



2023 Farm Bill Impacts

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*All information in this presentation is
based on preliminary farm bill discussions
and is subject to change.*

11/14/2023
Learn at Lunch



Ag Policy Outlook 2024

- The big question is, when will a farm bill pass and what will it look like?
- Short expiration since September 30.
- 1-year extension with the CR, when it passes.

How might changes being proposed now affect Oklahoma?



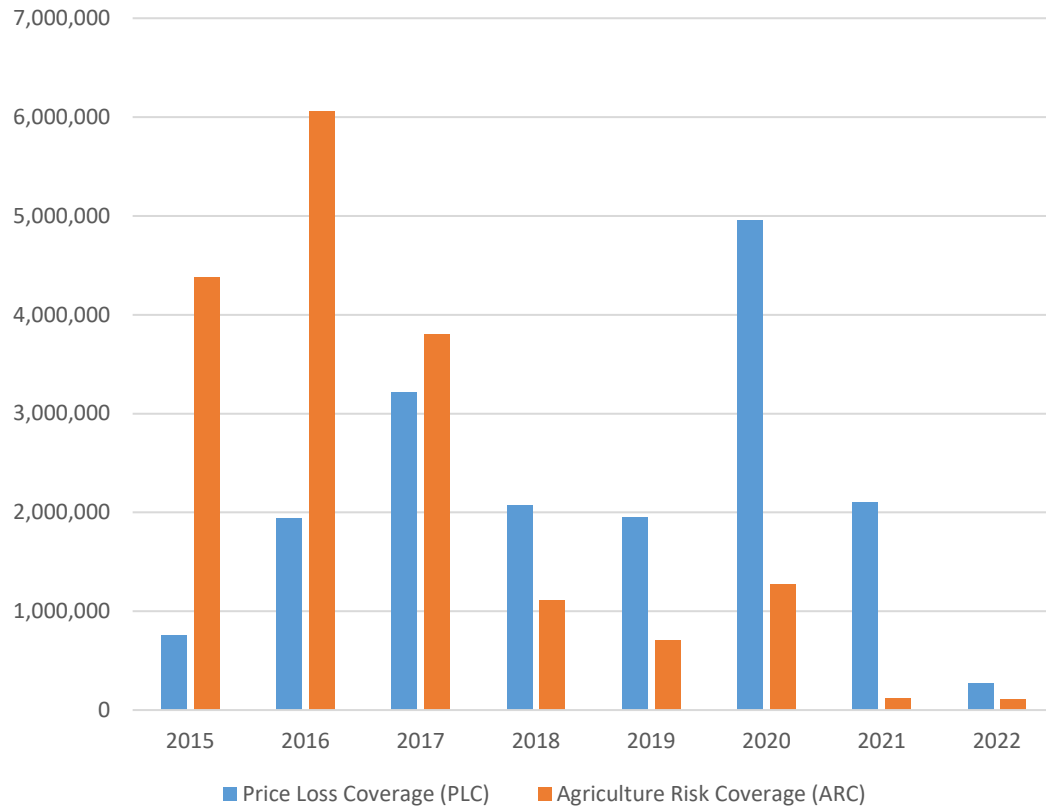
Commodities Title (I)

- 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

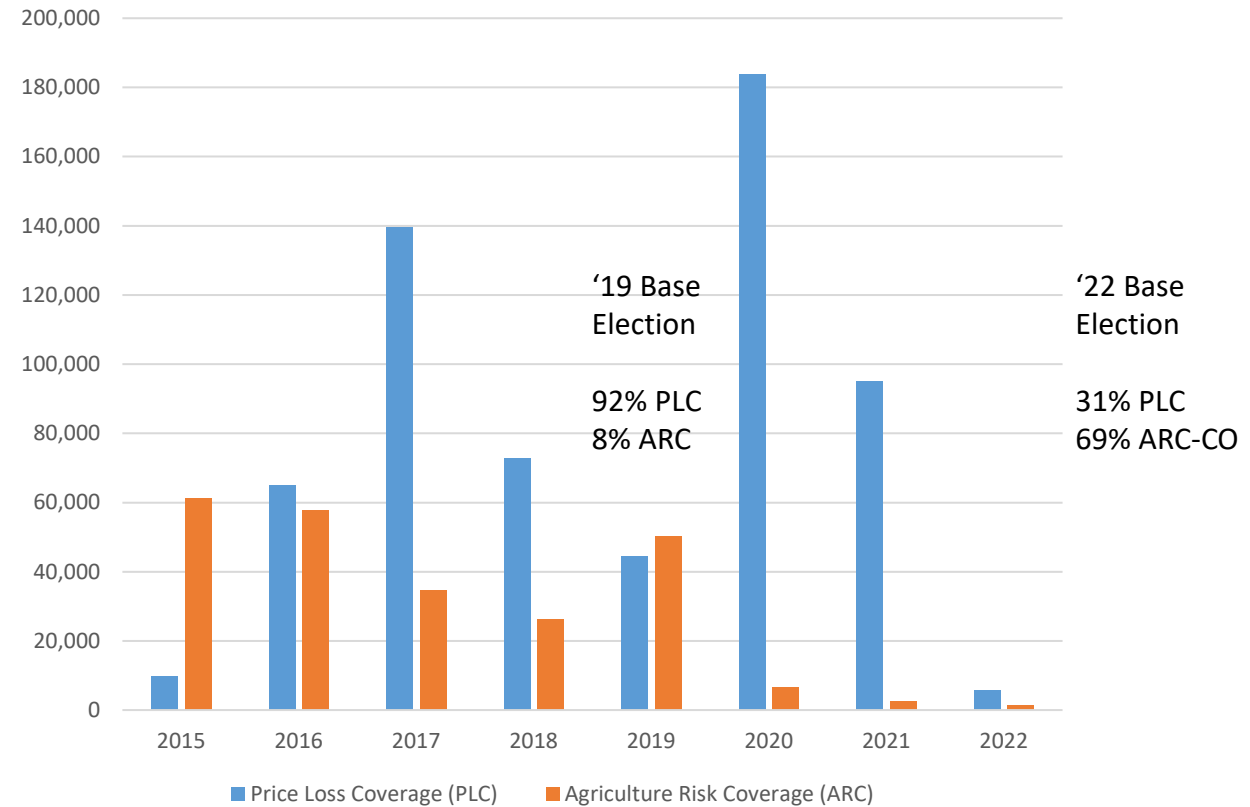


Comparison of ARC-CO and PLC

National Payments By Program



Oklahoma Payments By Program



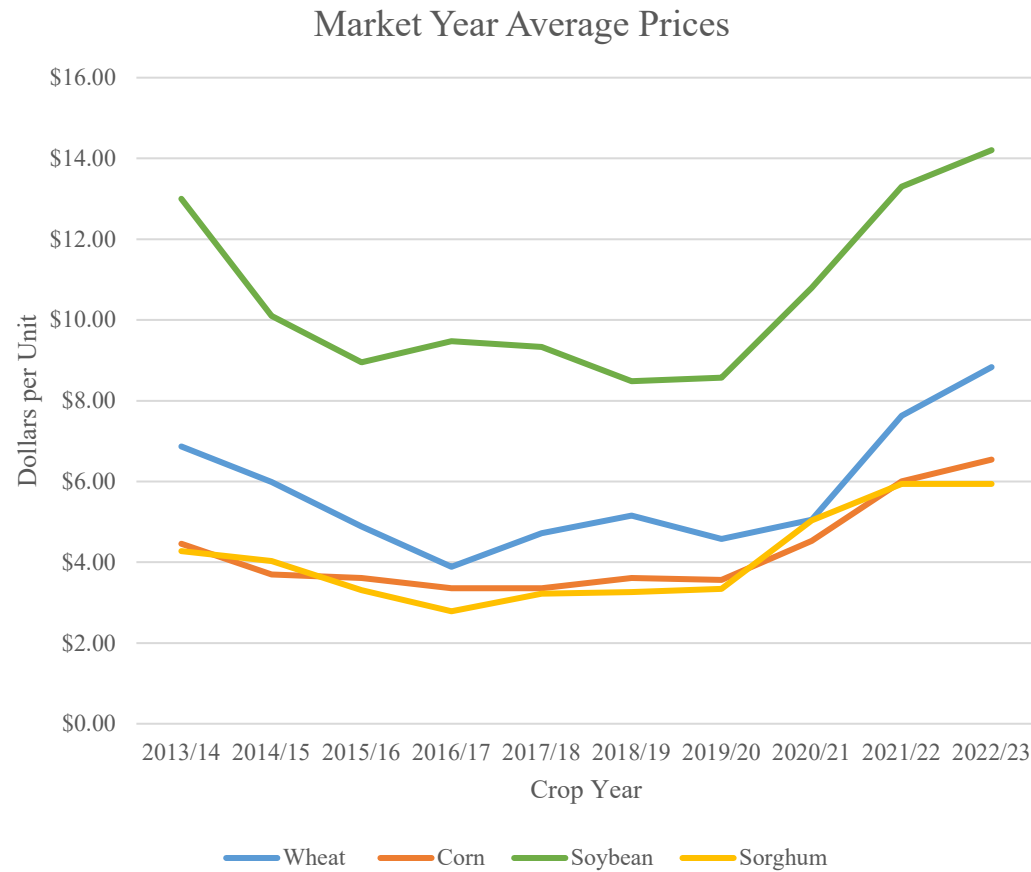
2022/2023 ARC and PLC

- Payment rates for the 2022/2023 marketing year were announced at the end of September.
- No PLC payments triggered.
- A limited number of counties had ARC-CO payments trigger (yield driven).

2023/2024 ARC and PLC

- Current price projections (VERY early) indicate a limited potential for PLC payments in the 2023/2024 marketing year.
- ARC-CO triggers will likely be yield driven again this year.

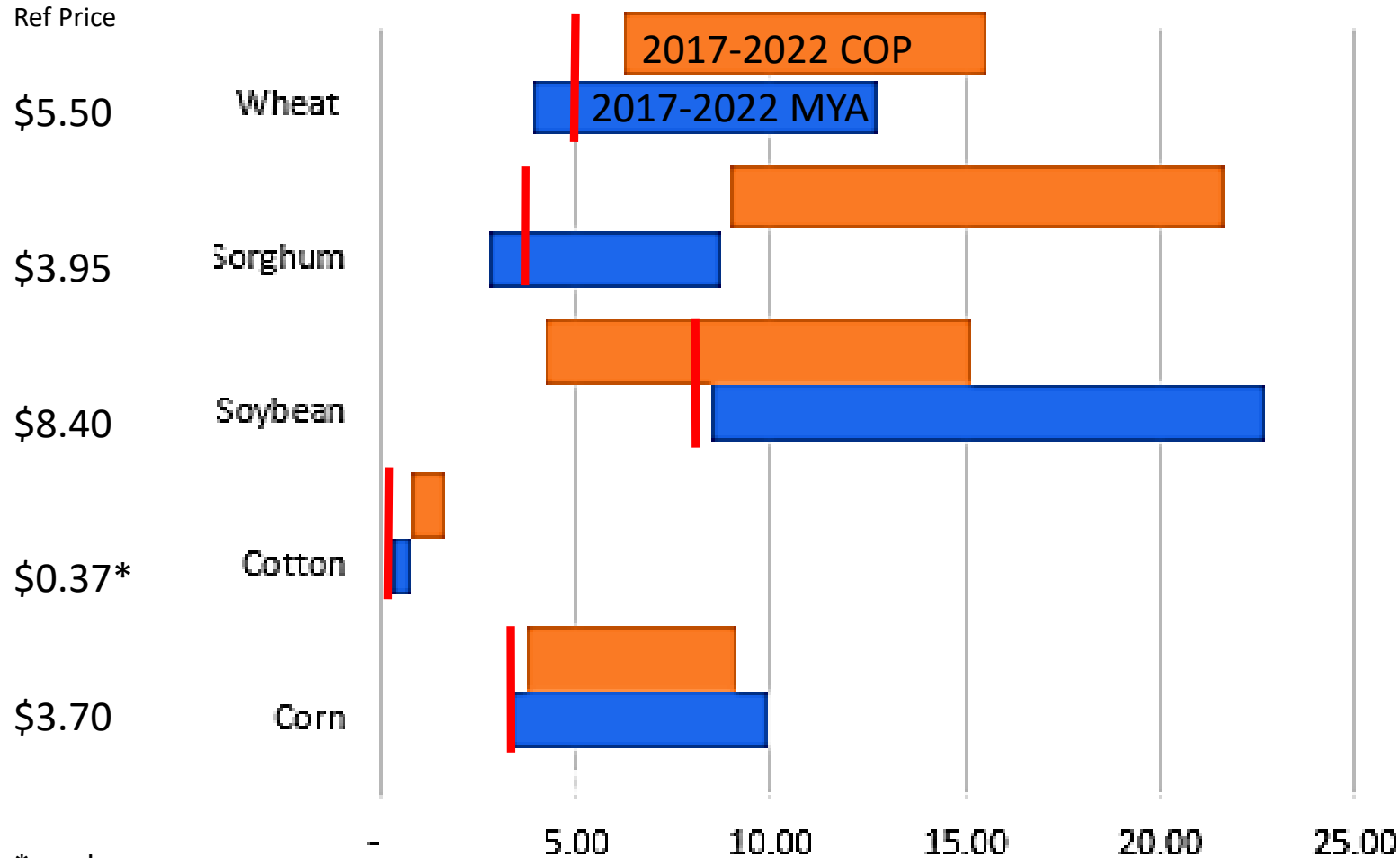
Quick Reflection Back



Source: www.farmers.gov USDA-FSA



Raising Reference Prices



*seed cotton

- 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



Effective Reference Prices 2023/2024

10% Increase in Ref Price**

\$6.05

\$4.34

\$9.24

\$0.4037*

\$4.07

2023/2024 MYA Price Projections***

\$7.20

\$4.85

\$12.20

\$0.4022*

\$4.85

Eff Ref Price**

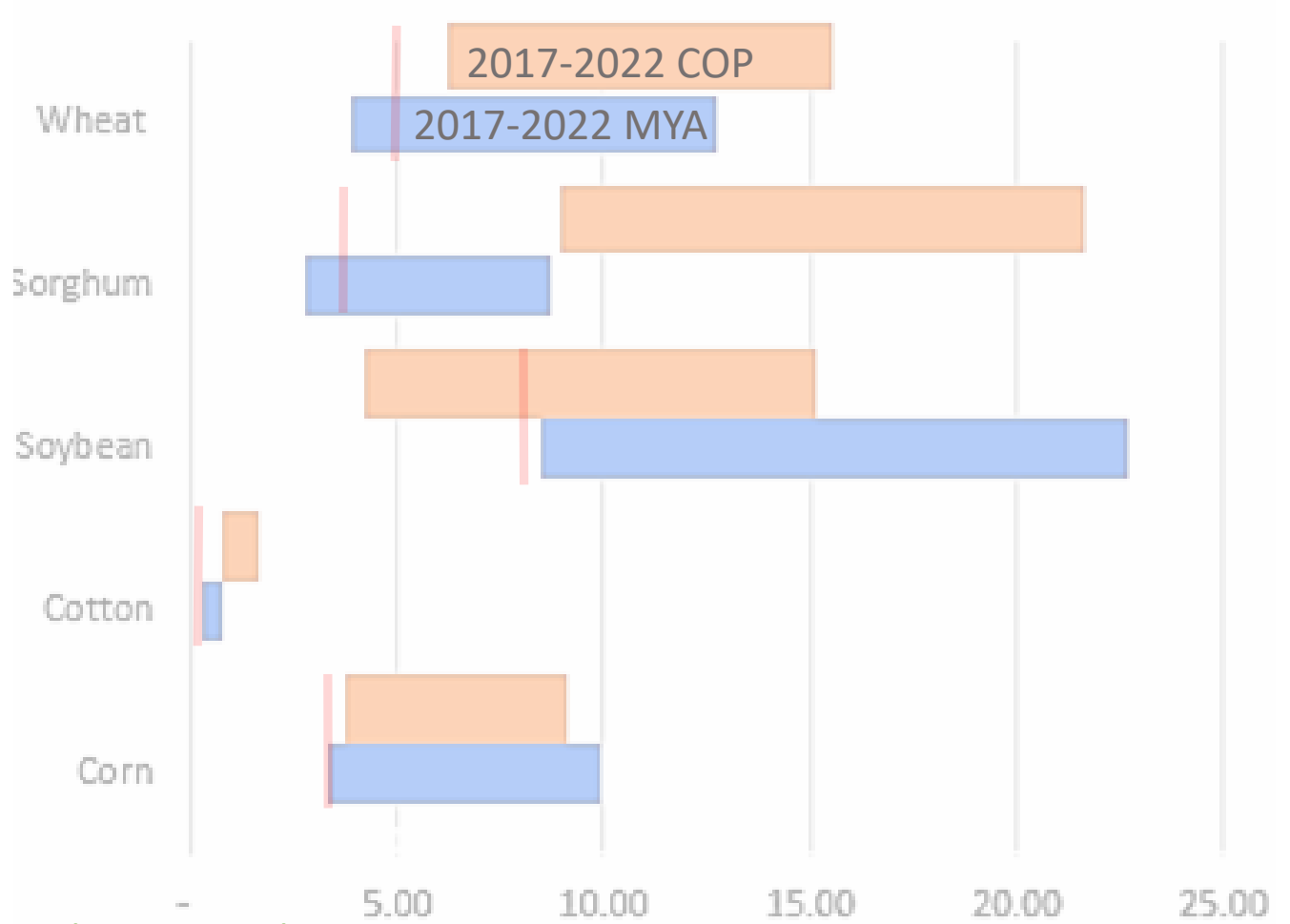
\$5.50

\$4.03

\$9.23

\$0.37*

\$4.58



Comparison for illustrative purposes only!
Changes would not kick in until the 2024/2025 marketing year if they happen at all.

Effective Reference Price (My Calculations):
The greater of the statutory reference price and 85% of the rolling 5-year Olympic average. Final effective reference prices will be set by USDA.

*seed cotton
**my calculations
***USDA-FSA Projections

Cost has been a sticking point for this Congress.

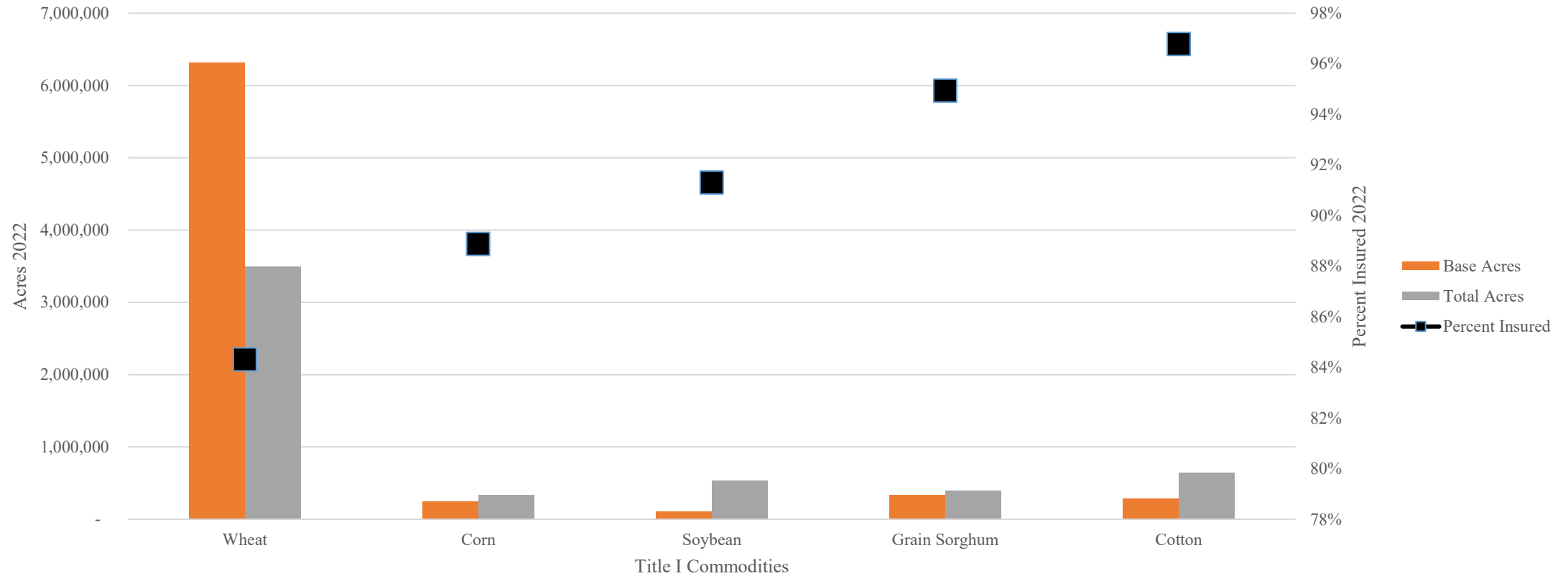
- CBO score of increasing reference prices indicates a price tag in the billions.
- Partisan lines are being drawn regarding where to find spending cuts.





Base Update Impact for Oklahoma

Crop 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) \$109.67 (Irrigated)



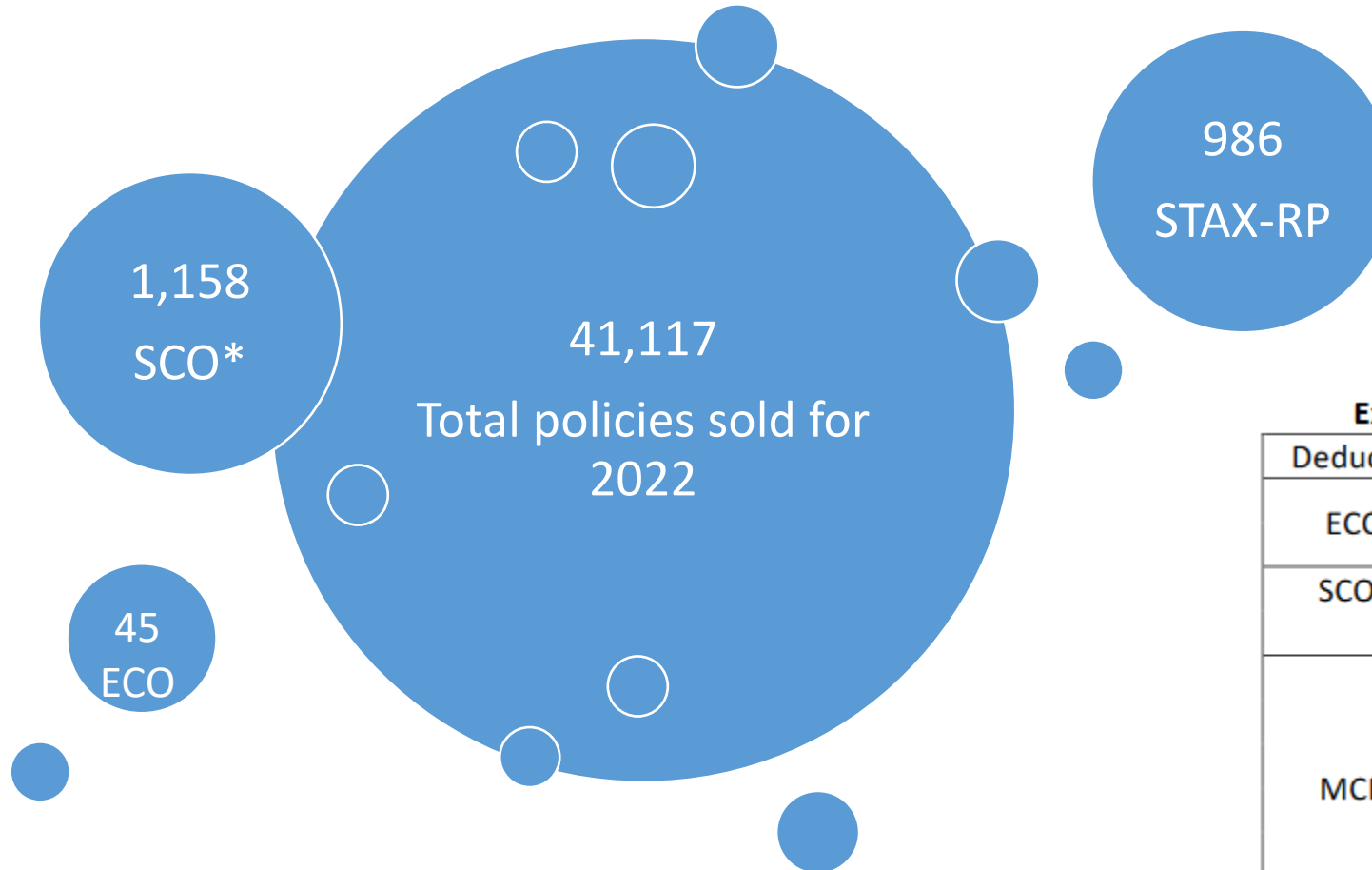
Crop Insurance Title (XI)

- 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?

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%

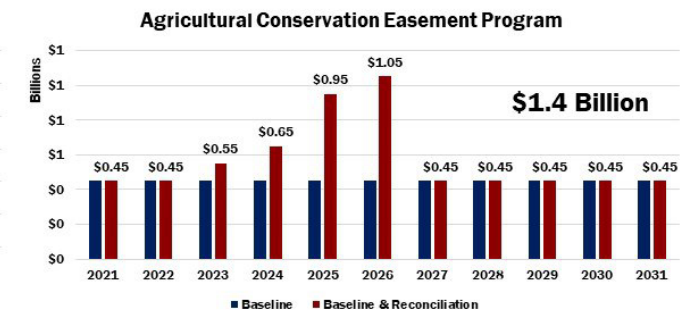
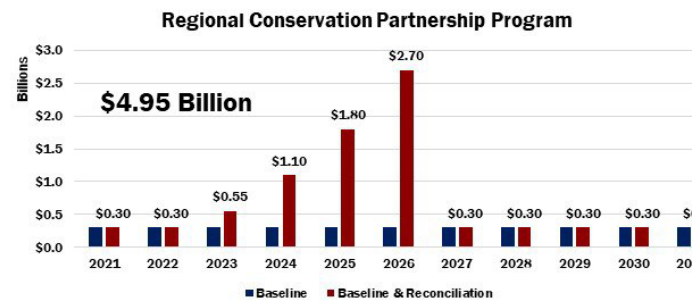
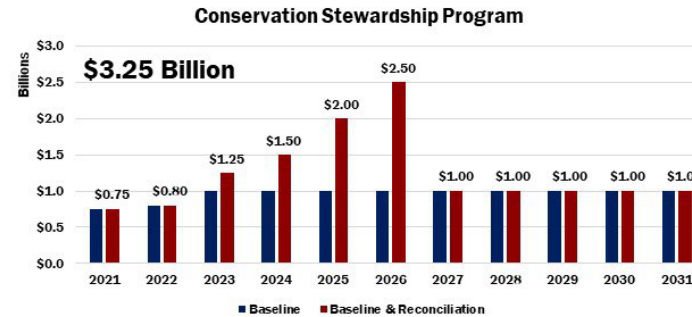
Source: USDA RMA, ECO Factsheet



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

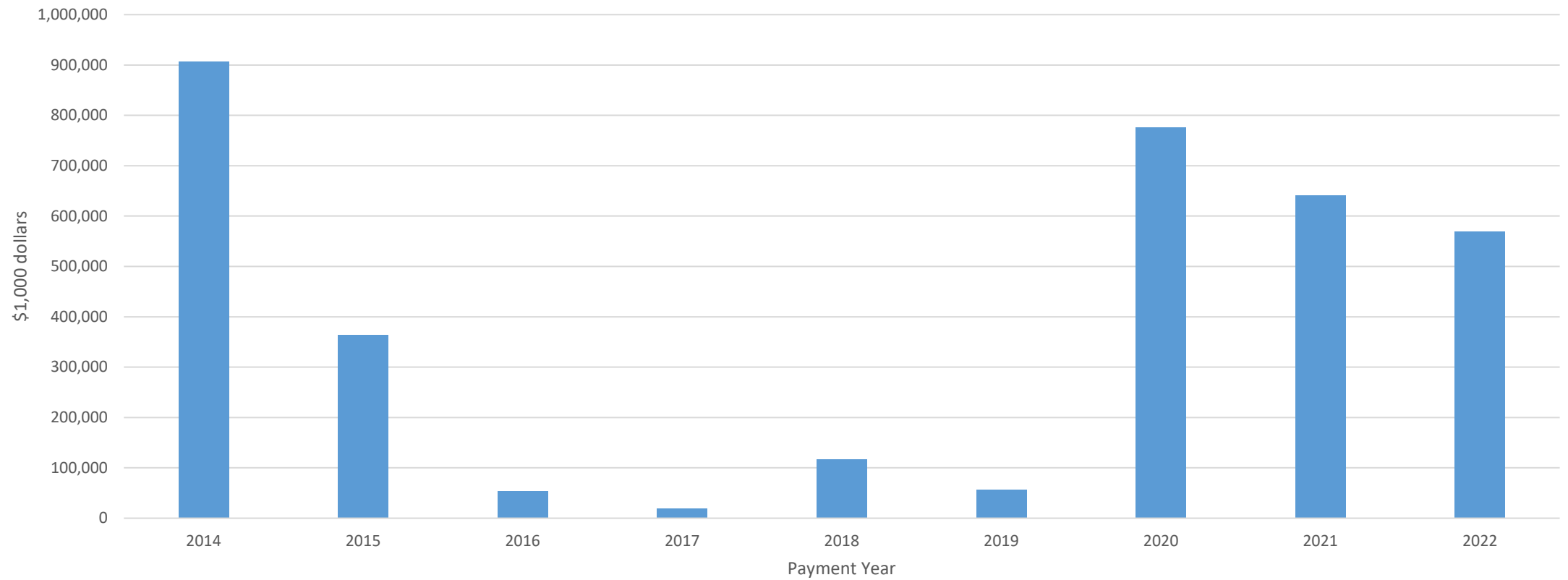
2021 Food dollar: Industry group (nominal)





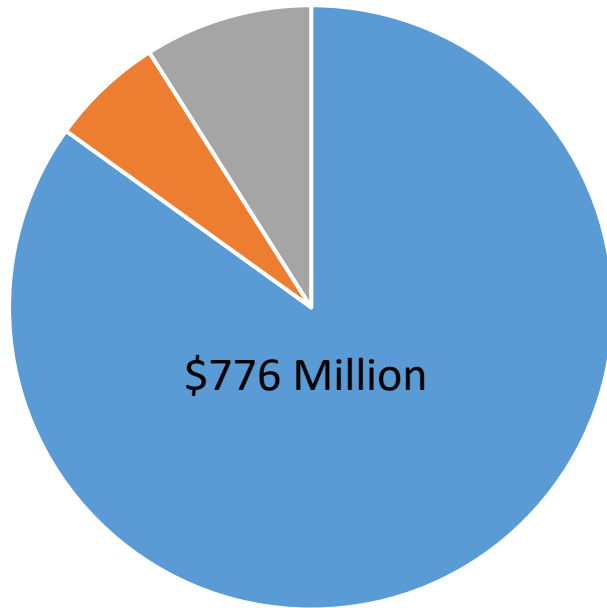
Disaster Programs

Total Ad Hoc Payments for Oklahoma Across All Programs



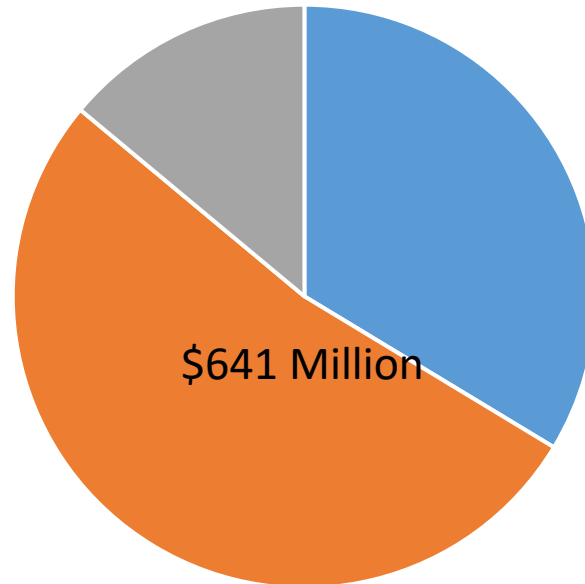
Ad Hoc Payments in Oklahoma

Breakdown of 2020 Ad Hoc Assistance



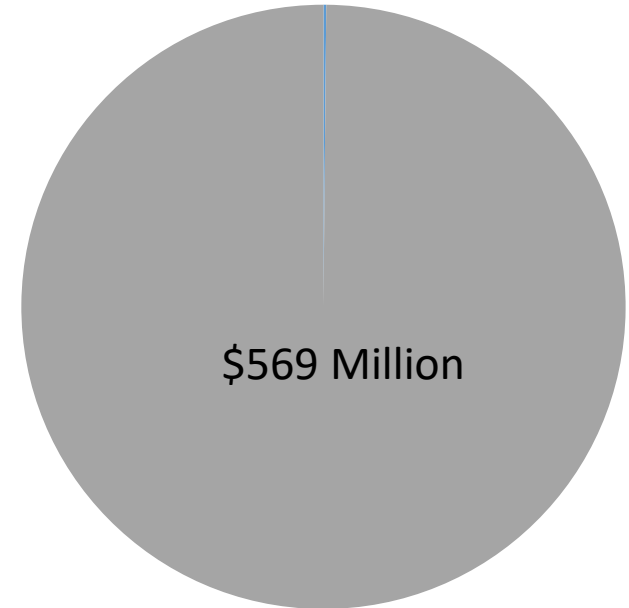
- USDA pandemic assistance
- Non-USDA pandemic assistance
- Other supplemental and ad hoc disaster assistance

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



Summary

- Timelines and content for the next farm bill are quite uncertain.
- Cost outlays may determine the extent of any changes to programs impacting agriculture in Oklahoma.
- No discussion on what to do about crop base that has been planted to grass at this point.
 - Conservation Stewardship Program – Grassland Conversation Initiative is currently expired.
- Generally seems to be support for continuing livestock programs.



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<https://extension.okstate.edu/programs/ag-policy-and-law/>

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