emergency assistance – disaster and economic assistance**
- **2025 Farm Bill deliberations**




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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	\$4.35	-8%	-4%
Grain Sorghum	\$4.06	\$5.01	\$4.31	\$4.25	-5%	+1%
Soybeans	\$9.26	\$11.12	\$9.56	\$10.10	-8%	-5%
Wheat	\$5.50	\$6.21	\$5.34	\$5.55	-1%	-4%

* 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 February 2025.



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Comparing Safety Nets


2025 PLC, ARC, and SCO Effective Protection Levels

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	\$4.58	\$3.94	\$4.58	\$3.90	+9%	+11%	-14%
Grain Sorghum	\$5.30	\$4.51	\$5.30	\$4.56	\$4.58	\$3.94	\$4.58	\$3.80	+19%	+20%	-14%
Soybeans	\$12.17	\$9.66	\$12.17	\$10.46	\$10.43	\$8.97	\$10.28	\$10.43	-3%	+5%	-14%
Wheat	\$6.55	\$5.56	\$6.72	\$5.78	\$6.00	\$5.16	\$5.80	\$5.85	-4%	0%	-12%

* 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 January 3, 2025.
 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 January 27, 2025 or market year average price projections from USDA-OCE as of November 2024.




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ARC & PLC – Potential Payment Rates for Corn for 2025

ARC Payment Rates Over a Range of Yields and Prices												
		Yield Range										
		150	160	170	180	190	200	210	220	230	240	250
Price Range	2.93	100.60	100.60	100.60	100.60	100.60	100.60	100.60	100.60	100.60	100.60	100.60
	3.12	100.60	100.60	100.60	100.60	100.60	100.60	100.60	100.60	100.60	100.60	85.16
	3.32	100.60	100.60	100.60	100.60	100.60	100.60	100.60	100.60	100.60	69.56	36.41
	3.51	100.60	100.60	100.60	100.60	100.60	100.60	100.60	92.96	57.86	22.76	0.00
	3.71	100.60	100.60	100.60	100.60	100.60	100.60	87.11	50.06	13.01	0.00	0.00
	3.90	100.60	100.60	100.60	100.60	100.60	85.16	46.16	7.16	0.00	0.00	0.00
	4.10	100.60	100.60	100.60	100.60	87.11	46.16	5.21	0.00	0.00	0.00	0.00
	4.29	100.60	100.60	100.60	92.96	50.06	7.16	0.00	0.00	0.00	0.00	0.00
	4.49	100.60	100.60	100.60	57.86	13.01	0.00	0.00	0.00	0.00	0.00	0.00
	4.68	100.60	100.60	69.56	22.76	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.88	100.60	85.16	36.41	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

* Estimated payments under ARC-CO or PLC under range of price and yield levels, illustrated for corn using 200 bushel/acre average benchmark yield, 160 bushel/acre payment yield (80% of average yield), and projected price of \$3.90/bushel as base levels for analysis.



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ARC & PLC – Potential Payment Rates for Corn for 2025

PLC Payment Rates Over a Range of Yields and Prices


		Yield Range										
		150	160	170	180	190	200	210	220	230	240	250
Price Range	2.93	213.60	213.60	213.60	213.60	213.60	213.60	213.60	213.60	213.60	213.60	213.60
	3.12	182.40	182.40	182.40	182.40	182.40	182.40	182.40	182.40	182.40	182.40	182.40
	3.32	151.20	151.20	151.20	151.20	151.20	151.20	151.20	151.20	151.20	151.20	151.20
	3.51	120.00	120.00	120.00	120.00	120.00	120.00	120.00	120.00	120.00	120.00	120.00
	3.71	88.80	88.80	88.80	88.80	88.80	88.80	88.80	88.80	88.80	88.80	88.80
	3.90	57.60	57.60	57.60	57.60	57.60	57.60	57.60	57.60	57.60	57.60	57.60
	4.10	26.40	26.40	26.40	26.40	26.40	26.40	26.40	26.40	26.40	26.40	26.40
	4.29	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	4.49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	4.68	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.88	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

* Estimated payments under ARC-CO or PLC under range of price and yield levels, illustrated for corn using 200 bushel/acre average benchmark yield, 160 bushel/acre payment yield (80% of average yield), and projected price of \$3.90/bushel as base levels for analysis.



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ARC & PLC – Potential Payment Rates for Corn for 2025

ARC Payment Rates Minus PLC Payment Rates Over a Range of Yields and Prices

		Yield Range										
		150	160	170	180	190	200	210	220	230	240	250
Price Range	2.93	-113.00	-113.00	-113.00	-113.00	-113.00	-113.00	-113.00	-113.00	-113.00	-113.00	-113.00
	3.12	-81.80	-81.80	-81.80	-81.80	-81.80	-81.80	-81.80	-81.80	-81.80	-81.80	-97.24
	3.32	-50.60	-50.60	-50.60	-50.60	-50.60	-50.60	-50.60	-50.60	-50.60	-81.64	-114.79
	3.51	-19.40	-19.40	-19.40	-19.40	-19.40	-19.40	-19.40	-27.04	-62.14	-97.24	-120.00
	3.71	11.80	11.80	11.80	11.80	11.80	11.80	-1.69	-38.74	-75.79	-88.80	-88.80
	3.90	43.00	43.00	43.00	43.00	43.00	27.56	-11.44	-50.44	-57.60	-57.60	-57.60
	4.10	74.20	74.20	74.20	74.20	60.71	19.76	-21.19	-26.40	-26.40	-26.40	-26.40
	4.29	100.60	100.60	100.60	92.96	50.06	7.16	0.00	0.00	0.00	0.00	0.00
	4.49	100.60	100.60	100.60	57.86	13.01	0.00	0.00	0.00	0.00	0.00	0.00
	4.68	100.60	100.60	69.56	22.76	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.88	100.60	85.16	36.41	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

* Estimated payments under ARC-CO or PLC under range of price and yield levels, illustrated for corn using 200 bushel/acre average benchmark yield, 160 bushel/acre payment yield (80% of average yield), and projected price of \$3.90/bushel as base levels for analysis.



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2025 Farm Program Decisions

Crop Insurance/Risk Management Considerations

- **ARC provides shallow-loss revenue protection that may substitute for higher levels of crop insurance coverage**
 - **ARC protects revenue risk from 86% down to 76% of the ARC benchmark that may be in the producer's crop insurance deductible range, but...**
 - **ARC-CO protection is tied to county-level risk of crops in the farm's base and pays on just 85% of base acres**
 - **ARC-IC protection is tied to farm-level risk of planted crops on the farm, but pays on just 65% of base acres**



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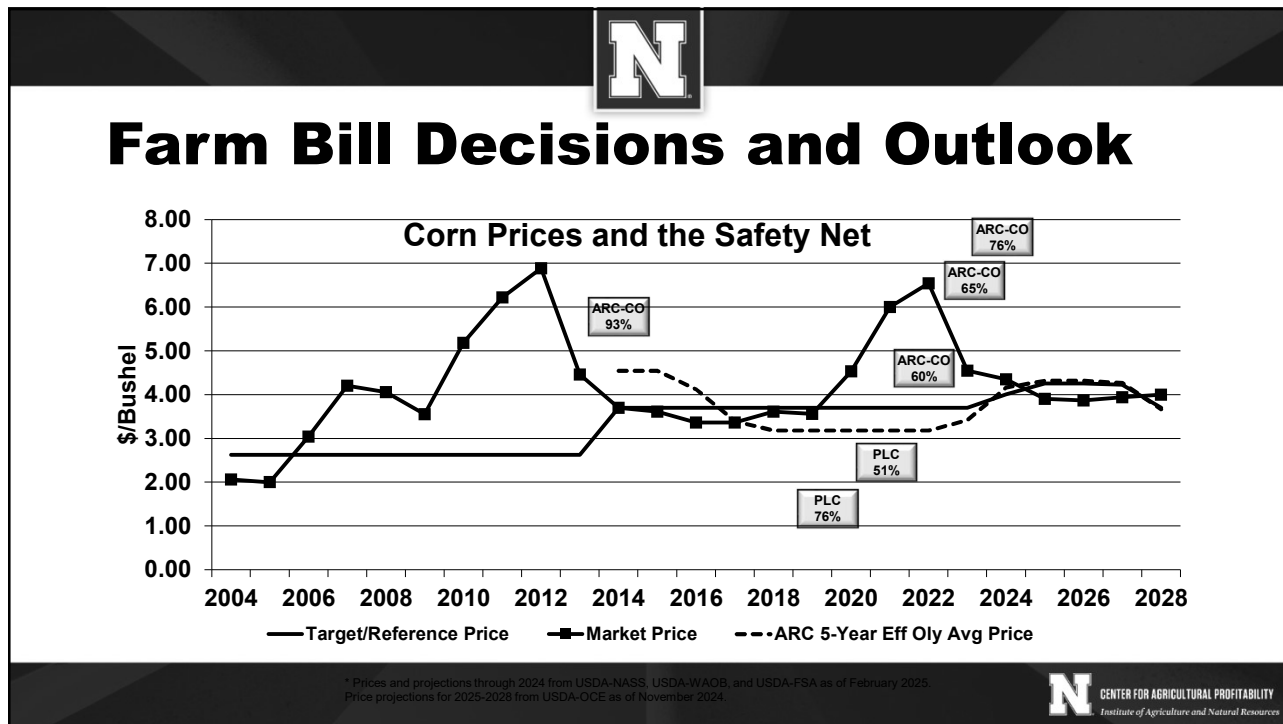
2025 Farm Program Decisions

Crop Insurance/Risk Management Considerations

- **PLC provides price protection that may substitute for price risk management at price levels near or below reference prices**
 - **PLC may complement crop insurance purchases, particularly YP, but PLC protection is limited to program yields and base acres**
 - **PLC enrollment (technically, not enrolling in ARC) allows the producer to also consider the Supplemental Coverage Option (SCO)**



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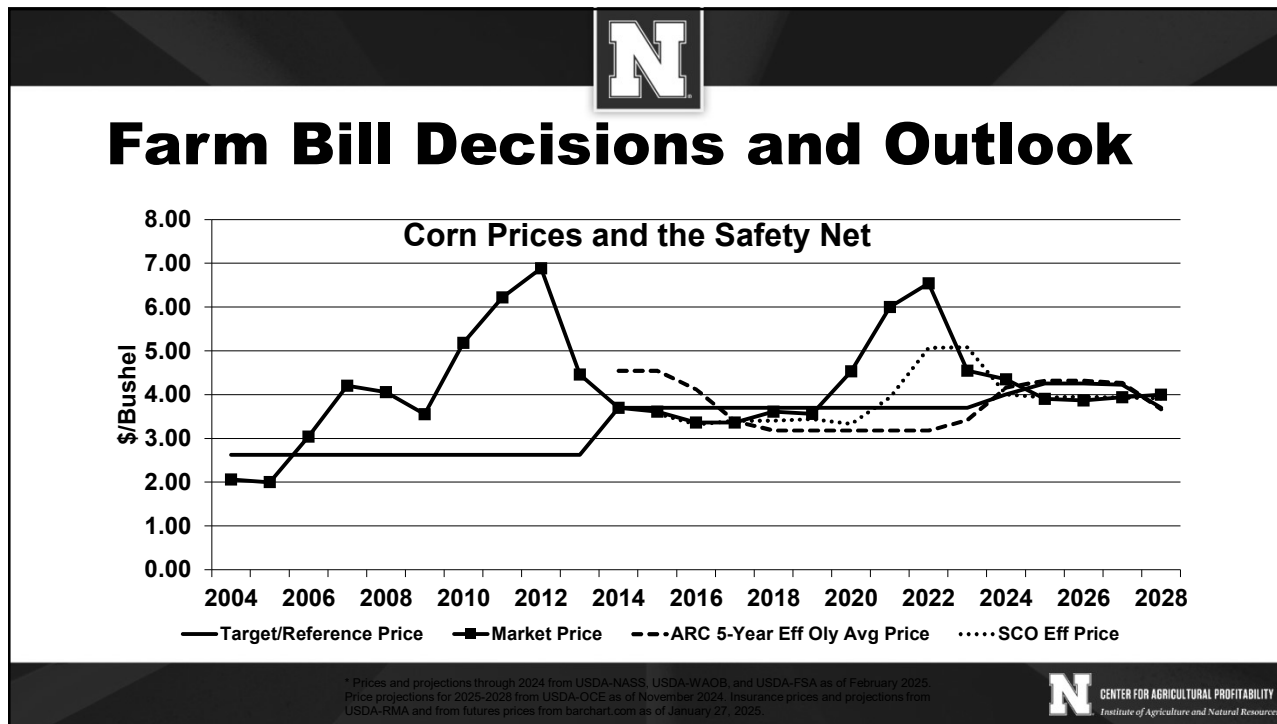
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2025 Farm Program Details and Decisions
ARC v PLC or ARC v PLC + SCO

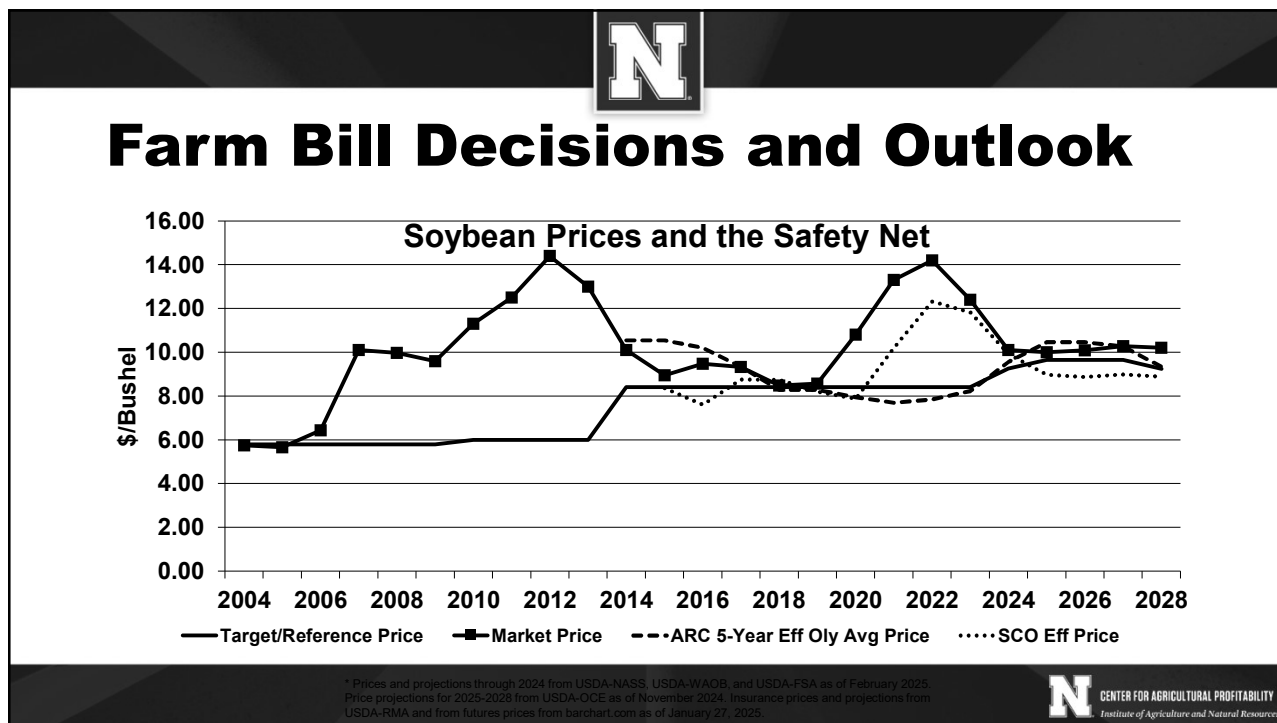
- **Supplemental coverage option (SCO) is available as a supplement to underlying crop insurance coverage**
 - SCO provides county-level coverage from 86% down to underlying coverage level
- **SCO is not available if enrolled in ARC**
 - SCO closely mimics ARC when it covers revenue above an RP or RP-HPE policy at 75%
 - ARC covers losses from 86% to 76% of benchmark revenue (average price x county average trend-adjusted yield)
 - SCO would cover losses from 86% to 75% based on insurance price x county yield guarantee
- **SCO has a premium cost, unlike ARC, but the cost is subsidized**
 - If the expected indemnity over time equals the total premium, then the expected indemnity from SCO should exceed the farmer-paid premium
- **SCO has limited usage to date – may not be a big factor for most**
 - SCO-RP was purchased on only 3-4% of RP acres in Nebraska in 2023 (for corn, sorghum, soybeans, and wheat)

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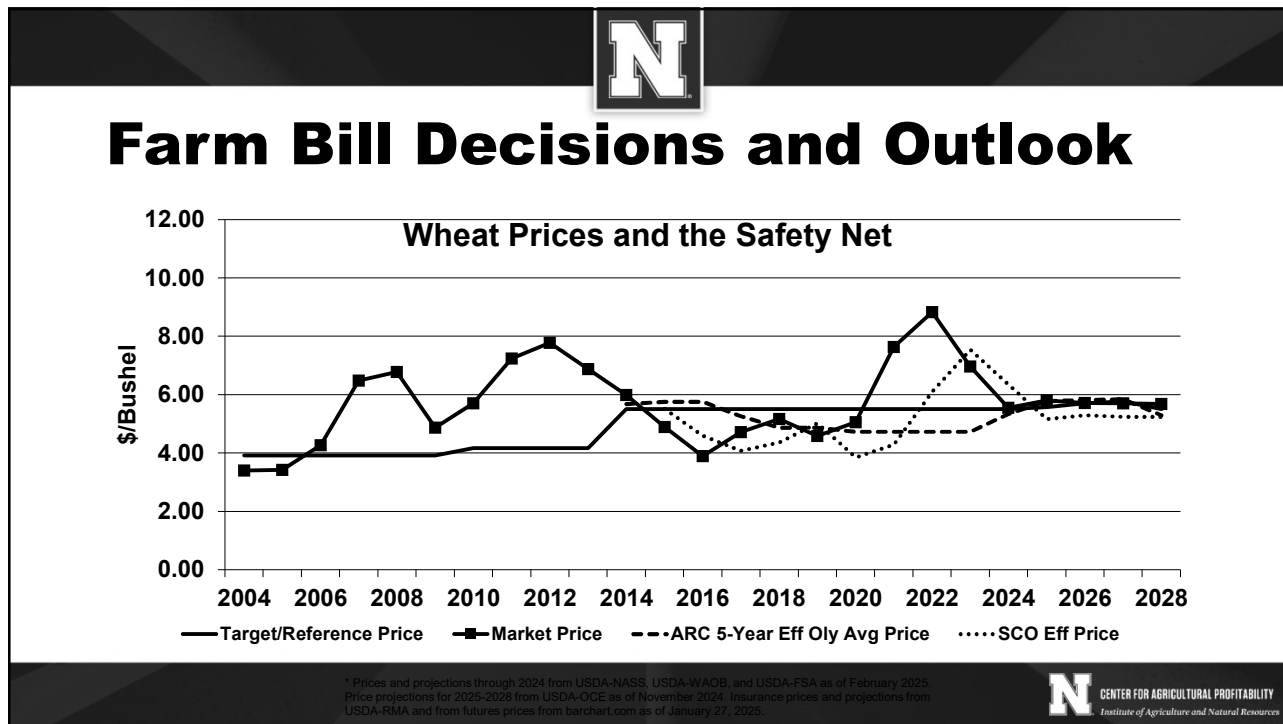
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Ad Hoc Assistance – Language in the American Relief Act, 2025

- **\$21 B** in ag disaster assistance for 2023 and 2024 losses
- **\$10 B** in economic assistance for 2024 crop year
- **One year farm bill extension**
 - **No funding for orphan programs in farm bill**


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American Relief Act, 2025

Ag Disaster Assistance

- **\$21 billion in relief nationwide for ag disaster losses in 2023 and 2024**
 - Limited instructions to the USDA Farm Service Agency (FSA) to carry out assistance for 2023 and 2024 with reference to provisions for 2021 and 2022
 - Likely delivery via existing Emergency Relief Program (ERP)
 - ERP included assistance payments to crop producers to cover losses above and beyond what crop insurance covered
 - ERP also included a lower level of assistance to producers that did not purchase crop insurance or sign-up for the Noninsured Disaster Assistance Program (NAP) on all of their crops
 - ERP also included livestock assistance beyond that already provided in standing disaster assistance programs for livestock producers
- **Potential assistance to Nebraska producers likely in the hundreds of millions of dollars**
 - Nebraska received over \$500 million for the 2020-2022 period out of a total of \$11 billion nationally, but Nebraska losses in 2023-2024 likely compare differently to losses nationwide, particularly in relation to hurricane losses
 - Timeline uncertain as FSA will need to develop rules and sign-up procedures.



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American Relief Act, 2025

Ag Economic Assistance

- \$10 billion in relief nationwide for 2024
- Paid on shortfall between expected gross return and expected production cost
 - 2015-2024 national average harvested yield (NASS)
 - 2024 crop projected national marketing year average price as of December 2024 (WASDE)
 - 2024 national projected production cost (ERS)
- Payment rate equal to 26% of any loss (if cost exceeds gross return)
 - Minimum payment rate equal to 8% of the reference price multiplied by the national average program payment yield
- Payment paid on eligible acres for each crop equal to 2024 planted acres plus 50% of any 2024 prevent-plant acres
- Payment limit of \$125,000 to \$250,000 per individual based on percent of farm income vs. total income.
- Payments from FSA could be delivered relatively quickly given payment rates are automatic and 2024 acres already reported to FSA

Crop	Projected Payment Rate (\$/Acre)	Total Projected Payments in Nebraska (\$ Millions)
Corn	\$42.51	\$425
Grain Sorghum	\$42.58	\$8
Soybeans	\$29.50	\$155
Wheat	\$30.69	\$30
Other Commodities	-	\$9
Total	-	\$627

* Projected payment rates and payments from analysis conducted by RaFF and FAPRI at the University of Missouri in December 2024.



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2025 Farm Bill Outlook

- **Renewed debate ahead on farm bill in 2025 under continuing budget pressure and political challenges**
 - **Emergency spending in December 2024 did not need to follow same budget constraints but also did not add to spending baseline to pave way for changes in 2025**
 - **Debate on major principles and spending likely to continue**
 - **Safety net improvements in commodity programs and crop insurance**
 - **Conservation spending**
 - **Food assistance spending**
 - **Secretarial discretion over Commodity Credit Corporation (CCC) spending**
 - **Republican control of Congress and White House could pave way to farm bill completion, but debate among wings of Republican party may still dictate need for bipartisan farm bill support and thus bipartisan farm bill debate**

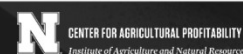


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Other Issues on the Horizon

- **General policy and regulatory uncertainty**
 - **Supreme Court decision repealing the Chevron doctrine**
 - **Focus on federal budget and program spending**
- **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**



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