

# Illinois Farm Economics Summit

## Farm Policy Outlook

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Gardner  
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# Where Things Stand

*as of February 2025*



# Awaiting Economic Assistance Payments

Crop	2024 MYA Price	Yield	2024 Production Cost	Economic Gain/Loss	26% of Economic Loss	Statutory Reference Price	2024 Avg PLC Yield	Minimum Payment Rate	Estimated Payment Rate	Payment Rate as % of Estimated Loss
Corn	\$4.10	174.5	\$879.10	-163.49	42.51	\$3.70	143.1	\$42.35	\$42.51	26.00%
Soybeans	\$10.20	50.2	\$625.29	-113.45	29.50	\$8.40	40.9	\$27.46	\$29.50	26.00%
Wheat	\$5.60	48.2	\$388.19	-118.05	30.69	\$5.50	41.8	\$18.39	\$30.89	26.00%
Cotton	\$0.660	848.9	\$894.56	-335.61	87.26	\$0.370	1,828.0	\$54.11	\$87.26	26.00%
Rice	\$0.156	7,534.0	\$1,314.84	-139.60	36.30	\$0.140	6,207.0	\$69.52	\$69.52	49.80%
Sorghum	\$4.10	66.7	\$437.14	-163.75	42.58	\$3.95	63.8	\$20.17	\$42.58	26.00%
Oats	\$3.40	66.4	\$524.48	-298.69	77.66	\$2.40	52.1	\$10.01	\$77.66	26.00%
Barley	\$6.60	73.4	\$472.01	12.10	n/a	\$4.95	55.0	\$21.76	\$21.76	179.87%
Peanuts	\$0.262	3,891.0	\$1,184.95	-166.45	43.28	\$0.268	3,568.0	\$76.30	\$76.30	45.84%

For more details see <https://farmdocdaily.illinois.edu/2025/01/impacts-of-economic-assistance-payments.html>



# Tariffs Thus Far; Impacts TBD

**Feb 1<sup>st</sup>**  
**Executive**  
**Order**  
**signed 10%**  
**all imports**  
**from China**  
**(Feb 4)**

**Feb 10<sup>th</sup>**  
**expand to**  
**25% tariffs**  
**on steel &**  
**aluminum**  
**(March 12)**

**A 30-day**  
**suspension**  
**of 25%**  
**tariffs on**  
**Canada and**  
**Mexico**  
**(March 4)**

**Feb 13<sup>th</sup>**  
**Orders**  
**reciprocal**  
**tariffs on**  
**all imports**



# Spending Freezes & Budget Reconciliation

The Washington Post  
Democracy Dies in Darkness


National Climate Education Health Innovations Investigations National Security Obituaries Science

## Farmers on the hook for millions after Trump freezes USDA funds

The White House had repeatedly said the funding freeze would not affect benefits that go to farmers.

Yesterday at 6:00 a.m. EST

6 min 5871



A farmer prepares equipment for planting corn in Hull, Iowa, in 2011. (Melina Mara/The Washington Post)

By Daniel Wu, Gaya Gupta and Anumita Kaur


Reuters

World Business Markets Sustainability Legal Breakingviews Technology Investigations

## USDA freezes farmer funding for some programs, conservation contracts

By P.J. Huffstutter and Leah Douglas

February 8, 2025 5:00 AM CST · Updated 3 days ago



The U.S. Department of Agriculture is seen in Washington, March 18, 2012. REUTERS/Gary Cameron/File Photo [Purchase Licensing Rights](#)

### Summary

- USDA funding freeze affects conservation, other programs
- Farmers say they face economic uncertainty due to freeze
- USDA reviews 409 programs, affecting rural economic development

[Report No. 119-4]

Establishing the congressional budget for the United States Government for fiscal year 2025 and setting forth the appropriate budgetary levels for fiscal years 2026 through 2034.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 18, 2025

Mr. ARRINGTON, from the Committee on the Budget, reported the following concurrent resolution; which was committed to the Committee of the Whole House on the State of the Union and ordered to be printed



## 8 TITLE II—RECONCILIATION AND 9 RELATED MATTERS

### 10 SEC. 2001. RECONCILIATION IN THE HOUSE OF REP- 11 RESENTATIVES.

12 (a) SUBMISSIONS.—Not later than March 27, 2025,  
13 the committees named in subsection (b) and subsection  
14 (c) shall submit their recommendations on changes in laws  
15 within their jurisdictions to the Committee on the Budget  
16 of the House of Representatives to carry out this section.

17 (b) INSTRUCTIONS.—

18 (1) COMMITTEE ON AGRICULTURE.—The Com-  
19 mittee on Agriculture shall submit changes in laws  
20 within its jurisdiction to reduce the deficit by not  
21 less than \$230,000,000,000 for the period of fiscal  
22 years 2025 through 2034.

# Budget Reconciliation Process

- **Budget Committees**
- **Can include reconciliation instructions.**

## Budget Resolution

## Congress

- **House & Senate must agree on joint resolution (not law).**
- **If reconciliation instructions included.**

- **Committees must report legislation meeting instructions.**
- **Omnibus bill on House & Senate floors; expedited procedures (e.g., no filibuster); Conference to President.**

## Reconciliation

# Farm Bill & Reconciliation Brief History Detour

Rec'n converted to an offensive weapon against mandatory spending.

**1981**

Nearly derails Farm Bill reauth.; Boll Weevil Dems cut a deal...

Rec'n passes in conjunction with Farm Bill

**1990**

Cuts farm program payment acres to 85%

Reconciliation to cut everything from farm programs to food stamps, WIC, and more (Gingrich revolution)

**1995**

Pres. Clinton vetoes; eventually get 1996 Farm Bill (decoupling).

Dems win trifecta in 2020  
Use reconciliation to pass Inflation Reduction Act; includes \$20b for conservation.

**2022**

Note that the troubled 2014 reauthorization was plagued by budget fights (debt ceiling) after 2010 midterms.

# Outside of DC, Either: Status Quo; or In Limbo.

## Crop Insurance

Status quo; nothing changes for 2025 crop year

## ARC/PLC

Status quo; extended for 2025 crop year  
PLC reference prices: corn to \$4.26;  
soybeans to \$9.26; wheat to \$5.56

## Conservation

Mostly status quo but less certain overall.  
Authorized through FY2031 at current levels;  
TBD on funding freezes or others.

## Inflation Reduction Act & Other

Reportedly IRA appropriations are suspended for the time being;  
federal judge has ordered them unfrozen.  
Climate-smart partnerships, research, etc. in limbo.



# Attempting An Outlook

*Farm Bill*

*Reconciliation Rather Than Reauthorization.*



# Review: Handicapping the Farm Bill

Reconciliation is **a lock** (tax cuts & slim majorities).

House Budget Committee included instructions for \$230 billion reduction for House Agriculture Committee (over 10 years).

If only SNAP (and IRA/conservation), then **all bets are off** on reauthorizing farm programs and the rest of a Farm Bill in regular order in 2025 (another extension is most likely).

Including SNAP is also **a lock** (trillions in offsets likely needed).

**The Longshot:** Reconciliation also includes significant cuts to farm programs, conservation, and crop insurance.

**Uncertain:** what else is included & what happens to the rest of the Farm Bill.

**Even Money:** Reconciliation cuts only SNAP and IRA/conservation (maybe other conservation as well), but increases farm payments (e.g., reference prices) & crop insurance.

# Review: Handicapping the Farm Bill

## Budget Hawks vs. Boll Weevils

Reconciliation is a huge omnibus bill with many things to support + President backing

Need for offsets (\$2T to \$4.5T) + debt & deficit challenges

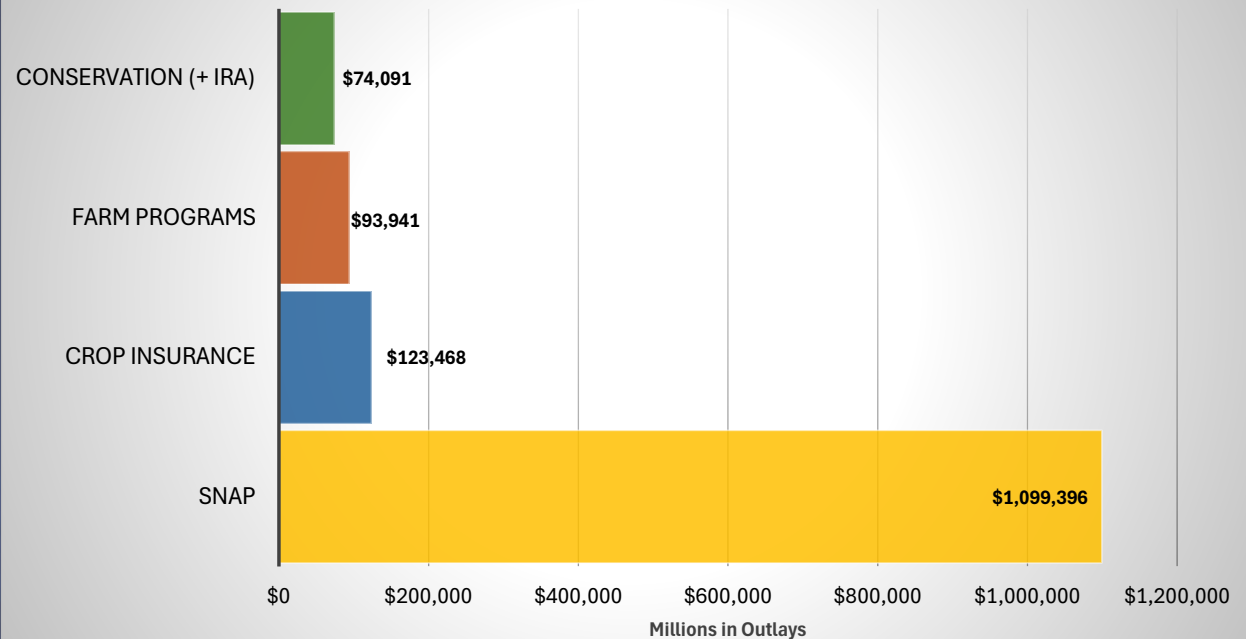
Hold the gavels in committees + SNAP cuts may appease Budget Hawks

Farm payment programs generally small \$ in large budget

Slim majorities in both chambers = Republicans need all votes

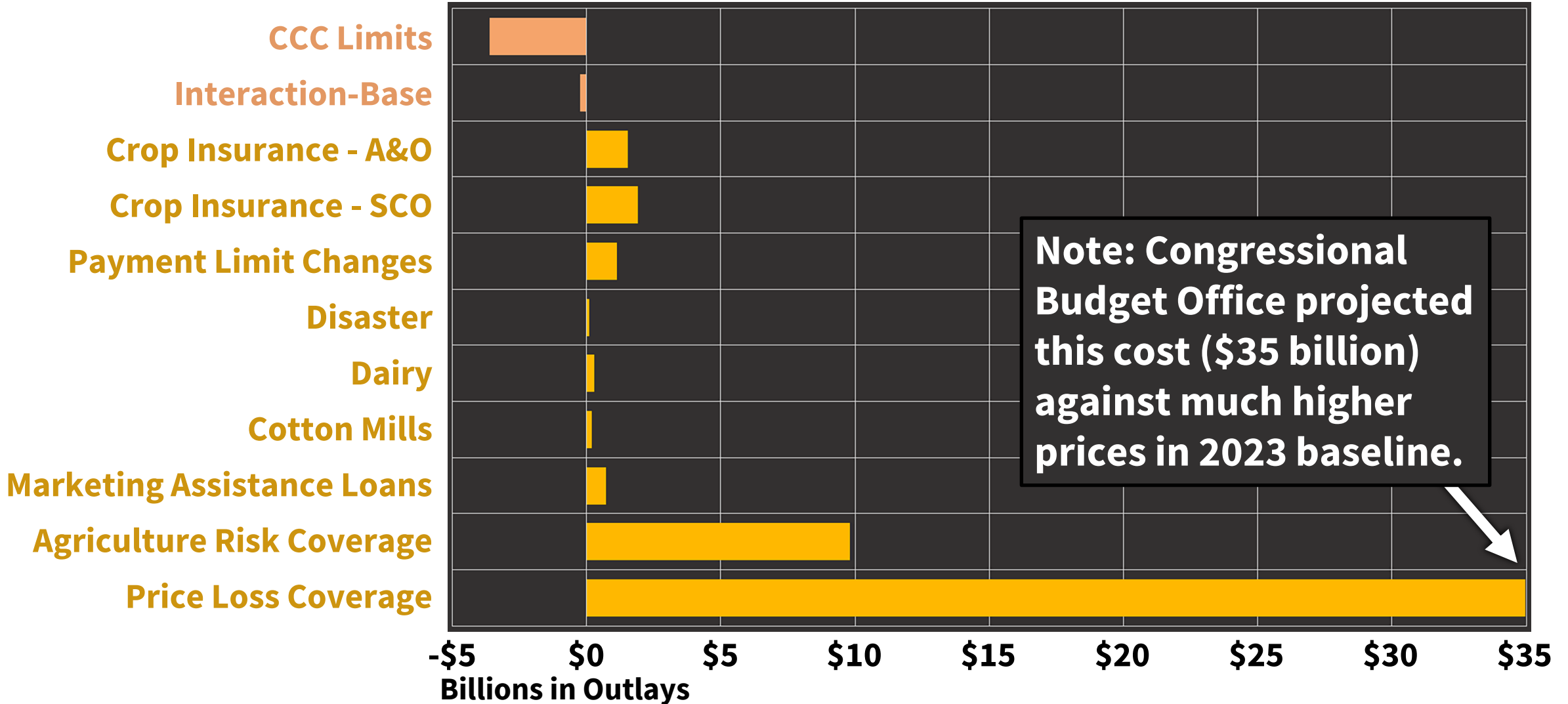
Congressional Budget Office Projects **\$1.4 trillion** in mandatory spending in the Farm Bill (over 10 years); 80% of it from SNAP.

Farm Bill Baseline, FY 2025 to FY 2034 (CBO June 2024)



# Boosting Price Triggers Is Expensive

Projected Changes in Spending, Commodities (Title I) and Crop Insurance;  
10-Year Total (FY2024-2033) (CBO)

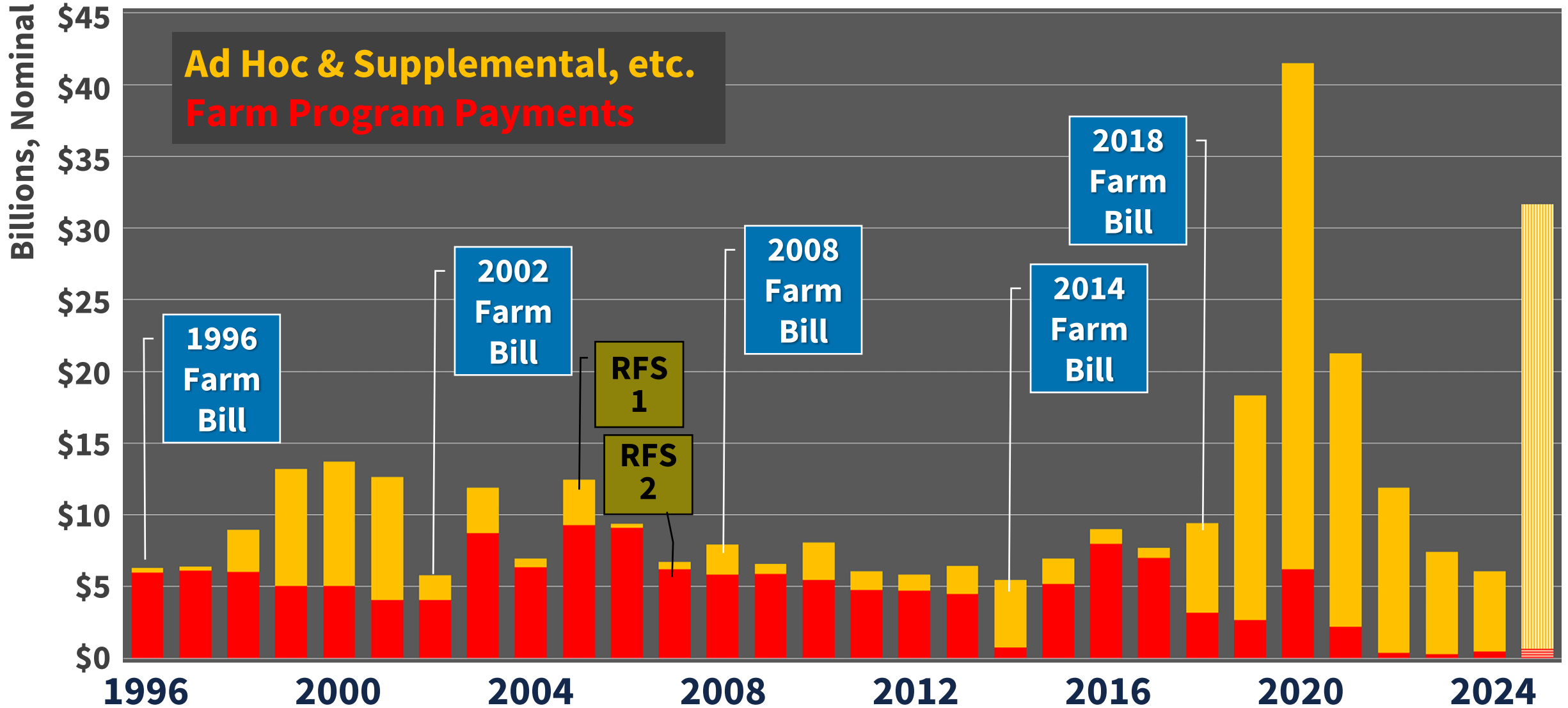


**Note: Congressional Budget Office projected this cost (\$35 billion) against much higher prices in 2023 baseline.**



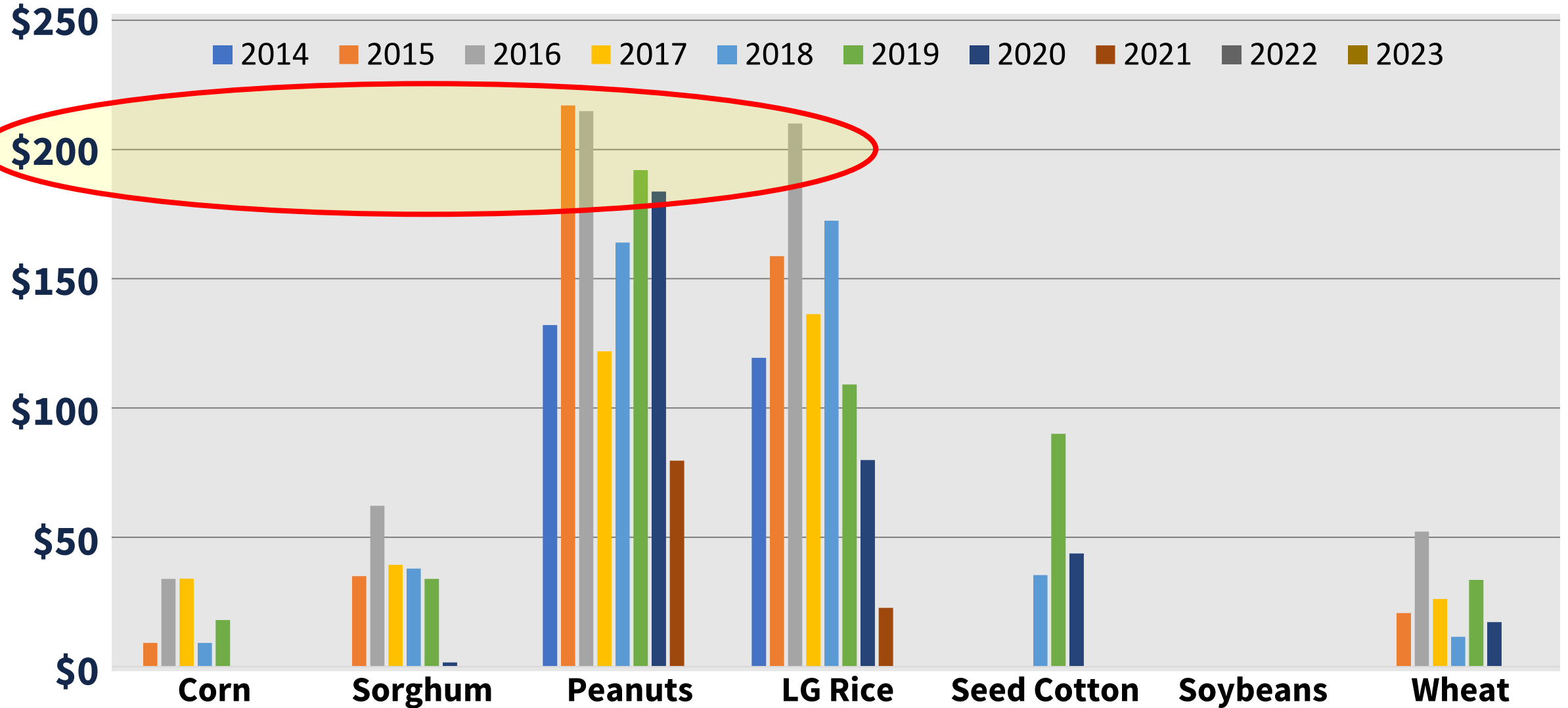
# Reviewing Recent Payment History

Comparing Economic Assistance to Farmers in the Decoupled Era (1996-2024 & 2025 projected)



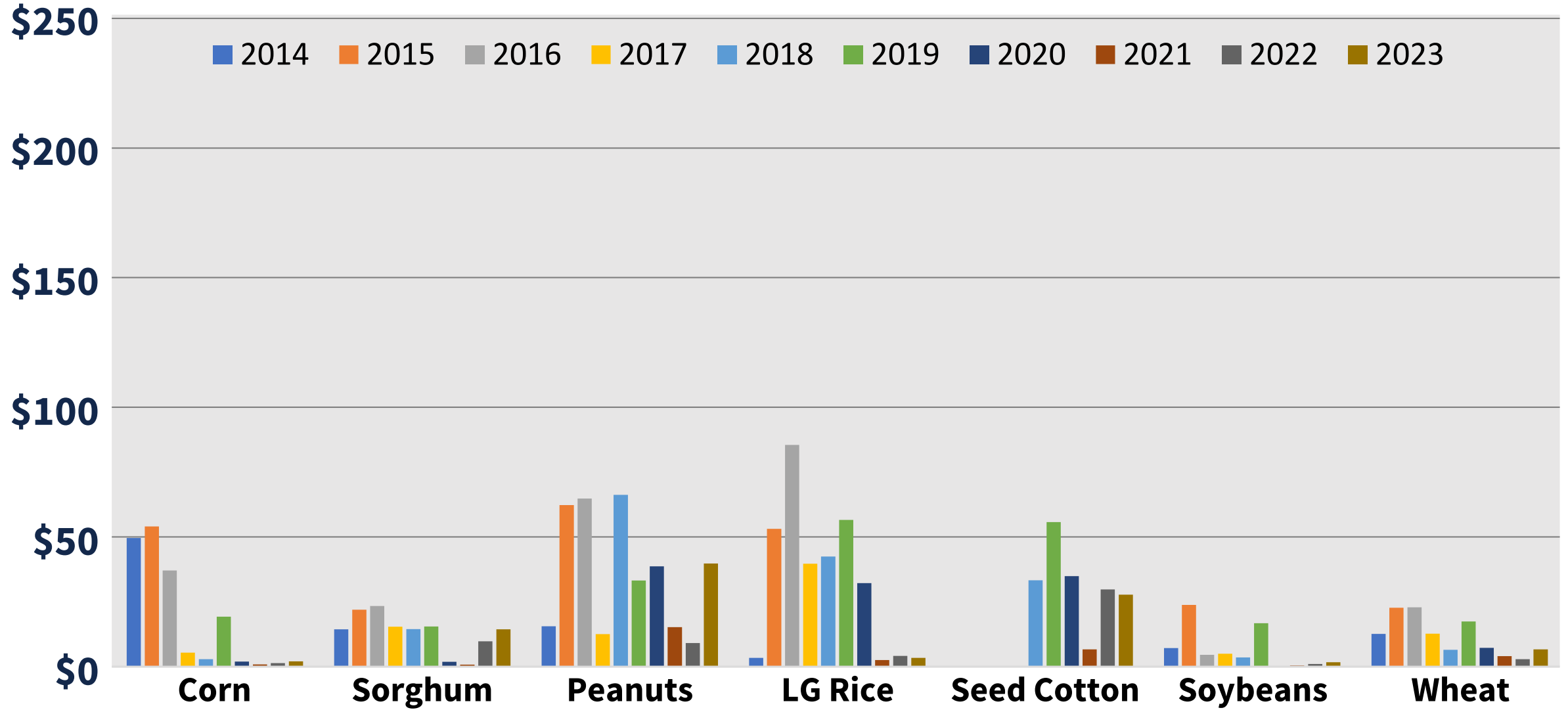
# A Reminder About PLC & Reference Prices

## PLC Payments per Payment Acre (85% of Base)



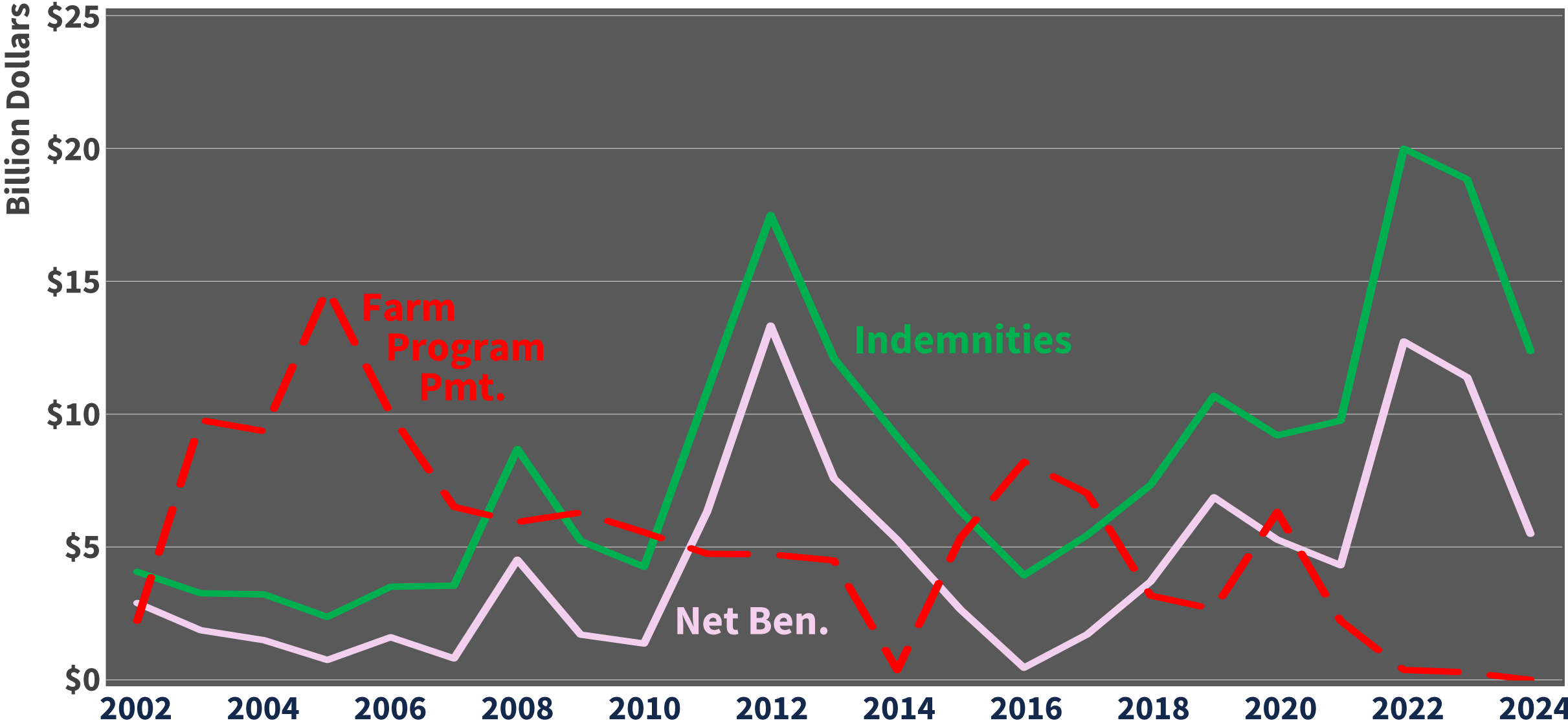
# Payment Rates Under ARC-CO

## ARC-CO Payments per Payment Acre (85% of Base)



# Safety Net: Perspectives on Priorities

## Comparing Farm Assistance: Crop Insurance & Farm Program Payments





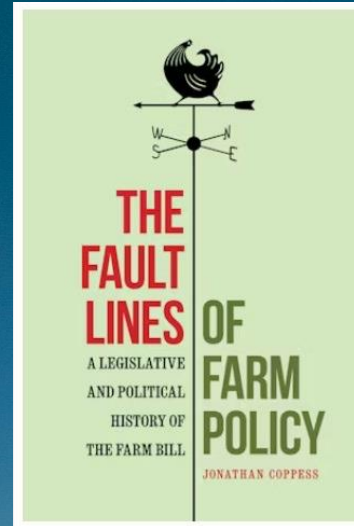
# Thank you

## For The History Curious, Further Reading:

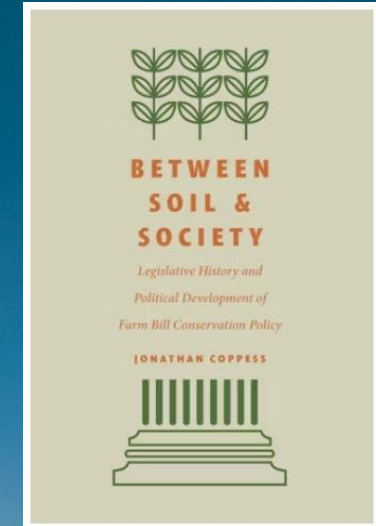
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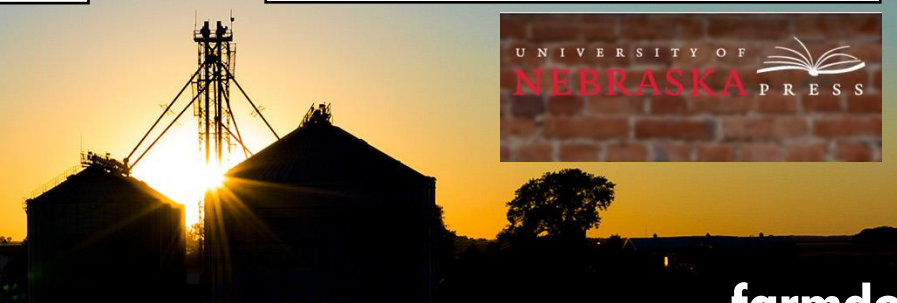
**Gardner  
Agriculture  
Policy  
Program**



**Fault Lines of Farm  
Policy (2018)**



**Between Soil & Society  
(2024)**



# Other Upcoming Webinars

## H5N1: Updates for Producers and the Public

### Feb 25, 2025: H5N1 Prevention Strategies: A Guide for Agricultural Producers

Join us for essential guidance on H5N1 testing and prevention strategies for agricultural producers. Illinois State Veterinarian Dr. Mark Ernst and Illinois Farm Bureau's Tasha Bunting will share critical information on infection control recommendations to protect your operations from Highly Pathogenic Avian Influenza. Don't miss this valuable webinar focused on practical measures to safeguard your livestock and poultry.



Sign up for the free farmdoc  
webinar series at  
<https://go.illinois.edu/BirdFlu2025>

# Other Upcoming Webinars

## Crop Risk Management Decisions for 2025

In response to the continuing challenges of lower commodity prices and elevated production costs, this essential two-part webinar series offers Illinois grain producers vital insights for 2025 risk management decisions. These timely sessions are designed to help producers make informed choices before the April 15, 2025, deadline.

**March 3, 2025 | 11:00 AM - Noon CT**

**Navigating 2025 Crop Insurance Choices**

**March 28, 2025 | 11:00 AM – Noon**

**Deadline Decisions:**

**Making the Right ARC/PLC Choice for 2025**



Sign up for the free farmdoc  
webinar series at

<https://go.illinois.edu/CropRisk2025>

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