

Looking Forward to the Next Farm Bill

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Timeline for a Farm Bill

- 2024 is an even year
- Appropriations process
- Debbie Stabenow retirement
- Two possibilities this year early months or post election
- Another Extension and then finish next year
 - Chances of flipping houses

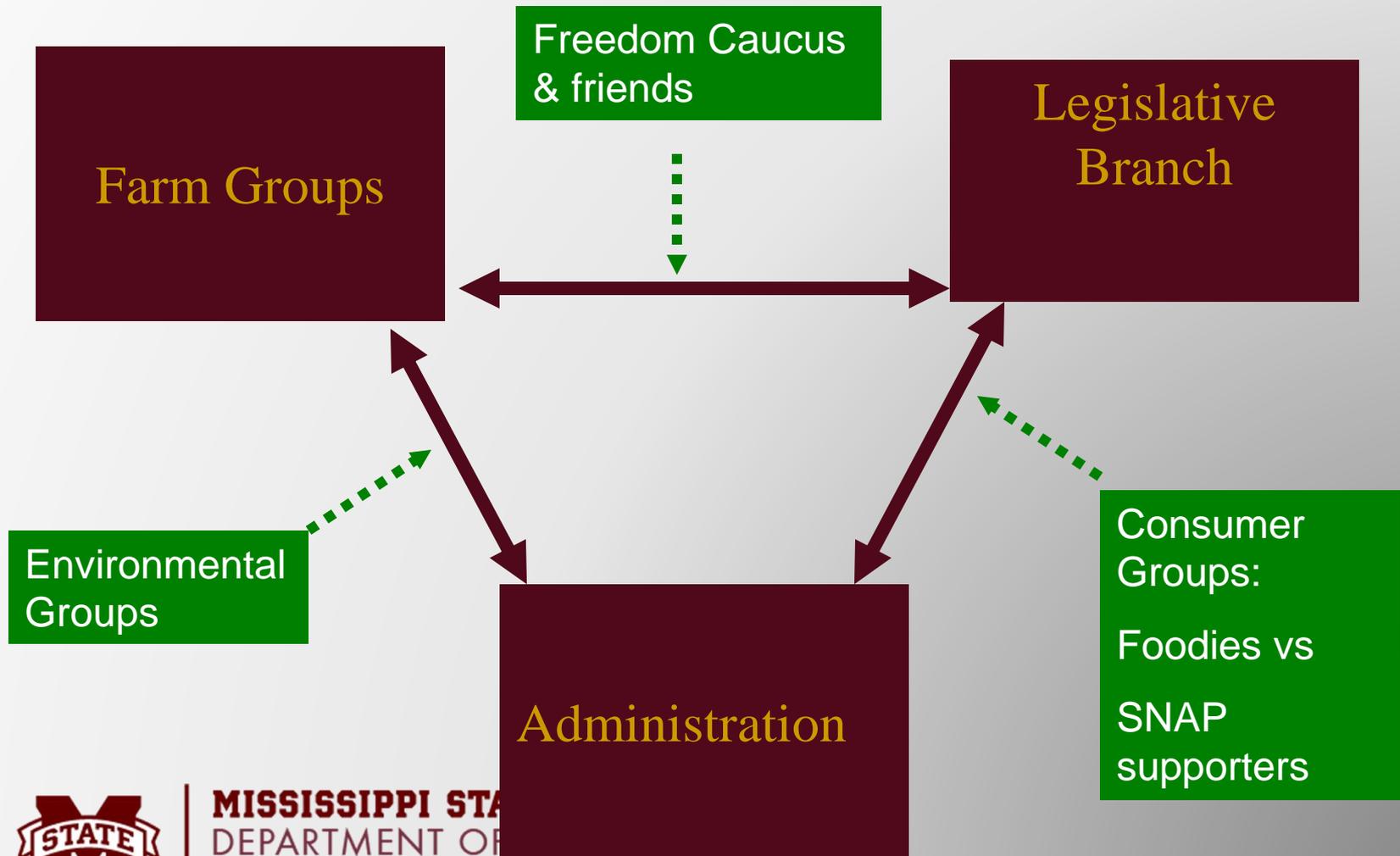


The Political Process

- “Farm Bills are not partisan but regional”
- Lack of clear majorities in House and Senate
- Novel ad hoc payments at USDA

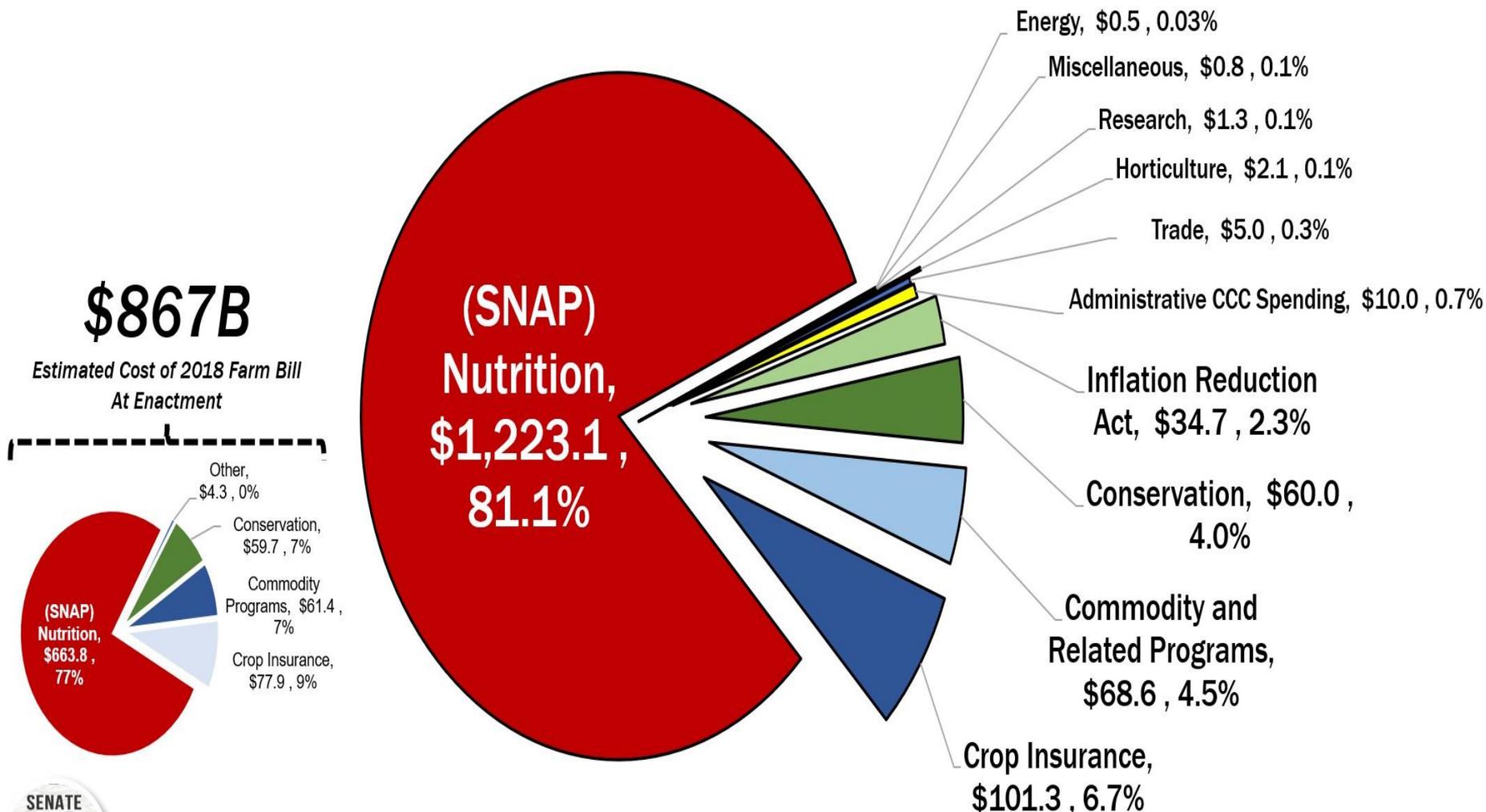


The Political Triangle of Ag Policy



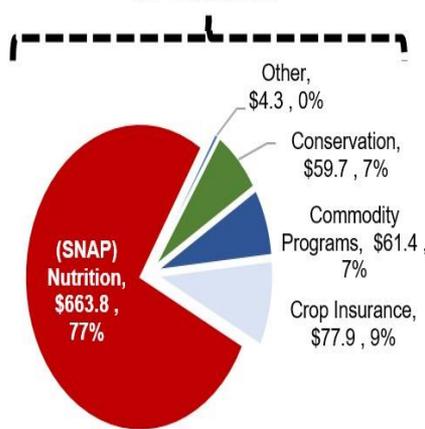
The 2023 Farm Bill Scoring Baseline*

Billion Dollars, Fiscal Year 2024 to 2033, **Total Spending \$1.51 Trillion**



\$867B

Estimated Cost of 2018 Farm Bill
At Enactment



Senate Ag Committee Republicans

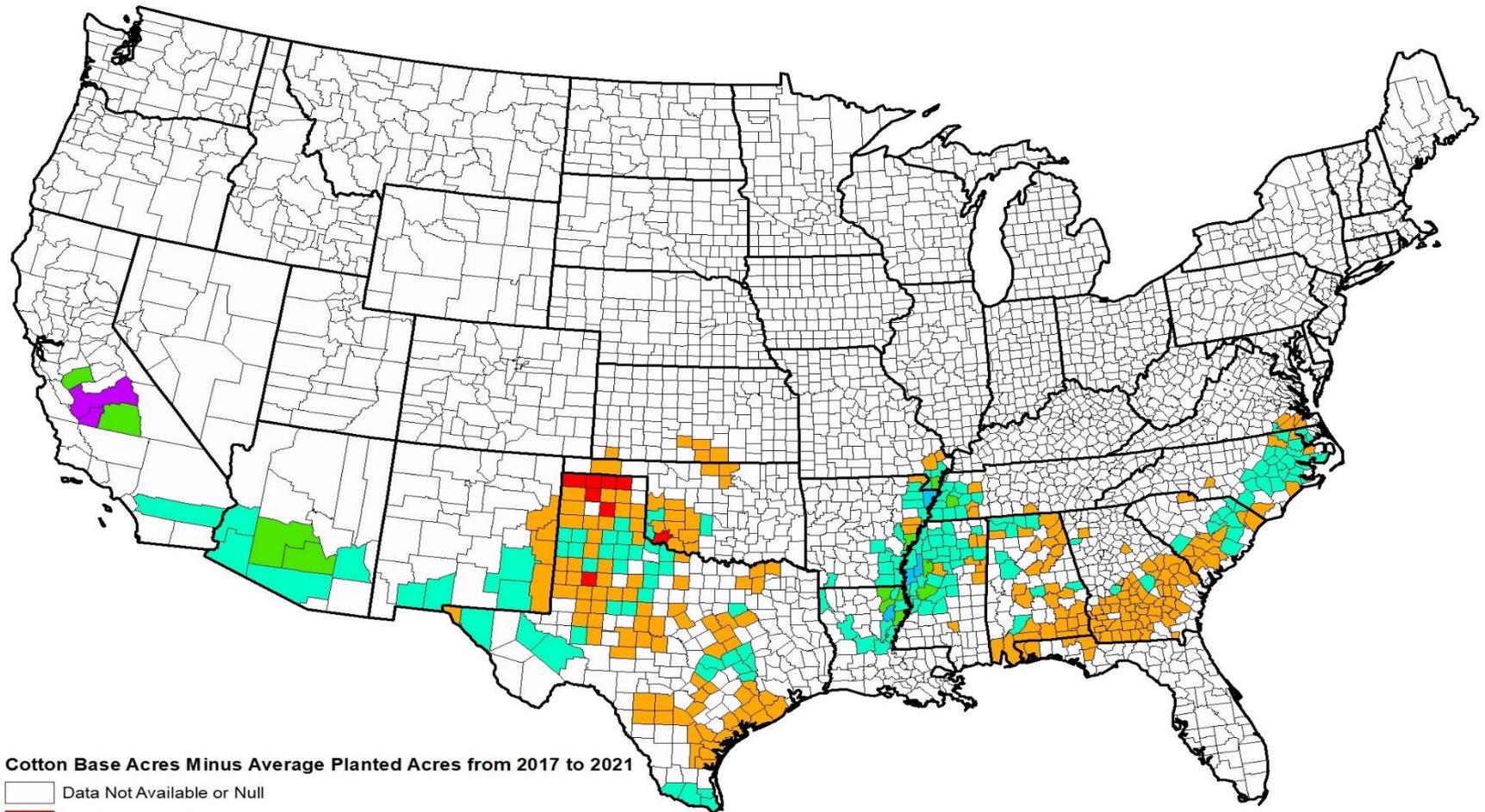
Senate Ag GOP Analysis, Congressional Budget Office May 2023 Baseline, Congressional Research Service, *Includes Inflation Reduction Act Outlays

Title I ARC & PLC

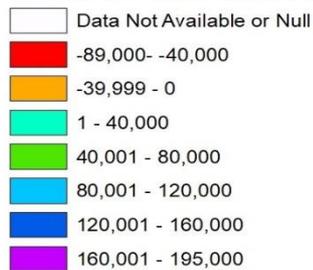
- 2014 until now
- Region preferences
- ARC vs. SCO and STAX
- The Stabenow Proposal
 - STAX for all
 - Base vs Planted Acres



Cotton Base Minus Planted Map

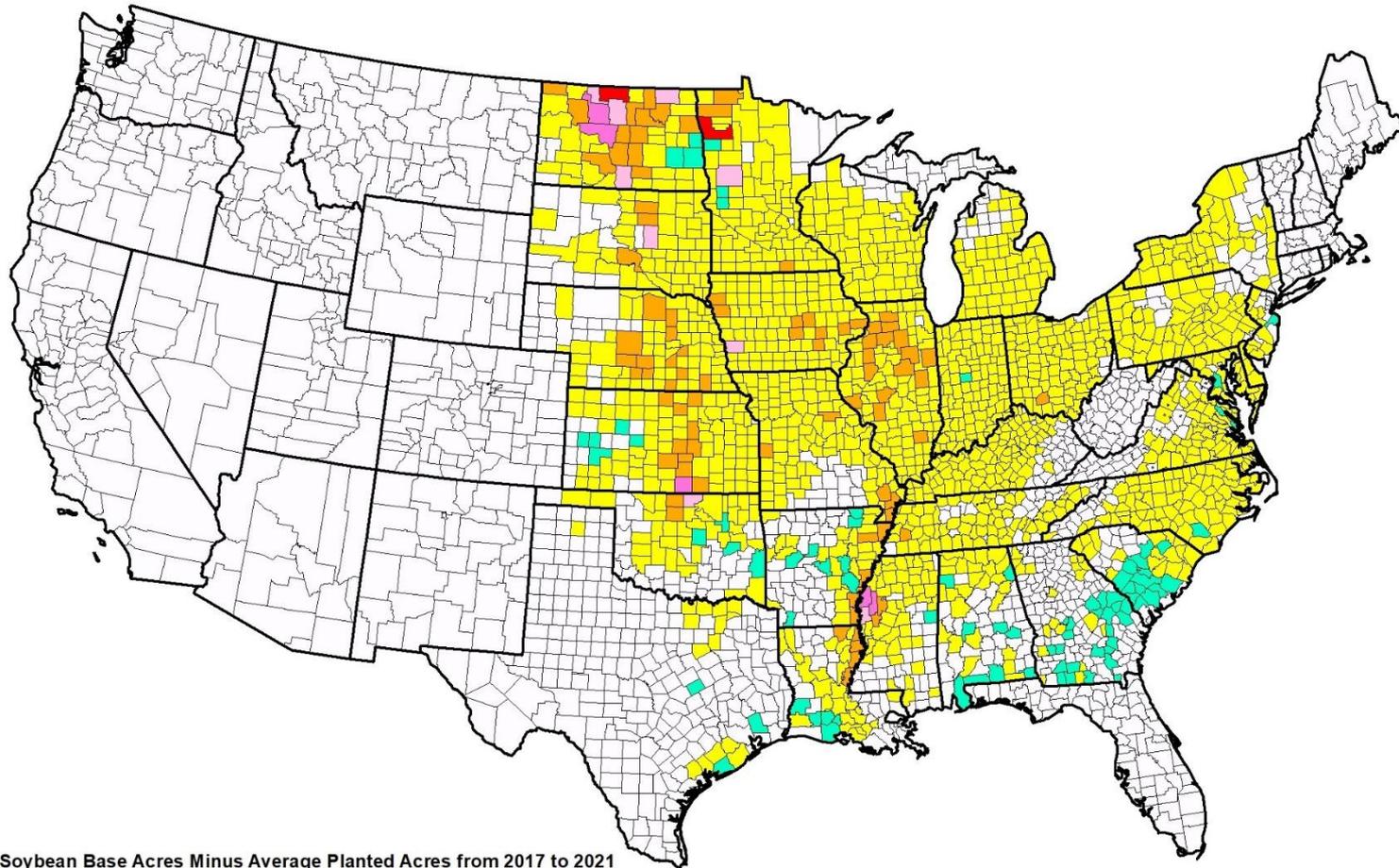


Cotton Base Acres Minus Average Planted Acres from 2017 to 2021



Source: Will Maples

Soybean Base Minus Planted Map



Soybean Base Acres Minus Average Planted Acres from 2017 to 2021



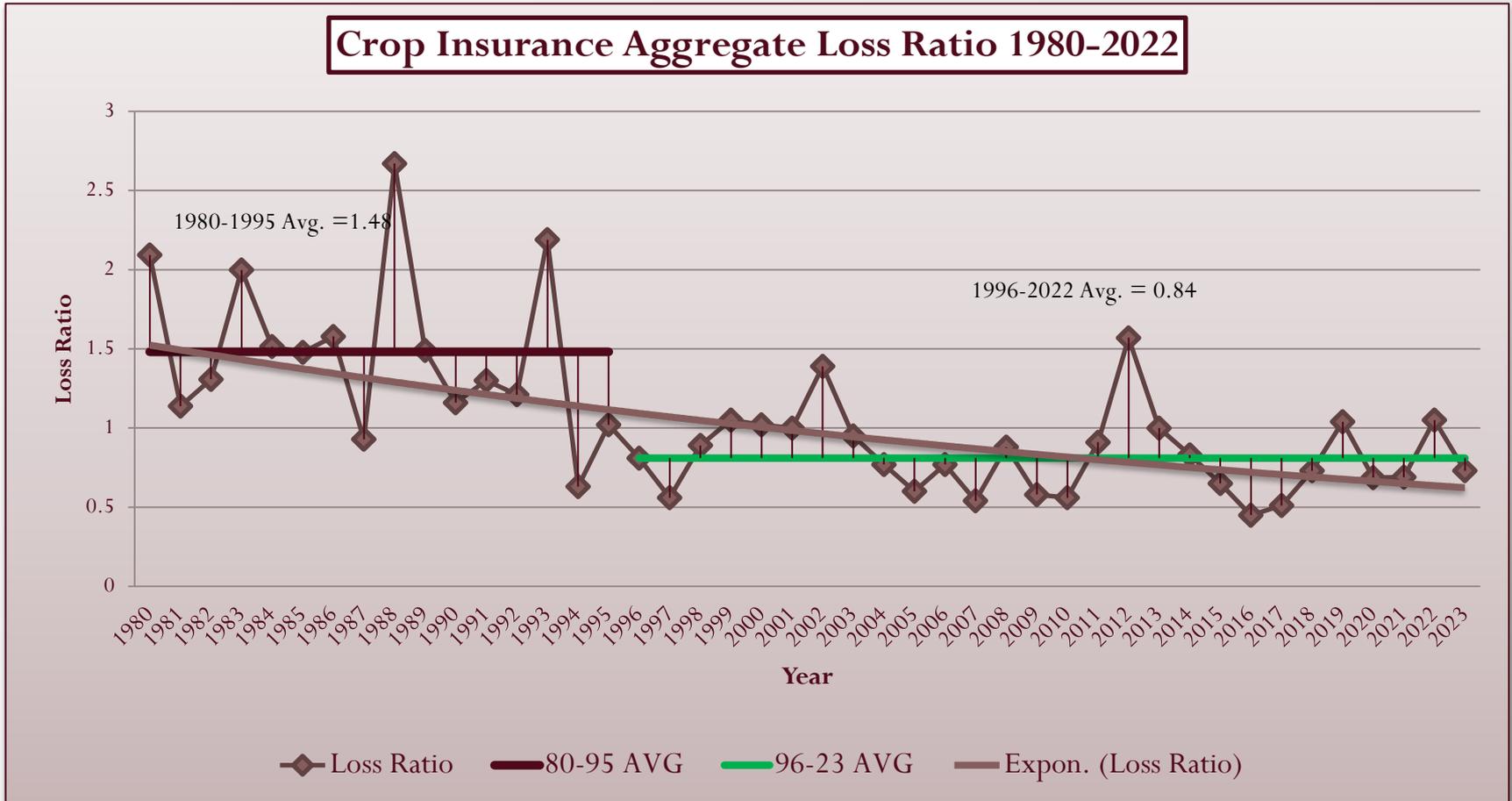
Source: Will Maples

Crop insurance: where have we been?

- The modern era since 1980
- The program expanded to the South
- Legislative changes and revenue insurance in mid-1990s
- ARPA 2000
- Subsidy grew & ad hoc disappeared
- Crop insurance moves into farm bill
- Mentality of the Agricultural Act of 2014
 - Risk offsetting tools were good – direct payments were not risk offsetting
 - Layering area-triggered shallow loss programs was the new idea



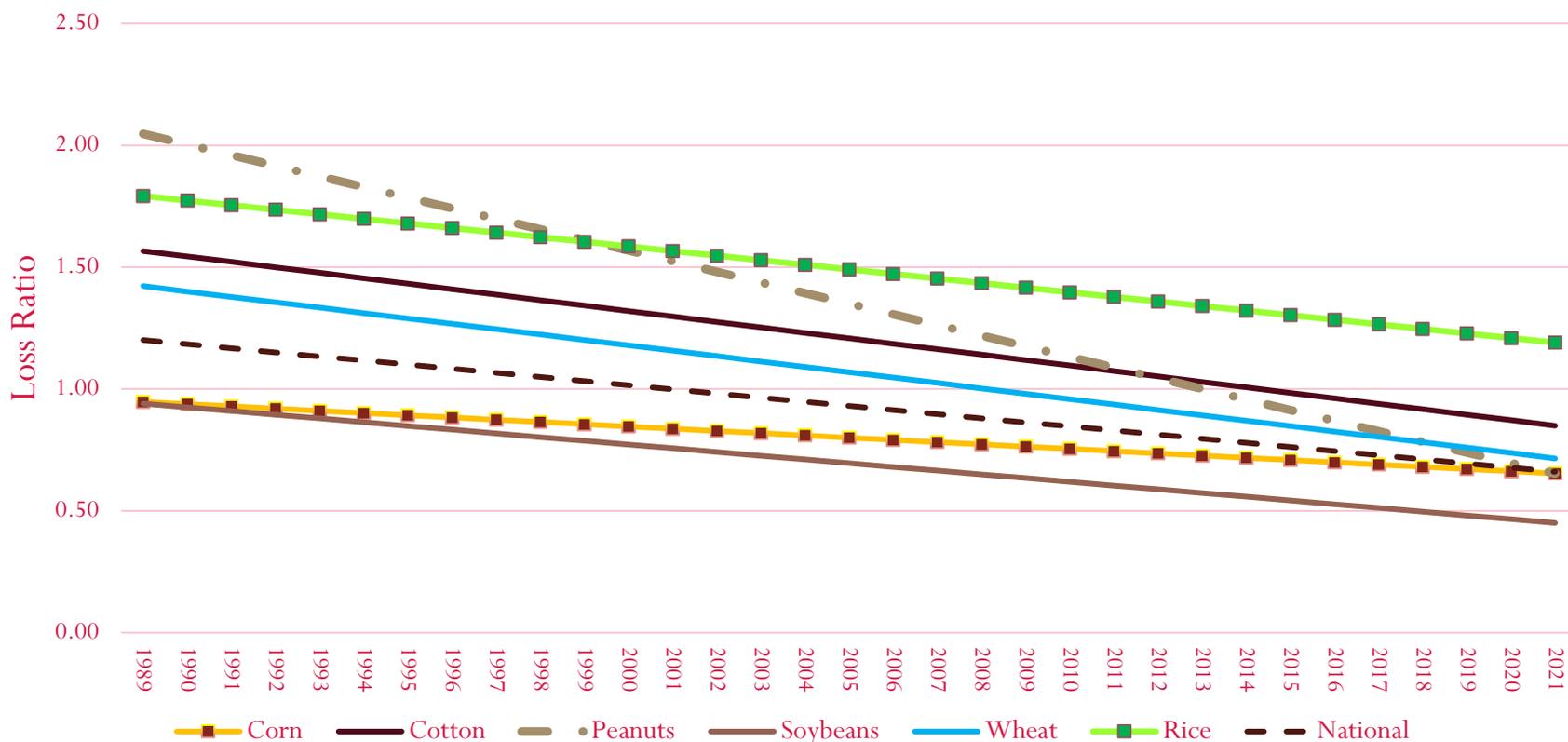
Improved Loss Ratio (indemnity / premium)



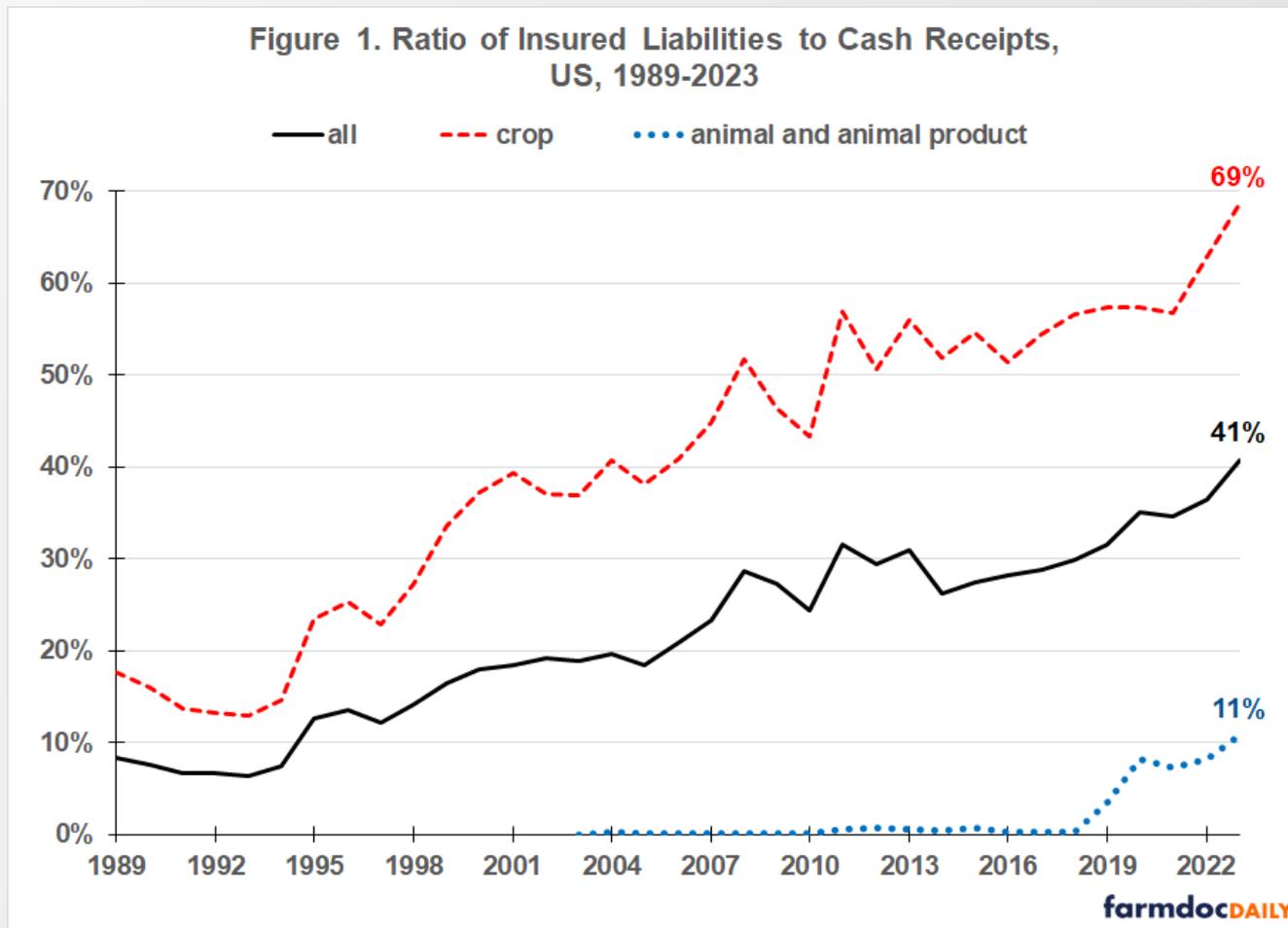
Why? Mixture of good weather, more participants, better production practices, better rates, better genetics, climate change??

Loss Ratio by Crop

U.S. Crop Insurance Loss Ratio Trends Over Time by Selected Crops, 1989-2021



Note the recent popularity of livestock insurance



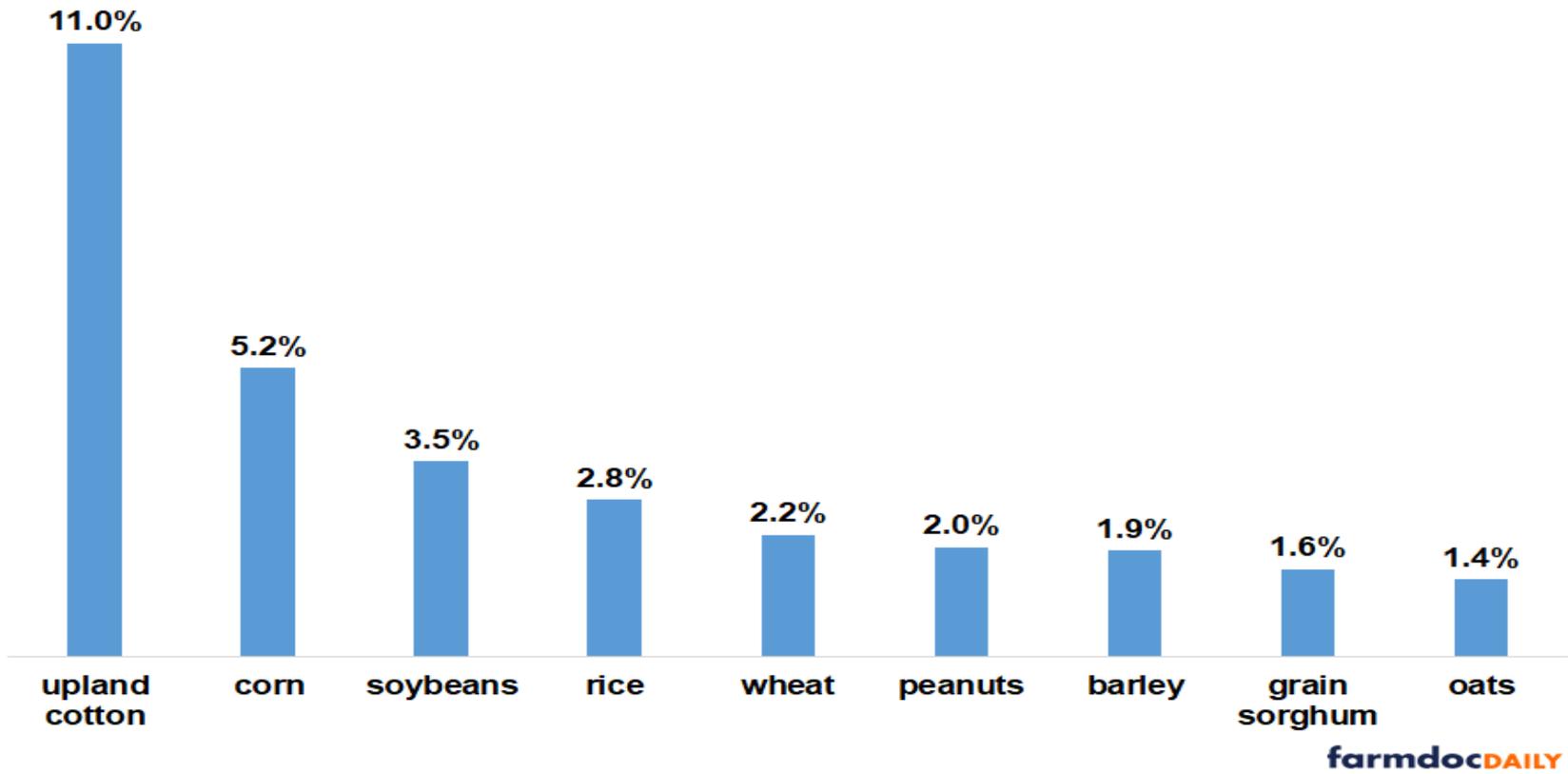
Crop Insurance Subsidy Levels

Coverage Level	Basic & Optional Subsidy %	Enterprise Unit Subsidy %	SCO Subsidy	STAX Subsidy %
50%	67%	80%	65%	
55%	64%	80%	65%	
60%	64%	80%	65%	
65%	59%	80%	65%	
70%	59%	80%	65%	80%
75%	55%	77%	65%	80%
80%	48%	68%	65%	80%
85%	38%	53%	65%	80%



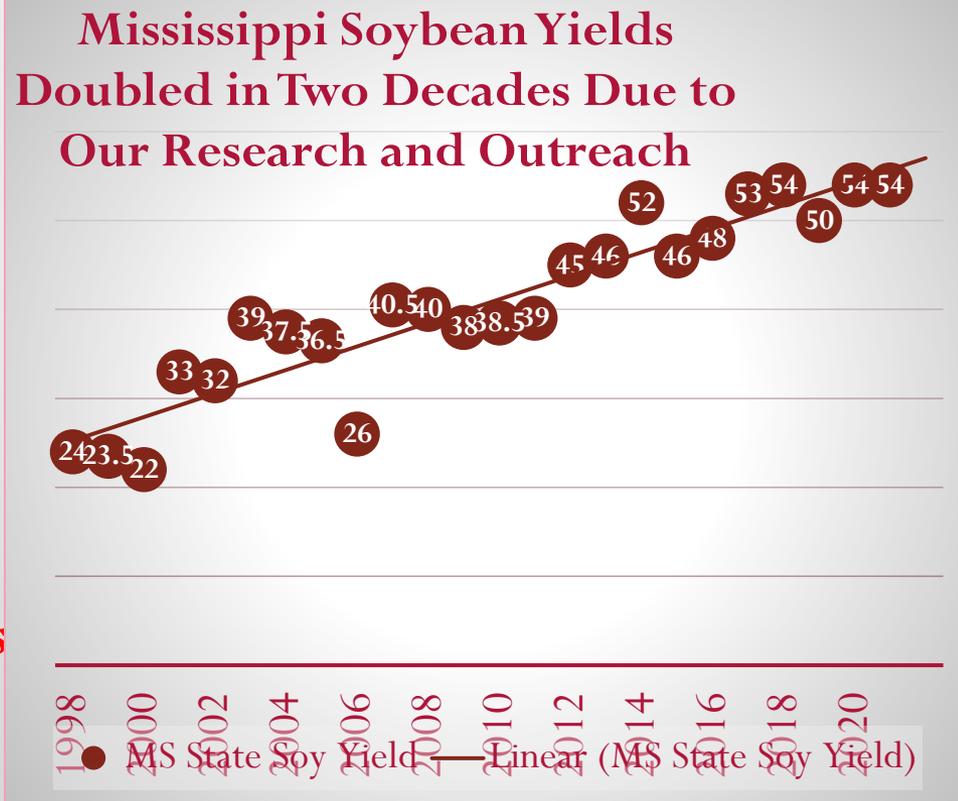
STAX vs. SCO

Figure 3. Area Add-up Share of Insured Liability, US, 2023

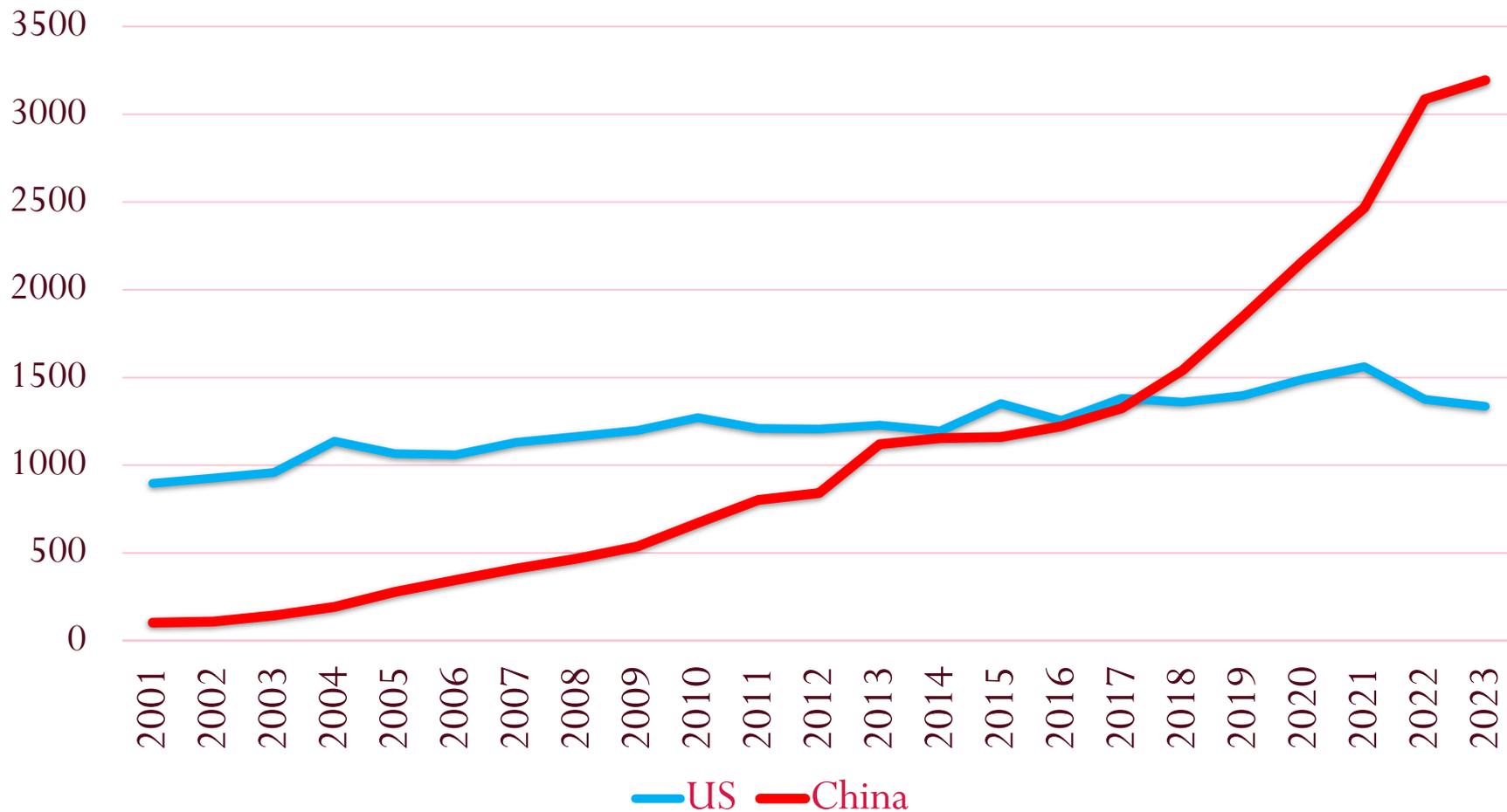


Public Ag Research and Extension

- 20 to 1 benefit for every dollar spent on public ag research
 - The benefit is shared by producers and consumers
 - Land grant – teaching, Extension and research model
- **China caught up with U.S. around 2008 and now doubles us. India has also passed us and Brazil is nearing us.**



U.S. versus China Scientific Articles Including the Term "Soybean"

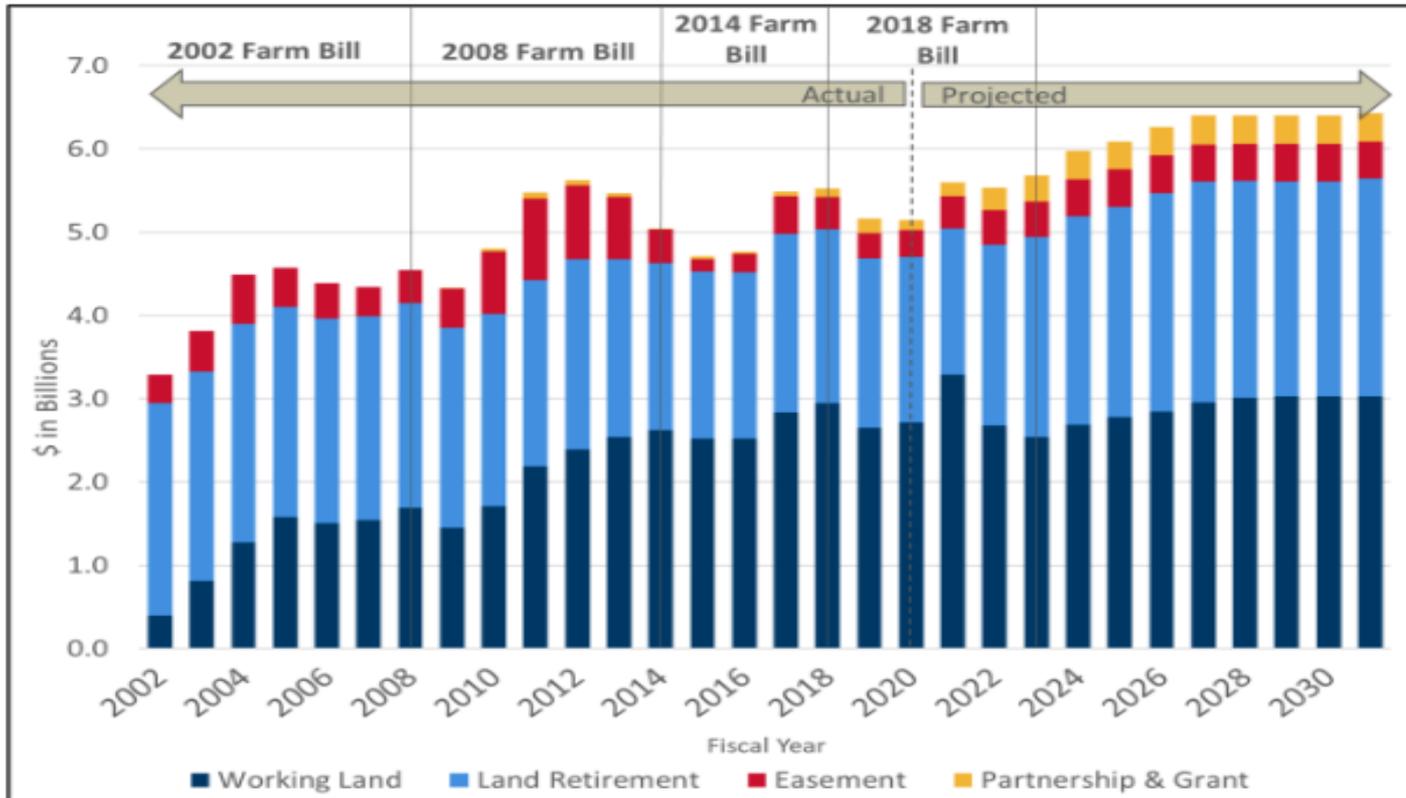


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Source: Scopus Abstracting
Database for Scientific Literature

Figure 1. Farm Bill Conservation Program Mandatory Spending, FY2002-FY2031

outlays in millions of dollars (actuals adjusted for inflation)



Sources: CRS using Congressional Budget Office baseline data, FY2001-FY2021; and Office of Management and Budget, Table 10.1—Gross Domestic Product [GDP] and Deflators Used in the Historical Tables: 1940-2026, May 2021.



Which Policy Affects You Most?



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Thank You



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