

# Agricultural Economics

## Blog

[Home](#)  
[Bloggers](#)  
[Economic Development](#)  
[Environment](#)  
[Management & Marketing](#)  
[Agricultural Policy](#)



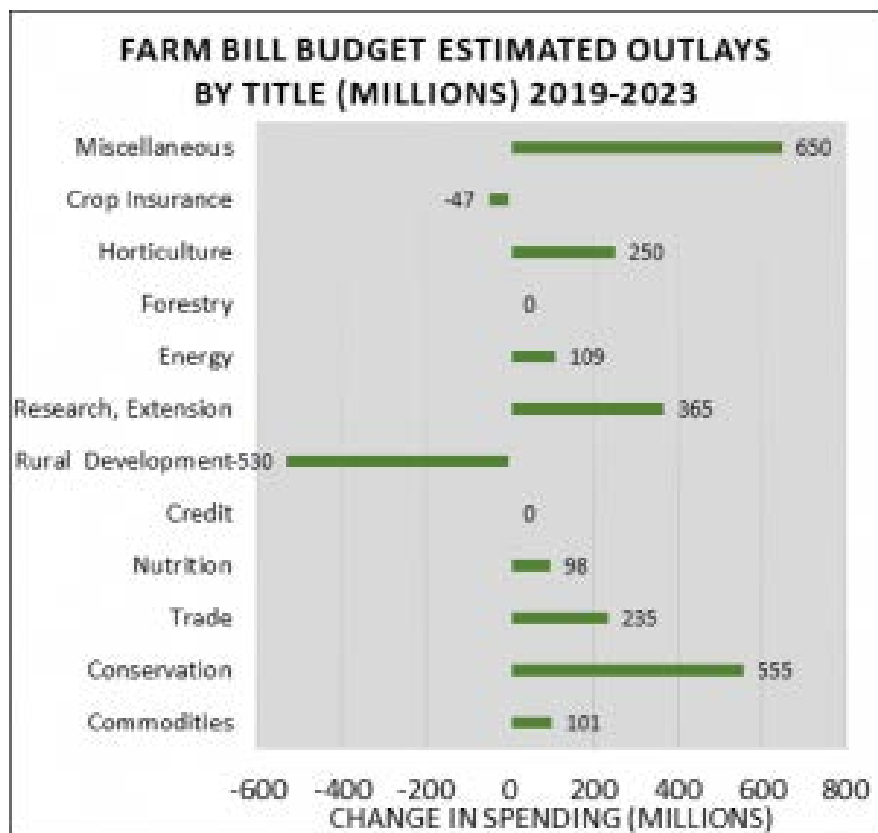
## A First Look at the 2018 Farm Bill

Posted on [December 17, 2018](#) by [Keith Coble](#)

So we have a new Farm Bill if, as all signs suggest, the President signs the new legislation. The bill is estimated to cost \$428 billion over the next 5 years and \$867 over the next 10 years according to the

Congressional Budget Office (CBO). Over 76% of the cost is estimated to be for the Nutrition title of the bill. CBO estimates the bill will spend about \$1.5 billion more than continuing existing legislation. This is in contrast to the \$23 billion cut in the last Farm Bill.

The largest cut occurred in the Rural Development title by tightening some Rural Utility Services programs. The Miscellaneous title has the greatest increase among the various titles, and contained funding for an animal disease vaccine bank, funding for feral hog eradication and Beginning farmer assistance.



### Commodity Programs

Farmers will be allowed to switch between the Agriculture Risk Coverage and Price Loss Coverage programs starting in 2019 and again in 2021, 2022 and 2023.

Payment limits remain at \$125,000 and AGI limit at \$900,000.

Expands program payments to nieces, nephews, and cousins.

Suspends ARC and PLC payments on land entirely in grass or pasture since 2009

### Agricultural Risk Coverage (ARC)

ARC-County guarantee will be:

- Trend adjusted
- Increased by substituting “transitional” T-yield of 80 percent of the county T-yield – up from 70 percent.

Will use RMA data and create separate dryland and irrigated yield for each counties

### Price Loss Coverage (PLC)

One time update of PLC payment yields = 90% of 2013-2017 ( not allowed to change more than 10% from the 2008-2012 national average)

Payment = 85% x Base acres x base yield x [Reference price – maximum of loan rate or Market Year Average

(MYA) price]

Cotton is now eligible through seed cotton program

Reference prices are unchanged but may rise if market prices rise over time by up to 15%

<b><u>Commodity</u></b>	<b><u>Units</u></b>	<b><u>PLC Reference Price</u></b>	<b><u>Maximum Effective Reference Price</u></b>
<b>Corn</b>	bu.	\$3.70	\$4.26
<b>Grain Sorghum</b>	bu.	\$3.95	\$4.54
<b>Peanuts</b>	ton	\$535.00	\$615.25
<b>Rice</b>	cwt.	\$14.00	\$16.10
<b>Seed Cotton</b>	lb.	\$0.367	\$0.422
<b>Soybeans</b>	bu.	\$8.40	\$9.66
<b>Wheat</b>	bu.	\$5.50	\$6.33

## Loan Programs

Programs are largely unchanged except loan rates are increased as follows:

<b><u>Commodity</u></b>	<b><u>2014 Farm Bill</u></b>	<b><u>2018 Farm Bill</u></b>
<b>Corn</b>	\$1.95/bu	\$2.20/bu
<b>Cotton (ELS)</b>	\$0.7977/lb	\$0.95/lb
<b>Cotton (Upland)</b>	\$0.45 - \$0.52/lb	\$0.45 - \$0.52/lb
<b>Grain Sorghum</b>	\$1.95/bu	\$2.20/bu
<b>Peanuts</b>	\$0.1775/lb	\$0.1775/lb
<b>Rice</b>	\$6.50/cwt	\$7.00/cwt
<b>Soybeans</b>	\$5.00/bu	\$6.20/bu
<b>Wheat</b>	\$2.94/bu	\$3.38/bu

## Conservation

The Conservation Stewardship Program (CSP) takes cuts to fund more EQIP which is increased by \$275 million.

- Up to 1/2 of the money can be used for livestock operations.

The Conservation Reserve Program (CRP) will be expanded from 24 million to 27 million acres, with 2 million acres reserved for grasslands.

CRP payment rates will be capped to keep them below local rental rates.

## Crop Insurance

Increase the basic administrative fee for catastrophic coverage

Buy-up crop Insurance subsidies are unchanged

Participants in Seed Cotton Program not allowed to purchase STAX

Allows enterprise units to cross county lines

Hemp will be a covered commodity

Directs RMA to study

- Intermittent flooding on rice
  - Tropical hurricane coverage
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