

Farm Bill and Crop Insurance Update

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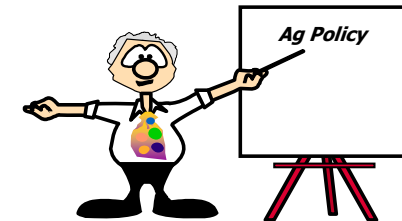
33rd Annual Crop Insurance Conference

Fargo, ND
January 12, 2026

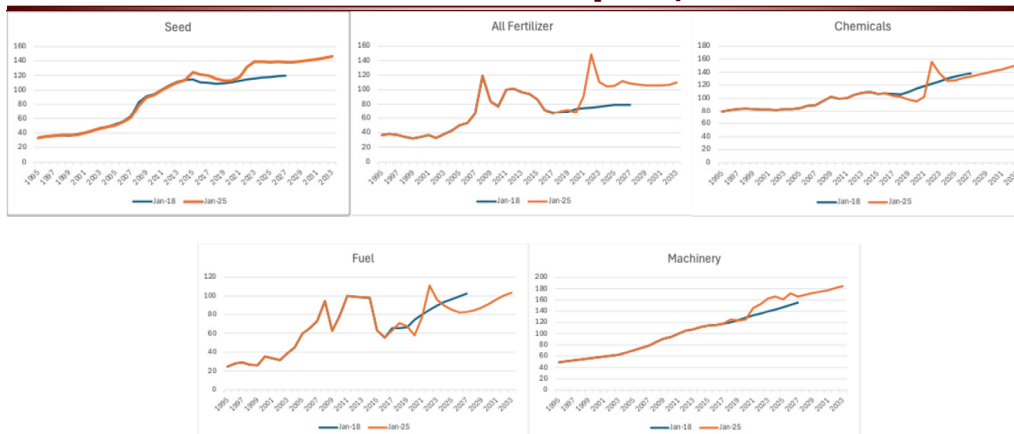
AFPC

Presentation Outline

- Economics Pretty Bad
- One Big Beautiful Bill
- Skinny Farm Bill
- Disaster Aid
- Questions...



Historical and FAPRI Producer Price Index Forecasts for Various Inputs, 2011=100



AFPC Representative Farms

- Representative Farms
 - Panel of top producers in major production regions of the U.S. – **about 600 in total**
 - Face-to-face meetings every 2-3 years for data collection and calibration
 - 92 Operations in 30 States (64 crop farms)
 - Whole farm simulation models developed by AFPC
- Normally 5 year projection period with 2 years of historical data included for calibration
- Use FAPRI Baselines for projected prices and inflation rates

AFPC Representative Farms



Definition of Financial Position

- **Good** – Less than 25% chance of a negative ending cash balance and less than 25% chance of losing real net worth
- **Marginal** – A 25-50% chance of a negative ending cash balance and a 25–50% chance of losing real net worth
- **Poor** – Greater than 50% chance of a negative ending cash balance and a greater than 50% chance of losing real net worth

Representative Farm: Feed Grains

Economic Viability of Representative Farms over the 2020-2025 Period

Farm Name	Overall Ranking		P(Negative Ending Cash)		P(Real Net Worth Declines)	
	2026	2031	2026-2031	2026-2031	2026-2031	2026-2031
2/4/19						
IAG1350			99-99		99-99	
IAG3800			93-97		90-83	
NEG3000			71-75		55-43	
NEG4500			96-99		87-89	
NDG3000			92-96		94-92	
NDG9000			59-53		42-20	
ING1500			98-99		89-79	
ING4000			99-99		95-91	
OHG950			99-99		89-75	
OHG2000			99-98		95-88	
MOCG2300			80-91		64-42	
MOCG4200			55-73		41-19	
MONG2300			1-1		1-1	
LANG2500			98-96		94-88	
TNG3000			93-91		83-75	
TNG5000			44-31		34-12	
NCSP2000			92-98		87-90	
NCC2045			99-99		99-99	
SCC2200			60-56		47-31	
SCG3500			57-35		40-11	
TXNP3520			29-23		24-8	
TXNP12160			90-96		65-72	
TXPG3000			59-84		80-72	
TXHG3000			99-99		95-99	
TXWG1600			99-99		95-98	

Representative Farm: Wheat

Farm Name	Overall Ranking		P(Negative Ending Cash)		P(Real Net Worth Declines)	
	2026	2031	2026-2031	2026-2031	2026-2031	2026-2031
3/1/7						
WAW3600			88-92		79-81	
WAW10000			66-72		64-45	
WAW8050			97-98		94-98	
ORW6500			99-99		92-97	
MTW10000			10-3		28-1	
KSCW3000			96-82		77-59	
KSCW8260			81-48		61-16	
KSNW4000			98-99		83-89	
KSNW9000			4-1		4-1	
COW3000			1-1		1-1	
COW12500			99-94		96-78	

* Probability of a negative ending cash balance (negative ending cash balance) and/or a decline in real net worth (decline in real net worth) over the 2026-2031 period.

<25

25-50

>50

* Probability of a decline in real net worth (decline in real net worth) and/or a negative ending cash balance (negative ending cash balance) over the 2026-2031 period.

Representative Farm: Cotton

Farm Name	Overall Ranking		P (Negative Ending Cash)	P (Real Net Worth Declines)
	2026	2031	2026-2031	2026-2031
2/1/10				
TXSP5000			99-99	98-99
TXEC5000			76-85	78-77
TXRP4000			98-99	94-99
TXMC3250			78-82	74-67
TXCB4500			78-92	85-90
TXCB11000			97-99	95-99
TXVC6000			99-99	90-93
ARNC5000			51-16	23-2
TNC3000			81-58	71-29
TNC4000			84-74	68-44
ALC3500			49-13	42-5
GAC3500			52-40	29-15
NCNP1600			99-99	98-99

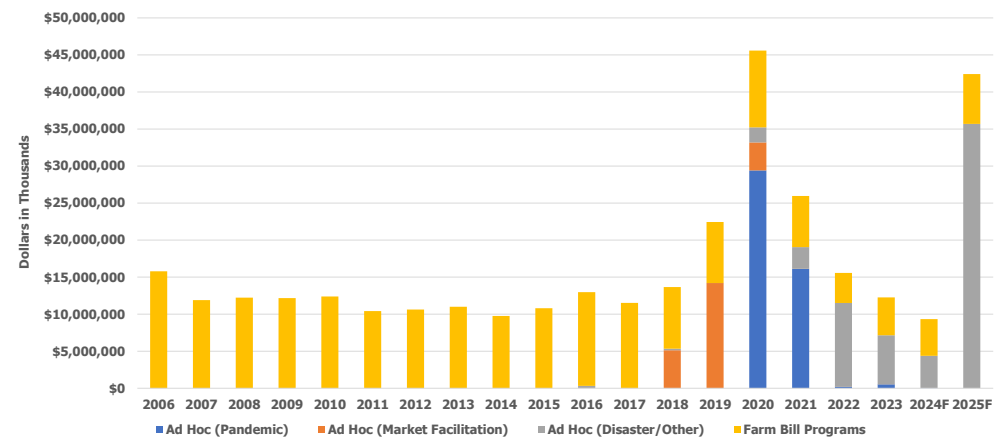
Representative Farm: Rice

Farm Name	Overall Ranking		P (Negative Ending Cash)	P (Real Net Worth Declines)
	2026	2031	2026-2031	2026-2031
2/1/12				
CAR1200			99-99	99-99
CAR3000			99-99	99-99
CABR800			99-99	99-99
CACR800			99-99	99-99
TXR1500			99-99	99-99
TXR3000			63-95	99-98
TXBR1800			45-58	76-56
TXER2500			89-91	98-91
LASR2000			1-1	5-1
ARMR7000			87-73	78-55
ARSR3500			69-44	63-20
ARWR3250			90-94	74-39
ARHR4000			99-99	99-99
MSDR5000			17-13	21-2
MOBR5000			74-72	69-39

Representative Farm: Cow/Calf

Farm Name	Overall Ranking		P (Negative Ending Cash)	P (Real Net Worth Declines)
	2026	2031	2026-2031	2026-2031
11/0/0				
NVB750			1-1	1-1
NVSB550			1-1	1-1
MTB600			1-1	1-1
WYB475			1-1	1-1
COB250			1-1	1-1
NMB210			1-1	1-1
SOB600			1-1	1-1
MOB300			1-1	1-2
TXRB400			1-1	1-1
TXSB300			1-1	1-1
FLB900			1-1	1-8

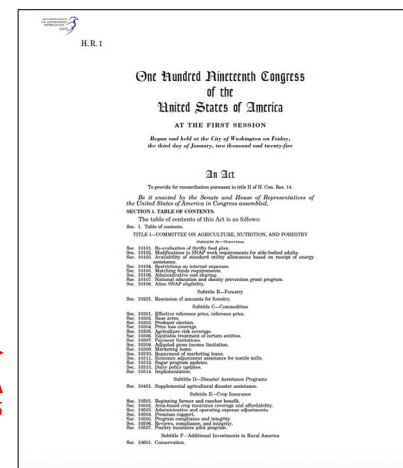
Shift in Direct Government Payments



One Big Beautiful Bill: Farm Safety Net Improvements

H.R. 1: the One Big Beautiful Bill Act (OBBBA)

→
OBBBA
July 4, 2025



OBBBA: Select Changes Included

- For the 2025 crop year only, gives producers the higher of ARC or PLC payments.
- Removes the restriction on ARC and SCO.
- Increases the effective reference price (ERP) formula to 88% of previous 5-year Olympic average market price. The ERP cap is reduced to 113% (from 115%) of the statutory reference price.
- Increases ARC to 90% with 12% maximum payment band.
- Beginning in 2031, statutory reference prices will increase annually by a factor of 1.005.
- Beginning with 2026 crop year, adds up to 30 million new base acres (VOLUNTARY):
 - *Covered Commodities:* If the average number of acres of covered commodities planted (or that were prevented from being planted) on a farm from 2019 through 2023 exceeds the number of existing base acres on the farm, you are eligible to add the difference as additional base acres.
 - *Non-Covered Commodities:* You can also add the number of acres of eligible non-covered commodities planted (or that were prevented from being planted) on a farm from 2019 through 2023 as additional base acres, so long as the total does not exceed 15% of the total acres on the farm.

OBBBA: Reference Prices & Loan Rates

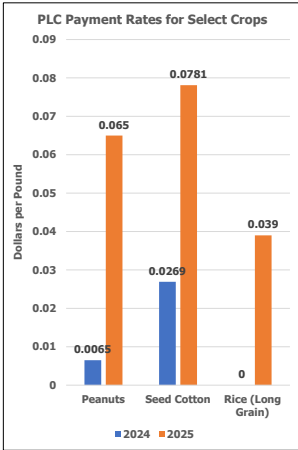
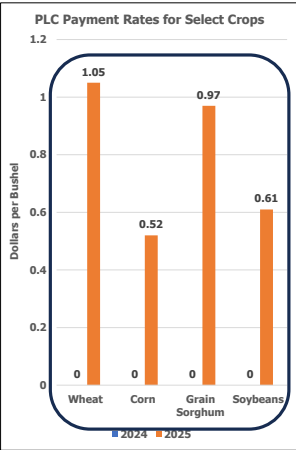
Commodity	Units	2018 Statutory Reference Price	NEW Statutory Reference Prices		2018 Loan Rate	NEW Loan Rates	
			\$	% Δ		\$	% Δ
Corn	bu	\$3.70	\$4.10	11.0%	\$2.20	\$2.42	10%
Sorghum	bu	\$3.95	\$4.40	11.0%	\$2.20	\$2.42	10%
Barley	bu	\$4.95	\$5.45	10.0%	\$2.50	\$2.75	10%
Oats	bu	\$2.40	\$2.65	10.0%	\$2.00	\$2.20	10%
Soybeans	bu	\$8.40	\$10	19.0%	\$6.20	\$6.82	10%
Wheat	bu	\$5.50	\$6.35	15.0%	\$3.38	\$3.72	10%
Seed Cotton	lb	\$0.367	\$0.42	14.0%	n/a	n/a	n/a
Upland Cotton	lb	n/a	n/a	n/a	\$0.45 - \$0.52	\$0.55	6% - 22%
ESL Cotton	lb	n/a	n/a	n/a	\$0.95	\$1.00	10%
Rice	cwt	\$14.00	\$16.90	21.0%	\$7.00	\$7.70	10%
Peanuts	ton	\$535	\$630	18.0%	\$355	\$390.00	10%
Other Oilseeds	cwt	\$20.15	\$23.75	18.0%	\$10.09	\$11.10	10%
Dry Peas	cwt	\$11.00	\$13.10	19.0%	\$6.15	\$6.87	10%
Lentils	cwt	\$19.97	\$23.75	19.0%	\$13.00	\$14.30	10%
Small Chickpeas	cwt	\$19.04	\$22.65	19.0%	\$10.00	\$11.00	10%
Large Chickpeas	cwt	\$21.54	\$25.65	19.0%	\$14.00	\$15.40	10%

OBBBA: Payment Limits

- Increases individual payment limits from \$125,000 to \$155,000, with an inflation factor based on the Consumer Price Index beginning in 2025
- Treats all pass-through entities, such as S-Corps, LLCs, etc. the same as joint ventures and general partnerships for payment limit purposes.
- Provides an exception to the \$900,000 AGI means test for current disaster programs (for livestock etc.), NAP, and conservation programs if 75% or more of average gross income is derived from farming, ranching, or silviculture activities.

Projected PLC Payment Rates in 2024 & 2025

Crop	Units	2024	2025
Wheat	Bushel	\$0.00	\$1.05
Barley	Bushel	\$0.00	\$0.15
Oats	Bushel	\$0.00	\$0.00
Peanuts	Pound	\$0.01	\$0.07
Corn	Bushel	\$0.00	\$0.52
Grain Sorghum	Bushel	\$0.00	\$0.97
Soybeans	Bushel	\$0.00	\$0.61
Dry Peas	Pound	\$0.00	\$0.00
Lentils	Pound	\$0.00	\$0.00
Canola	Pound	\$0.00	\$0.03
Large Chickpeas	Pound	\$0.00	\$0.00
Small Chickpeas	Pound	\$0.00	\$0.00
Sunflower Seed	Pound	\$0.00	\$0.01
Flaxseed	Bushel	\$0.00	\$0.50
Mustard Seed	Pound	\$0.00	\$0.00
Rapeseed	Pound	\$0.00	\$0.00
Safflower	Pound	\$0.00	\$0.02
Crambe	Pound	\$0.00	\$0.00
Sesame Seed	Pound	\$0.00	\$0.00
Seed Cotton	Pound	\$0.03	\$0.08
Rice (Long Grain)	Pound	\$0.00	\$0.04
Rice (M/S Grain)	Pound	\$0.00	\$0.03
Rice (TJ)	Pound	\$0.00	\$0.03



Projected ARC Payment Rates in 2025

Commodity	Unit	2025 Effective Reference Price	5-year avg. dropping high and low prices		Actual ARC-CO Price Calculations			Assuming Average Yields		
			Final 2025 ARC-CO Benchmark Price 3/	Projected (P) or Final (F) 2025/26 MYA Price	2025 National Loan Rate	Projected (P) or Final (F) 2025 Actual ARC-CO Price 4/	Higher of (L or M)	Benchmark Price @90%	Benchmark Price @90% less MYAP	Max Rate
Wheat	Bushel	\$6.35	\$6.98	\$5.30 P	\$3.38	\$5.30 P		\$6.28	\$0.98	\$0.838
Barley	Bushel	\$5.45	\$6.10	\$5.30 P	\$2.50	\$5.30 P		\$5.49	\$0.19	\$0.732
Oats	Bushel	\$3.05	\$3.84	\$3.10 P	\$2.00	\$3.10 P		\$3.46	\$0.36	\$0.461
Peanuts	Pound	\$0.3150	\$0.3150	\$0.2500 P	\$0.1775	\$0.2500 P		\$0.28	\$0.03	\$0.038
Corn	Bushel	\$4.42	\$5.03	\$3.90 P	\$2.20	\$3.90 P		\$4.53	\$0.63	\$0.604
Grain Sorghum	Bushel	\$4.67	\$5.30	\$3.70 P	\$2.20	\$3.70 P		\$4.77	\$1.07	\$0.636
Soybeans	Bushel	\$10.71	\$12.17	\$10.10 P	\$6.20	\$10.10 P		\$10.95	\$0.85	\$1.460
Dry Peas	Pound	\$0.1310	\$0.1477	\$0.1510 P	\$0.0615	\$0.1510 P		\$0.13	\$0.00	\$0.016
Lentils	Pound	\$0.2587	\$0.3196	\$0.4060 P	\$0.1300	\$0.4060 P		\$0.29	\$0.00	\$0.038
Canola	Pound	\$0.2375	\$0.2595	\$0.2100 P	\$0.1009	\$0.2100 P		\$0.23	\$0.02	\$0.031
Large Chickpeas	Pound	\$0.2798	\$0.3336	\$0.2950 P	\$0.1400	\$0.2950 P		\$0.30	\$0.01	\$0.040
Small Chickpeas	Pound	\$0.2529	\$0.3043	\$0.3170 P	\$0.1000	\$0.3170 P		\$0.27	\$0.00	\$0.037
Sunflower Seed	Pound	\$0.2375	\$0.2510	\$0.2260 P	\$0.1009	\$0.2260 P		\$0.23	\$0.00	\$0.030
Flaxseed	Bushel	\$13.3000	\$14.7000	\$12.8000 P	\$5.6504	\$12.8000 P		\$13.23	\$0.43	\$1.764
Mustard Seed	Pound	\$0.2731	\$0.3350	\$0.4100 P	\$0.1009	\$0.4100 P		\$0.30	\$0.00	\$0.040
Rapeseed	Pound	\$0.2375	\$0.2375	\$0.3000 P	\$0.1009	\$0.3000 P		\$0.21	\$0.00	\$0.029
Safflower	Pound	\$0.2375	\$0.2752	\$0.2200 P	\$0.1009	\$0.2200 P		\$0.25	\$0.03	\$0.033
Crambe	Pound	\$0.2375	\$0.2470	\$0.3600 P	\$0.1009	\$0.3600 P		\$0.22	\$0.00	\$0.030
Sesame Seed	Pound	\$0.2731	\$0.3867	\$0.3300 P	\$0.1009	\$0.3300 P		\$0.35	\$0.02	\$0.046
Seed Cotton 5/	Pound	\$0.4200	\$0.4311	\$0.3419 P	\$0.2500	\$0.3419 P		\$0.39	\$0.05	\$0.052
Rice (long grain)	Pound	\$0.1690	\$0.1690	\$0.1300 P	\$0.0700	\$0.1300 P		\$0.15	\$0.02	\$0.020
Rice (med/short grain) 6/	Pound	\$0.1690	\$0.1700	\$0.1350 P	\$0.0700	\$0.1350 P		\$0.15	\$0.02	\$0.020
Rice (temperate japonica)	Pound	\$0.2433	\$0.2685	\$0.2100 P	\$0.0700	\$0.2100 P		\$0.24	\$0.03	\$0.032

OBBBA: Crop Insurance

- Extends Beginning Farmer and Rancher benefits from 5 years to 10 years.
- Provides area-wide coverage up to 90% for individual yield or revenue coverage aggregated across multiple commodities and up to 95% for area yield or revenue coverage. For example, it enhances coverage level availability for Whole Farm Revenue Protection and similar Crop and Livestock Income Protection to 90%.
- Increases Supplemental Coverage Option (SCO) threshold from 86% to 90% and premium support from 65% to 80%.
- Establishes a Poultry Insurance Pilot Program for poultry growers to receive index-based insurance against extreme weather events resulting in increased utility costs. This pilot is available beginning in 2027.

Basic/Optional Unit	Coverage Level	50	55	60	65	70	75	80	85
	Current Premium Support	0.67	0.64	0.64	0.59	0.59	0.55	0.48	0.38
	OBBBA Premium Support	0.67	0.69	0.69	0.64	0.64	0.60	0.51	0.41

Skinny Farm Bill

- The Farm Bill is the normal process.
- The OBBBA devoted 40 of 330 pages to agriculture. The 2014 and 2018 FBs had 571 and 529 pages, respectively.
- OBBBA did not touch several areas in normal farm bills like credit, rural development, forestry, and energy and only made small changes to others.
- Commodity and other interest groups have spent years and a lot of money flying to DC and asking for specific changes to the previous bill in addition to the safety net. They are asking that the normal farm bill process still happen this fall as many provisions of the 2018 Farm Bill expire September 30, 2025.
- There is a risk that changes could be made in skinny bill that would undue provisions in OBBBA. The risk might be small (but real) that an amendment could be offered during the normal farm bill process that can't be defeated.
- In general, the feeling is the skinny bill process will be a positive where small (but inexpensive) changes can be made. There is no money for big or expensive program changes (this is why getting the safety net covered in OBBBA was so important).

Farmer Bridge Assistance

- Recall why they are called bridge payments
- \$12 billion total.... \$11 for row crops... \$1 for specialty crops and sugar
- Payment rates developed similarly to ECAP... money from CCC
- Paid on 2025 planted acres
- Process
 - Producers were to ensure that their 2025 acreage reports at the local FSA are accurate and complete by December 19.
 - USDA is expected to send producers a pre-filled application via email or mail.
 - Producers should review the application and submit it through the local FSA or online.
 - February 28, 2026 Producers who qualify for FBA assistance can expect FSA to start issuing payments

Farmer Bridge Assistance (FBA) Payment Rates

Commodity	Payment Rate
Barley	\$20.51
Chickpeas	\$33.36 (small) \$26.46 (large)
Corn	\$44.36
Cotton	\$117.35
Lentils	\$23.98
Oats	\$81.75
Peanuts	\$55.65
Peas	\$19.60
Rice	\$132.89
Sorghum	\$48.11
Soybeans	\$30.88
Wheat	\$39.35

Commodity	Payment Rate
Canola	\$23.57
Flax	\$8.05
Mustard	\$23.21
Safflower	\$24.86
Sesame	\$13.68
Sunflower	\$17.32

What's Next?

- There has been talk by members of Congress about additional payments
- Much easier said than done... need a legislative vehicle... and money
- In a wait and see mode with 2025 crop year payments coming this fall

Questions?

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