



More Than One Big Beautiful Impact for Agriculture

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One Big Beautiful Bill and Agriculture Commodity Programs

- **PLC**

- **Statutory reference prices increased 10-21%**
 - Will increase 0.5%/year after 2030
- **Effective reference price formula for PLC increased from 85% to 88% of Olympic average**

- **ARC**

- **Guarantee increased from 86% to 90% of benchmark revenue**
- **Max payment increased from 10% to 12% of benchmark revenue**

- **ARC v PLC**

- **Higher of ARC-CO or PLC payment for 2025, annual decision beginning again in 2026**

- **Loan rates**

- **Loan rates increased 6-10%**

- **Base acreage**

- **May add base acres tied to 5-year average planted/prevent planted acres from 2019-2023 minus 2024 base acres**
 - **Limit of 30 million acres nationally, so proration likely**
- **Existing base acres remain fixed**
- **Existing payment yields remain fixed – rules for payment yield on any new crop not in current base**

- **Other commodity provisions**

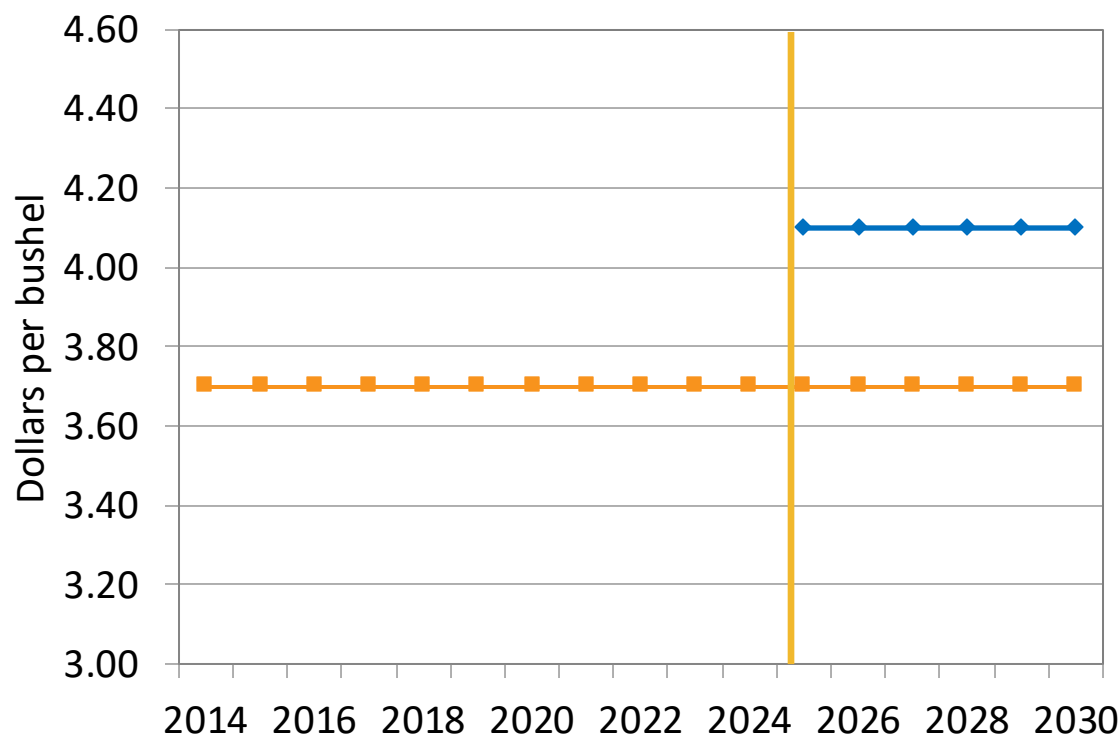
- **Dairy and sugar provisions increased**
- **Disaster assistance support increased for LFP, LIP, ELAP, and TIP**
- **Payment limit increased to \$155K and exemption for pass-through entities**



Corn reference prices

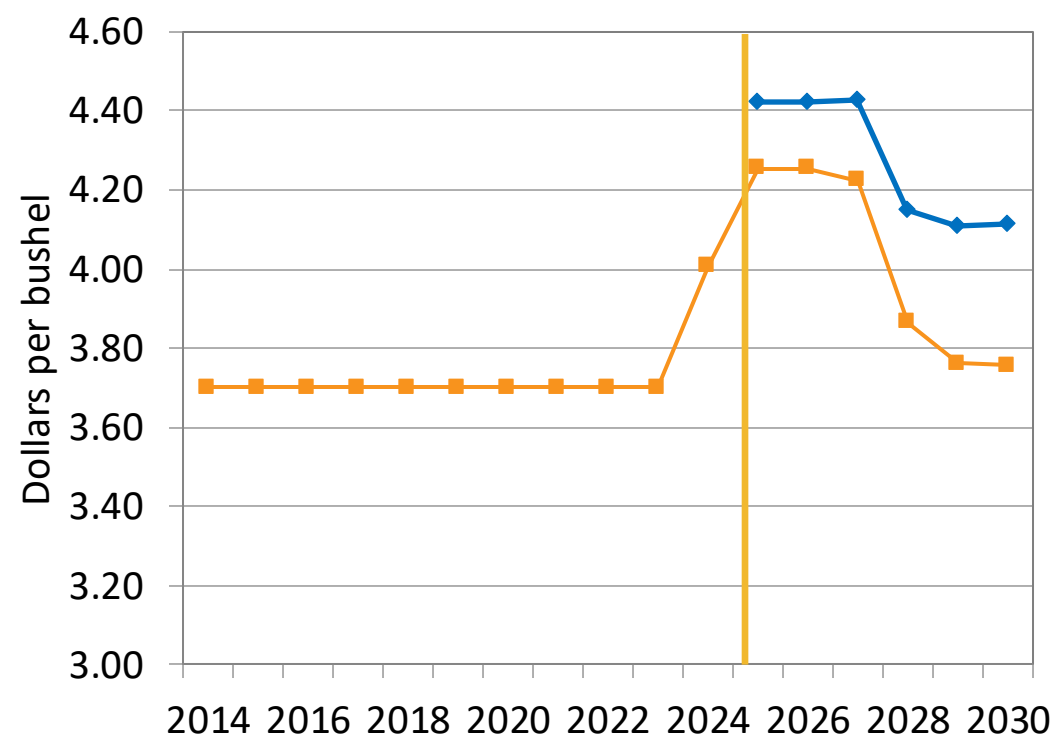
Credit: Pat Westhoff, Food and Agricultural Policy Research
Institute, University of Missouri-Columbia, August 2025

Statutory reference prices



2014 & 2018 farm bills OBBB

Effective reference prices



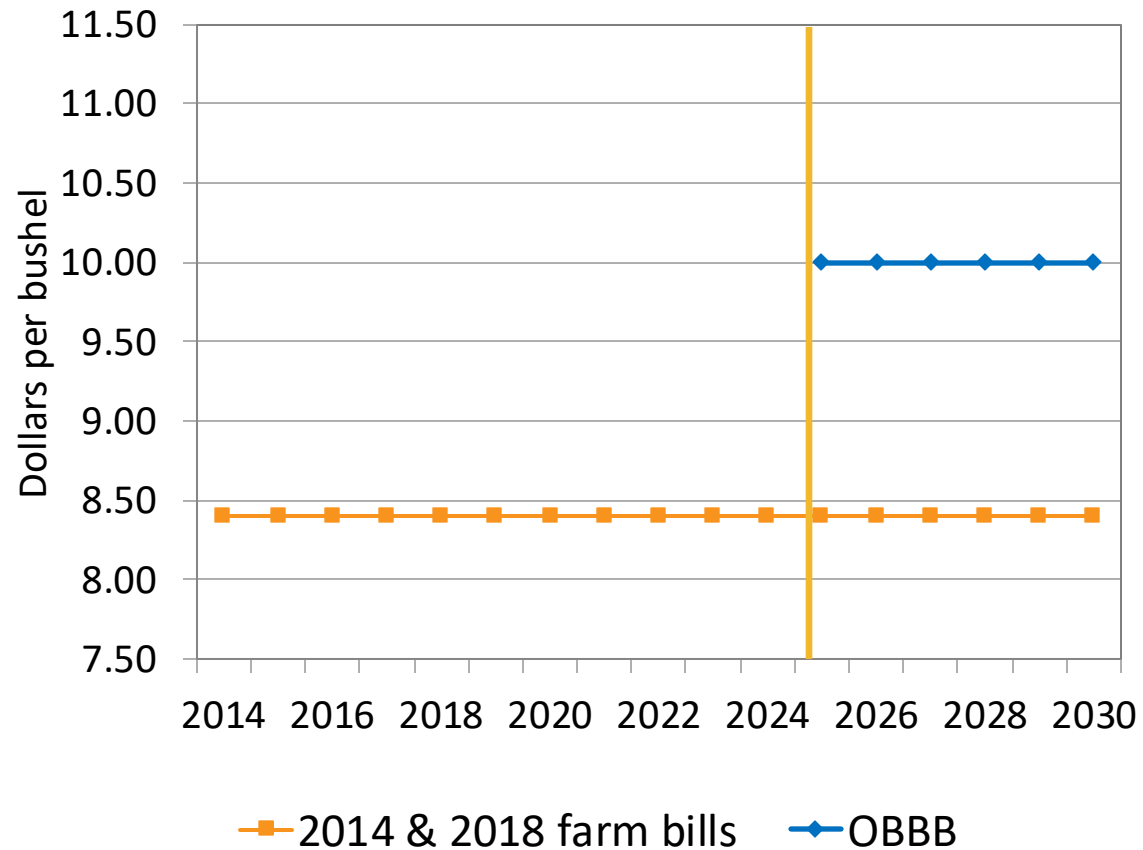
2014 & 2018 farm bills OBBB

Sources: FAPRI 2025 baseline and unpublished analysis of the One Big Beautiful Bill Act.
Note: Figures in this and subsequent slides represent means of 500 outcomes.

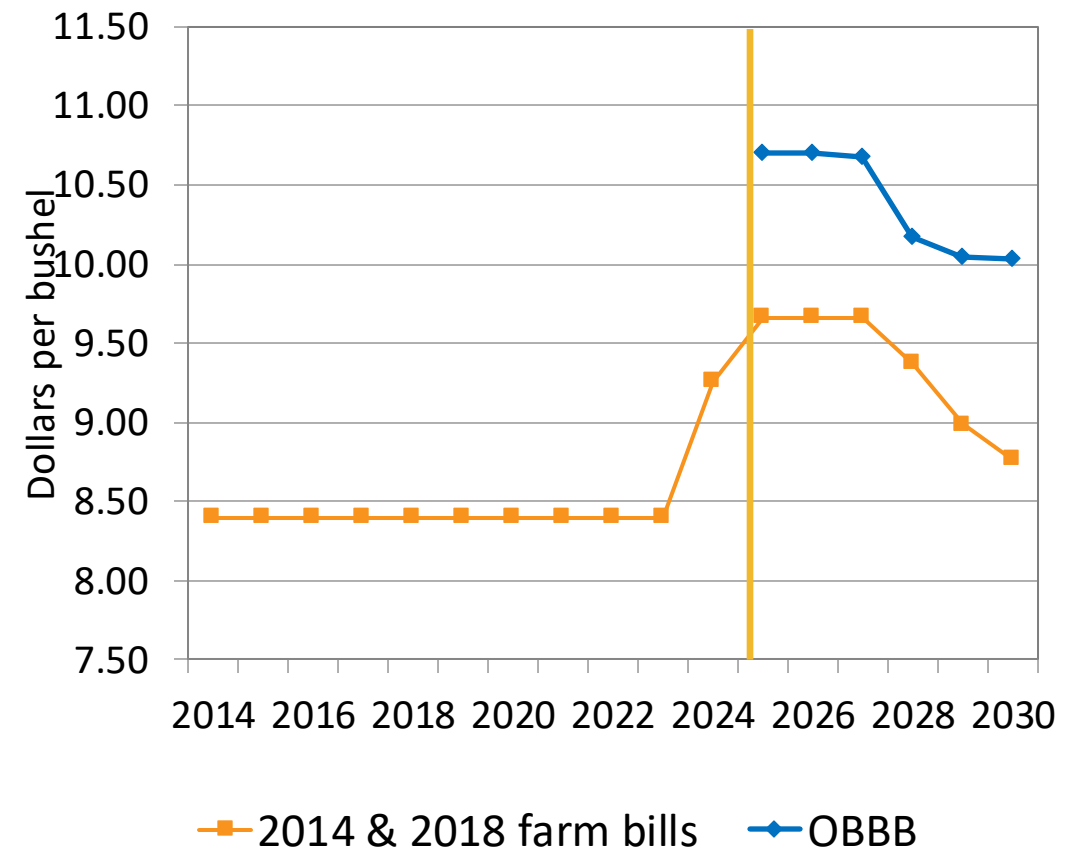
Soybean reference prices

Credit: Pat Westhoff, Food and Agricultural Policy Research
Institute, University of Missouri-Columbia, August 2025

Statutory reference prices



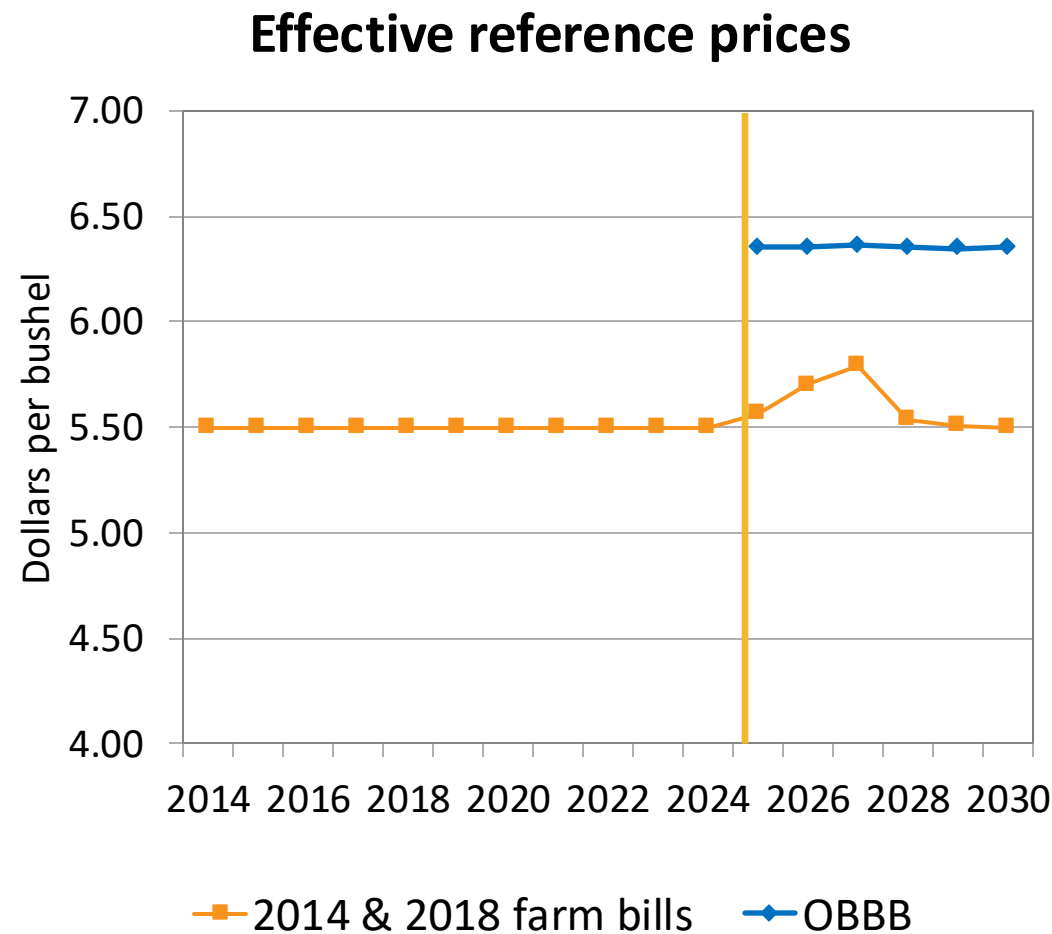
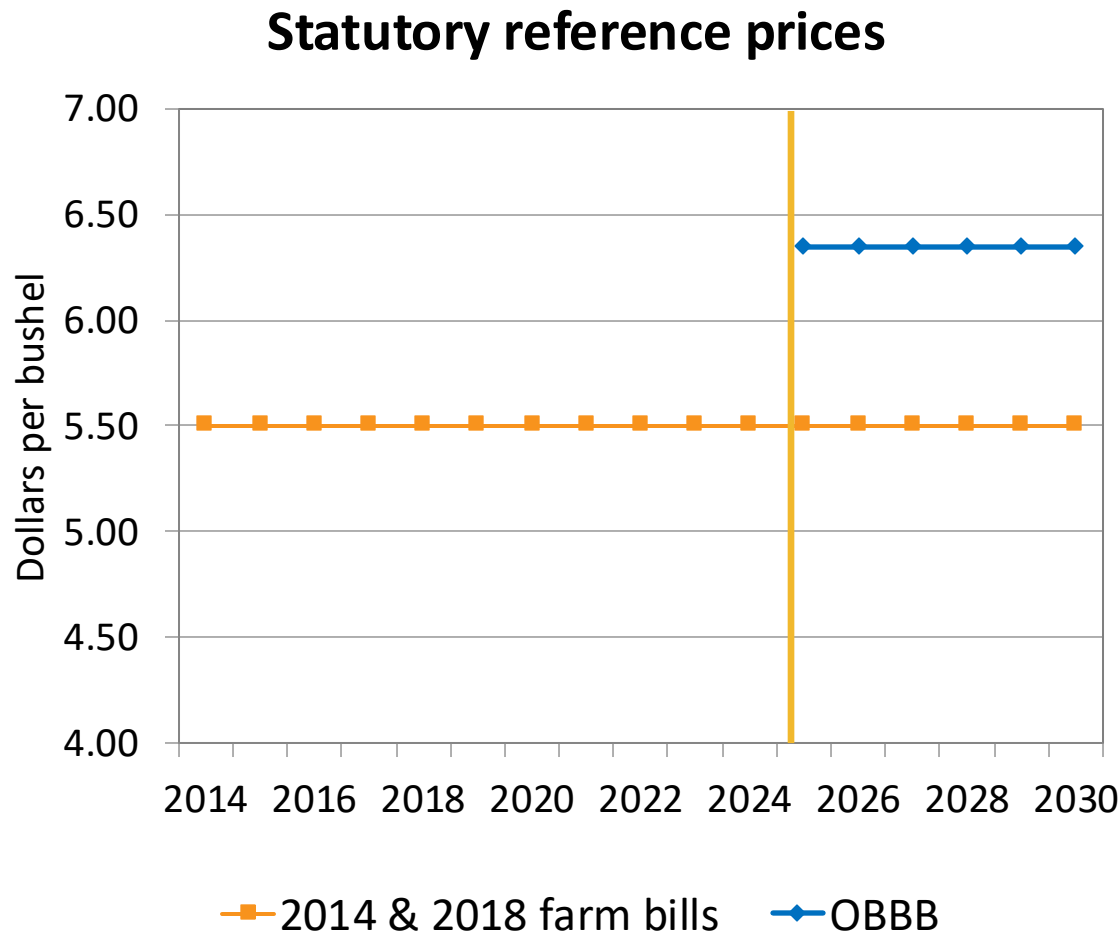
Effective reference prices



Sources: FAPRI 2025 baseline and unpublished analysis of the One Big Beautiful Bill Act

Wheat reference prices

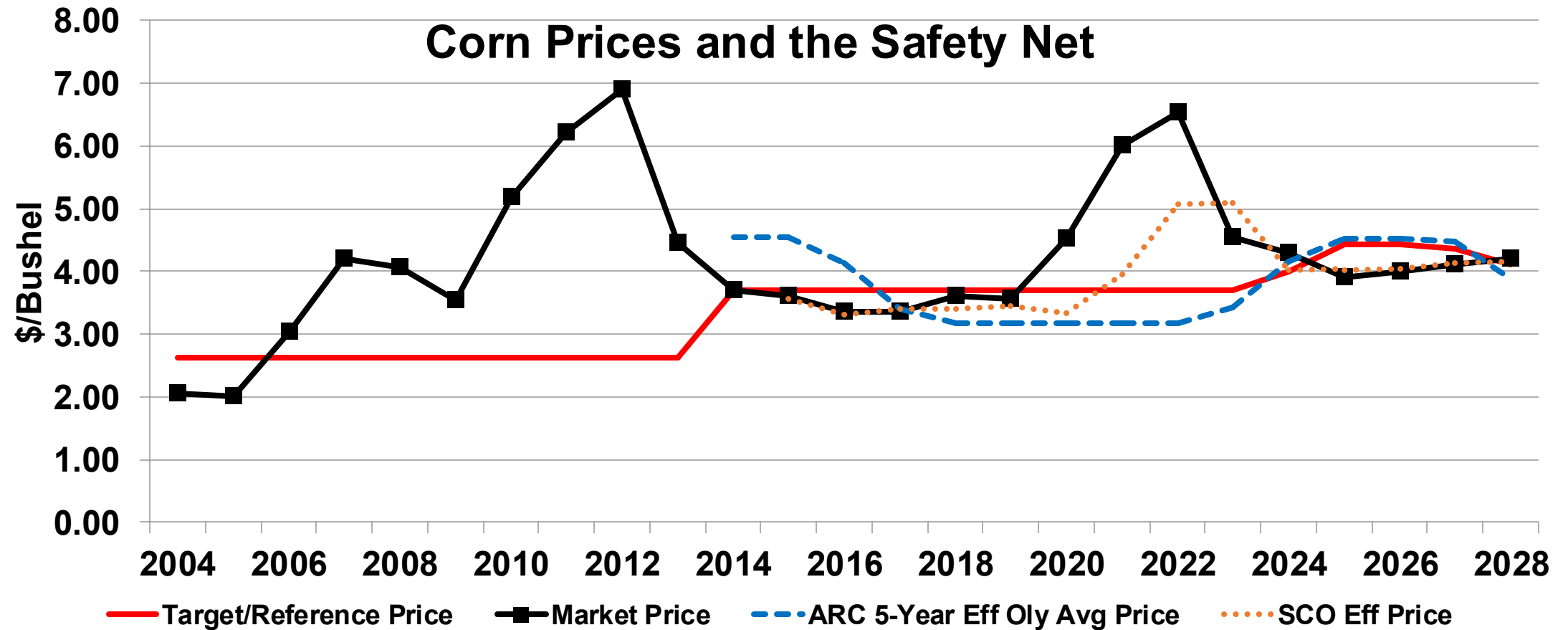
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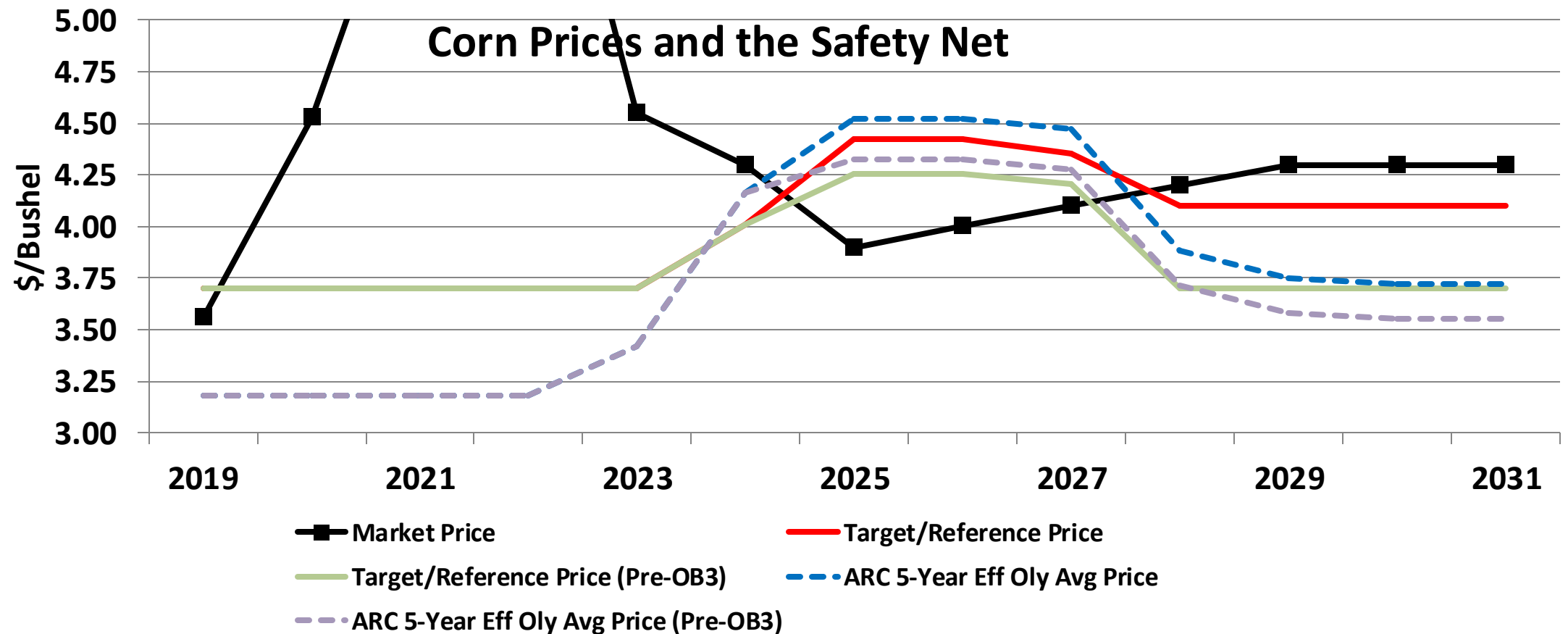
Farm Bill Decisions and Outlook



Note: Prices and projections through 2025 from USDA-NASS, USDA-WAOB, and USDA-FSA as of August 2025. Price projections for 2026-2028 from USDA-OCE as of February 2025.



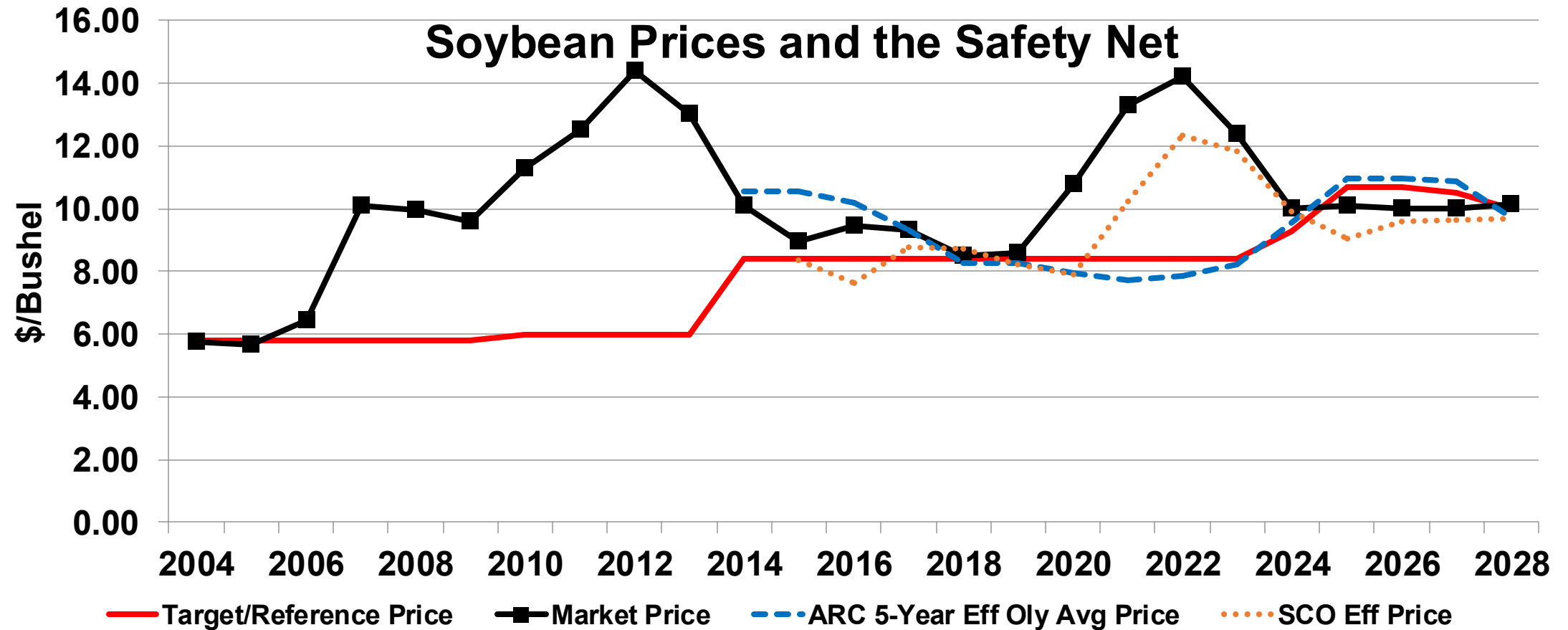
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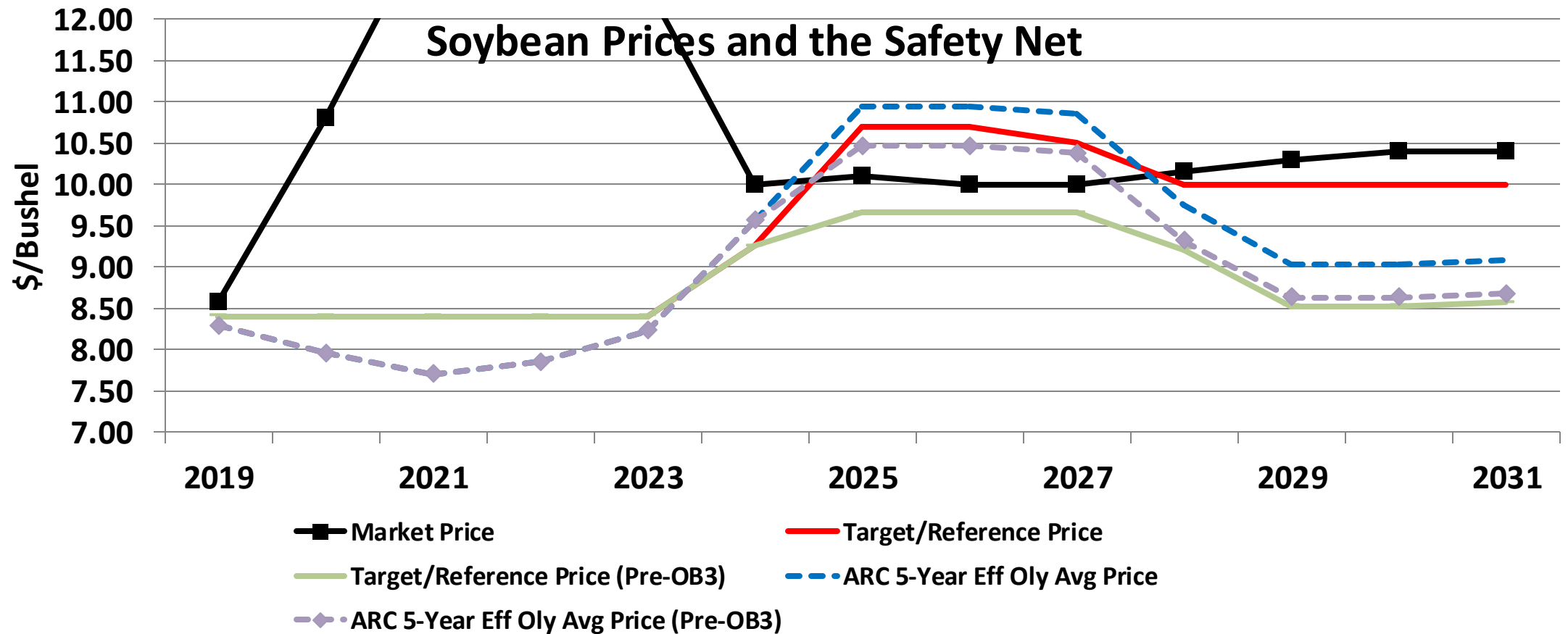
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Comparing Safety Nets

PLC and the 2025 Crop (Paid in 2026)

	June			July			August		
Commodity	Effective Reference Price	Projected Market Price	Projected PLC Payment Rate	Effective Reference Price	Projected Market Price	Projected PLC Payment Rate	Effective Reference Price	Projected Market Price	Projected PLC Payment Rate
Corn	\$4.26	\$4.20	\$0.06	\$4.42	\$4.20	\$0.22	\$4.42	\$3.90	\$0.52
Grain Sorghum	4.51	4.00	\$0.51	4.67	4.00	\$0.67	4.67	3.70	\$0.97
Soybeans	9.66	10.25	\$0.00	10.71	10.10	\$0.61	10.71	10.10	\$0.61
Wheat	5.56	5.40	\$0.16	6.36	5.40	\$0.96	6.36	5.30	\$1.06

Notes: Calculations based on assumption of full enrollment in PLC, a conservative estimate given rule to pay larger of ARC-CO or PLC for the 2025 crop year. June projections based on existing farm program parameters and projected prices from USDA-WAOB and USDA-FSA as of June 2025. July projections based on OB3 farm program parameters and projected prices from USDA-WAOB and USDA-FSA as of July 2025. August projections based on OB3 farm program parameters and projected prices from USDA-WAOB and USDA-FSA as of August 2025. Projections subject to change before payments would be due in October 2026.



Comparing Safety Nets

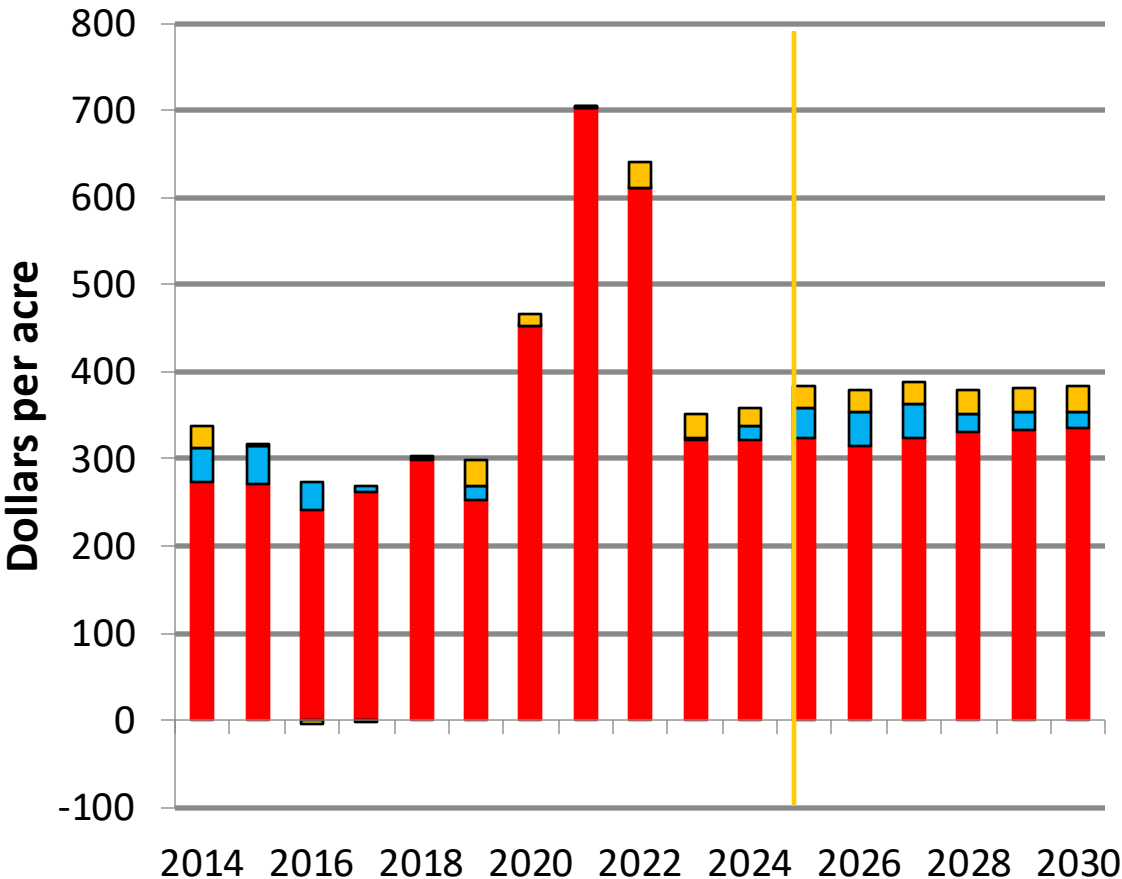
PLC and the 2025 Crop (Paid in 2026)

Commodity	Base Acres	Weighted Average PLC Payment Yield (bus/ac)	Projected PLC Payment Rate (\$/bus)			Projected PLC Payments		
			June	July	August	June	July	August
Corn	10,376,522	154.9	\$0.06	\$0.22	\$0.52	\$81,970,303	\$300,557,779	\$710,409,296
Grain Sorghum	524,693	77.9	0.51	0.67	0.97	17,717,175	23,275,504	33,697,372
Soybeans	3,045,505	46.8	0.00	0.61	0.61	0	73,918,704	73,918,704
Wheat	1,854,976	41.8	0.16	0.96	1.06	10,535,913	63,215,479	69,800,425
4-Crop Total	15,800,697	-	-	-	-	\$110,223,392	\$460,967,467	\$887,825,797

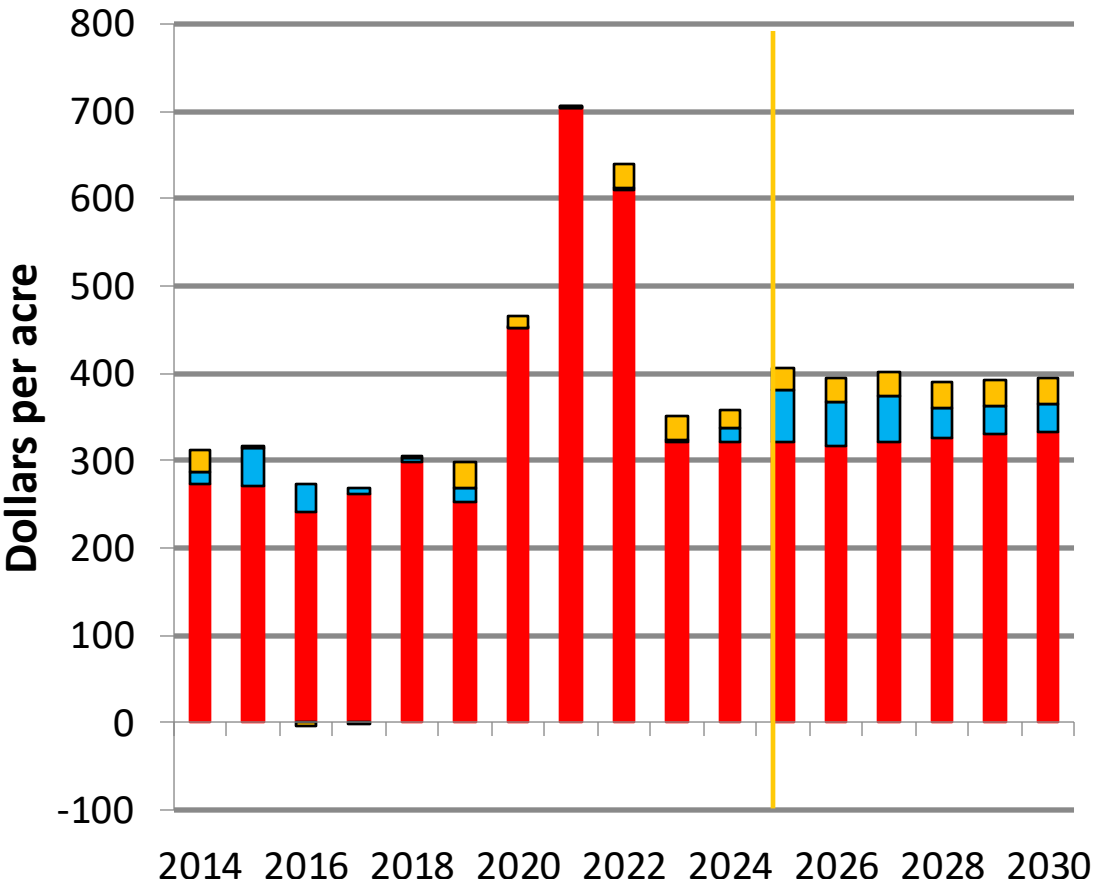
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Corn net returns and government programs

Under 2014 and 2018 farm bills



Under OBBA



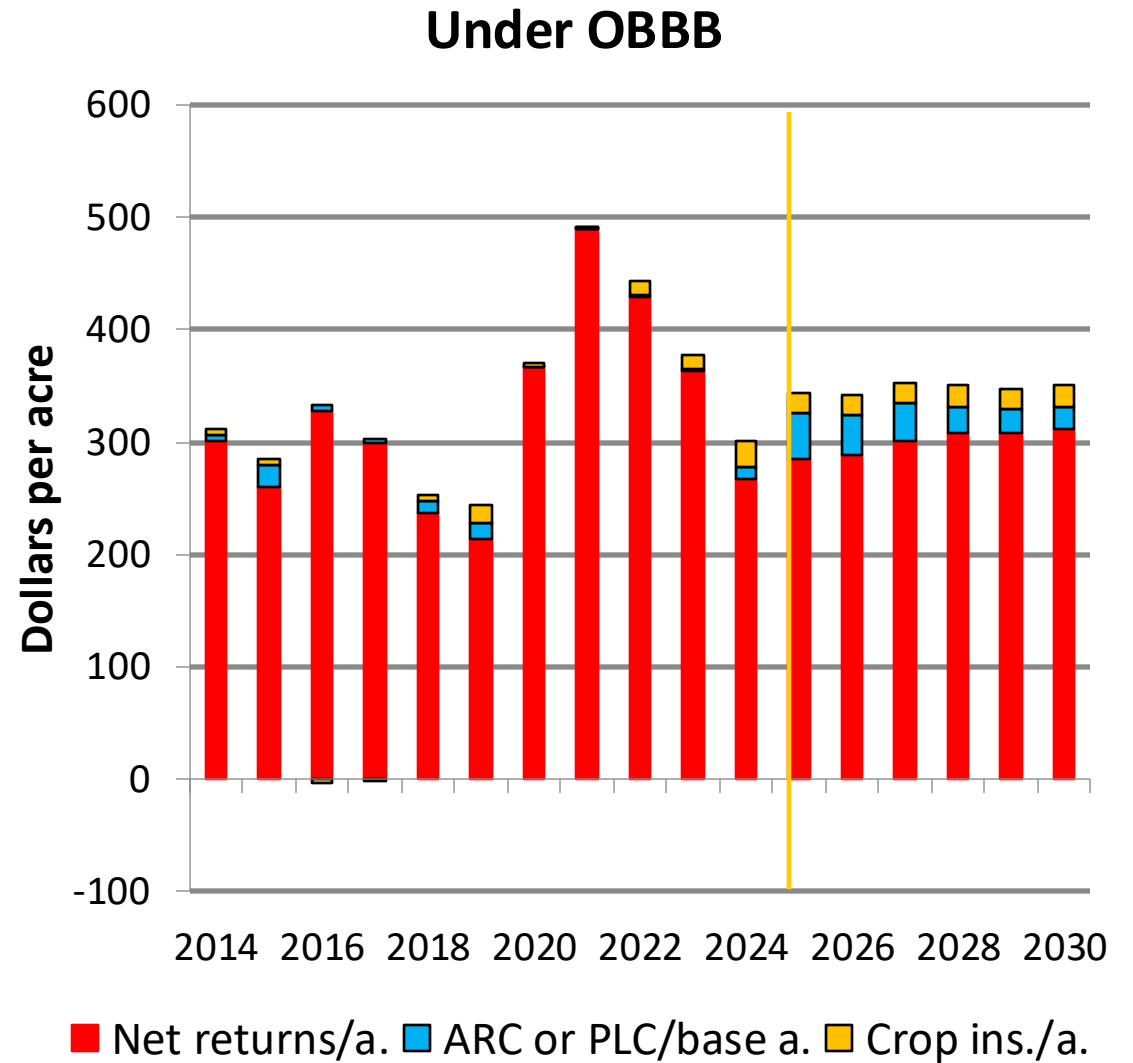
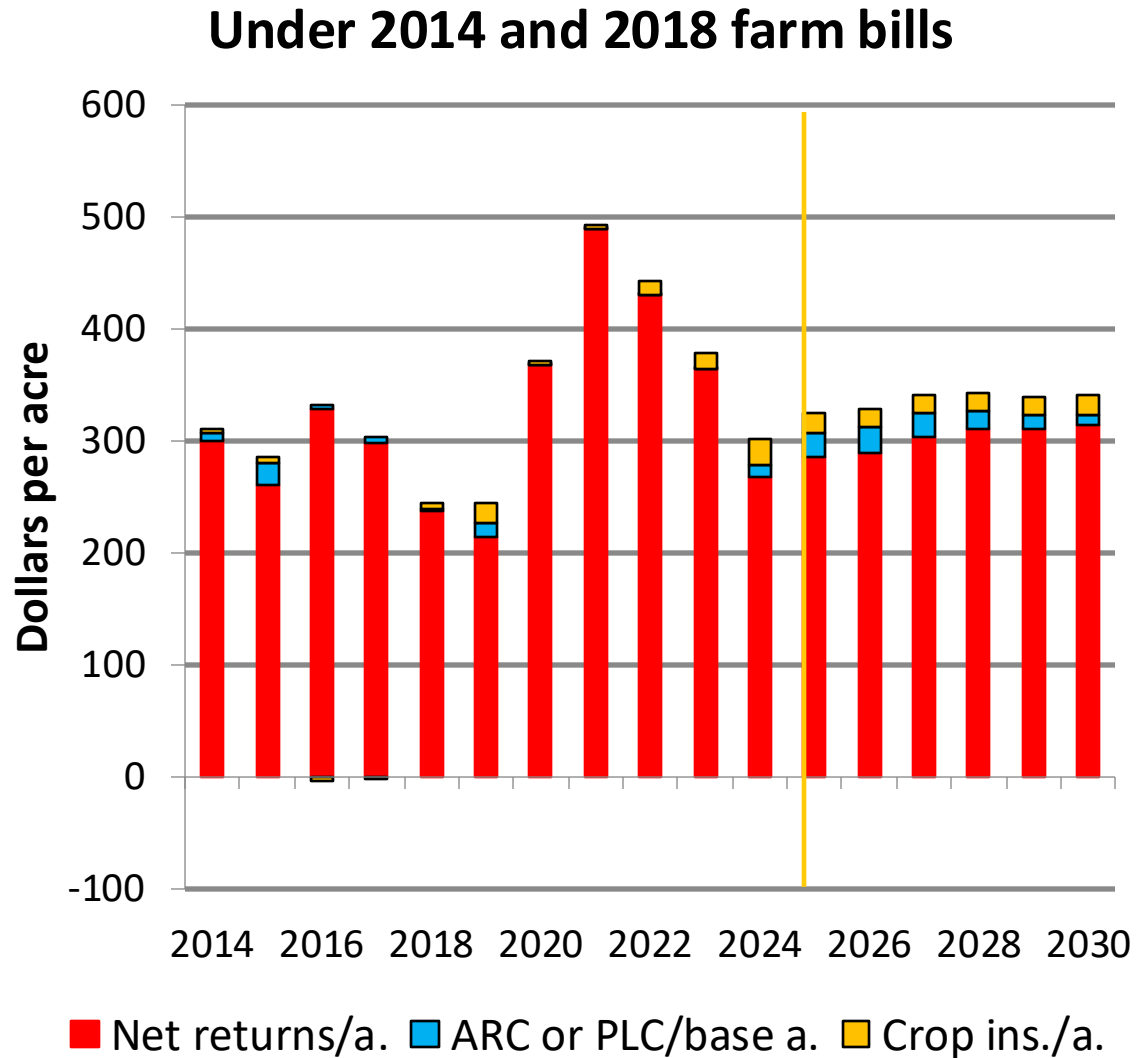
■ Net returns/a. ■ ARC or PLC/base a. ■ Crop ins./a.

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Sources: FAPRI 2025 baseline and unpublished analysis of the One Big Beautiful Bill Act

Notes: Net returns = Price * Yield – Variable costs; ARC & PLC payments are on a per-base acre basis, weighted by participation rates; crop insurance benefits are net indemnities (total indemnities minus producer-paid premiums)

Soybean net returns and government programs



Sources: FAPRI 2025 baseline and unpublished analysis of the One Big Beautiful Bill Act



One Big Beautiful Bill and Agriculture

Crop Insurance and Other Provisions

Crop Insurance

- **Buy-up policies**
 - Premium support increased 3-5 percentage points
- **SCO**
 - Coverage level increased from 86% to 90%
 - Premium support rate increased from 65% to 80%
- **Beginning farmer incentives**
 - Eligibility extended from 5 to 10 years
 - Premium support increased in years 1-4

Other Significant Provisions

- **Conservation**
 - IRA funding shifted to long-term baseline funding – reduced current spending
- **Other farm bill program increases**
 - Trade promotion
 - Research
 - Animal disease management
- **Nutrition assistance reduced significantly**
 - Benefit rates and updates
 - Eligibility rules and requirements
 - Cost-share
- **Tax provisions affecting ag**
- **Renewable energy provisions affecting ag**





One Big Beautiful Bill and Agriculture

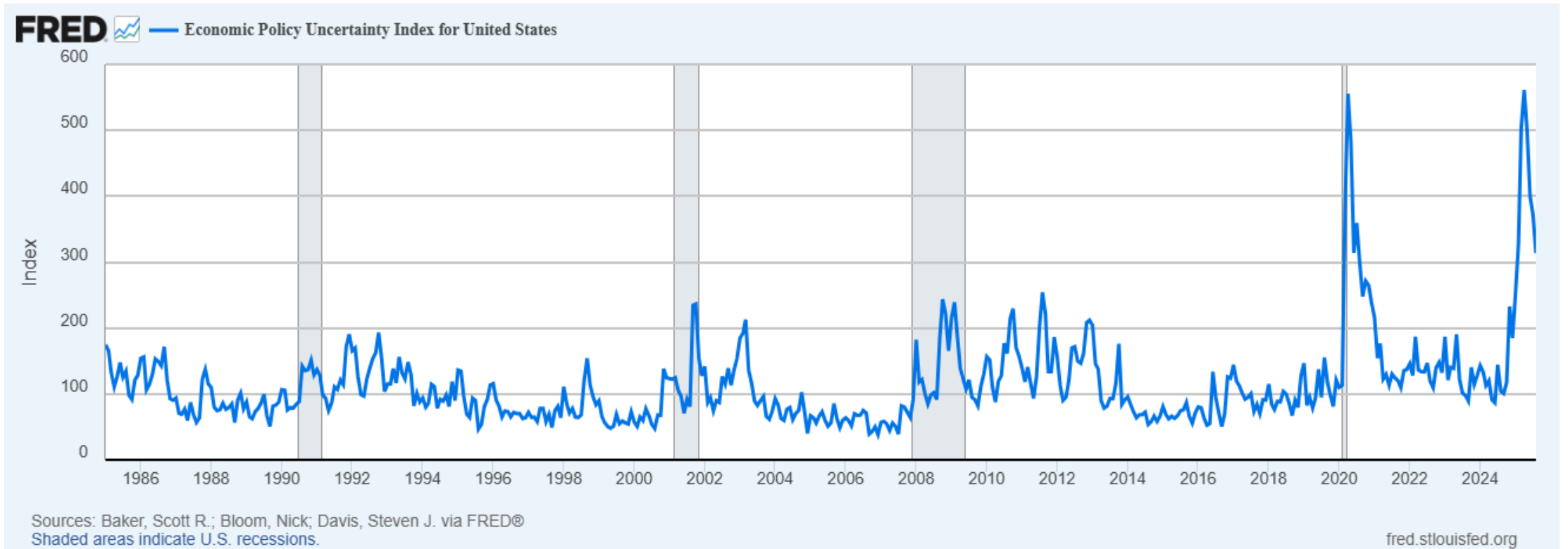
Issues Not Covered in the Act

- **Ad hoc Disaster Assistance**
 - **Current programs on-going**
- **Extension of 2018 Farm Bill still set to expire on September 30**
 - **Permanent price support provisions**
 - **Authorization for some mandatory programs and for discretionary programs**
 - **CRP**
 - **Research, rural development, etc.**
- **Trade Policy**
- **Energy Policy**
- **Etc.**





Economic Policy Uncertainty



* Monthly index, based on newspaper, tax code, and economic forecast uncertainty, accessed on August 20, 2025.



Producer Decisions Under OB3

Farm Program/Crop Insurance Considerations

- **For 2025**
 - **No decision necessary – payment will be higher of PLC or ARC-CO**
- **For 2026**
 - **Additional base acre enrollment (nothing to decide except to do it)**
 - **ARC v. PLC annual decision under higher support levels and lower projected prices**
 - **Crop insurance support also higher, particularly for SCO**
 - **No ARC restriction on SCO purchase**
 - **Managing farm program, crop insurance, marketing, and production decisions should be part of integrated risk management strategy**





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