

# **Overview of the 2024 Farm Bill and how it could affect West Texas agriculture**

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**Assistant Professor**  
**Agricultural & Food Policy Center**

**72<sup>nd</sup> Annual West Texas Agricultural  
Chemicals Institute Conference**

**Lubbock, Texas**  
**September 12, 2024**

# What/who is AFPC?



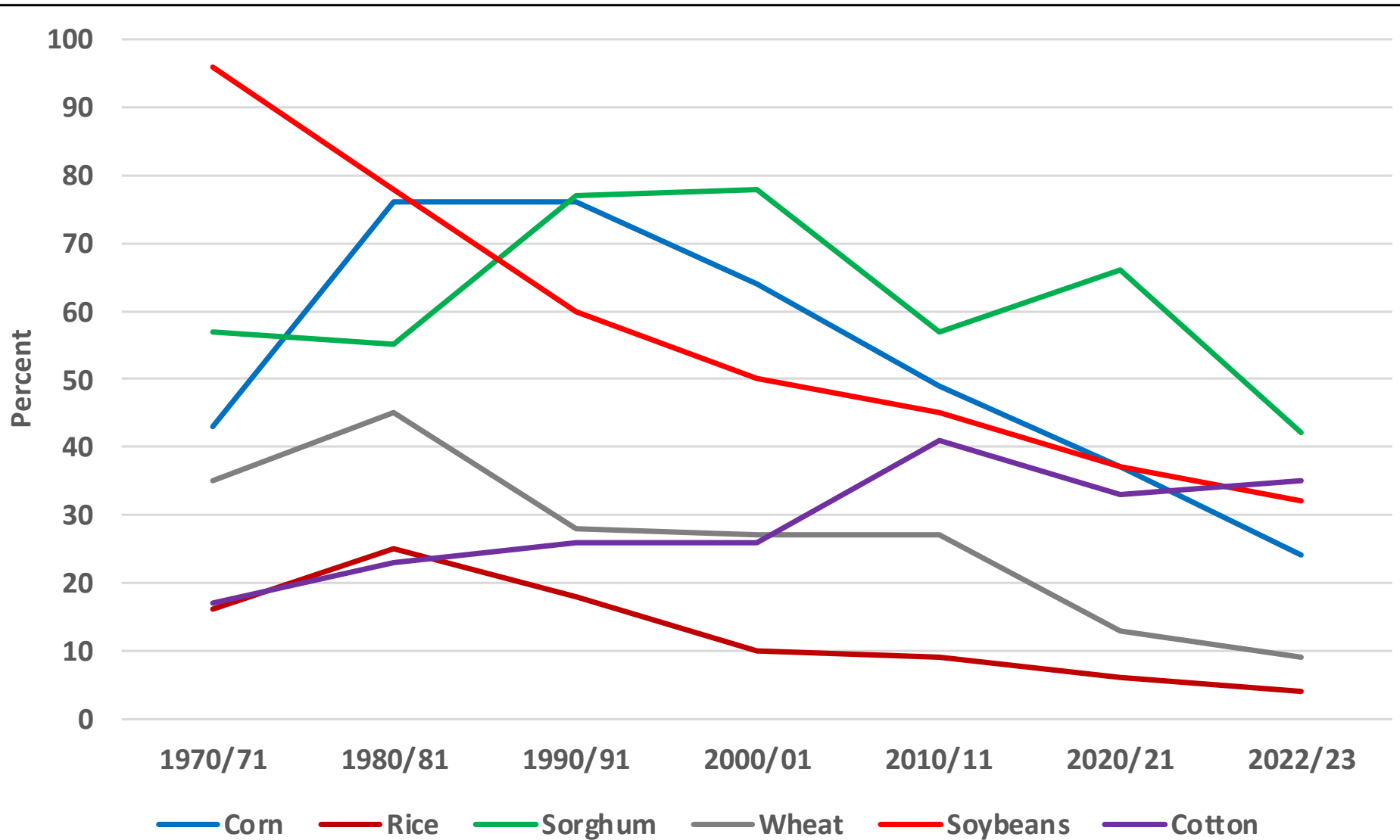
- Agricultural and Food Policy Center
- Co-directors: Dr. Joe Outlaw and Dr. Bart Fischer
- Primary constituency: Agricultural committees of the U.S. Congress
- This year marks 40 years of AFPC doing work behind the scenes for Congress

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# Setting the Stage

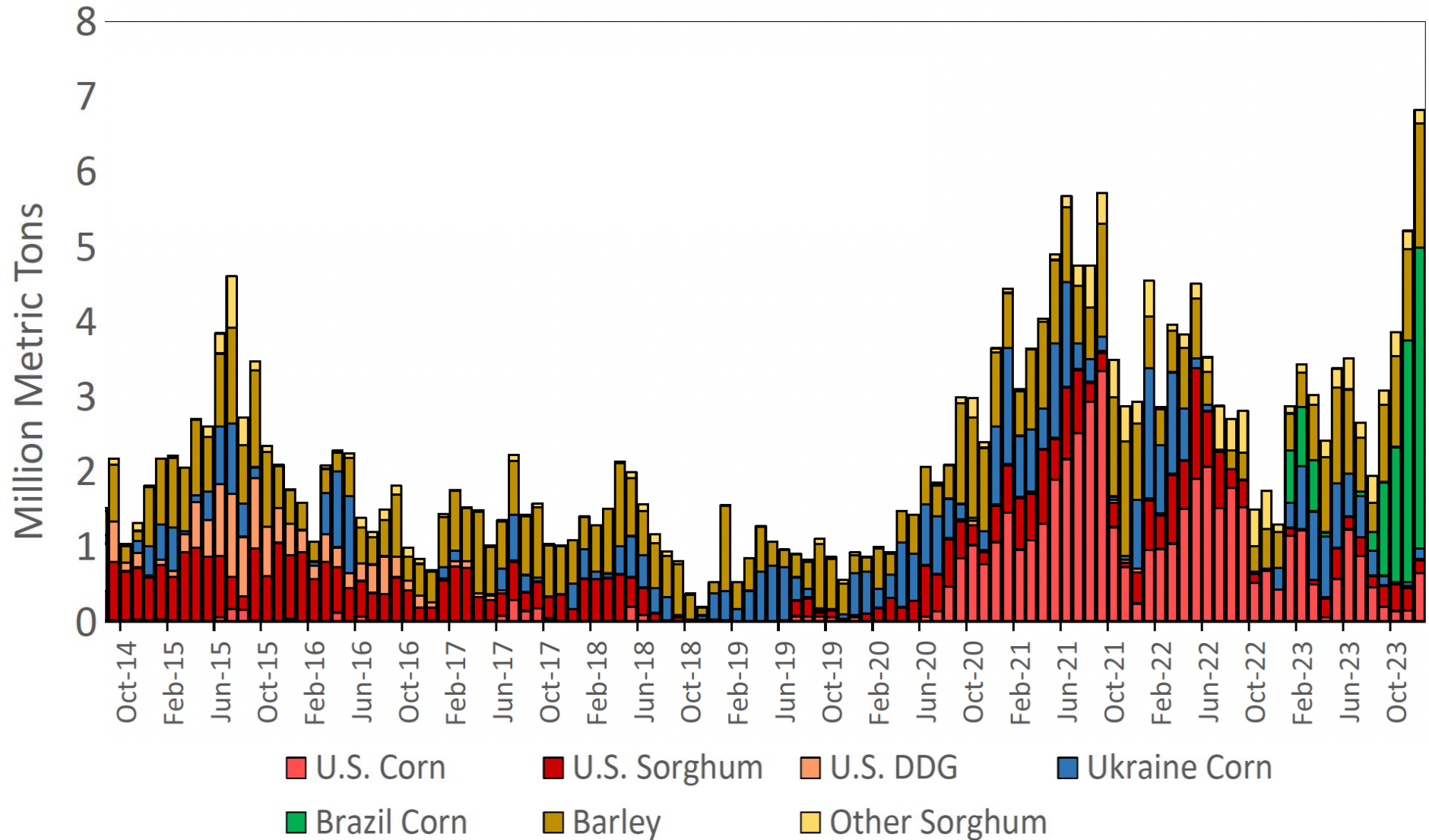
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# U.S. Share of World Trade by Major Commodity, 1970/71 to 2022/23



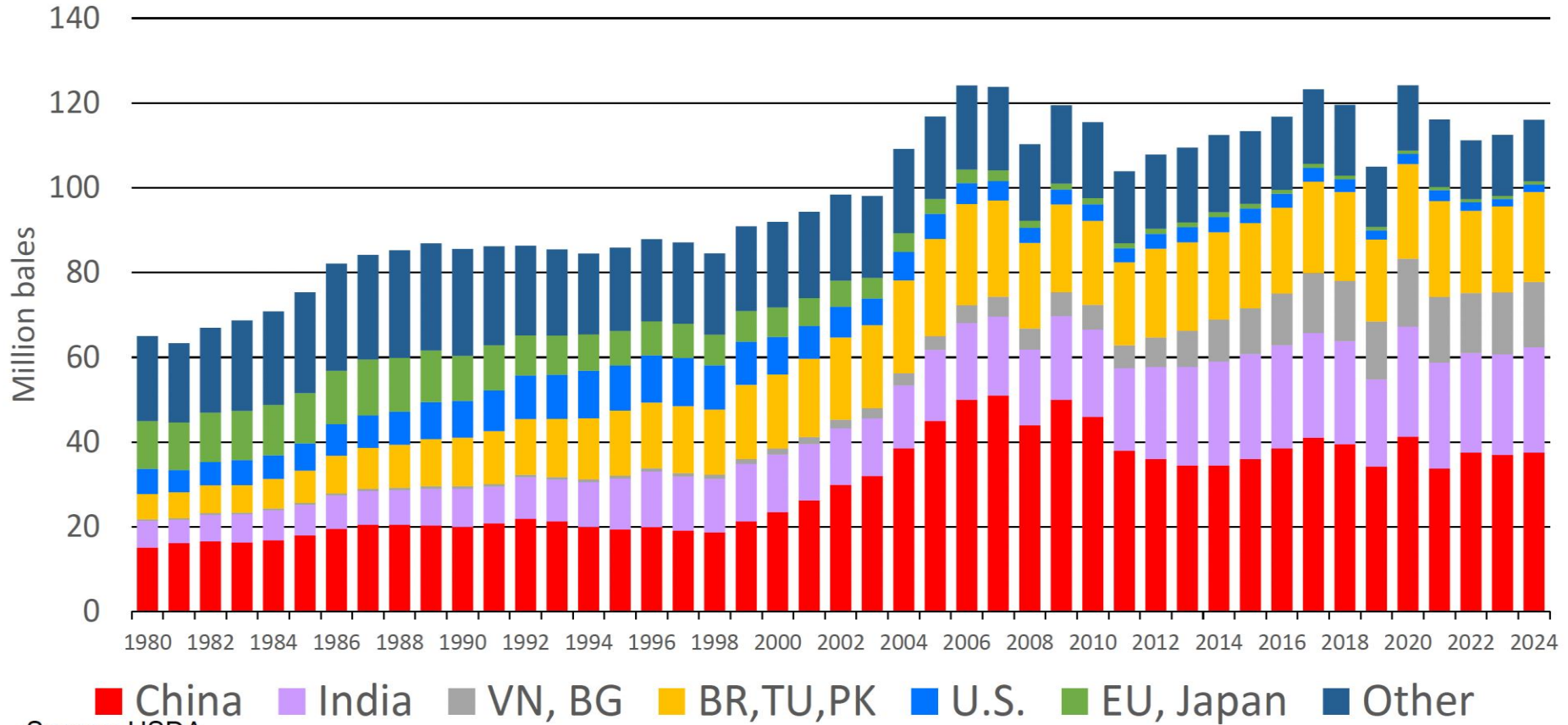
# China Imports of Feed Grains

## U.S. Products in Red



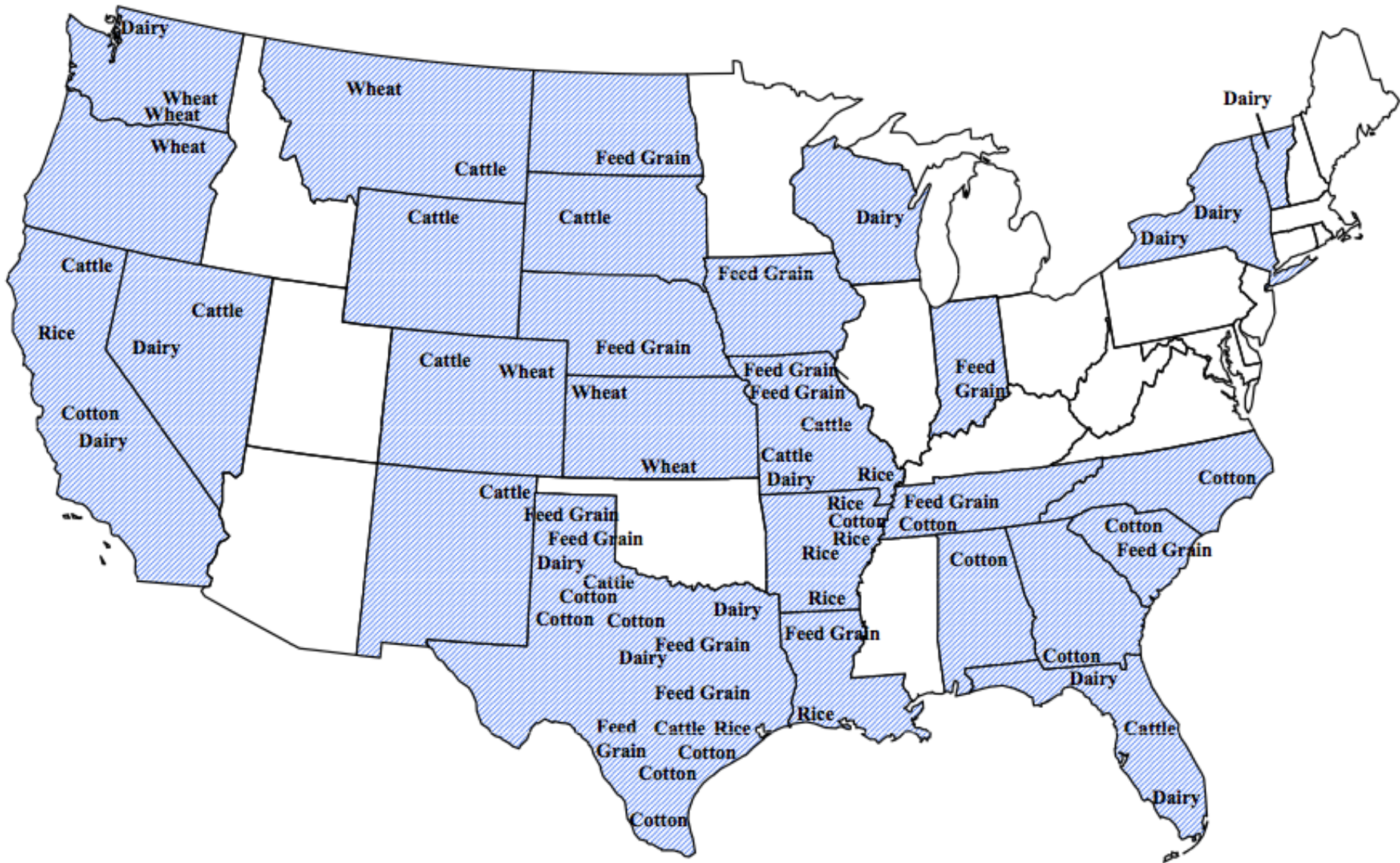
# World cotton consumption hasn't grown since 2004

*competition from other fibers has been growing*



Source: USDA

# AFPC Representative Farms and Ranches

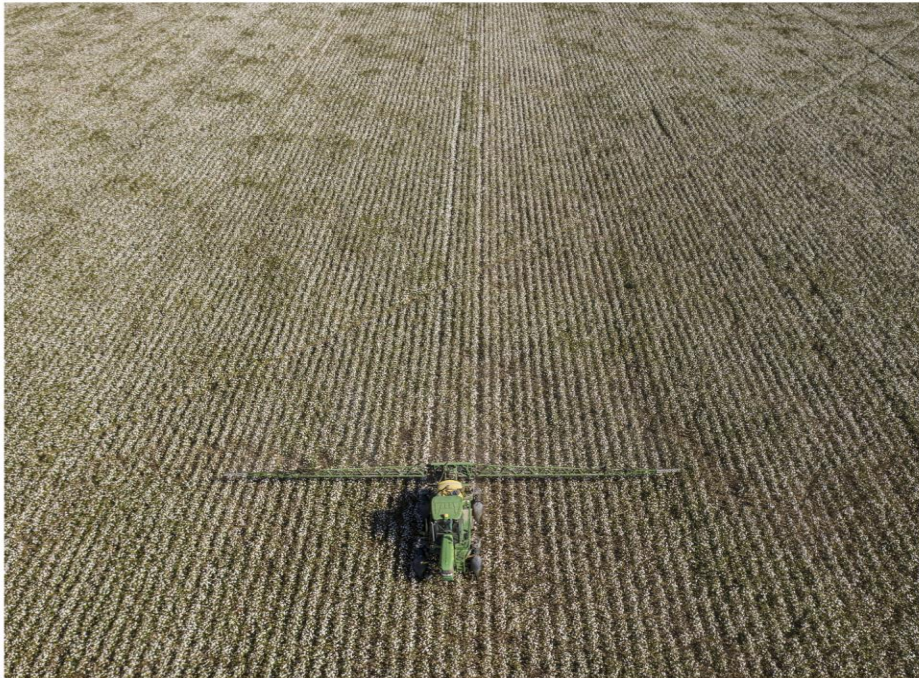


# AFPC in D.C.

Agricultural and Food Policy Center  
Texas A&M University

May 2022

## Economic Impact of Higher Crop and Input Prices on AFPC's Representative Crop Farms





# Where are we in the process?

UNITED STATES SENATE COMMITTEE ON AGRICULTURE, NUTRITION, & FORESTRY | U.S. SENATOR DEBBIE STABENOW

## The Rural Prosperity and Food Security Act

**Keeping Farmers Farming, Families Fed, and Rural Communities**

- **Makes investments to strengthen the farm safety net;** supports underserved, and small farmers and ranchers; and focuses assistance on farmers with dirt under their fingernails and not billionaire and foreign farmers.
- **Helps families working hard to make ends meet** by investing in assistance that puts food on the table, increasing access to fruits and vegetables, and supporting people on their path to self-sufficiency by cracking down on bad actors.
- **Improves the quality of life in rural communities** by improving childcare, and education; creating good paying jobs; expanding speed internet; and lowering costs for families and businesses.

**A Strong, Bipartisan Path Forward:**

- **The Rural Prosperity and Food Security Act contains more bills** to keep farmers farming, families fed, and rural communities.
- **Senate Democrats are showing leadership by putting forward reflects bipartisan priorities** and meets the needs of farmers and rural communities.
- Unfortunately, Republicans are pursuing the same, failed Farm Bill coalition. **Senate Democrats have a proposal, a broad coalition of farmers, nutrition and hunger advocates, and the climate community** that has always been the bipartisan Farm Bill.

**Building on Historic Progress:**

- **The Rural Prosperity and Food Security Act builds on the progress we have made for rural communities, families, and the climate crisis in the Infrastructure Investment and Jobs Act, the American Rescue Plan, and others.**

118TH CONGRESS 2D SESSION

## H. R. 8467

To provide for the reform and continuation of agricultural and other programs of the Department of Agriculture through fiscal year 2029, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 21, 2024

Mr. THOMPSON of Pennsylvania introduced the following bill; which was referred to the Committee on Agriculture

### A BILL

To provide for the reform and continuation of agricultural and other programs of the Department of Agriculture through fiscal year 2029, and for other purposes.

1 *Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

2 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

3

4 (a) SHORT TITLE.—This Act may be cited as the

5 “Farm, Food, and National Security Act of 2024”.

6 (b) TABLE OF CONTENTS.—The table of contents for

7 this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Definitions.

TITLE I—COMMODITIES

REPUBLICAN FRAMEWORK

## Committee on Agriculture, Nutrition, and Forestry

### KEY PRIORITIES

**SAFETY NET TO ENSURE PRODUCERS HAVE RISK MANAGEMENT TOOLS THAT REFLECT THE CURRENT AND PROJECTED ECONOMIC**

call to put “more farm in the farm bill” by significantly updating the risk management tools to address economic challenges and uncertainties. Every covered commodity, in every region, will see a 15 percent increase in access to Title I programs. We improve crop insurance coverage and

**GLOBAL AGRICULTURAL MARKETPLACE AND REPOSITIONS U.S. PRODUCERS AS THE WORLD’S EXPORT LEADERS.**

farm bill’s premiere trade programs to help increase our competitiveness overseas. This is a critical step needed considering we are projected to see a record \$32 billion agricultural trade deficit.

**GENERATION CHOOSES TO CALL HOME.**

Small business development, broadband expansion, and water and energy investments in rural America – as well as dedicated funding to increase access to healthcare, and help rural communities attract and retain talent.

**AGRICULTURAL RESEARCH PROGRAMS AND FACILITIES. ALLOWING THE U.S. TO RECLAIM OUR RIGHTFUL PLACE**

U.S. agriculture’s greatest long-term need by doubling farm bill research funding. Innovation and productivity – allowing farmers to produce greater volumes in a more environmentally friendly manner.

**CONSERVATION PROGRAMS, ENSURING PRODUCERS ACHIEVE STEWARDSHIP GOALS WHILE BEST**

farmers, ranchers and foresters meet their diverse conservation needs, and receive a 10 percent every single year moving forward while making sure its programs are the best decisions to meet the resource concerns of their operation.

**RELIEF TO THOSE IN NEED WITHOUT ANY BENEFIT CUTS OR ELIMINATION OF INFLATION**

(SNAP) is an important tool for Americans in need to help bridge the gap. Our framework ensures not one SNAP participant will see a reduction to adjust annually for inflation. Anyone who is currently eligible for the program’s integrity by restoring Congress’ constitutional spending authority to prevent payment errors.

**HELPING THEM MAKE OPPORTUNITIES TO GROW AND SUCCEED.**

Our framework will help make agriculture an attractive and profitable industry by making crop insurance more affordable for beginning farmers, without, or with minimal, base acres a path to participate in

# The Four Corners With Three Farm Bills

**Chairwoman Stabenow**

- **May 1st**

**Chairman Thompson**

- **May 1st**

Conference will  
be led by  
Thompson

**Ranking Member Boozman**

- **June 11th**

**Ranking Member Scott**

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# **Farm Policy**

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# **Farm Policy:** Title 1 Improvements?

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# ARC & PLC

Key Features	House Ag Committee-Passed Bill	Senate Majority Proposal
<b>Title 1 Provisions</b>		
Statutory Reference Prices (SRPs)	<p>Increases ranging from 10-20%...</p> <p><i>Corn</i>: \$3.70/bu to <b>\$4.10/bu</b></p> <p><i>Sorghum</i>: \$3.95/bu to <b>\$4.40/bu</b></p> <p><i>Barley</i>: \$4.95/bu to <b>\$5.45/bu</b></p> <p><i>Oats</i>: \$2.40/bu to <b>\$2.65/bu</b></p> <p><i>Soybeans</i>: \$8.40/bu to <b>\$10.00/bu</b></p> <p><i>Wheat</i>: \$5.50/bu to <b>\$6.35/bu</b></p> <p><i>Seed Cotton</i>: \$0.367/lb to <b>\$0.42/lb</b></p> <p><i>Rice</i>: \$14.00/cwt to <b>\$16.90/cwt</b></p> <p><i>Peanuts</i>: \$535/ton to <b>\$630/ton</b></p> <p><i>Other Oilseeds</i>: \$20.15/cwt to <b>\$23.75/cwt</b></p> <p><i>Dry Peas</i>: \$11.00/cwt to <b>\$13.10/cwt</b></p> <p><i>Lentils</i>: \$19.97/cwt to <b>\$23.75/cwt</b></p> <p><i>Small Chickpeas</i>: \$19.04/cwt to <b>\$22.65/cwt</b></p> <p><i>Large Chickpeas</i>: \$21.54/cwt to <b>\$25.65/cwt</b></p>	<p>5% increase “for commodities such as seed cotton, rice, and <u>peanuts</u>”...</p> <p><i>Corn</i>: unchanged at <b>\$3.70/bu</b></p> <p><i>Sorghum</i>: unchanged at <b>\$3.95/bu</b></p> <p><i>Barley</i>: unchanged at <b>\$4.95/bu</b></p> <p><i>Oats</i>: unchanged at <b>\$2.40/bu</b></p> <p><i>Soybeans</i>: unchanged at <b>\$8.40/bu</b></p> <p><i>Wheat</i>: unchanged at <b>\$5.50/bu</b></p> <p><i>Seed Cotton</i>: from \$0.367/lb to <b>\$0.385/lb</b></p> <p><i>Rice</i>: \$14.00/cwt to <b>\$14.70/cwt</b></p> <p><i>Peanuts</i>: \$535/ton to <b>\$562/ton</b></p> <p><i>Other Oilseeds</i>: unchanged at <b>\$20.15/cwt</b></p> <p><i>Dry Peas</i>: unchanged at <b>\$11.00/cwt</b></p> <p><i>Lentils</i>: unchanged at <b>\$19.97/cwt</b></p> <p><i>Small Chickpeas</i>: unchanged at <b>\$19.04/cwt</b></p> <p><i>Large Chickpeas</i>: unchanged at <b>\$21.54/cwt</b></p>

# ARC & PLC

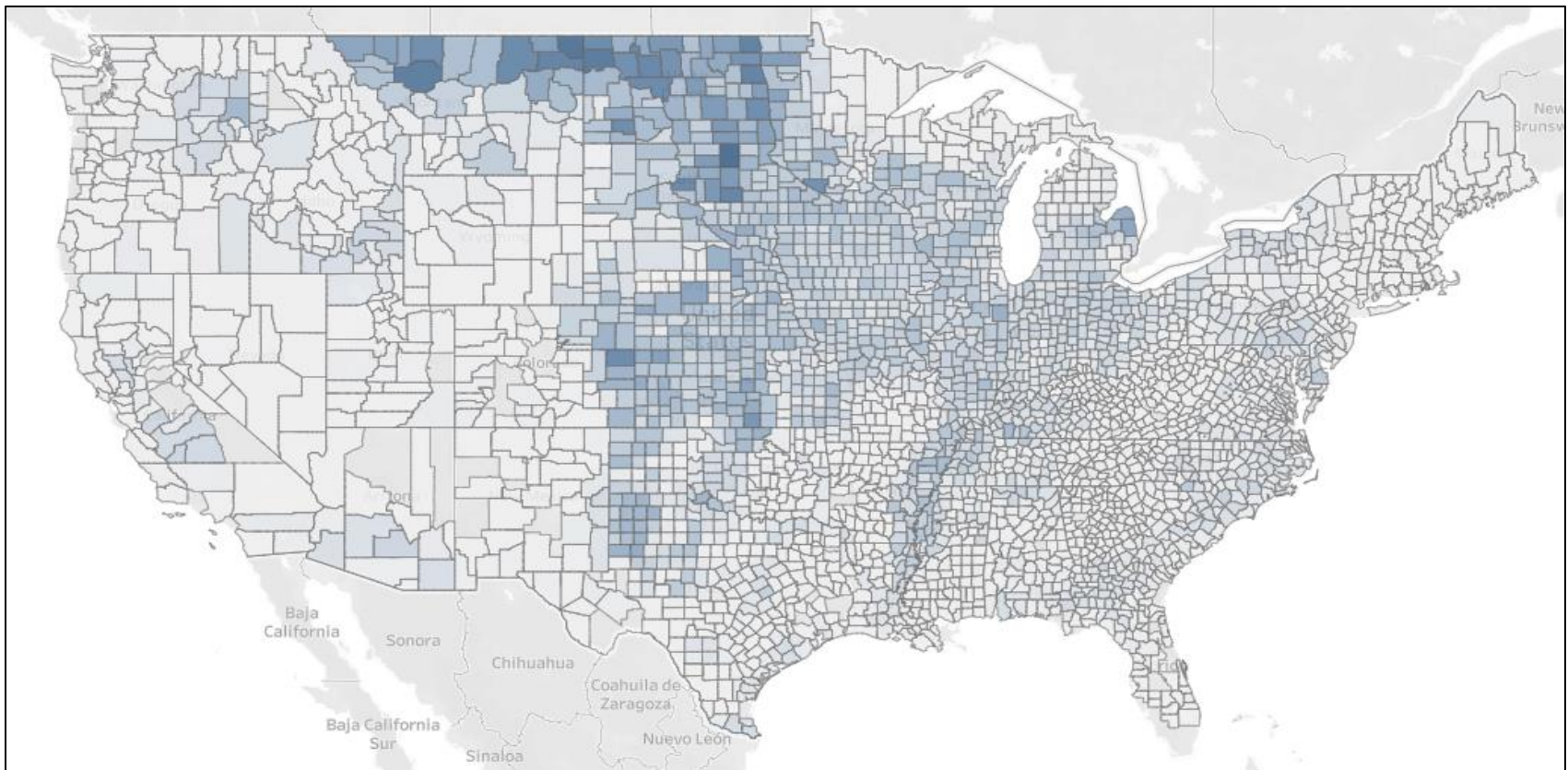
Key Features	House Ag Committee-Passed Bill	Senate Majority Proposal
<b>Title 1 Provisions</b>		
<p>Maximum PLC Payment</p> <p><i>NOTE: these estimates illustrate the maximum possible PLC payment (assuming the ERP is at 115% of the SRP).</i></p>	<p>Except for seed cotton and corn, the maximum possible PLC payment is the difference between the Effective Reference Price and the Loan Rate:</p> <ul style="list-style-type: none"> <li>—Corn: <b>\$1.42/bu</b></li> <li>—Sorghum: <b>\$2.64/bu</b></li> <li>—Barley: <b>\$3.52/bu</b></li> <li>—Oats: <b>\$0.85/bu</b></li> <li>—Soybeans: <b>\$4.68/bu</b></li> <li>—Wheat: <b>\$3.58/bu</b></li> <li>—Seed Cotton: <b>\$0.183/lb</b></li> <li>—Rice: <b>\$11.74/cwt</b></li> <li>—Peanuts: <b>\$335/ton</b></li> <li>—Other Oilseeds: <b>\$16.21/cwt</b></li> <li>—Dry Peas: <b>\$8.20/cwt</b></li> <li>—Lentils: <b>\$13.01/cwt</b></li> <li>—Small Chickpeas: <b>\$15.05/cwt</b></li> <li>—Large Chickpeas: <b>\$14.10/cwt</b></li> </ul>	<p>The maximum possible PLC payment is equal to 20% of the Effective Reference Price.</p> <ul style="list-style-type: none"> <li>—Corn: <b>\$0.85/bu</b></li> <li>—Sorghum: <b>\$0.91/bu</b></li> <li>—Barley: <b>\$1.14/bu</b></li> <li>—Oats: <b>\$0.55/bu</b></li> <li>—Soybeans: <b>\$1.93/bu</b></li> <li>—Wheat: <b>\$1.27/bu</b></li> <li>—Seed Cotton: <b>\$0.089/lb</b></li> <li>—Rice: <b>\$3.38/cwt</b></li> <li>—Peanuts: <b>\$129/ton</b></li> <li>—Other Oilseeds: <b>\$4.63/cwt</b></li> <li>—Dry Peas: <b>\$2.53/cwt</b></li> <li>—Lentils: <b>\$4.59/cwt</b></li> <li>—Small Chickpeas: <b>\$4.38/cwt</b></li> <li>—Large Chickpeas: <b>\$4.95/cwt</b></li> </ul>

# ARC & PLC

Key Features	House Ag Committee-Passed Bill	Senate Majority Proposal
<b><i>Title 1 Provisions</i></b>		
ARC Guarantee	Increase from 86% to <b>90%</b> .	Increase from 86% to <b>88%</b> .
Maximum ARC Payment	Increase from 10% to <b>12.5%</b> , raising the maximum possible payment by 25%.	No change from current law of <b>10%</b> .

# Base Acres

- What about farms that are under-based? House Ag Proposal requires the Secretary to add up to **an additional 30 million acres** for farms where planted acres exceed base acres on the farm. [NEW BASE ~ (2019-23 CC Plantings + <=15% NCC Plantings) – Current Base]
- The Senate Majority would allow “Limited opportunity” to update base for “underserved producers” only.





# Means Testing, Actively Engaged Rules & Payment Limits

Key Features	House Ag Committee-Passed Bill	Senate Majority Proposal
<b>Title 1 Provisions</b>		
Payment Limit Amounts	Increase from \$125,000 to <b>\$155,000</b> for producers with >75% of income from farming/ranching/silviculture.	No change from current law.
Payment Limit Indexing	For producers with >75% of income from farming/ranching/silviculture, payment limits indexed for inflation (CPI-U) going forward.	No comparable provision.
Legal Entities	Eliminates the LLC penalty. Pass-thru LLCs would join General Partnerships and Joint Ventures in having the number of payment limits parallel the number of stakeholders in the entity.	No comparable provision.
Means Testing	No change from current law of \$900,000, except that means testing would not apply to disaster programs in Title 1 and the Noninsured Crop Disaster Assistance Program (NAP) for producers with >75% of income from farming/ranching/silviculture. <i>NOTE: this is consistent with the original means testing requirements from the 2002 Farm Bill.</i>	Reduces AGI threshold from \$900,000 to \$700,000 for row-crop producers and makes tenants ineligible if landowners do not meet AGI threshold. Increases allowable AGI from \$900,000 to \$1,500,000 for specialty crop and “ <u>high-value</u> ” crop producers.



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# **Farm Policy:** Crop Insurance

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# Simple Crop Insurance Improvements?

Key Features	House Ag Committee-Passed Bill	Senate Majority Proposal
<b>Title 11 Provisions</b>		
Supplemental Coverage Option (SCO) Trigger	Increase from 86% to <b>90%</b>	Increase from 86% to <b>88%</b>
SCO Premium Support	Increase from 65% to <b>80%</b>	Increase from 65% to <b>80%</b>

## **Boozman:**

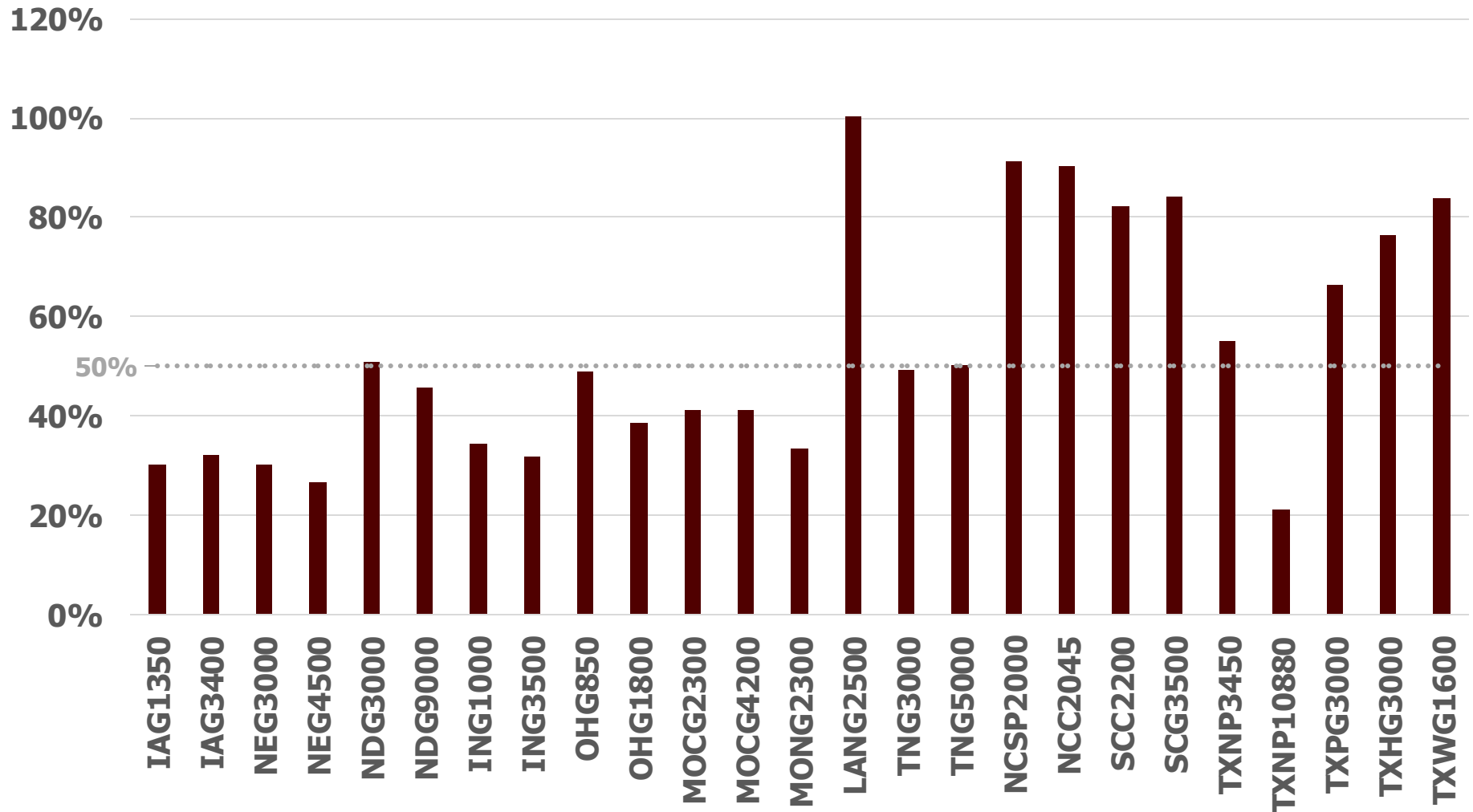
- Matches HAC-passed SCO improvements.
- "Increases the affordability of individual-based revenue and yield protection policies at the highest levels of coverage by increasing the premium support to 77% for 80% coverage levels and to 68% for 85% coverage levels."

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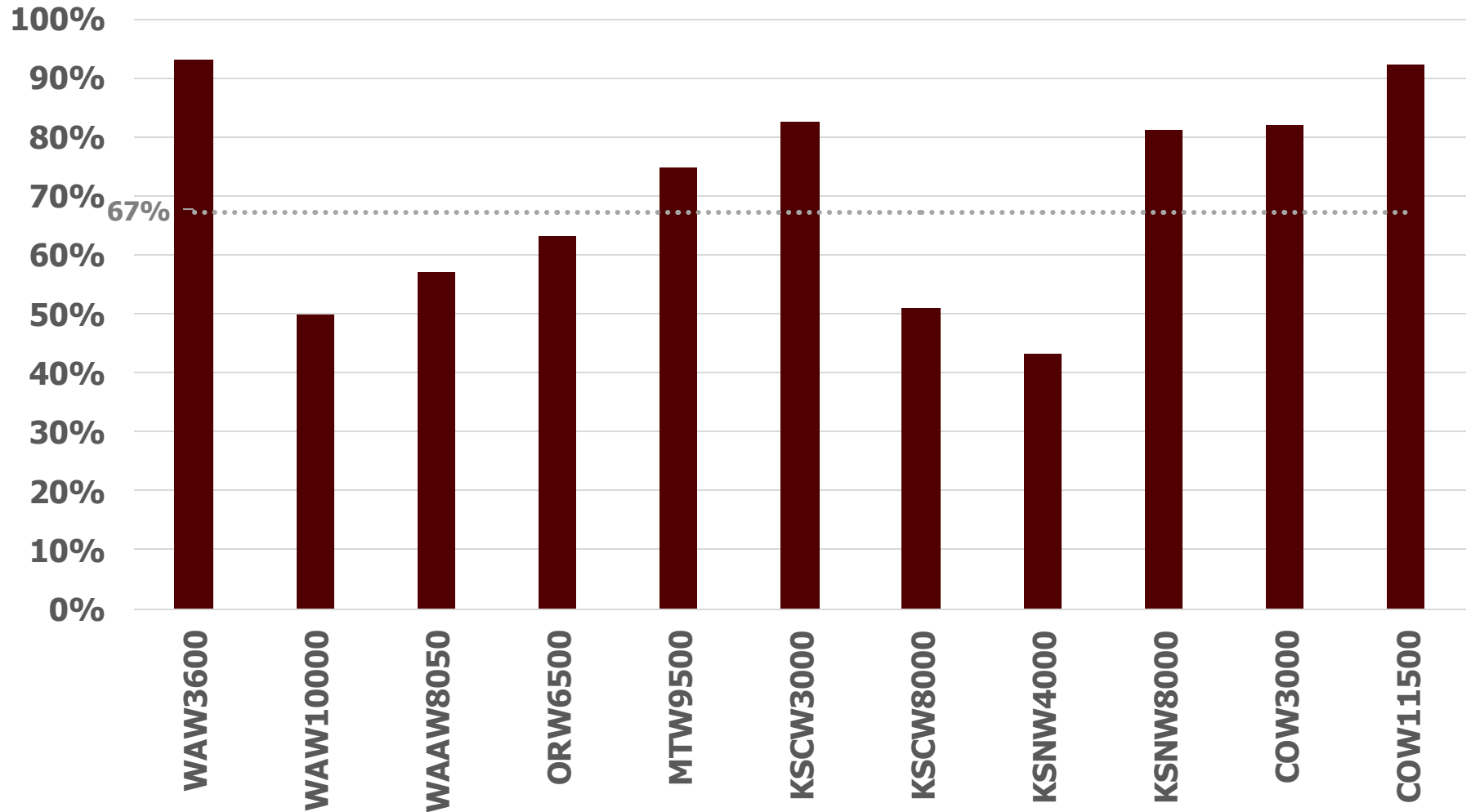
# **Farm Policy:** Comparing the Proposed Bills

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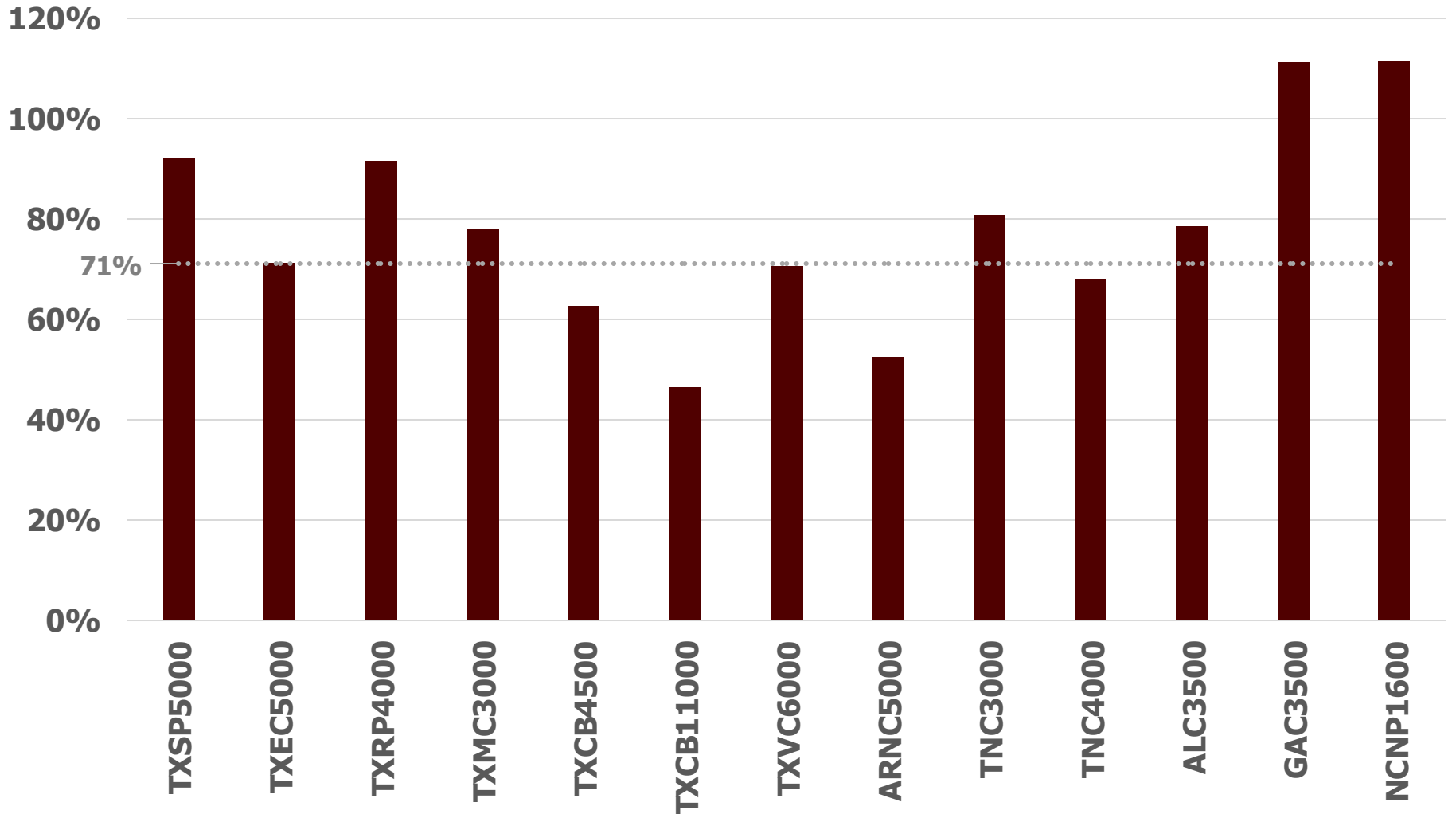
# Annual Average ARC/PLC Assistance: Feed Grains | HAC vs SAC Majority



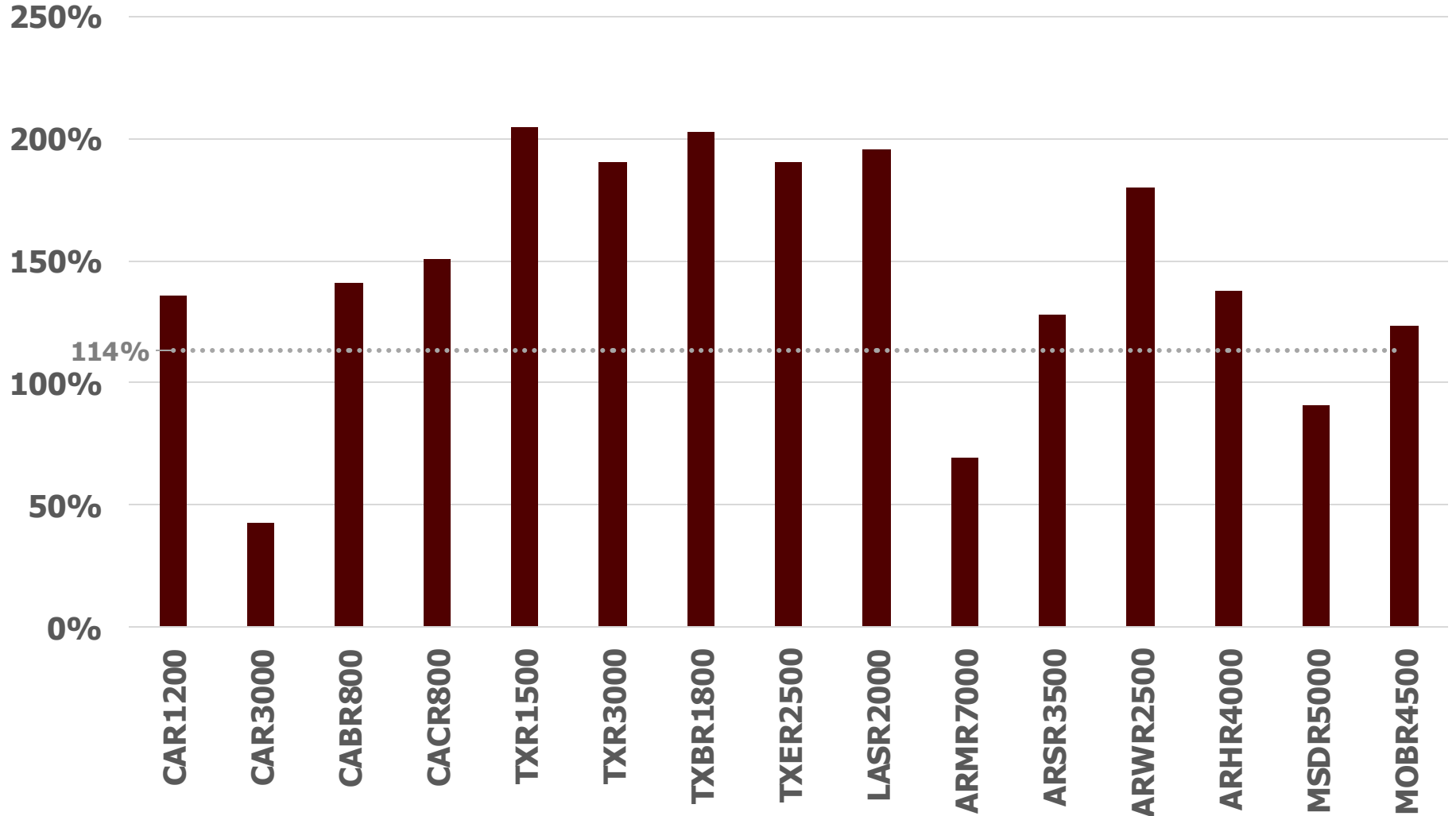
# Annual Average ARC/PLC Assistance: Wheat | HAC vs SAC Majority



# Annual Average ARC/PLC Assistance: Cotton | HAC vs SAC Majority

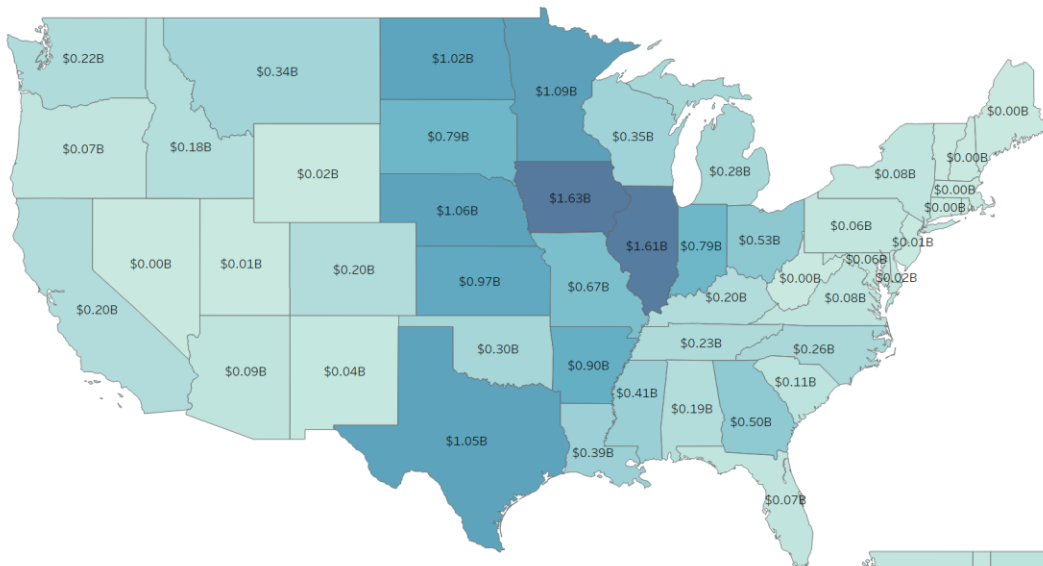


# Annual Average ARC/PLC Assistance: Rice | HAC vs SAC Majority



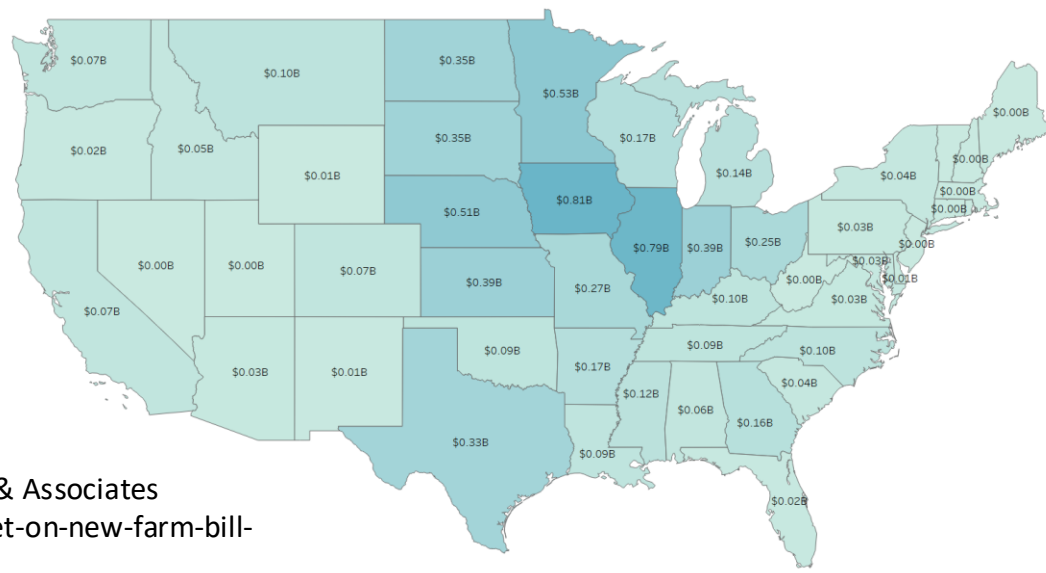


# ARC/PLC Assistance Increases: Summary | HAC vs SAC Majority



↑  
HAC

SAC Majority →



“Unfortunately, they passed something that takes money off the nutrition title, which we never do, and ... skewed to the South, and the Midwest is not happy,” Stabenow said. **“If I voted for the House Bill, I’d get killed by my commodity groups because wheat, corn, beans – everything Midwest gets the short end of the stick.”**

--Sen. Debbie Stabenow (D-MI)

Map Source: Brad Weddelman, Chief Economist, Combest, Sell & Associates

Quote: <https://www.agriculture.com/stabenow-keeps-sights-set-on-new-farm-bill-before-retiring-8702821>

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# **Budget Mess:**

How to Pay for Farm Bill Improvements?

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# Paying for farm bill improvements

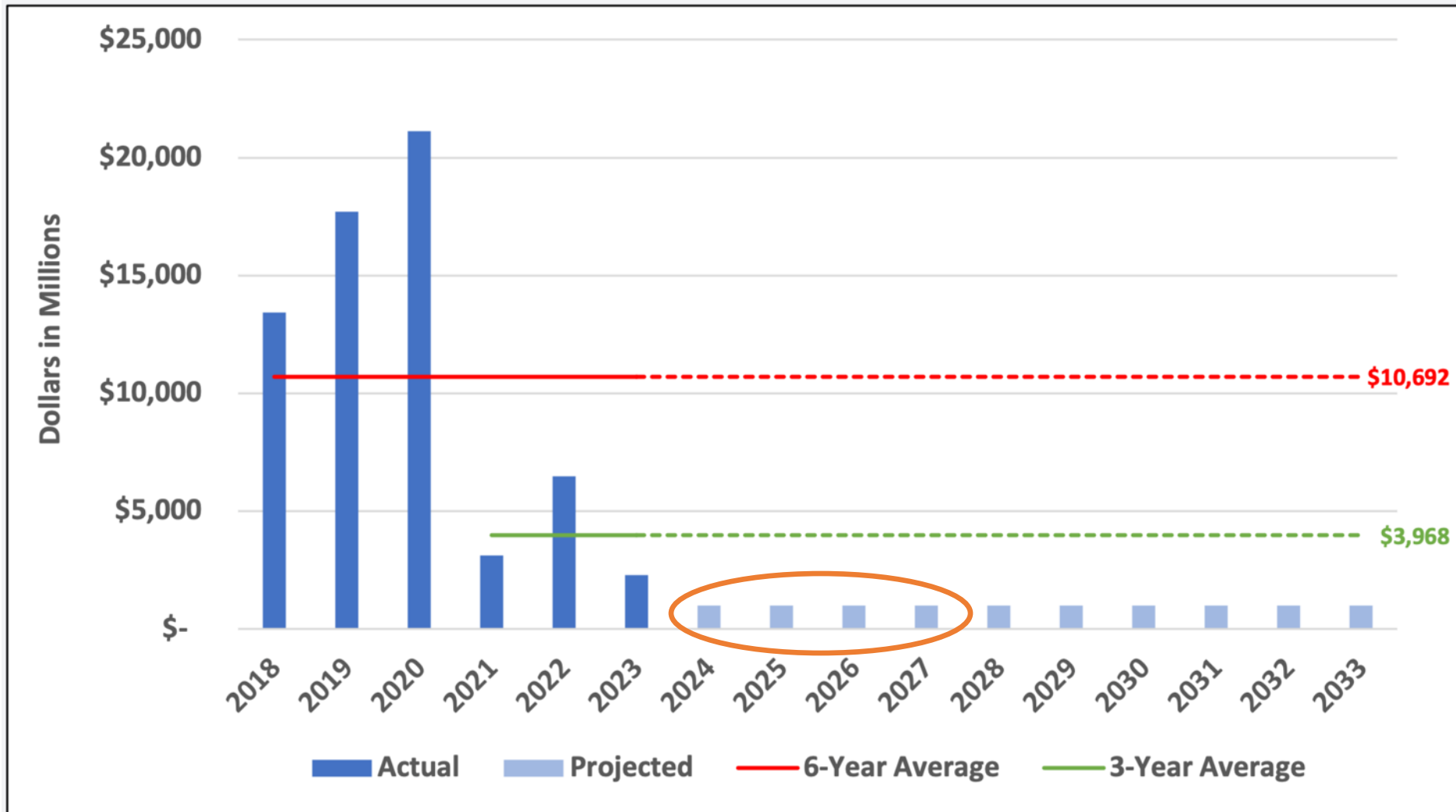
A few potential sources...

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1. Restrict the Secretary's discretionary use of the Commodity Credit Corporation (CCC)?
2. Bring the Inflation Reduction Act (IRA) conservation funding inside the farm bill?
3. Limit the Supplemental Nutrition Assistance Program (SNAP) Thrifty Food Plan (TFP)?

# CBO's CCC Spending Projections

## Spending at the Discretion of the Secretary



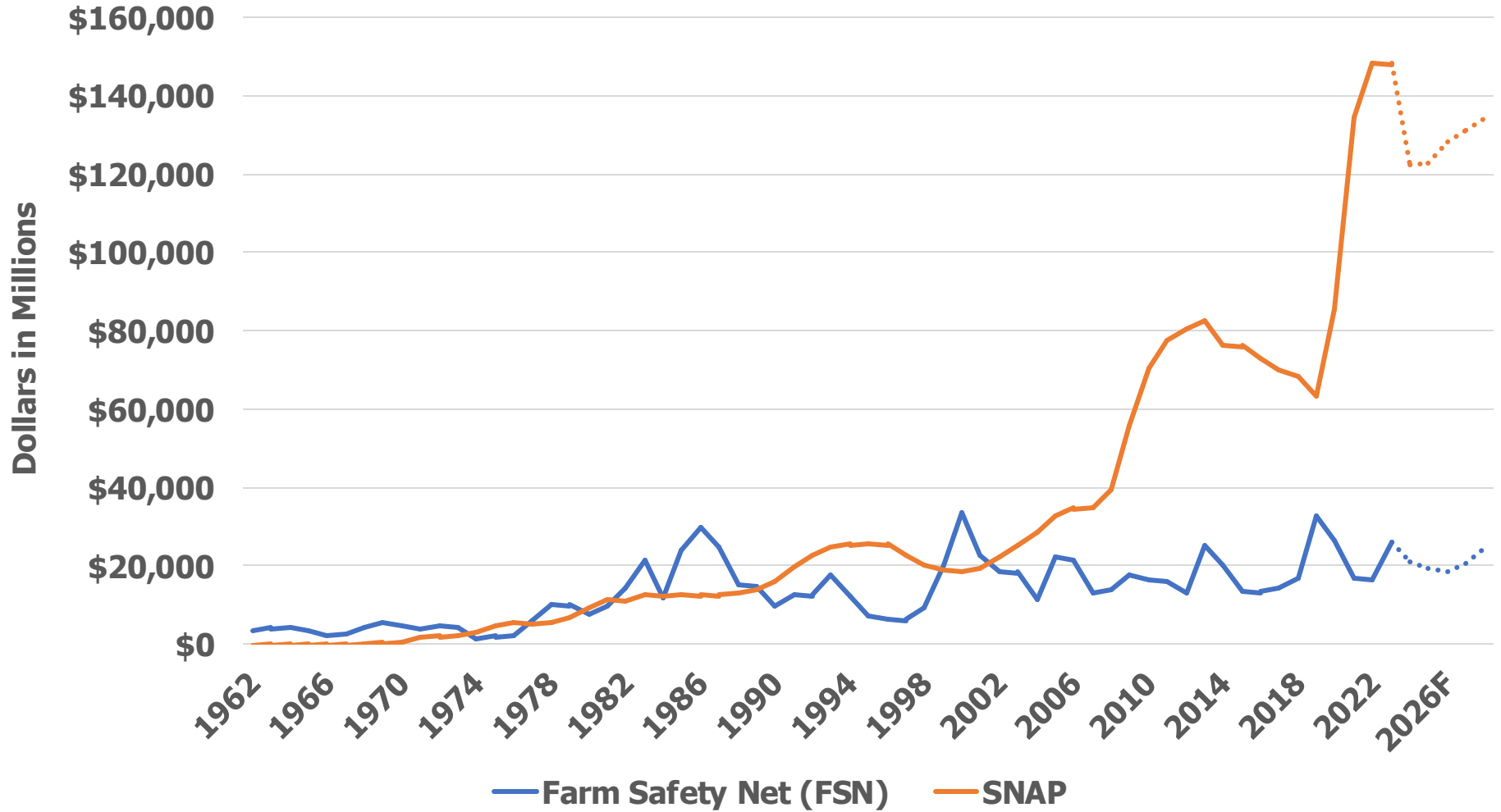
# Thrifty Food Plan (TFP): What's all the fuss about?

**Biden Administration  
Increased SNAP Spending  
by estimated \$254 billion  
(2022-31) in 2021.**

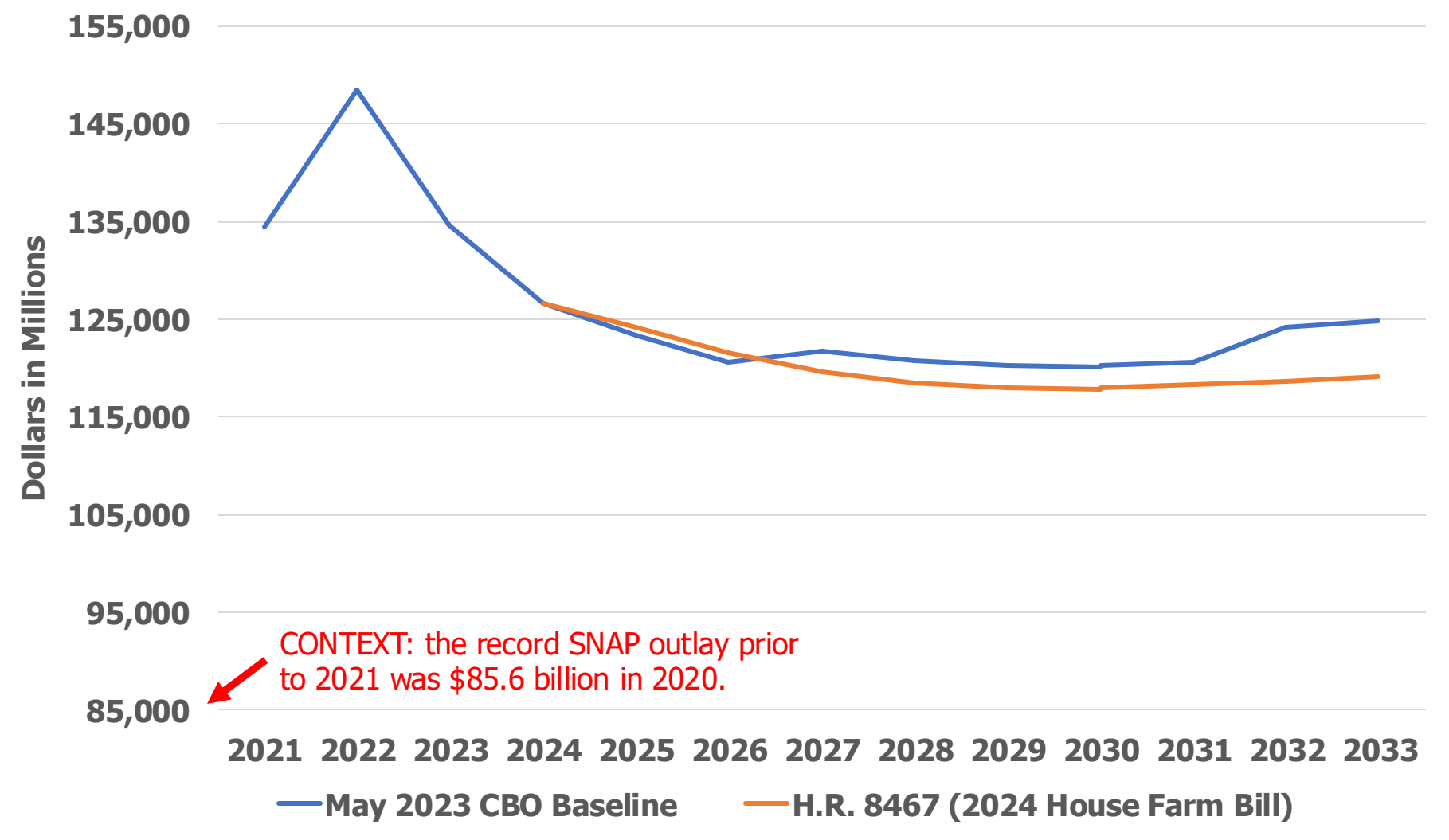
**Supplemental Nutrition Assistance Program (SNAP).** Outlays for SNAP are \$254 billion higher from 2022 to 2031 relative to the Budget. The increase is due to revised economic assumptions, including a higher forecast for the Consumer Price Index, and technical updates for the Department of Agriculture's revision of the Thrifty Food Plan market basket as directed in the Agriculture Improvement Act of 2018 (Public Law 115-334). The Thrifty Food Plan affects SNAP benefits, the calculation for the Nutrition Assistance Program in Puerto Rico and American Samoa, and the calculation of funding for commodity purchases in The Emergency Food Assistance Program (TEFAP).



# SNAP vs. Farm Safety Net



# Thrifty Food Plan (TFP): What's all the fuss about?



# Where does that leave us?

DEBBIE STABENOW  
MICHIGAN

United States Senate

731 HART SENATE OFFICE BUILDING  
WASHINGTON, DC 20510-2204

January 17, 2024

COMMITTEES:  
AGRICULTURE, NUTRITION, AND FORESTRY  
BUDGET  
ENVIRONMENT AND PUBLIC WORKS  
FINANCE

Dear Colleague:

I want to thank you all for your bipartisan work on the Committee as we continue to draft and negotiate the 2024 Farm Bill.

As we begin a new year and the second session of the 118<sup>th</sup> Congress, I want to outline my proposal

The good common income American

The 2023 dated el

My visit

- programs must be targeted to active farmers;
- we need to provide farmers choices and flexibility;
- assistance should be timely;
- we need to expand the reach of programs to help more farmers; and
- we need to address the emerging risks farmers face.

Crop insurance is a key tool that meaningfully advances each of these goals.

Whether I'm talking to farmers at a hearing, field day, or local diner, they all emphasize the importance of crop insurance. Over time, we have made meaningful improvements, provided more choices for existing coverage, and expanded its reach to cover more crops, varieties, areas, and types of production.

Crop insurance is working. It now covers more than 600 varieties of 134 crops across the country. Nearly \$200 billion in crop value is insured. This is an increase of over \$50 billion since the last Farm Bill, which was driven by new livestock policies and area plans. This critical tool provided nearly \$30 billion in timely support in 2022 and 2023 so far. Other tools, while helpful, often take a year or more after a disaster for assistance to reach farmers.

er share of the risk, better affordability, and a more process. The 2018 Farm Bill provided cotton farmers with a acre programs and a highly-subsidized and streamlined area-ext Farm Bill should give a similar option to all commodities.

o expand crop insurance options to more specialty crop and crop insurance more affordable for beginning farmers. This policies like the Whole Farm Revenue Protection and Micro small and diversified farmers. But it also means making sure marketing the improved options in the places and communities d to make sure USDA has the right tools to step in if farmers uraged from certain insurance products

However, we're not going to have the bipartisan votes to achieve these improvements if they are paid for by taking money from nutrition programs which help more than 44 million Americans struggling with hunger, or from popular conservation programs, when the climate crisis is hitting farmers' bottom lines every day.

reference price over the next few years.

make sure every covered commodity receives an increase "

unity to improve and modernize the current set of tools. It is emerging challenges we face and develop new tools to

ar about supply chain challenges and higher input costs and ly razor-thin margins. This is especially true for beginning, here one bad stretch of weather or turn in the markets can put side from dairy's margin safety net and a few row crops, most ct against this kind of risk.

rs to investors and absentee landlords, who often capture as, the new Farm Bill should use the tools that directly target ese risks. The Committee can address risks from high costs by ns, which provide timely assistance through a price floor, and nd other financing tools to help farms facing high interest ould develop new crop insurance policies that protect against

rs from business disruptions from diseases like avian

uild on the progress we made in 2018 by providing s farmers are facing. We can provide farmers the option to ops, region, and farm. No mandates, just more options.

e bipartisan votes to achieve these improvements if they are ion programs which help more than 44 million Americans ular conservation programs, when the climate crisis is hitting

ing creative solutions, we can make meaningful meet the needs of farmers, big and small, across the

's not my first. If we're going to get a Farm Bill done this time to get serious. I look forward to continuing our

Sincerely,



Chairwoman Debbie Stabenow  
Senate Committee on Agriculture, Nutrition, and Forestry



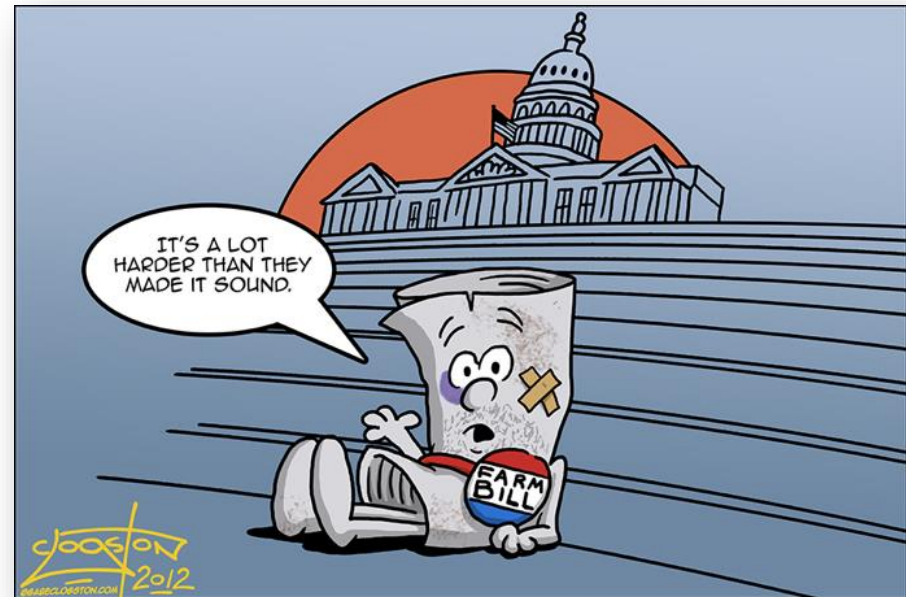
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# **Path Forward?**

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# Path Forward? Options...

- **New farm bill in the lame duck.** This is possible but a lot of work remains. Could a new farm bill be limited to Title 1 and Crop Insurance improvements?
- **Ad Hoc.** Absent a new farm bill, there will be considerable pressure to include ad hoc assistance in a year-end supplemental. Recall that there was no ad hoc spending in FY24 for 2023 losses. But, a lot of ERP heartburn...
- **Combination.** Another option would be to fund new farm bill improvements AND to include ad hoc as a bridge to cover crop year 2024 losses.
- **Extension.** Still maintain this is preferable to doing a farm bill without meaningful improvements to the farm safety net. But, the need is real...



# Southern Ag Today

www.southernagtoday.org



POLICY/TRADE THURSDAYS

## Crop Insurance Rating: the Curious Case of STAX

The Stacked Income Protection Plan (STAX) was first offered to cotton producers in 2015. Along with the Supplemental Coverage Option (SCO), STAX is one of the area-wide plans of insurance that are designed to help a grower cover a portion of their underlying crop insurance deductible. Unlike the underlying Multi-Peril Crop Insurance (MPCI) policies, both STAX and SCO trigger indemnities based solely on area-wide losses (i.e., only if the entire county triggers a loss). Both STAX

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# Questions?

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