



# 2023 Farm Bill Impacts

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Rural Economic Outlook Conference



# Ag Policy Outlook 2024

- The big question, when will a farm bill pass and what will it look like?
- Farm bill expiration may disrupt some programs depending on:
  - How long it remains expired
  - Extension of 2018 Farm Bill
  - Passage of a new farm bill
- Recall the previous slide on policy concerns, now....

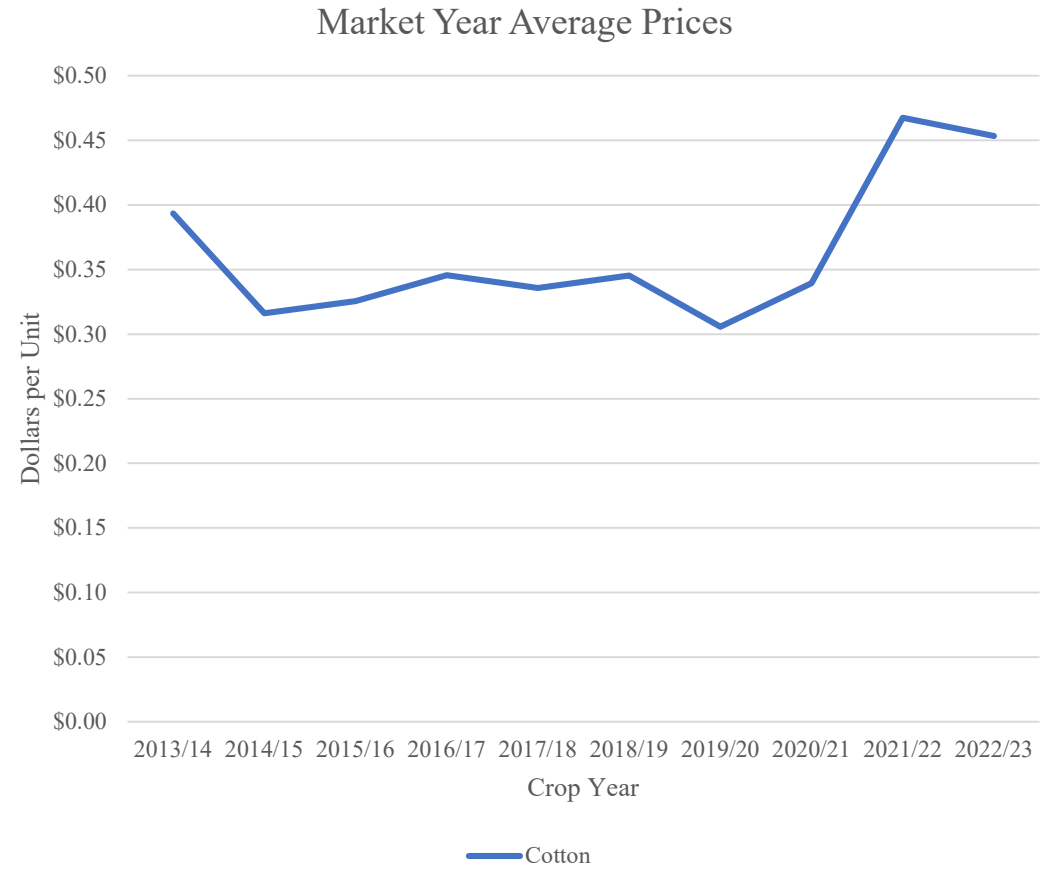
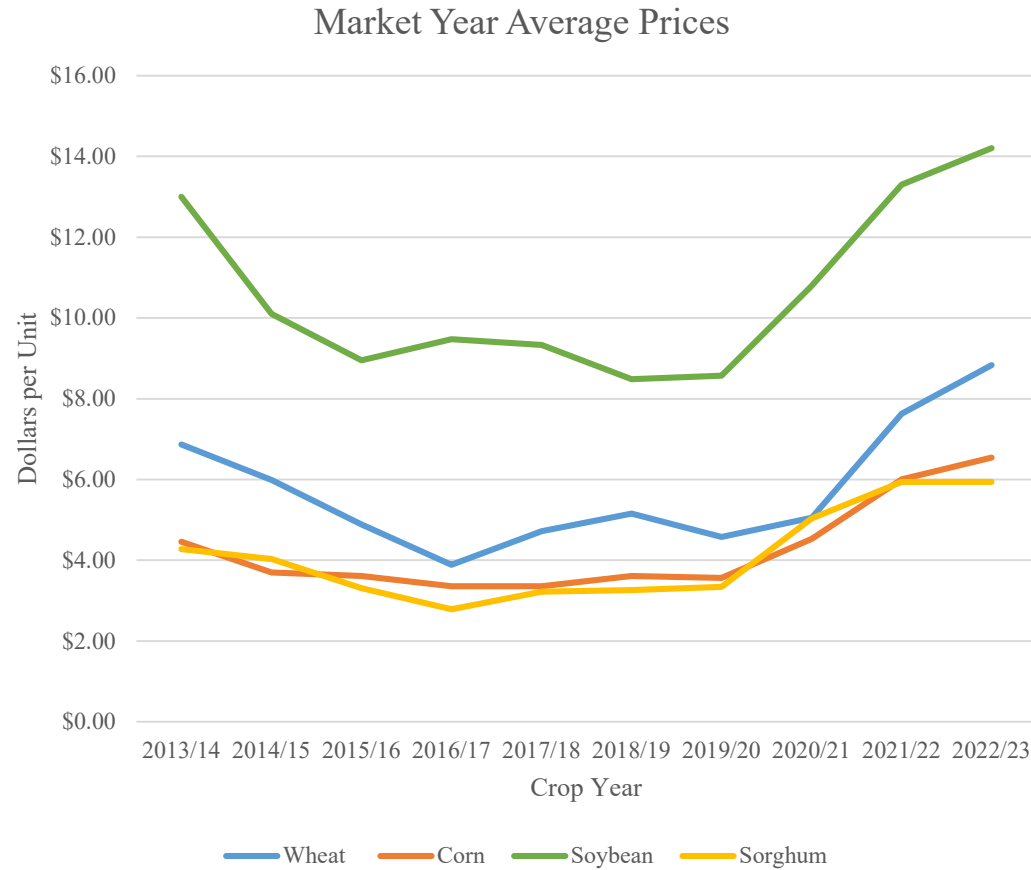
*How might changes being proposed now affect Oklahoma?*



# Commodities Title (I)

- Due to an increase in input costs, multiple groups are asking for an increase in reference prices (10%? 20%?)
  - Inflation
  - Interest rates
- Base Acre Allocation Update
  - Partial update when seed cotton was brought back under Title I in 2018

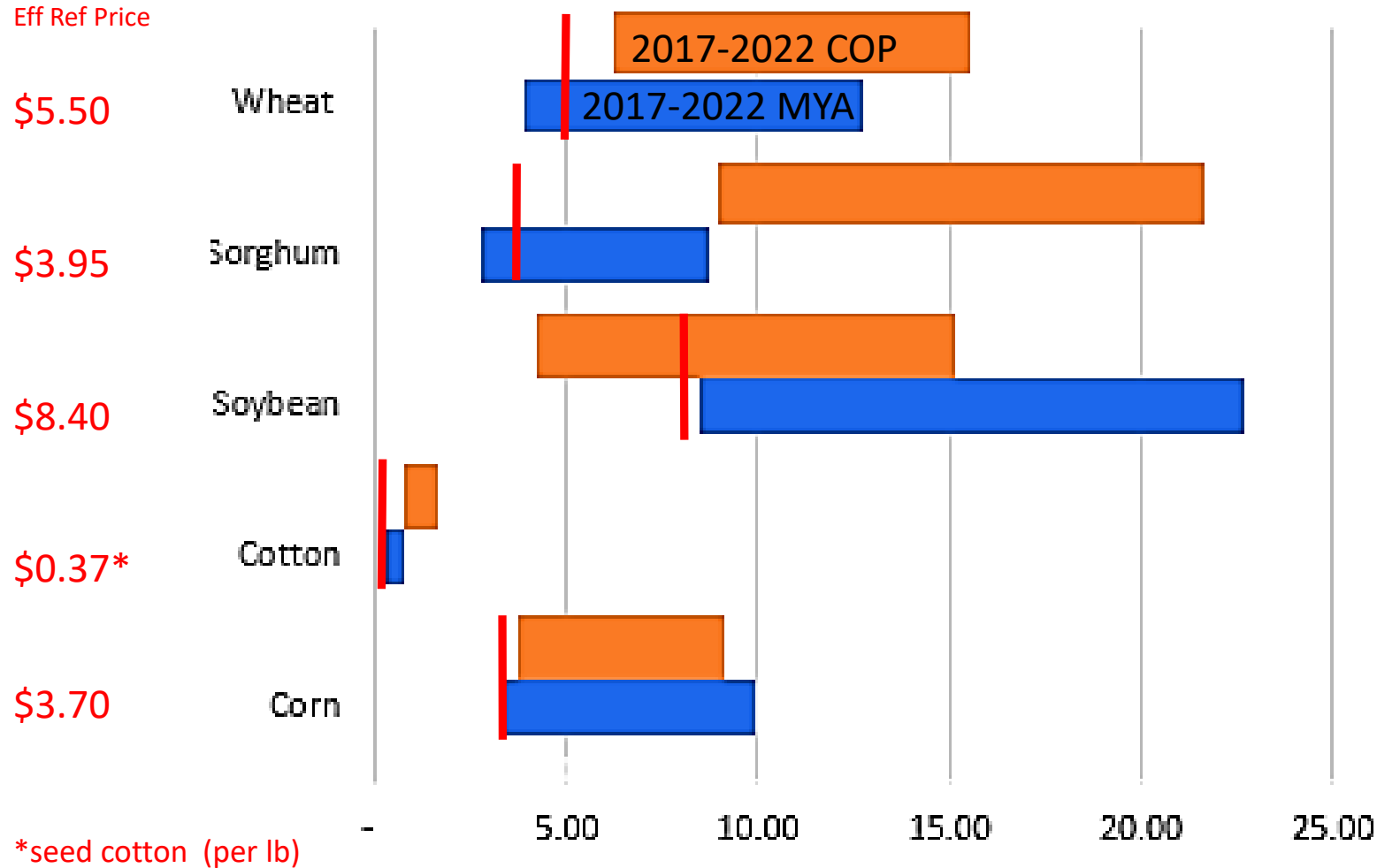
# Quick Reflection Back



Source: [www.farmers.gov](http://www.farmers.gov) USDA-FSA



# Policy Figure – Raising Reference Prices



- 5 years of Cost of Production (USDA ERS)
  - 2022 was the highest cost of production for all commodities
- 5 years of Prices (USDA FSA, Marketing Year Average Prices)
  - Also 2022-2023 crop year

An increase in reference price has the potential to be an expensive change.

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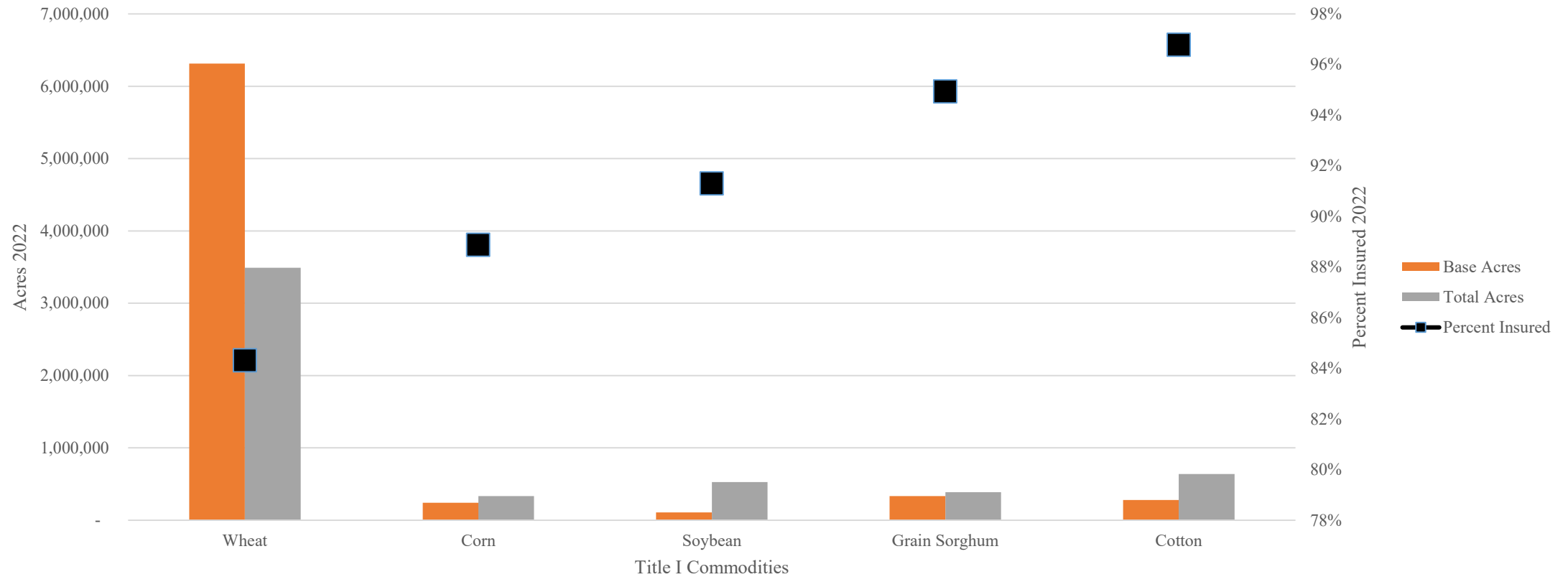
- Recall costs of these changes from earlier presentation
  - 10% ~\$25 billion
  - 20% ~\$55-\$60 billion
  - 30% ~over \$100 billion





# Base Update Impact for Oklahoma

Crop Enrolled Base, Crop Total Acres, and Insurance Uptake for 2022

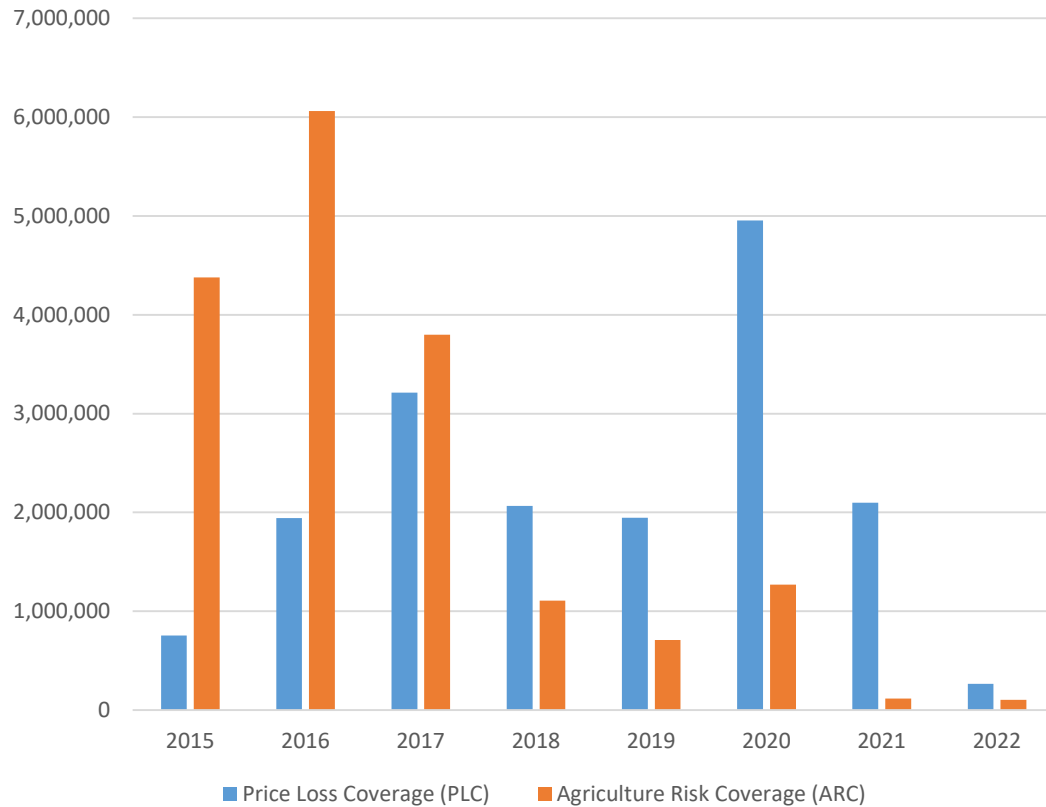


| Commodity     | PLC | ARC-CO (received in 2023)                           |
|---------------|-----|---|
| Wheat         | \$0 | \$15.74   |
| Corn          | \$0 | \$27.09   |
| Soybean       | \$0 | \$23.12   |
| Grain Sorghum | \$0 | \$16.96   |
| Cotton        | \$0 | \$48.58 (Combo and Dryland)<br>\$109.67 (Irrigated) |

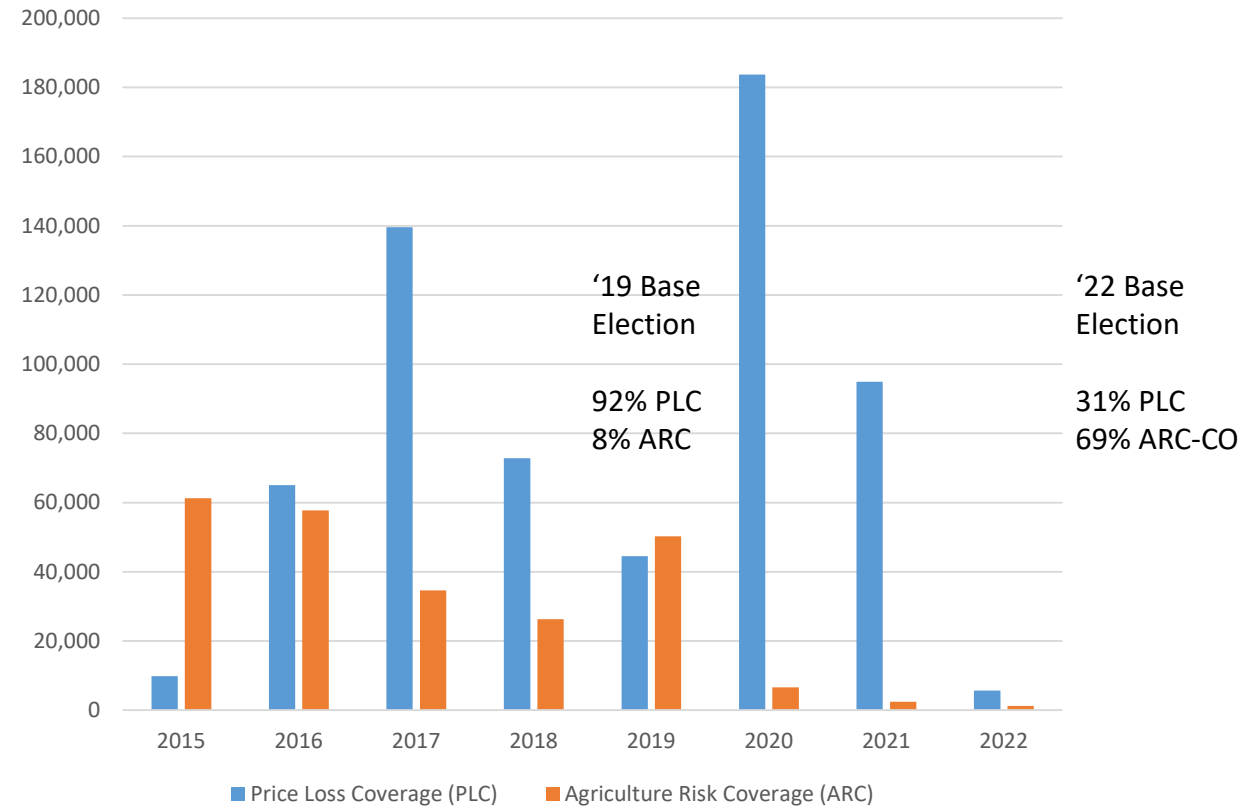


# Comparison of ARC-CO and PLC

### National Payments By Program



### Oklahoma Payments By Program







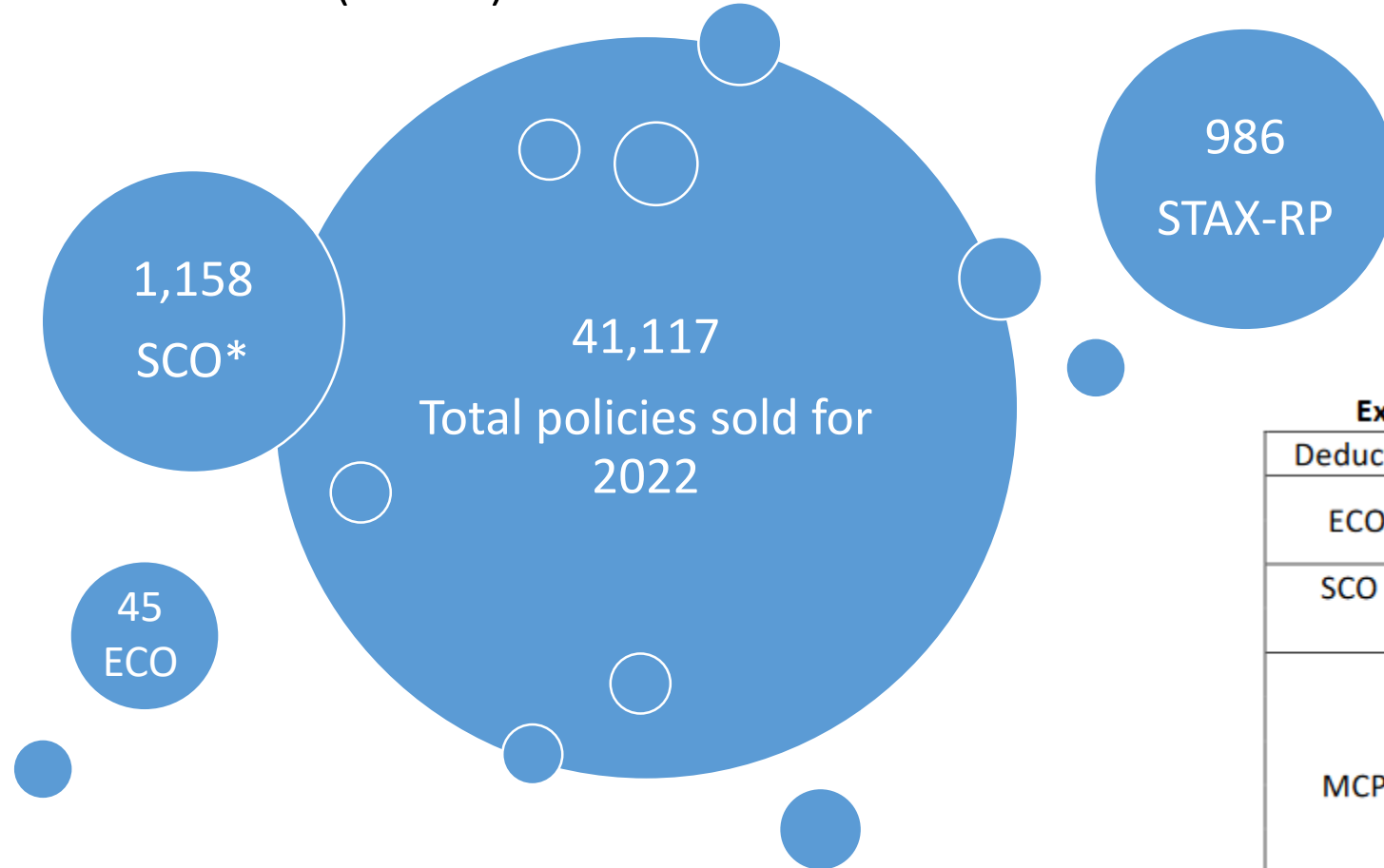
# Crop Insurance Title (XI)

- Costs for crop insurance increase for both producers and the government as crop prices increase
- Increasing uptake for crop insurance
  - Primary risk management tool
  - Lender requirements for risk management
- In 2022, \$19 billion in crop insurance indemnities nationally
  - Drought
  - Extreme weather (floods, freeze) and climate resilience
- Ongoing costs of crop insurance is a frequently cited concern



# Area policy incentives or changes?

Oklahoma policies sold for Enhanced Coverage Option (ECO), Supplemental Coverage Option (SCO), and Stacked Income Protection Plan (STAX)



\*SCO-RP, SCO-RPHPE, SCO-YP

**Example 1: 95% ECO Trigger**

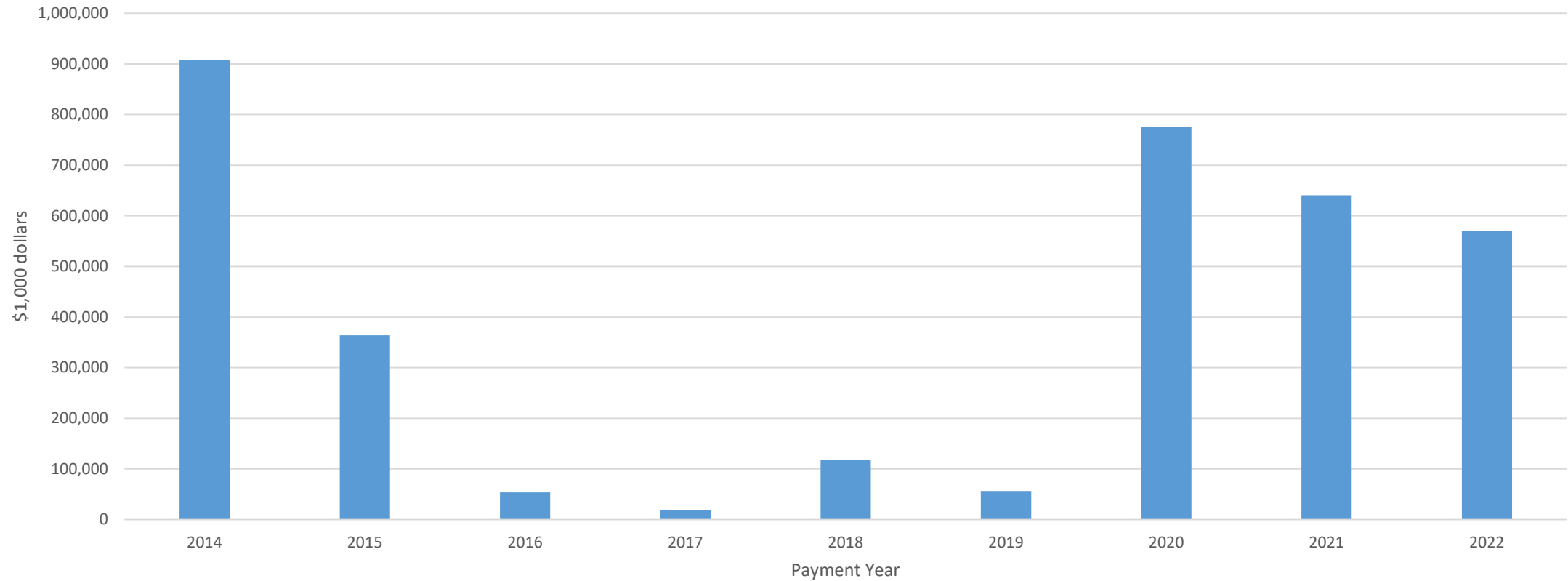
|                           |         |
|---------------------------|---------|
| Deductible (no coverage)  | 100-95% |
| ECO Coverage range        | 95-86%  |
| SCO or ARC Coverage range | 86-75%  |
| MCPI coverage range       | 75%     |

Source: USDA RMA, ECO Factsheet



# Disaster Programs

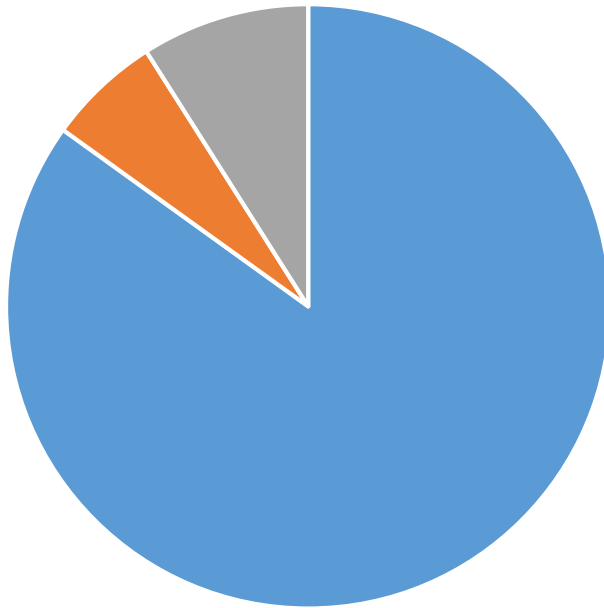
Total Ad Hoc Payments for Oklahoma Across All Programs



Source: USDA-ERS Government Payments Data, does not include the Market Facilitation Program

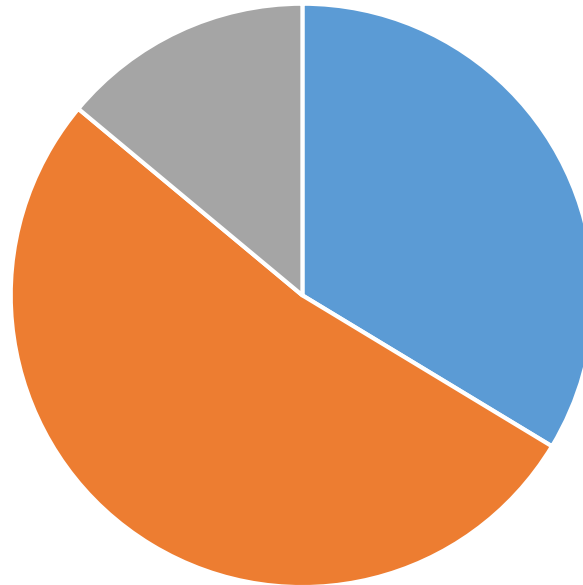
# Ad Hoc Payments in Oklahoma

Breakdown of 2020 Ad Hoc Assistance



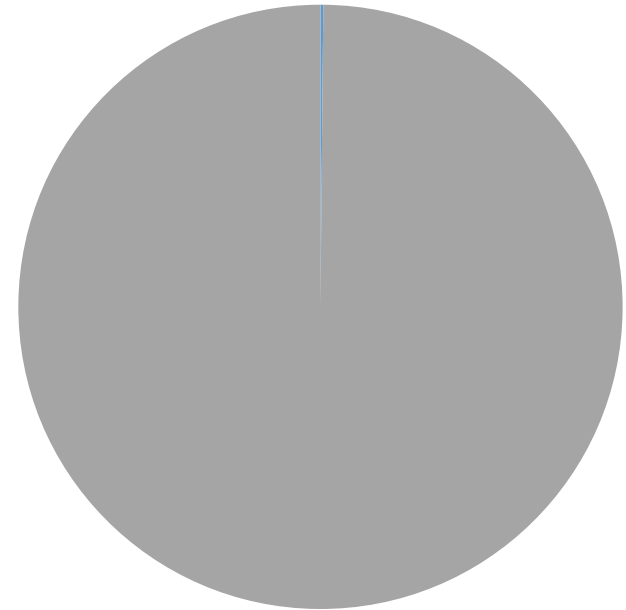
- USDA pandemic assistance
- Non-USDA pandemic assistance
- Other supplemental and ad hoc disaster assistance

Breakdown of 2021 Ad Hoc Assistance



- USDA pandemic assistance
- Non-USDA pandemic assistance
- Other supplemental and ad hoc disaster assistance

Breakdown of 2022 Ad Hoc Assistance



- USDA pandemic assistance
- Non-USDA pandemic assistance
- Other supplemental and ad hoc disaster assistance

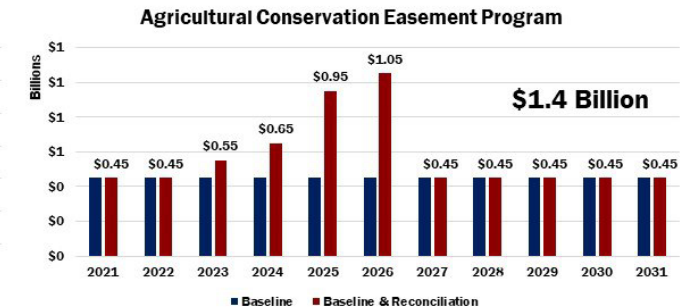
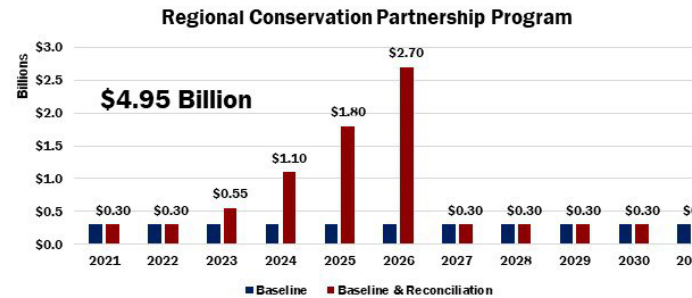
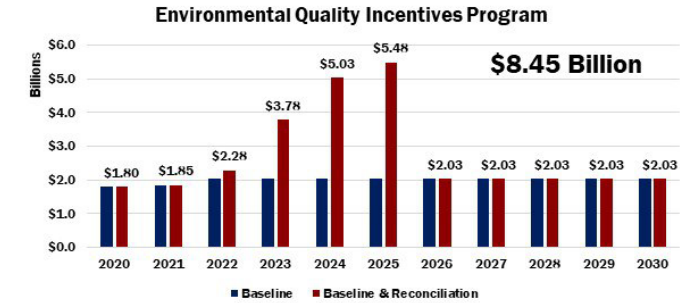
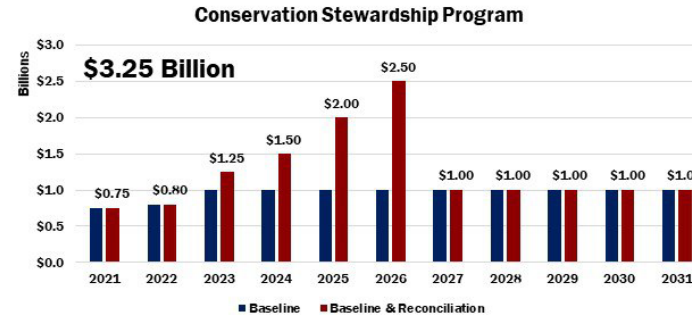
Source: USDA-ERS Government Payments Data, does not include the Market Facilitation Program



# Conservation (II)

- Many conservation programs received a boost in funding in the Inflation Reduction Act until 2031
  - \$18 billion to various conservation programs (EQIP and CSP).
  - Currently discussion around how much farm bill funding is needed.
  - Impacts on the baseline?

## CBO Conservation Baseline & \$18.05 Billion in IRA





# Rural Development (VI) and others

- Utility systems
- Renewable Energy
- Water availability and quality
- Broadband
- Labor availability





# Labor in the Agricultural Sector

2021 Food dollar: Industry group (nominal)





# Summary



- Timelines for the next farm bill are quite uncertain.
- Changes in the next farm bill are quite uncertain.
- Dollars for the next farm bill are quite uncertain.
  
- Cost outlays may determine the extent of any changes to programs impacting agriculture in Oklahoma.
  - Oh funding, where art though?
- No discussion on what to do about crop base that has been planted to grass at this point.
  - Conservation Stewardship Program – Grassland Conversation Initiative.
- Continued support for livestock programs- disease preparedness, LRP and disaster programs.





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