

THE NEW FARM BILL AND RMA CROP INSURANCE UPDATES

MIDWEST FOOD PRODUCTS ASSOCIATION: 2022 PROCESSING CROPS CONFERENCE

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November 29, 2022

Wisconsin Dells, WI

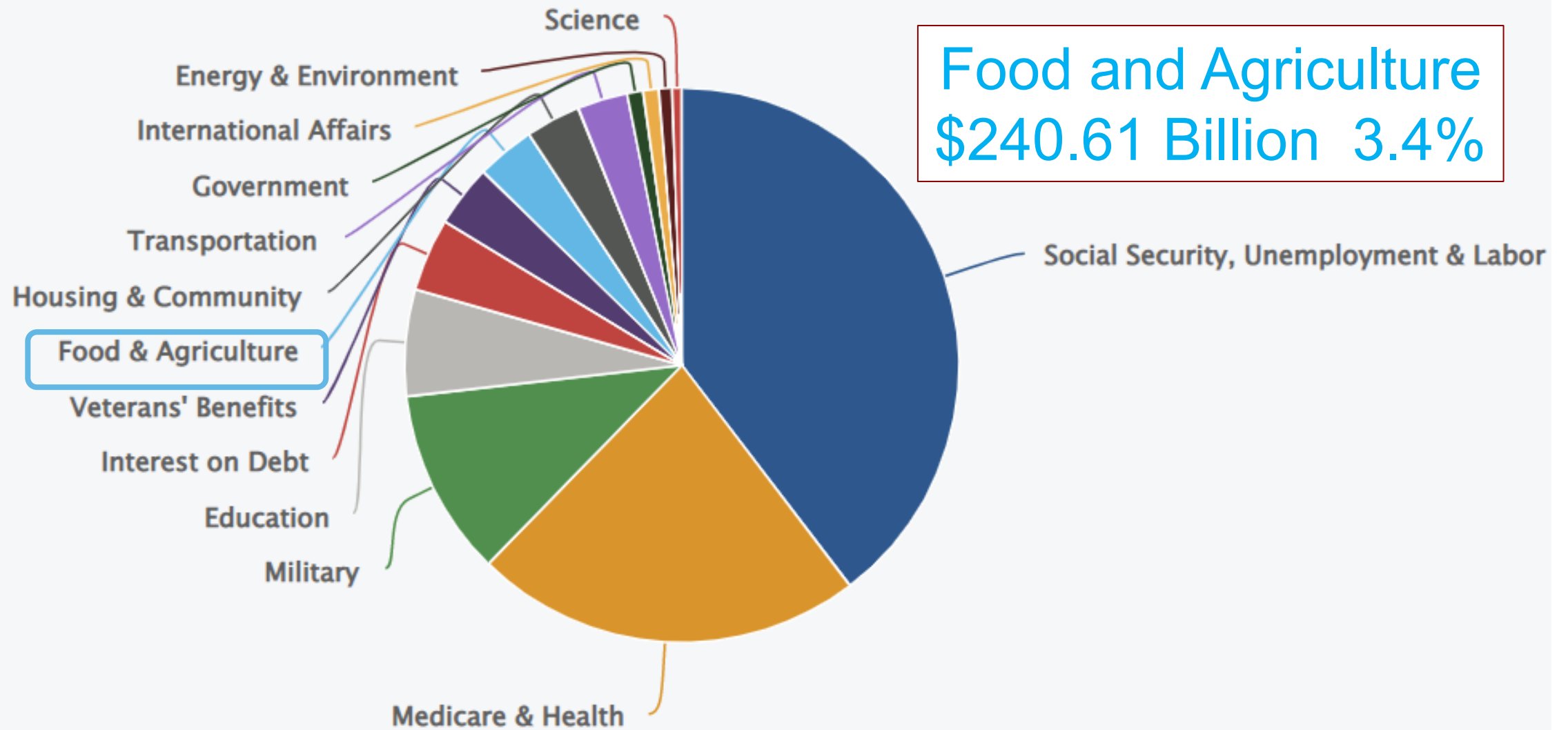
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Goal Today

- Put Commodity support into context of the federal budget
- Summarize new ag policy initiatives
- What to expect for the 2023 Farm Bill
- Crop Insurance update for processing vegetables

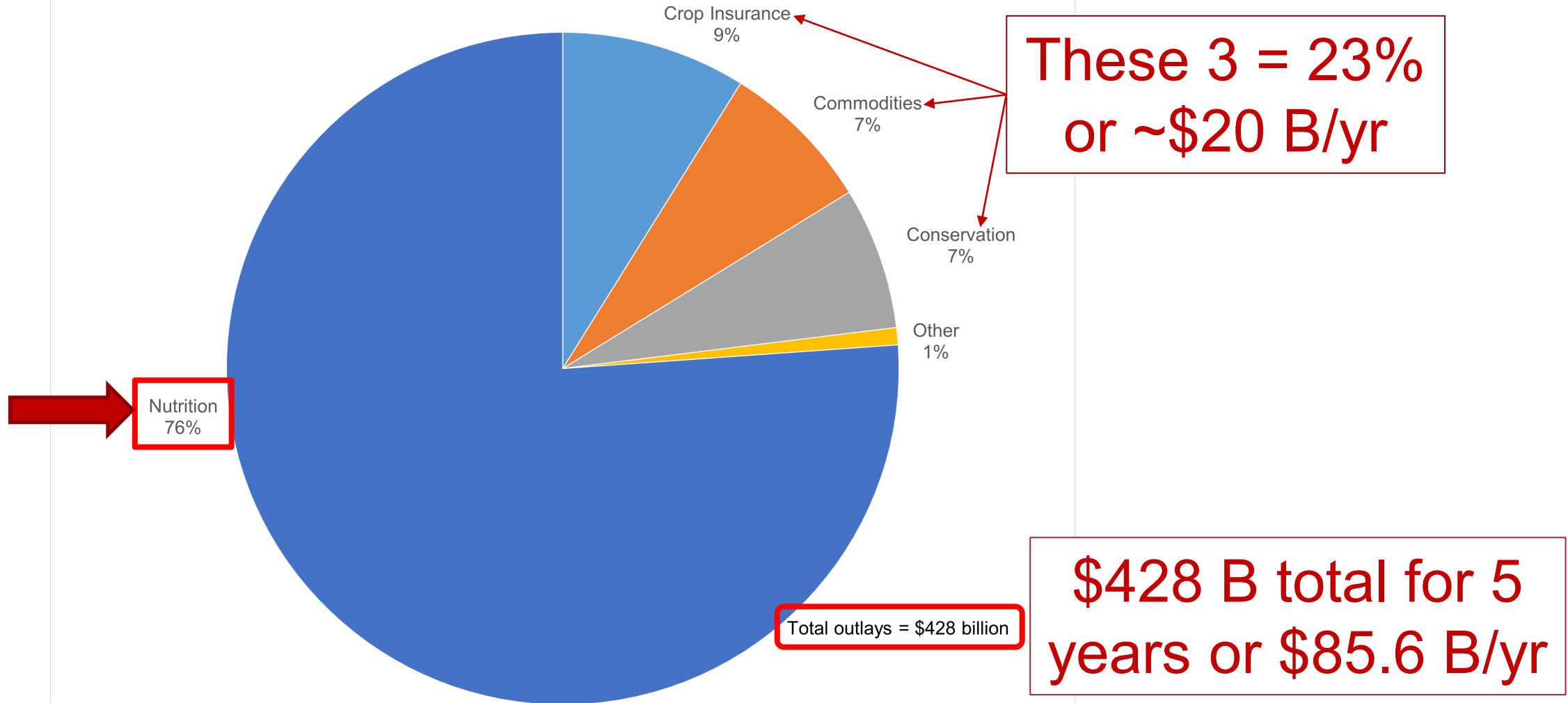
Total Federal Spending Fiscal Year 2021

\$6.8 Trillion (30.5% GDP)



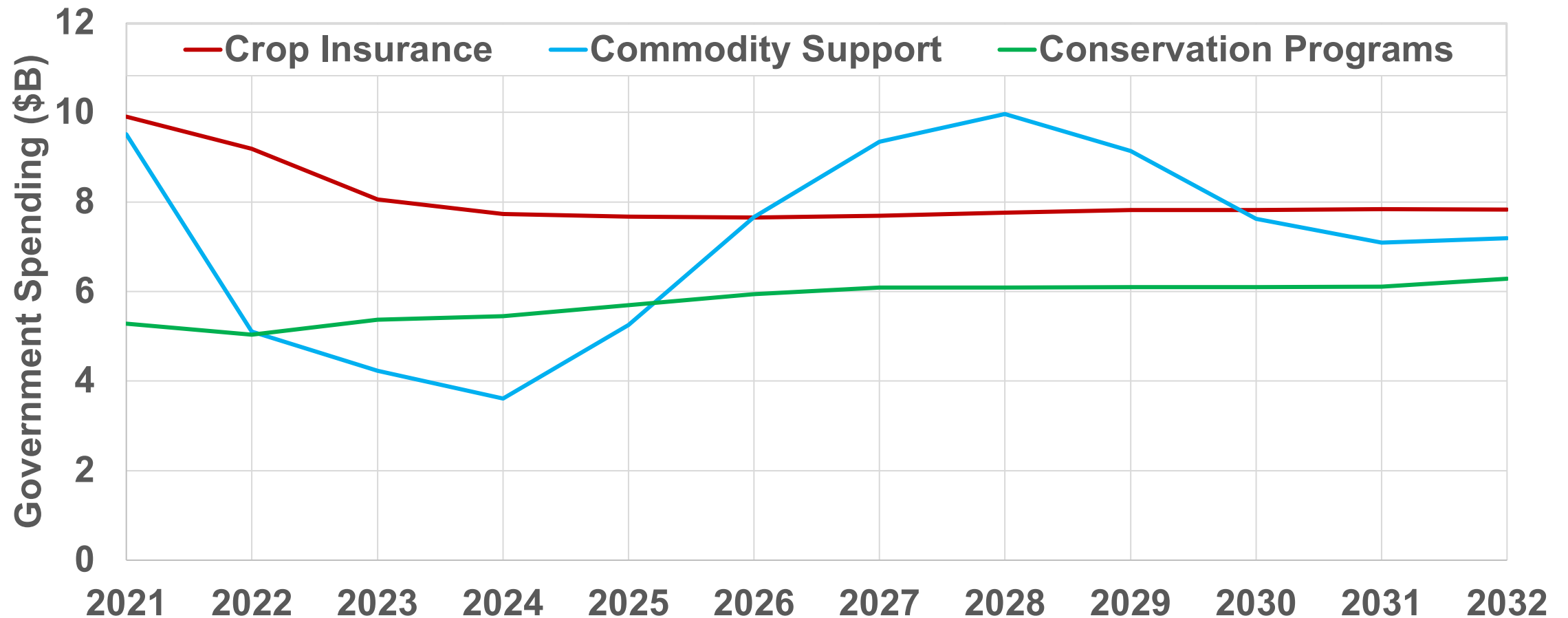
Farm Bill Spending by Category

Projected outlays under the 2018 Farm Act, 2019-2023



Source: USDA Economic Research Service based on Congression Budget Office, Direct Spending Effects for the Agriculture Improvement Act of 2018, December 11, 2018.

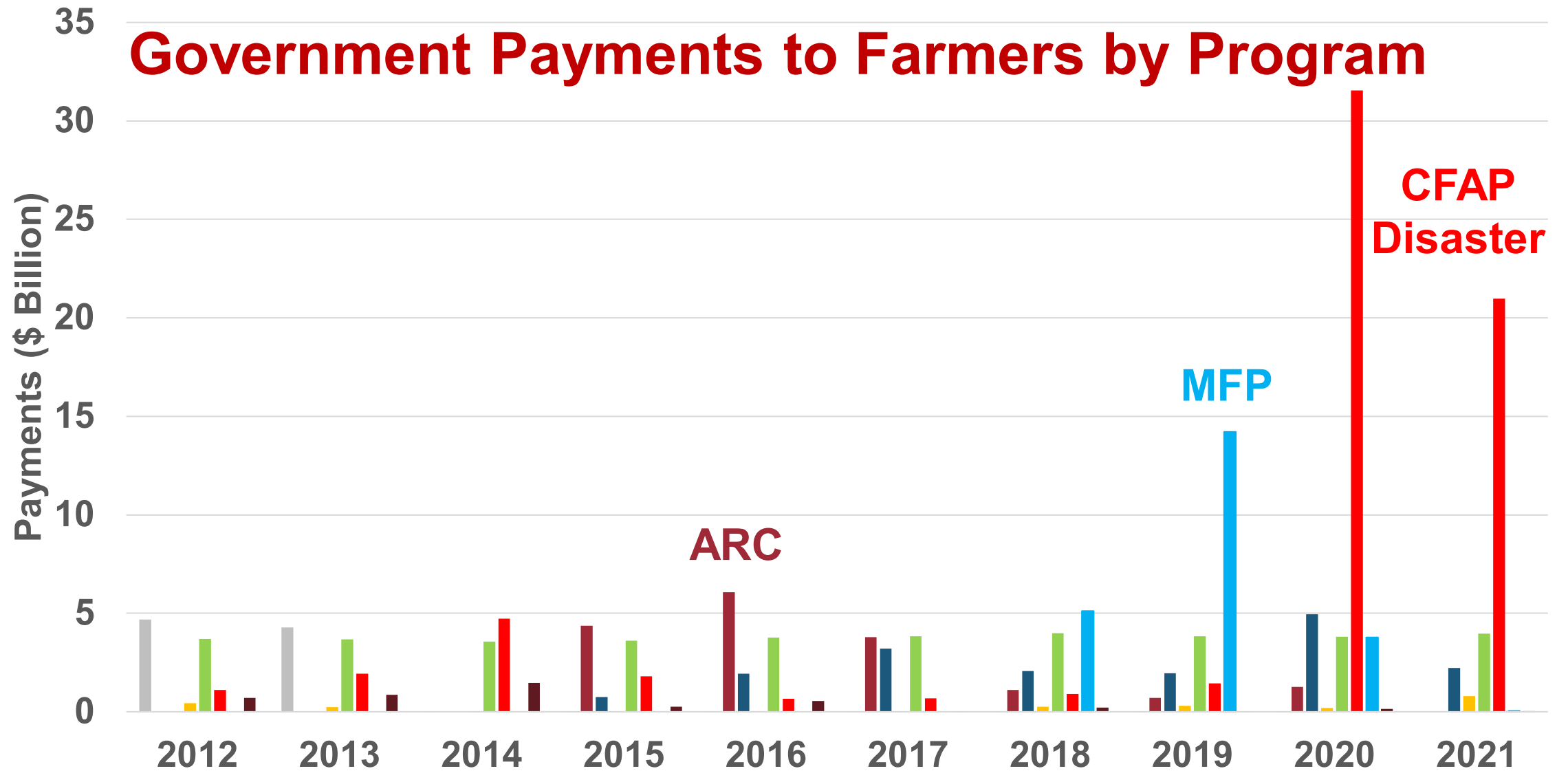
CBO Projected USDA Spending



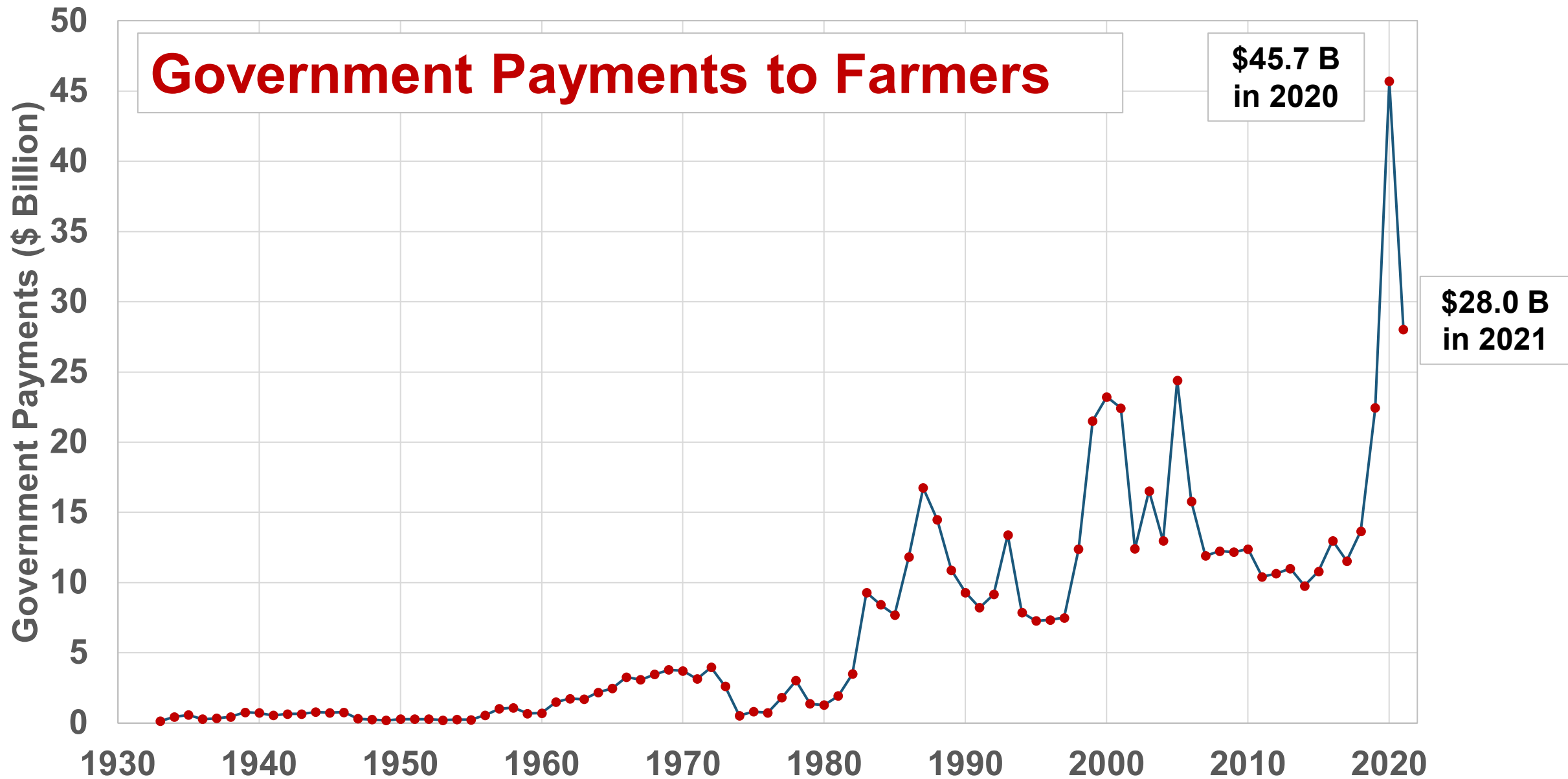
<https://www.cbo.gov/system/files?file=2022-05/51317-2022-05-usda.pdf>

■ DP ■ ARC ■ PLC ■ Dairy ■ Conservation ■ Ad Hoc Disaster ■ MFP ■ All Other

Government Payments to Farmers by Program

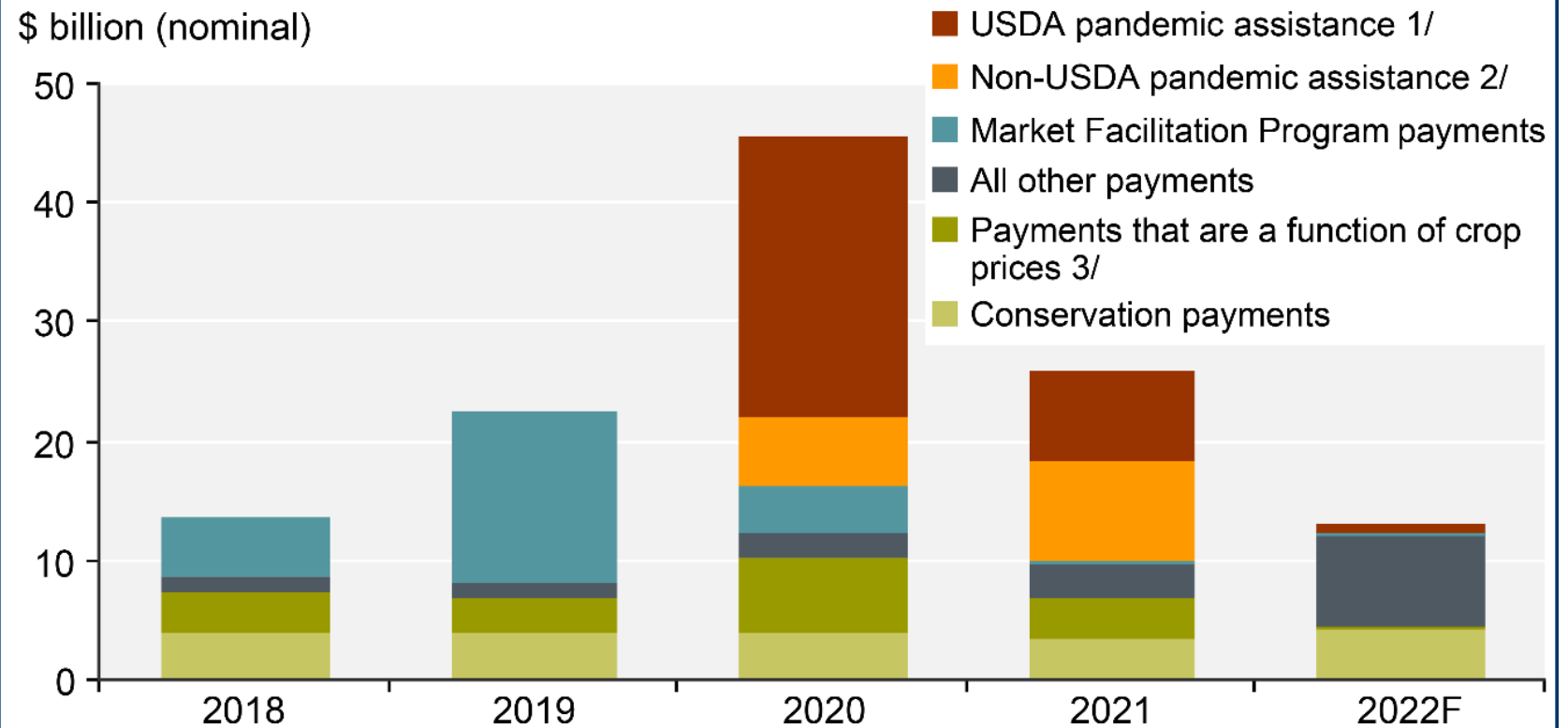


Government Payments to Farmers



Commodity Support in 2022: Back to Normal

Direct government payments to U.S. farm producers, 2018–22F



Notes: F = forecast.

1/ Includes payments from the Coronavirus Food Assistance Program and other USDA pandemic assistance for producers.

2/ Includes forgiven loans from the Paycheck Protection Program.

3/ Includes Price Loss Coverage, Agriculture Risk Coverage, loan deficiency payments (excluding grazeout payments), marketing loan gains, certificate exchange gains, and dairy payments.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.

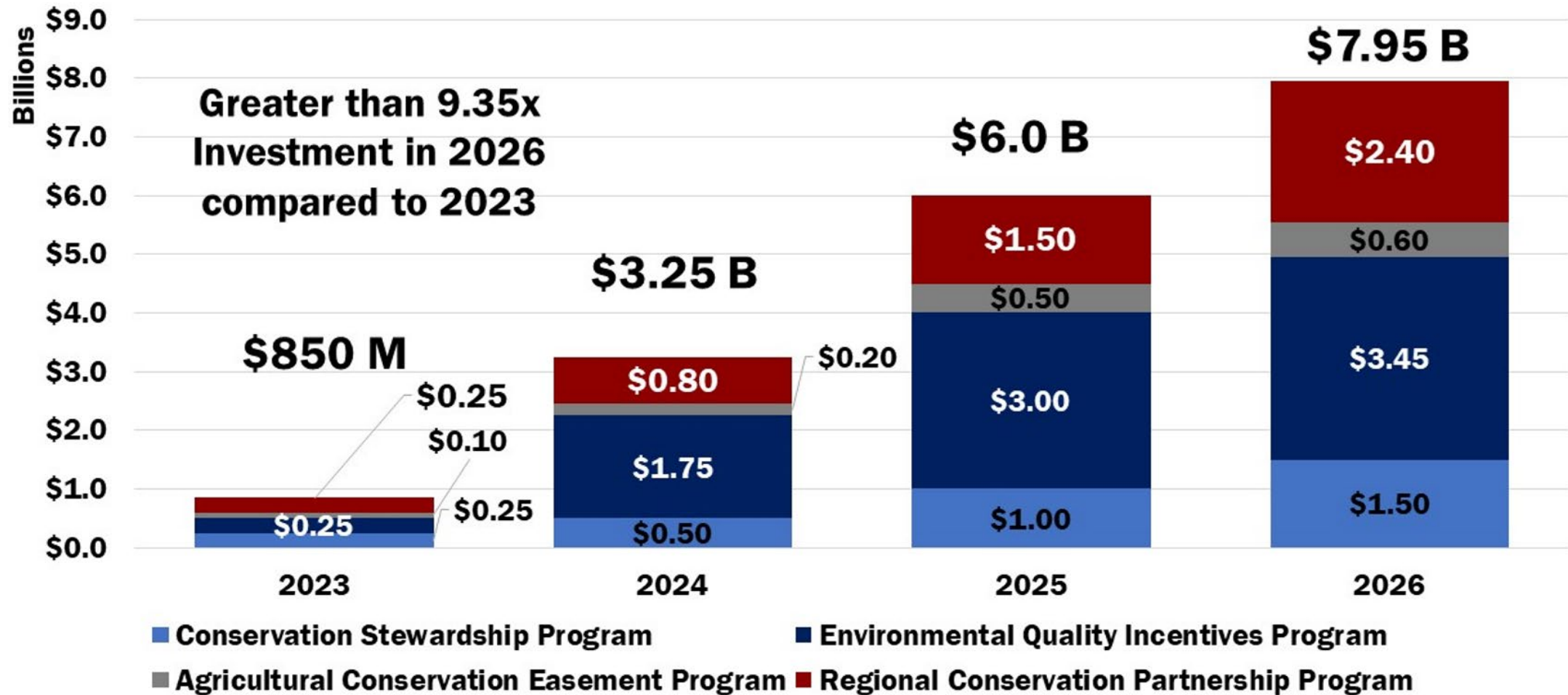
Data as of September 1, 2022.

Ag Policy Outside the Farm Bill

- Recent trend has been for Ag Policy outside of the Farm Bill
- Trump (2018-2020): Market Facilitation Program: \$14.5 Billion
- Covid (2020-2021): CFAP1+2: \$35 Billion, PPP: \$6 Billion
- Biden (Aug 2022): Inflation Reduction Act: \$770 Billion
 - \$19.5 Billion for conservation programs
 - \$14 Billion for rural development, renewable energy & biofuel infrastructure
 - \$4 Billion drought mitigation in West
- Biden (Sep 2022): Climate Smart Commodities Partnerships
 - \$2.9 Billion for 70 programs

IRA Spending above 2018 Farm Bill Conservation Spending

\$18 Billion for Program Payments, plus \$1.4 Billion tech asst & admin

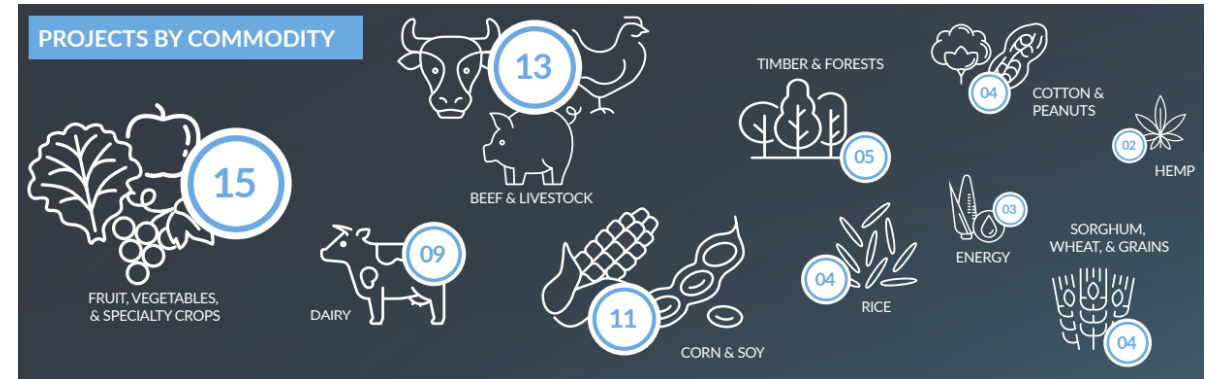


USDA Partnerships for Climate Smart Commodities

\$2.8 Billion on 70 Projects

- Lots of them centered in WI, many others will be active in WI
- Edge Dairy Farmer Coop: \$50 M
- Organic Valley: \$25 M
- Carbon A List (Danone): \$70 M
- **The DeLong Co: \$40 M**
- **ADM: \$90 M**
- **Farm Journal \$40 M**
- **Meridian Institute \$20 M**
- Iowa Soybean Assoc: \$95 M
- National Assoc Conservation Dist: \$90 M
- National Fish & Wildlife Fndation: \$95 M

<https://www.usda.gov/climate-solutions/climate-smart-commodities/projects>



SHARM EL-SHEIKH, EGYPT, Nov. 12, 2022 – At the 2022 United Nations Climate Change Conference (COP27) this week, Secretary of Agriculture Tom Vilsack highlighted the U.S. Department of Agriculture's initiatives and investments in climate-smart agriculture and forestry, noting that global food security depends upon the ability of farmers and producers worldwide to increase their productivity while strengthening their climate resilience and minimizing their climate impacts.

Goals of the Climate Smart Partnerships

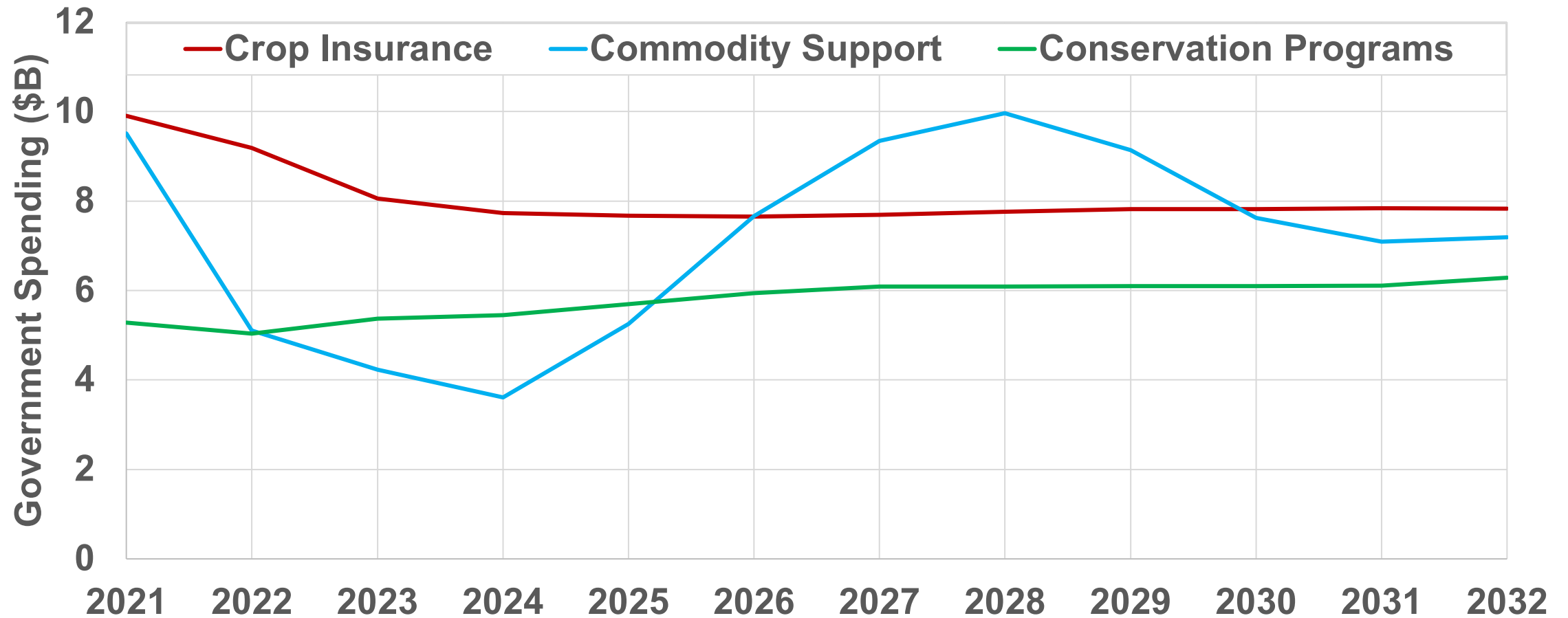
Support the production and marketing of climate-smart commodities through a set of pilot projects that provide voluntary incentives through partners to producers and landowners, including early adopters, to:

- Implement climate-smart production practices, activities, and systems on working lands,
- Measure/quantify, monitor and verify the carbon and greenhouse gas (GHG) benefits associated with those practices, and
- Develop markets and promote the resulting climate-smart commodities

2023 Farm Bill: My Guess on What to Expect

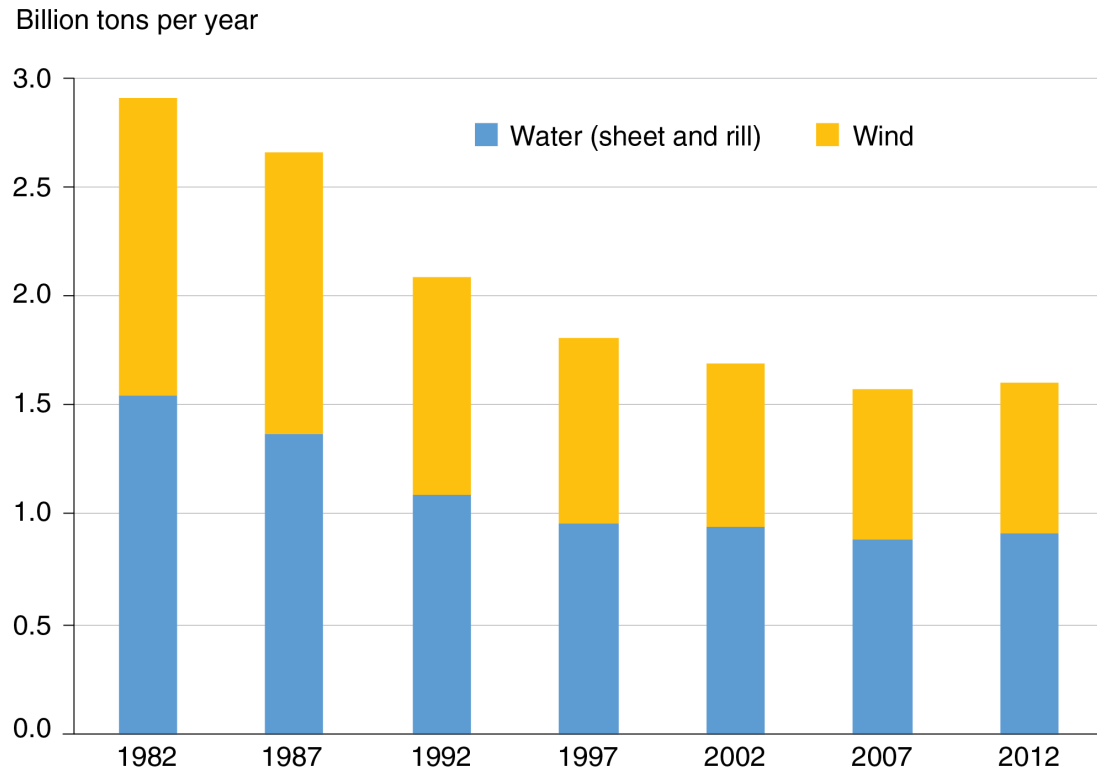
- No decrease in overall spending, maybe an increase
- Tweaks to Commodity Support, Crop Insurance and Nutrition
 - Pressure to increase (Effective) Reference Prices and Loan Rates for commodity programs to reflect current market realities and inflation
 - PPI +32% Dec 18 to Oct 22
 - Increase PLC prices 32%: Corn: \$3.70 to \$4.88, Soybean: \$8.40 to \$11.09
 - Demand for Food Banks and SNAP show food insecurity remains an issue
 - Possibly more use of Crop Insurance as policy tool for environmental goals
- **Renewed Focus on Conservation Programs**
 - Increase program spending, reallocate among programs, or new programs
 - Focus on Voluntary Programs, Production Practices, and Working Lands

CBO Projected USDA Spending



Soil Erosion from US Cropland: We have stalled!

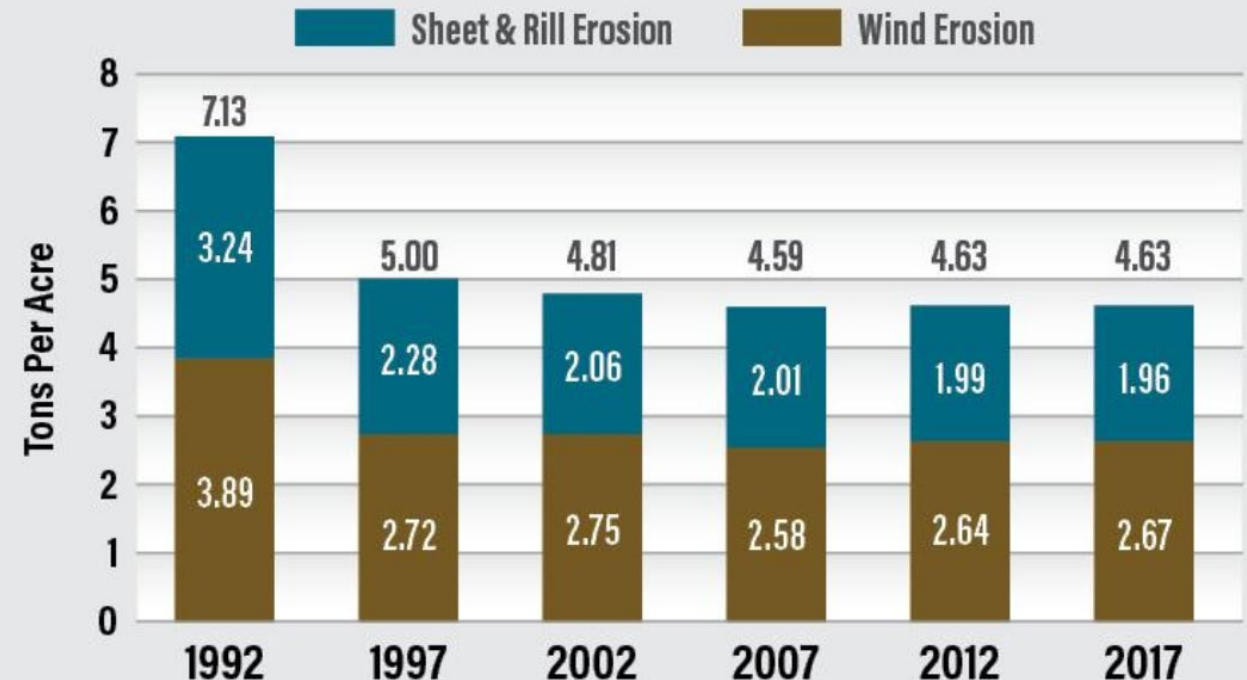
Soil erosion from water and wind on cultivated cropland, 1982–2012



Source: USDA, Economic Research Service using data from USDA, Natural Resources Conservation Service, National Resources Inventory.

<https://www.ers.usda.gov/data-products/charts-of-note/charts-of-note/?topicId=63d02a40-ccda-49ee-9799-76cbd1087e65>

EROSION RATE ON CROPLAND

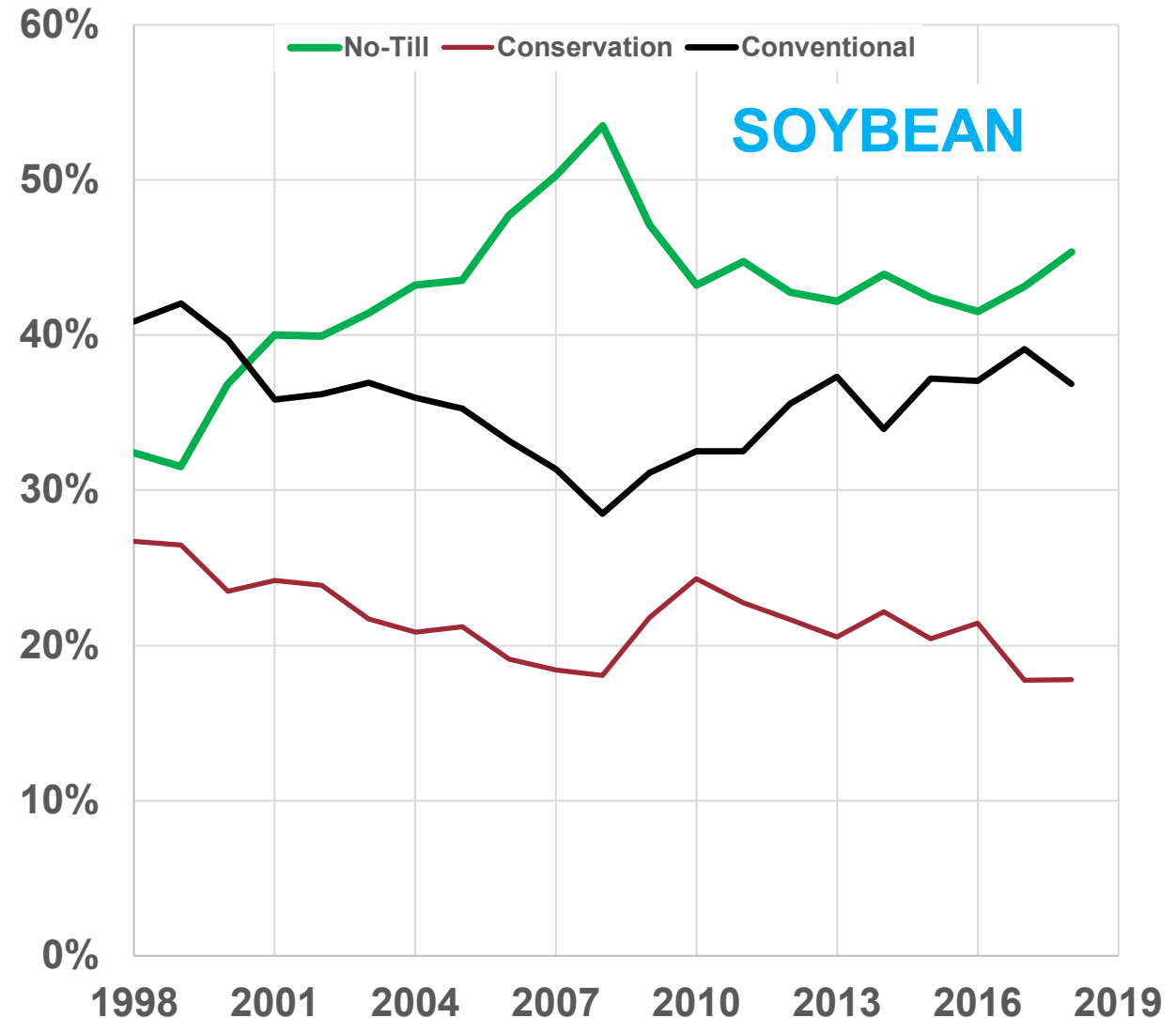
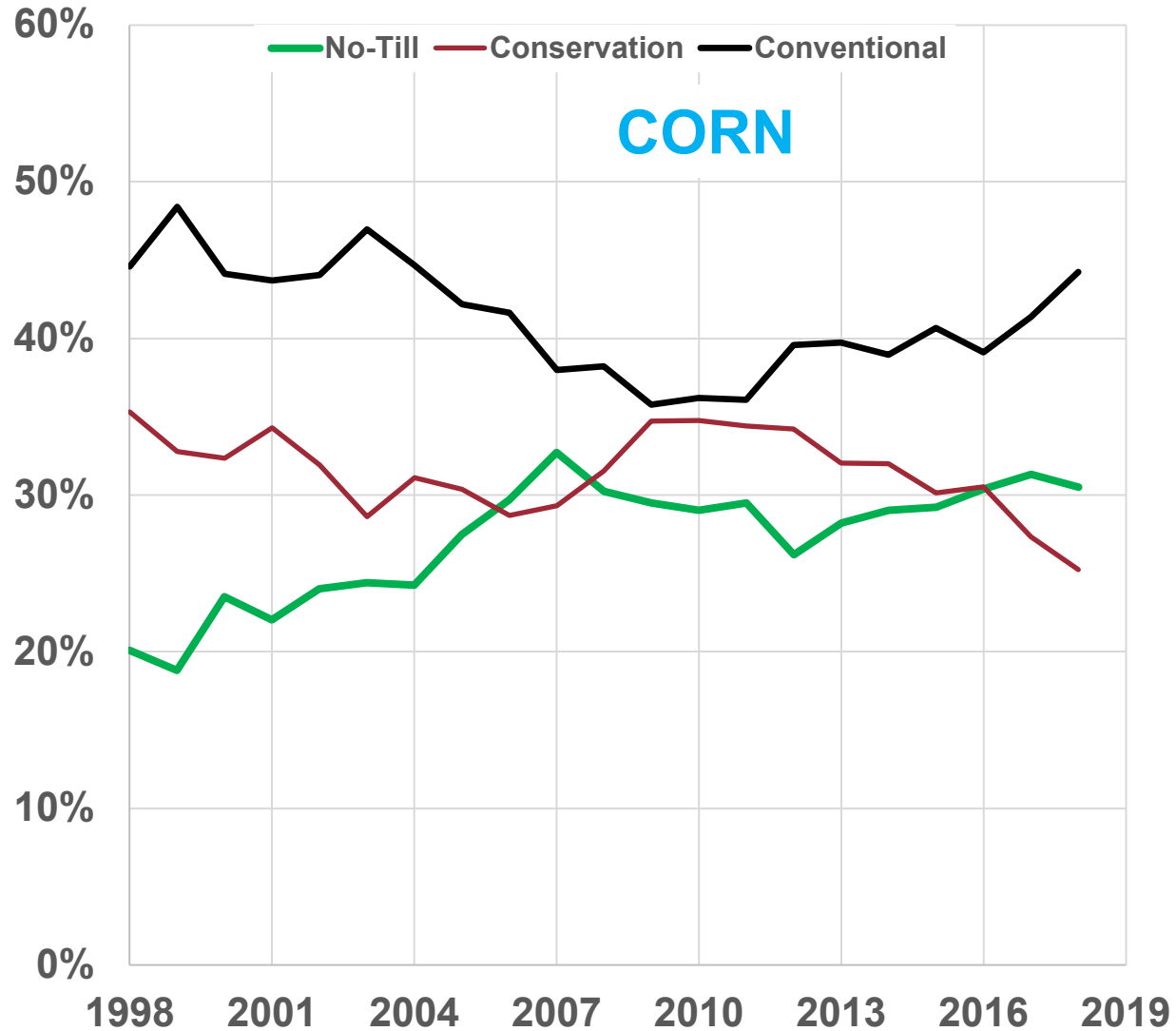


Source: NRCS

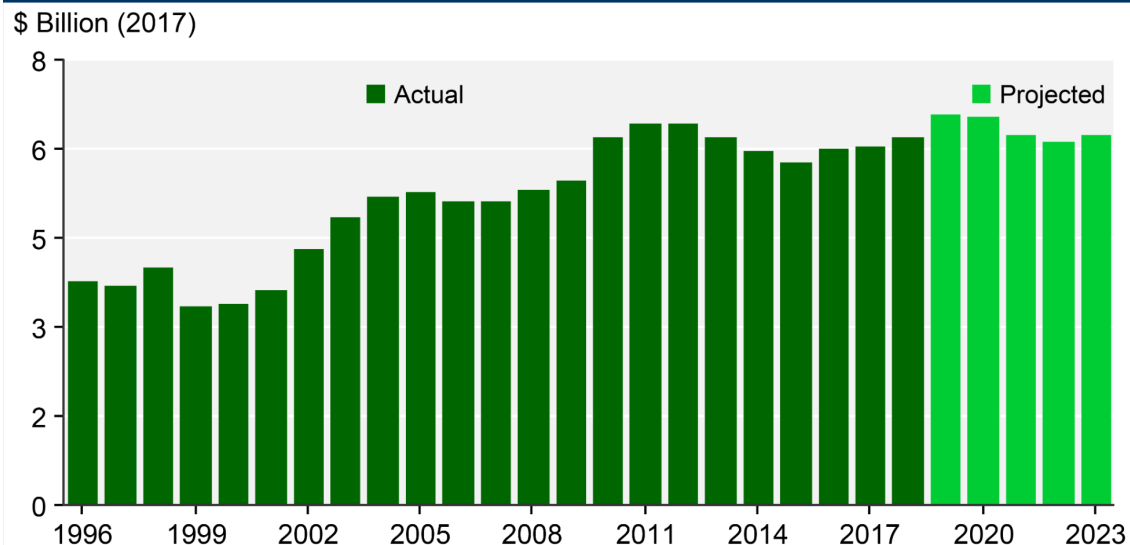
Cropland includes cultivated and non-cultivated cropland; Column totals may not exactly match sum over type due to rounding.

<https://www.agweb.com/news/business/conservation/soil-erosion-trends-us>

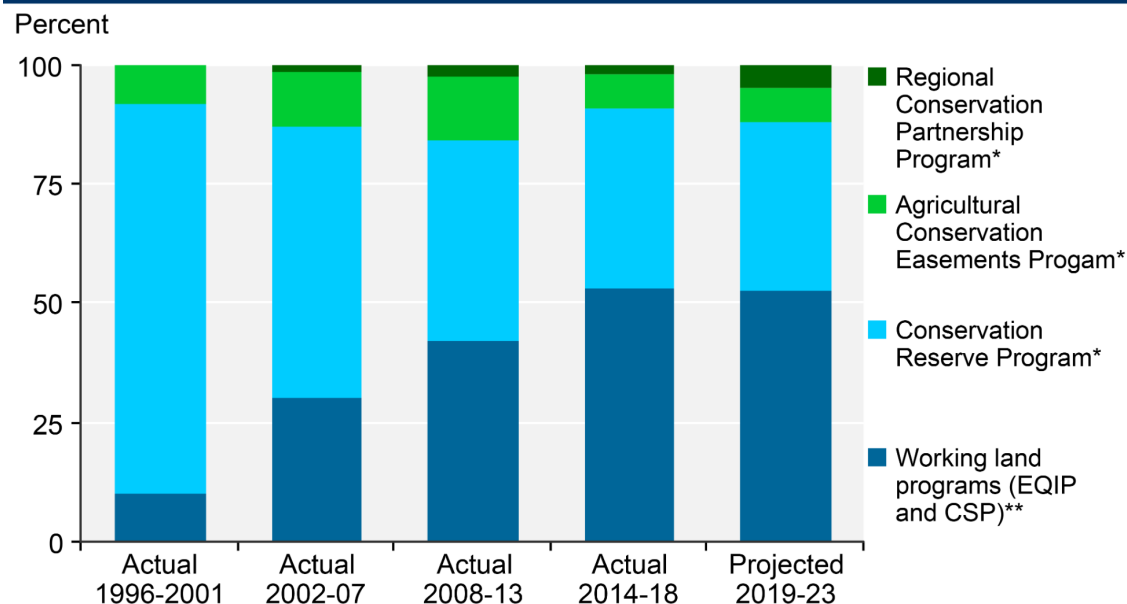
Tillage Practices for US Corn and Soybean Acres



Inflation-adjusted annual spending for major USDA conservation programs, 1996-2018, with projections to 2023 1/

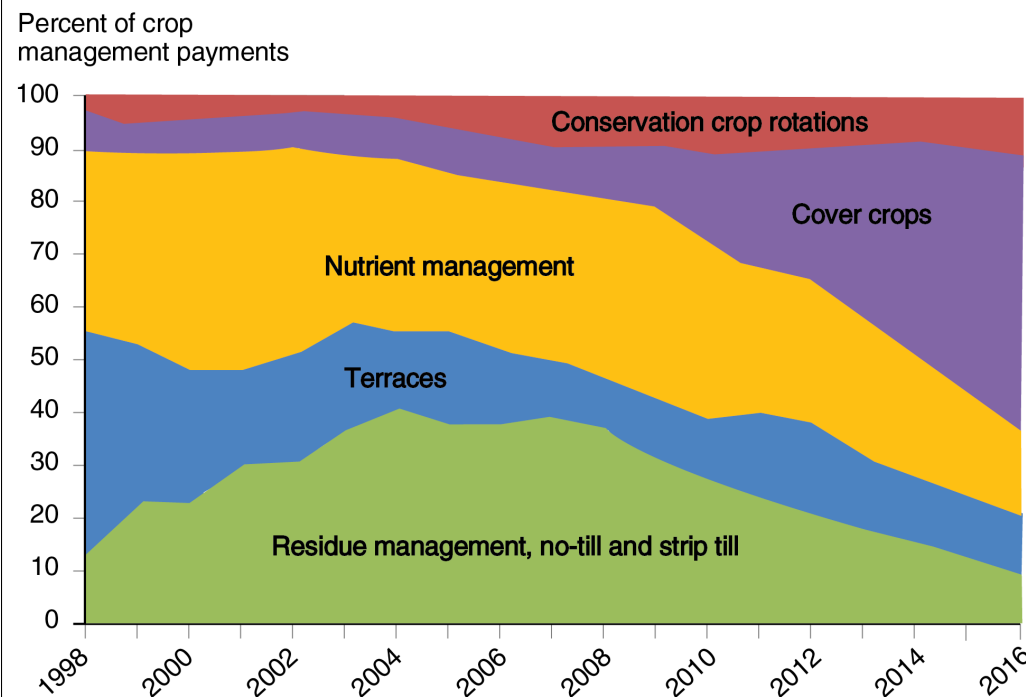


Share of conservation spending by major programs and predecessors in the 2018 and previous farm acts



USDA Conservation Spending

Share of total Environmental Quality Incentives Program (EQIP) crop management payments by crop management practice, 1998-2016



Notes: Terraces are a structural practice designed to reduce runoff and soil erosion by constructing an earth embankment or ridge that is perpendicular to a field's slope. Between 1998 and 2016, the total payments for these five practices in inflation-adjusted 2016 dollars increased from less than \$30 million per year to more than \$100 million per year.

Source: USDA, Economic Research Service using data from USDA, Natural Resources Conservation Service, EQIP practice suite payments in the United States.

<https://www.ers.usda.gov/topics/natural-resources-environment/conservation-programs/>

<https://www.ers.usda.gov/data-products/charts-of-note/charts-of-note/?topicId=63d02a40-ccda-49ee-9799-76cbd1087e65>

Crop Insurance Update

Several small changes for crop insurance that affect Processing Vegetables

Let your voice be heard! Take the 10 minute [nationwide survey to help USDA improve programs.](#)

DISMISS



Helping Farmers Address Global Food Insecurity

The pandemic and Ukraine invasion have led to supply chain disruptions, higher prices of inputs, and goods shortages in countries across the globe. USDA is adding program flexibilities, expanding options and assistance, and investing in fertilizer to help farmers address inflation and global food insecurity.

Investing in Fertilizer

USDA will begin accepting applications in the coming days through [grants.gov](#) for the Fertilizer Production Expansion Program. USDA's Rural Development (RD) is making available \$500 million to support independent, innovative and sustainable American fertilizer production to supply American farmers. Funds also will expand the manufacturing and processing of fertilizer and nutrient alternatives in the U.S. and its territories.

Announced July 12, 2022

[Investing in Fertilizer](#)

[Expanded Options and Assistance](#)

[Program Flexibilities](#)

Expanded Options and Assistance

[Crop Insurance for Double Cropping](#)

[Precision Agriculture and Nutrient Management](#)

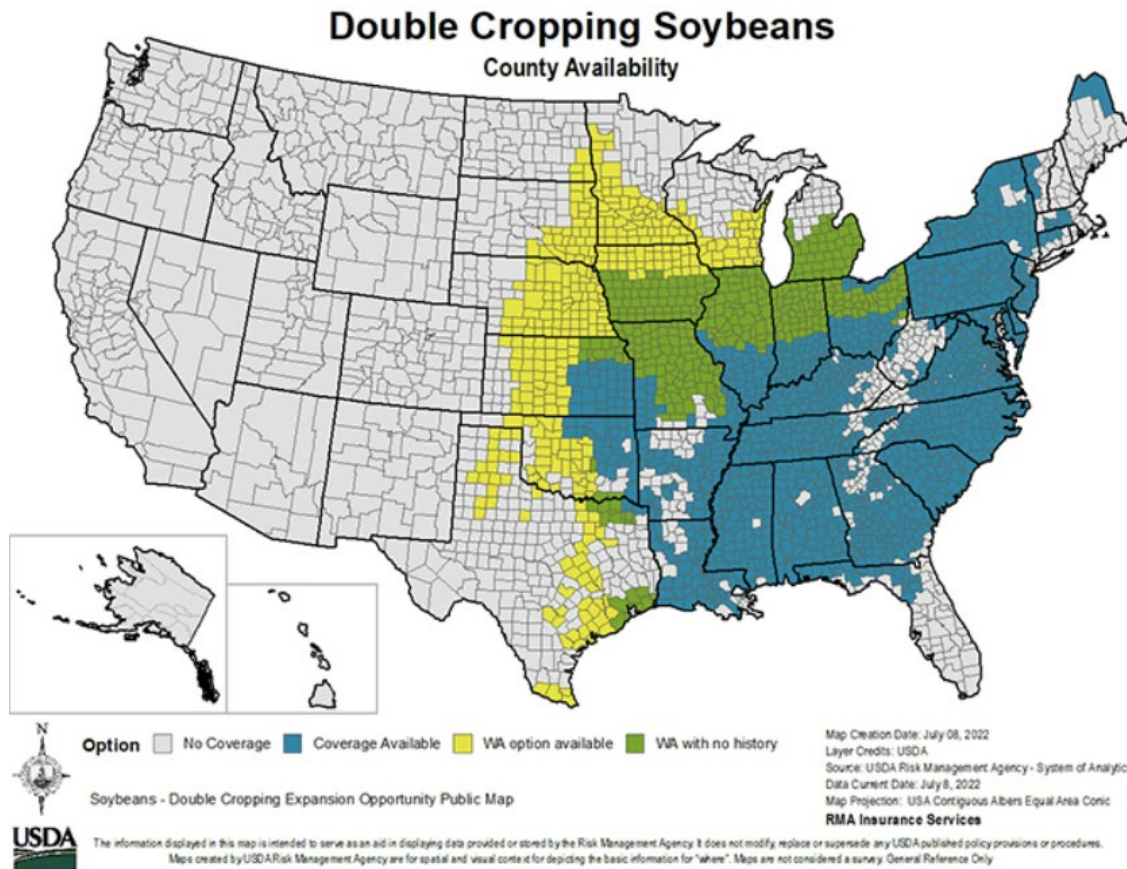
Program Flexibilities

[Conservation Reserve Program \(CRP\)](#)

[Environmental Quality Incentives Program \(EQIP\)](#) and
[Conservation Stewardship Program \(CSP\)](#)

New Soybean Double Cropping Rules for 2023

- Crop insurance coverage available
- Written Agreement, no history of soybean double cropping needed
- Written Agreement, history of soybean double cropping needed



Q There are other crops that could be double cropped in my region. Is RMA looking at crops besides grain sorghum and soybeans?

A While RMA is primarily focusing on soybeans and grain sorghum, we will continue to fine-tune these flexibilities and attempt to broaden this initiative to other commodities which are commonly double cropped. Although there have not been any specific changes to other commodities that are commonly double cropped at this time, some may already be insurable in your area. Please reach out to your regional office for additional information.

What's new for Insurance for Processing Vegetables?

- Added counties to policy availability
 - Green Peas: Added 1 county in MD, NJ, & NY
 - Processing Beans: Added 1 county in NY, OR, & PA, plus Houston in MN
 - (Processing) Sweet Corn: Added Webster county in IA
 - Potatoes: Added Iowa and Richland counties in WI
 - Dry Beans: Added several counties in TX & WA, plus Howard in IA, Clearwater and Goodhue in MN and Adams, Portage and Waupaca in WI
 - Dry Peas: Added several counties in AZ, CA, ID, plus Blue Earth, Clearwater, Faribault, and Norman in MN
- Specialty Crop Weather Index Insurance: Research contract awarded to develop policy, modeled on Rainfall Index (PRF) policy

Percent of Planted Acres Insured by Crop in 2020

Crop	United States	Wisconsin	Minnesota
Green Peas	87%	62%	105%
Processing Beans	60%	68%	---
Processing Sweet Corn	65%	43%	83%
Potatoes	72%	72%	79%
Dry Beans	91%	---	91%
Dry Peas	91%	---	---

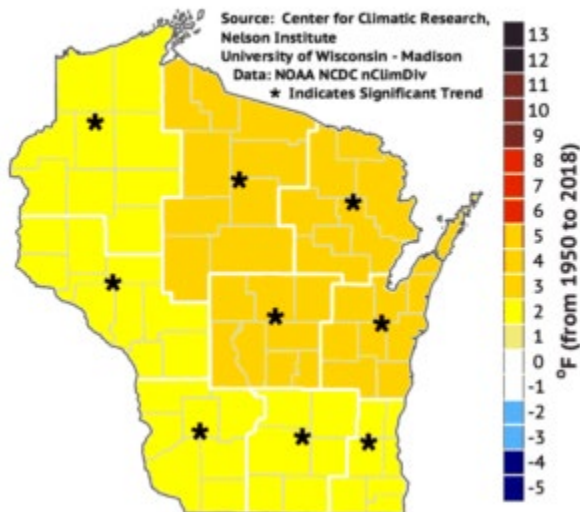
- Plenty of uninsured acres in Wisconsin, but not so much in Minnesota
- Does double cropping prevent them from insuring?
- Can find farmers willing to double crop and lose coverage for second crop

Insurance Period (“Final Harvest Date”) WI, MN, IL

- Green Peas: Sep 15 (Sep 30 if harvesting as dry peas)
- Processing Beans: Sep 20 (snap beans) and Oct 5 (lima beans)
- Processing Sweet Corn: was Sep 20, now Sep 30
- **Climate Change: Expect to do more crop insurance date changes**

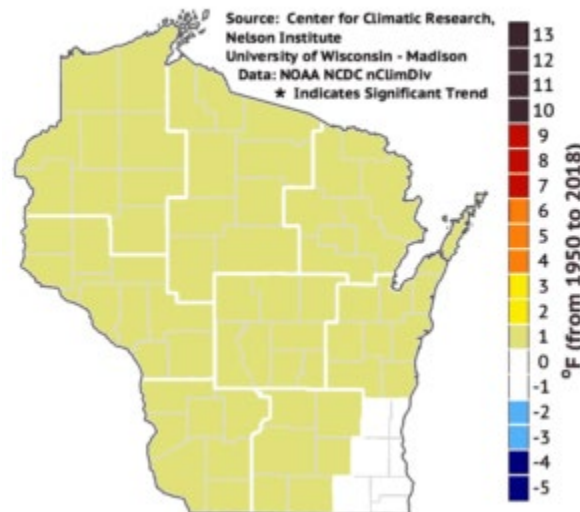
Summer night +2-3°

Historical Change in JJA TMIN
from 1950 to 2018



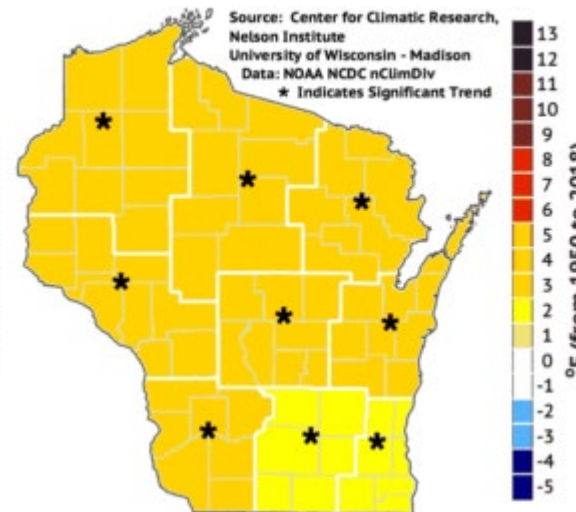
Summer day +1°

Historical Change in JJA TMAX
from 1950 to 2018



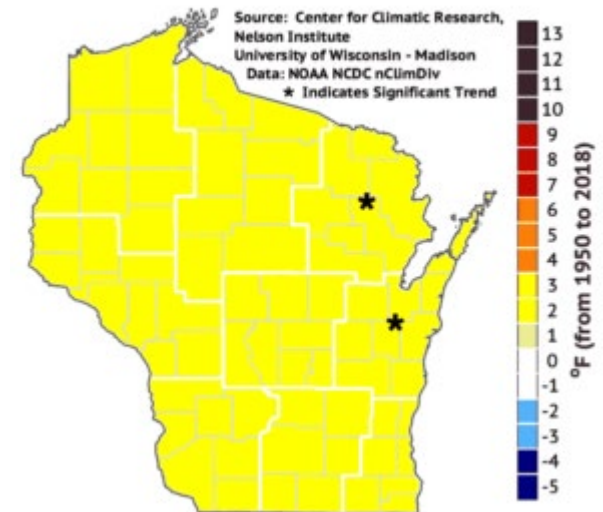
Fall night +2-4°

Historical Change in SON TMIN
from 1950 to 2018

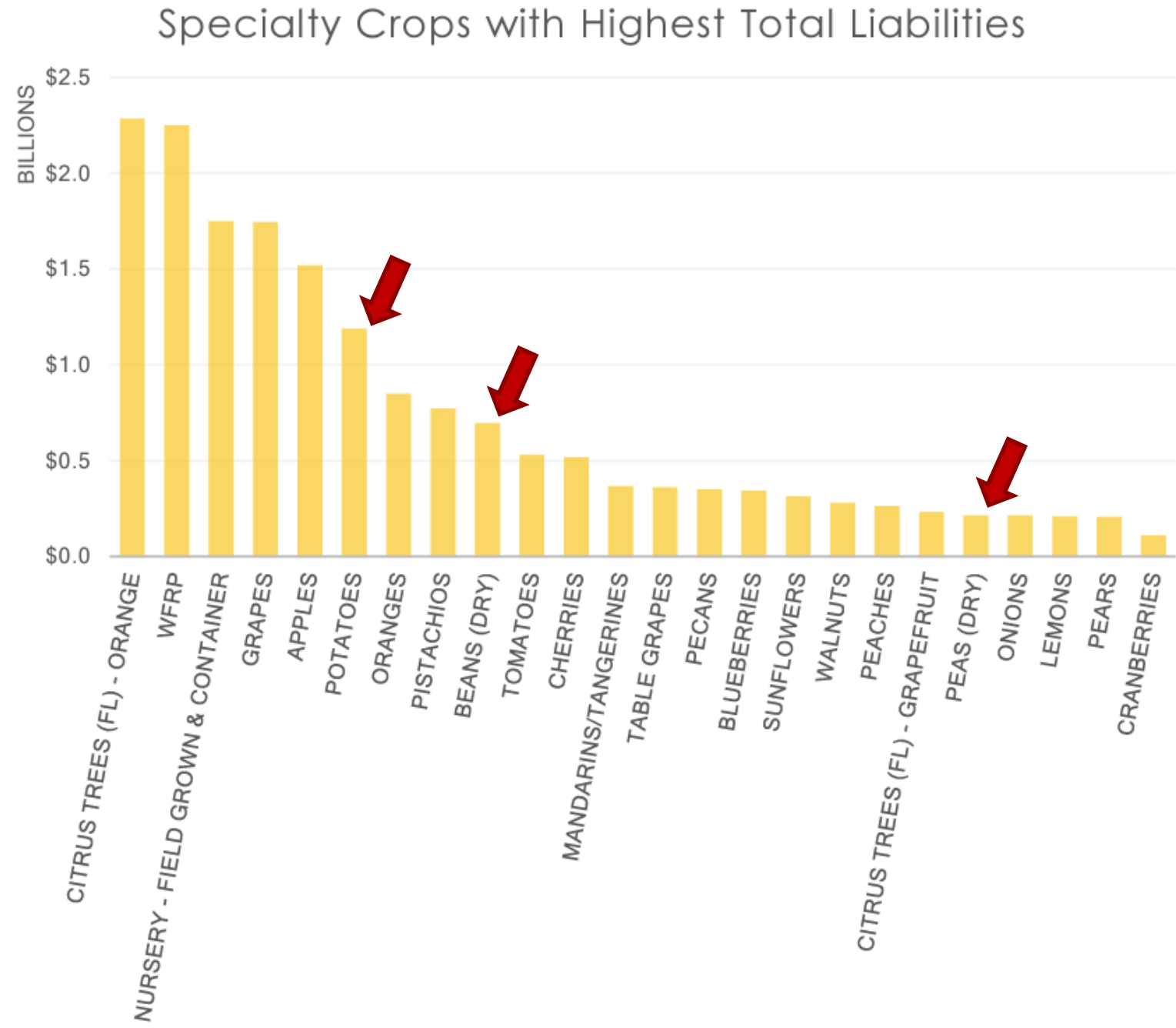


Fall day +2-3°

Historical Change in SON TMAX
from 1950 to 2018



Midwestern
processing
crops not that
economically
important for
crop insurance



Summary

- Expect 2023 Farm Bill to have a renewed focus on Conservation Programs
 - Voluntary production practice adoption for working lands
 - Stagnant programs, need to improve soil erosion and nutrient management
 - Rebranding: Climate Smart Agriculture = Regenerative Agriculture = Resiliency = Sustainability = BMP Adoption
- Crop Insurance
- Made insurance coverage for double-cropped soybeans easier
 - Why not processing vegetables?
- Increased season length for Sweet Corn by 10 days
- Due to climate change and global uncertainty, more efforts to add processing vegetables to double cropping options and to change insurance dates

Questions? Comments?

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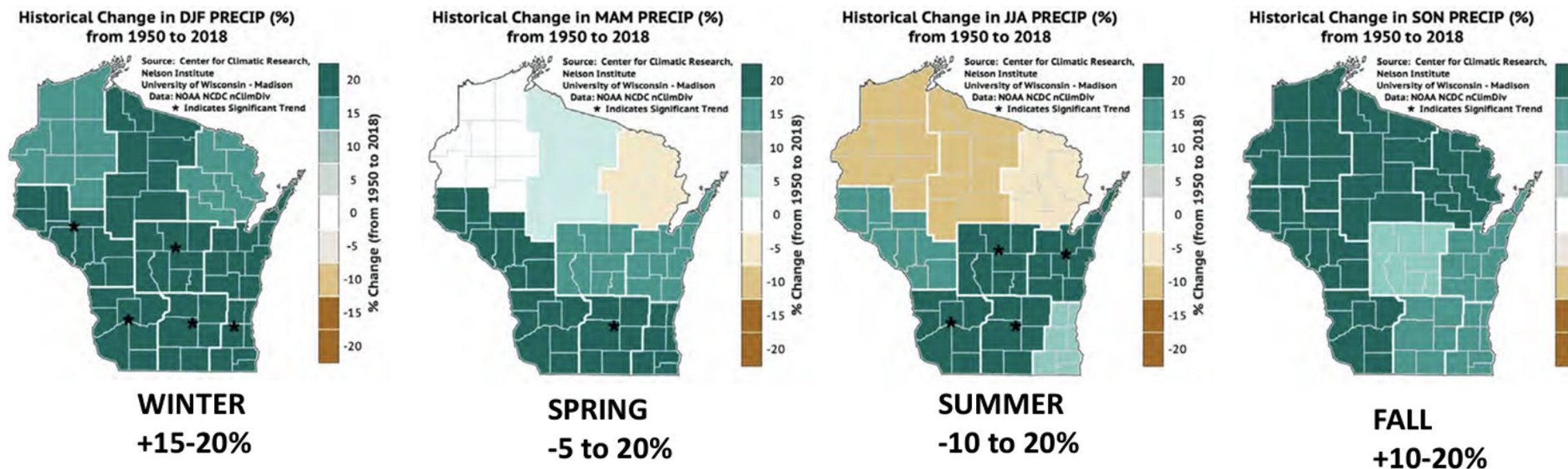
- Registration opens today (\$50)
- Livestream on YouTube: Free
- <https://renk.aae.wisc.edu/2023-agricultural-outlook-forum/>
- Jeremy Beach jpbearch@wisc.edu



Seasonal Precipitation Trends 1950-2018

Chris Kucharik https://renk.aae.wisc.edu/wp-content/uploads/sites/2/2022/01/Kucharik_Chris.pdf

Substantial increased across southern WI for whole year



Wisconsin Initiative on Climate Change Impacts

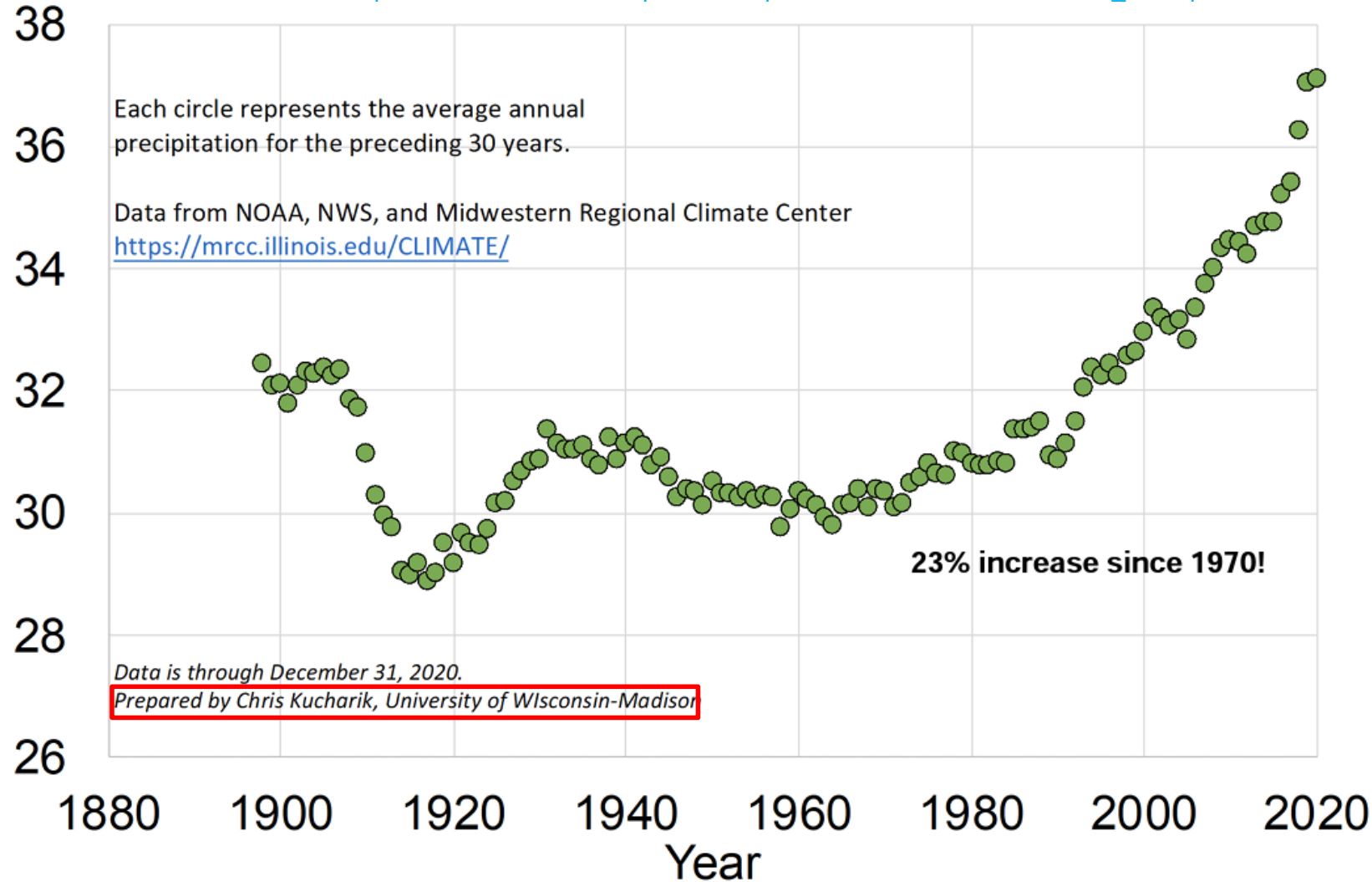
Nelson Institute for Environmental Studies | Wisconsin Department of Natural Resources

<https://wicci.wisc.edu/wisconsin-climate-trends-and-projections/>

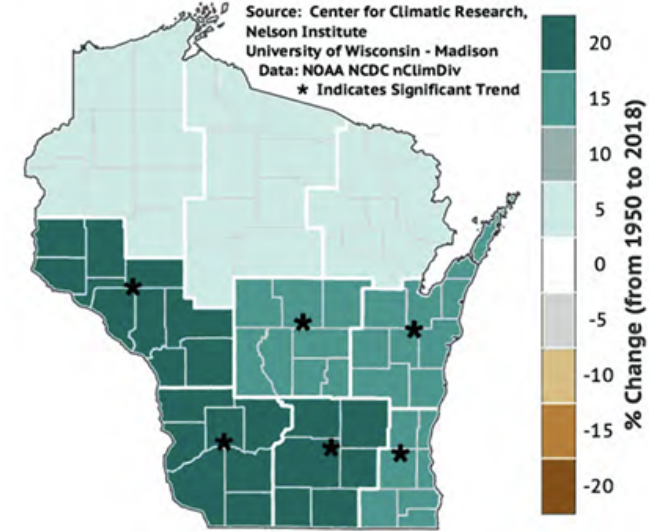
Madison Annual Precipitation Trend

Chris Kucharik https://renk.aae.wisc.edu/wp-content/uploads/sites/2/2022/01/Kucharik_Chris.pdf

30-year Annual Ave Precipitation (inches)



Historical Change in Annual PRECIP (%) from 1950 to 2018



Top 10 wettest years In Madison all-time

- #2 – 2018 (50.64")
- #5 – 2019 (46.39")
- #6 – 2016 (45.56")
- #7 – 2013 (45.38")
- #8 – 2007 (44.41")
- #9 – 2008 (44.06")
- #10 – 1993 (43.34")

2021: 22.82", 13th driest ever since 1869