

*The information in this presentation is accurate to the best of my knowledge as of the date below.
Farm bill discussions are ongoing and USDA does periodically change program guidance. Please
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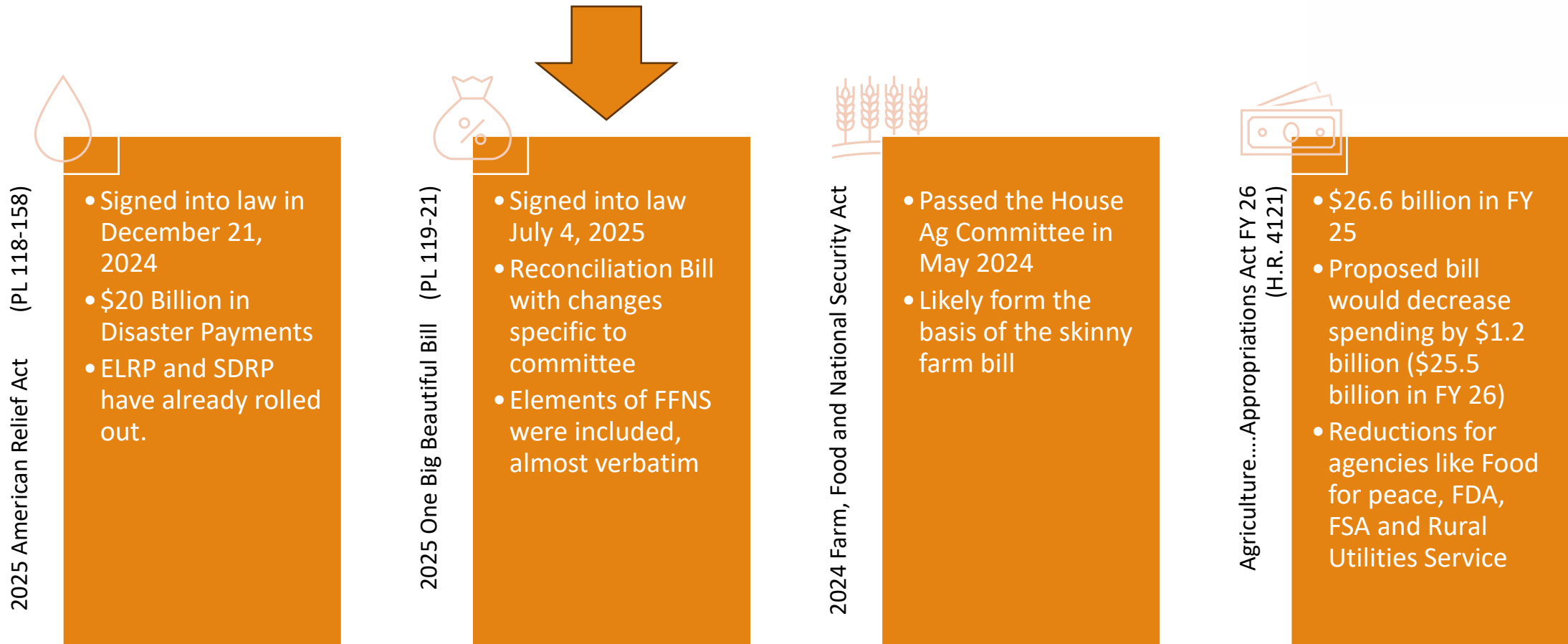
Potential Impacts of the One Big Beautiful Bill (OBBBB or OB3) for Oklahoma Ag

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Department of Agricultural Economics

September 2, 2025

Overview of Congressional Policy in the Last Year



Ad Hoc

Have not gone beyond committee approval

Deficit Impacts



Taxes
+\$2.2 Trillion
Deficit Change

Agriculture and
Nutrition
- \$88.4 Billion
Deficit Change

2025 One Big Beautiful Bill
(Reconciliation Bill)
+\$1.7 Trillion Deficit Change
2025-2029

Deficit Decreasing Changes
Education & Workforce (-\$253.3 B)
Energy and Commerce (-\$321.6)
Financial Services (-\$2.7)
Natural Resources (-\$3.97)
Oversight and Reform (-\$1.6)
Transportation (-\$0.37)

Deficit Increasing Changes
Armed Forces (+\$124.6 B)
Homeland Security
(+\$39.7 B)
Judiciary (+\$29.1 B)

Taxes
+\$2.2 Trillion
Deficit Change

- Extends many of the 2017 Tax Cuts and Jobs Act changes that were due to expire in 2025, in some cases permanently
- Most of the other tax changes are fairly narrow in scope, adding complexity to tax accounting.

2025 One Big Beautiful Bill
(Reconciliation Bill)
+\$1.7 Trillion Deficit Change 2025-
2029

Budget Impact +\$3.4 Trillion
Change from the January 2025
National Baseline 2025-2034

Agriculture and
Nutrition
- \$88.4 Billion
Deficit Change

Amendments to previous Farm Bills
(Change from 2024 Baseline):

Safety Net (+\$18.9 Billion)

- Title 1 – Commodities
- Title 11 – Crop Insurance

Title 2 – Conservation (-\$7.1 Billion)

Title 3 – Trade (+\$0.8 Billion)

Title 4 – Nutrition (-\$102.8 Billion)

Title 7 – Research, Extension, and
Related Matters (+\$0.5 Billion)

Title 10 – Horticulture (+\$0.168 Billion)

Title 12 – Miscellaneous (+\$0.9 Billion)

Source: CBO, June 30, 2025 and July 1 2025

Summary of Changes to Title 1. Commodity Programs



Take home comments for Oklahoma agriculture

- 1) **The increased reference prices will help the safety net be more effective in covering breakeven costs in some commodities.**
- 2) **We are 'under based' in some counties, but it is going to depend on what you are growing.**
- 3) **2025 payments will be the maximum of ARC-CO and PLC if you enrolled earlier this year.**
 - 1) **We may see a delay in 2026 enrollment dates.**

Reference Prices Increased

Effective Reference Price Calculation

New Base Acres

2025 Producer Election

ARC Calculations

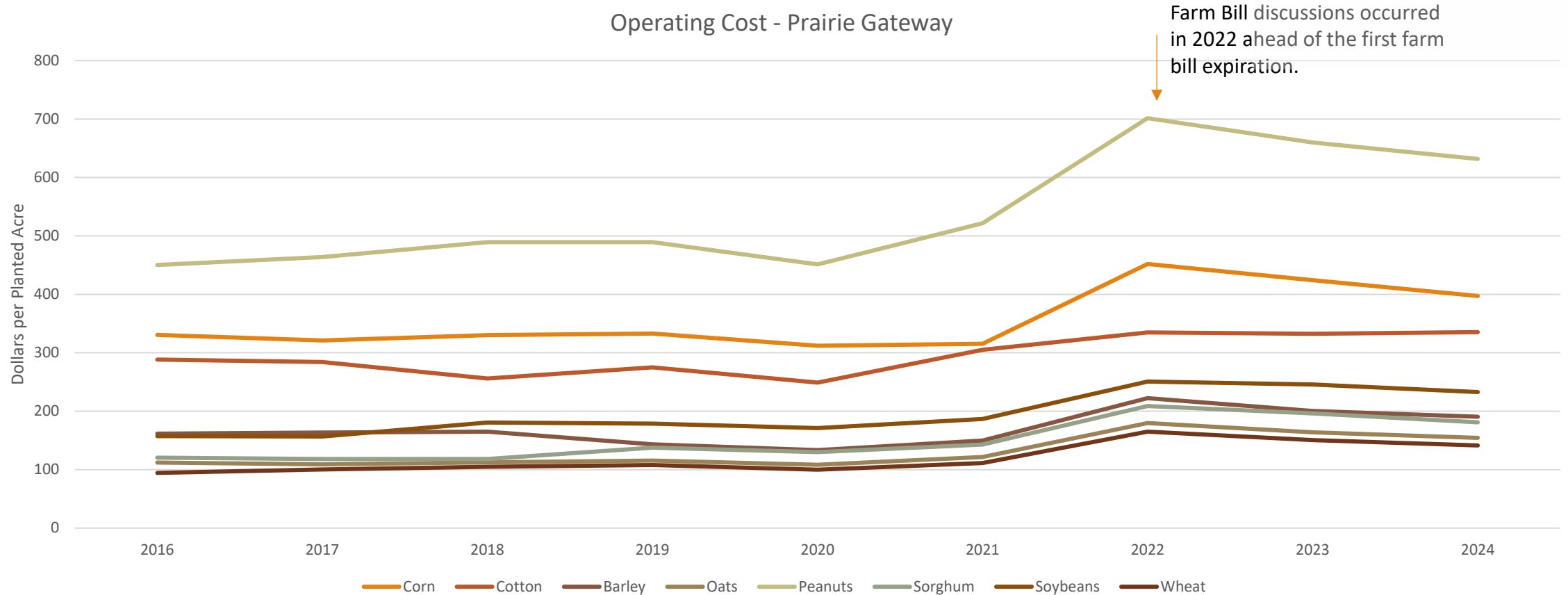
Legal Entities

Payment Limits

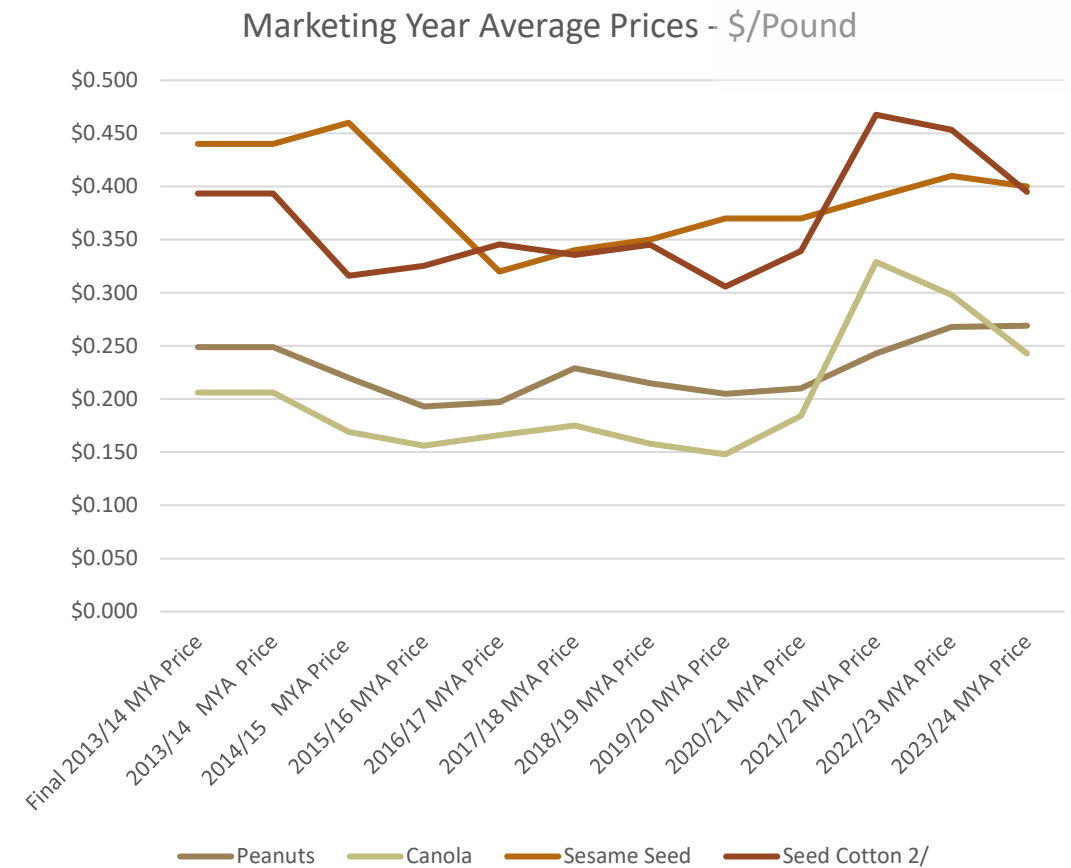
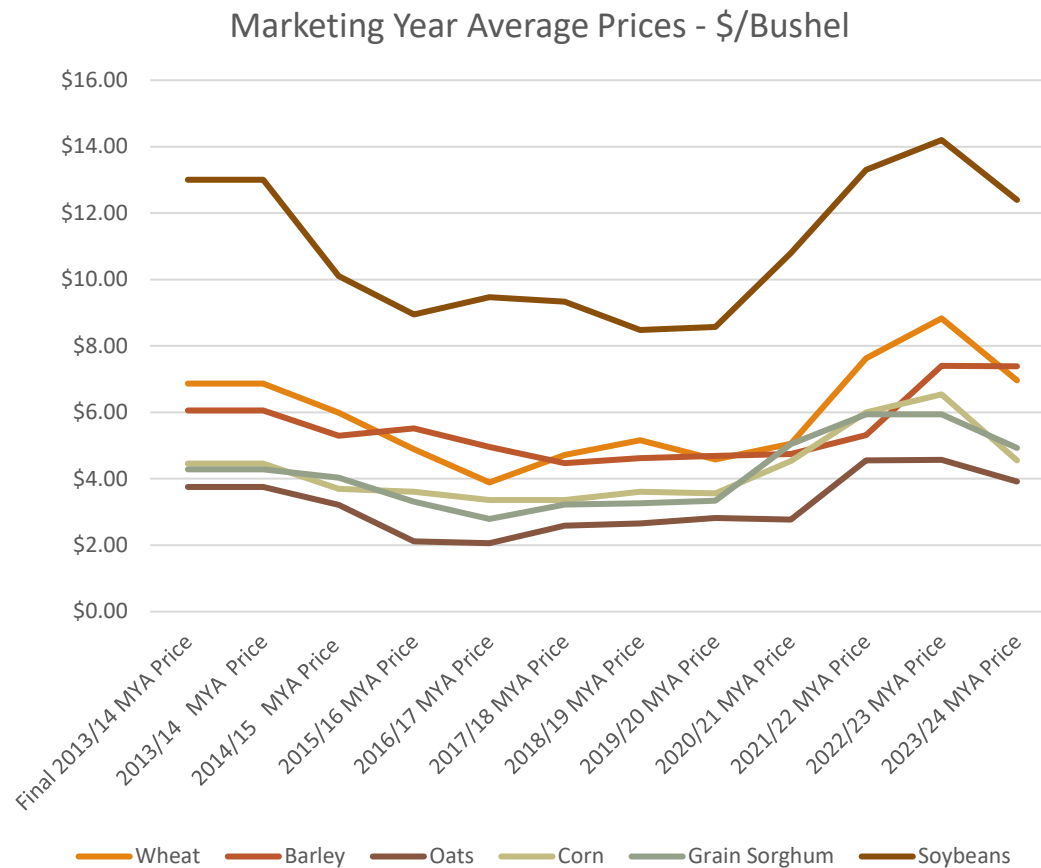
Marketing Loan Rates

Cotton Storage Payments

The driving force for reference price increases was the rising costs of production



Marketing Year Average Prices



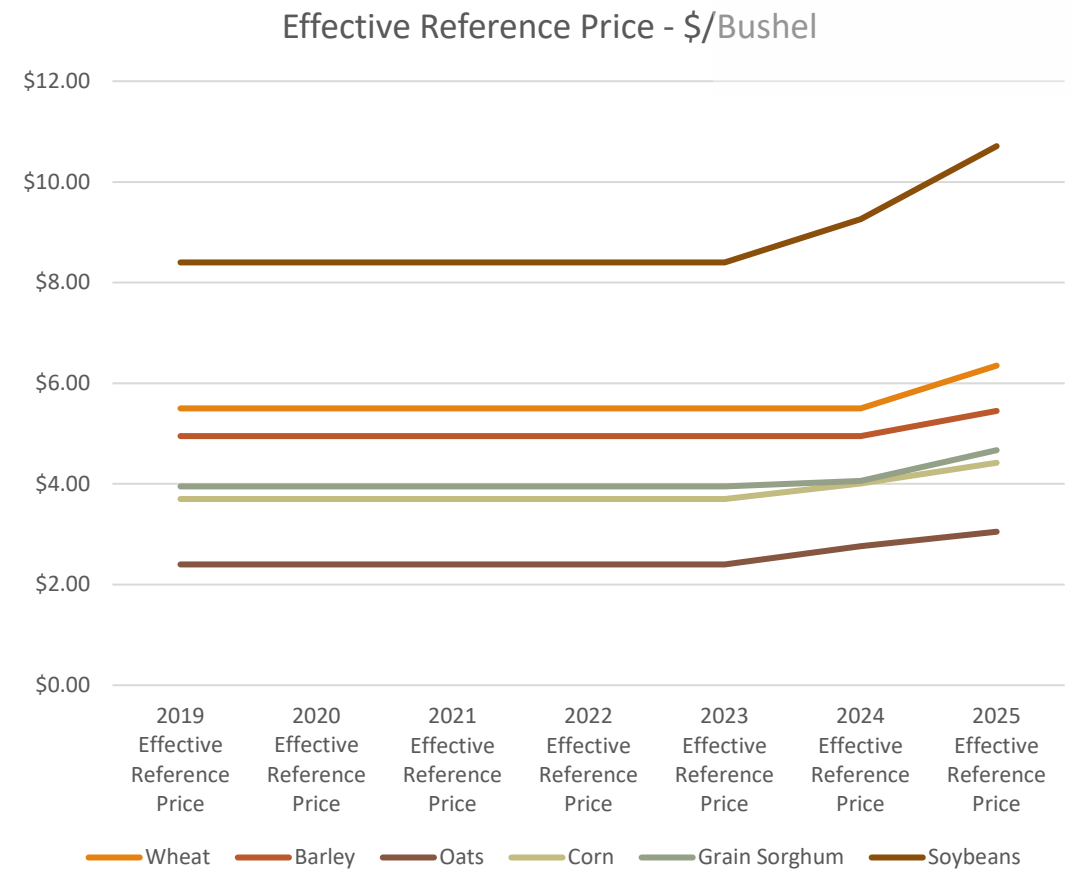
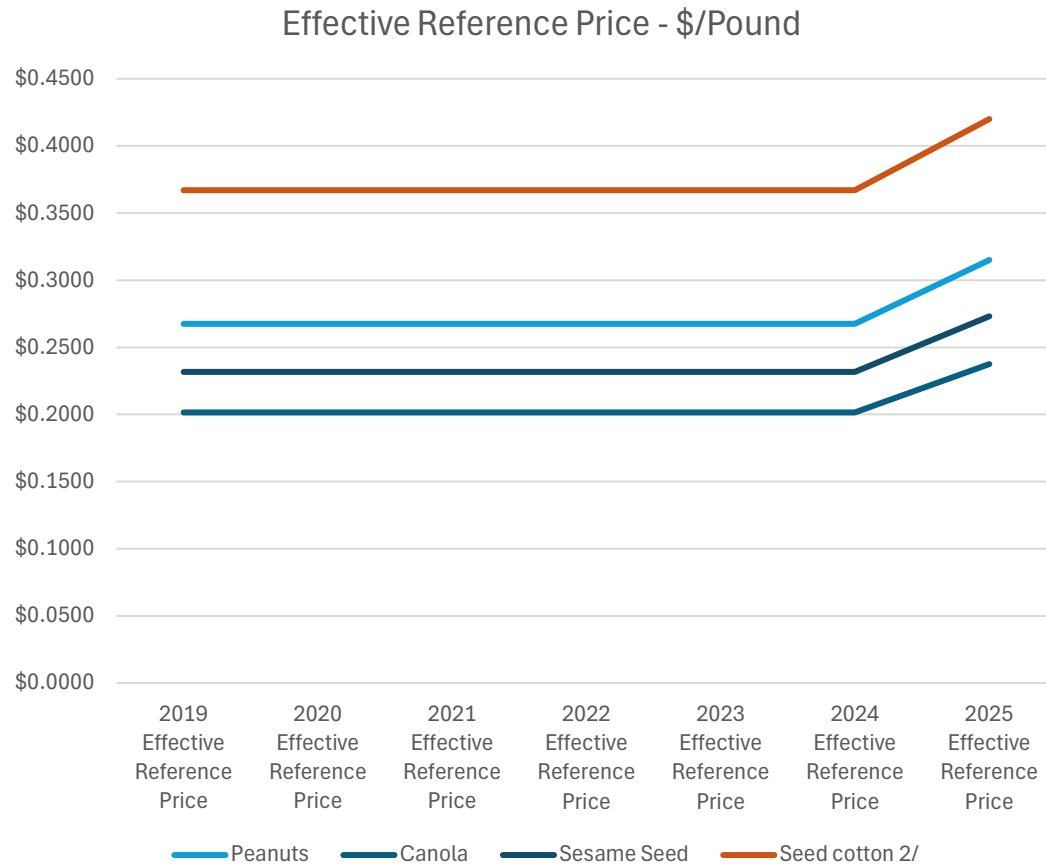
Source: USDA FSA Farmers.Gov

2/ Seed cotton is a weighted average price for lint and cottonseed.

Changes in the reconciliation bill



2018 Farm Bill included an 'effective reference price' which allows the reference price to increase after multiple years of sustained higher prices (85% of the Olympic average > reference price)



Source: USDA FSA Farmers.Gov

Reference Price Increases in Reconciliation Bill



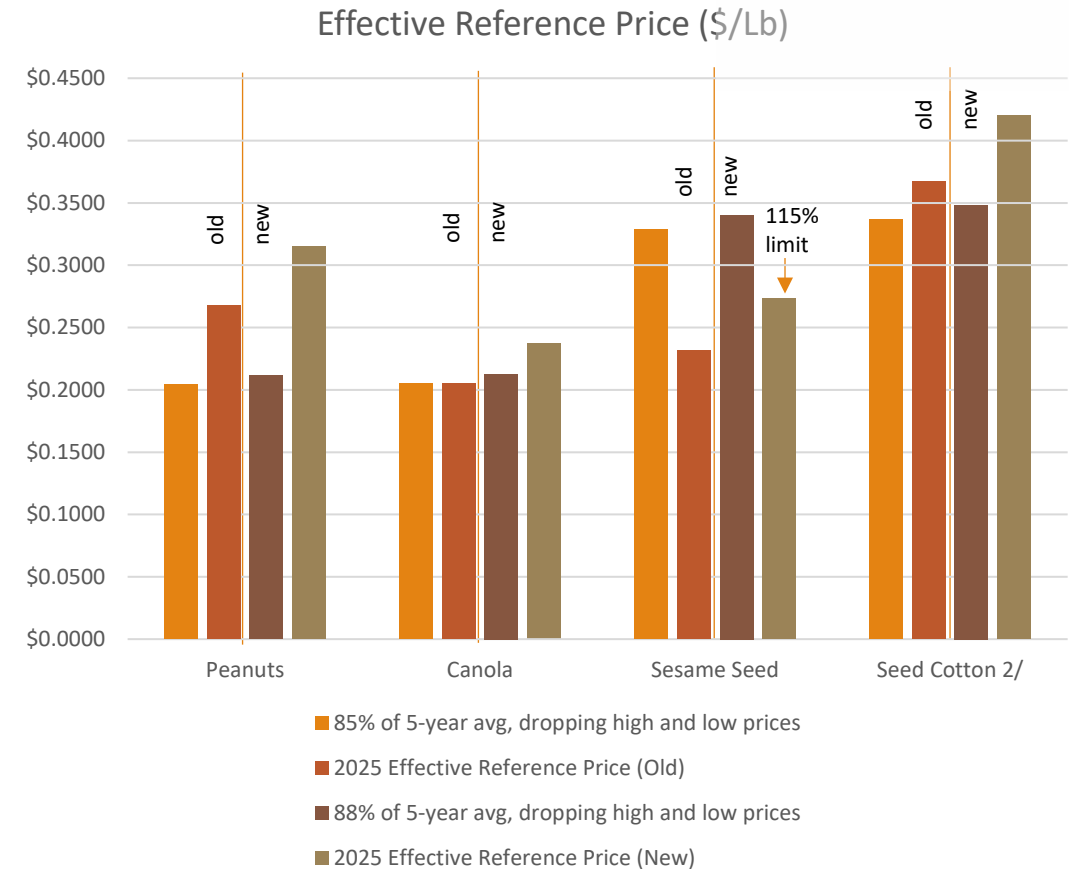
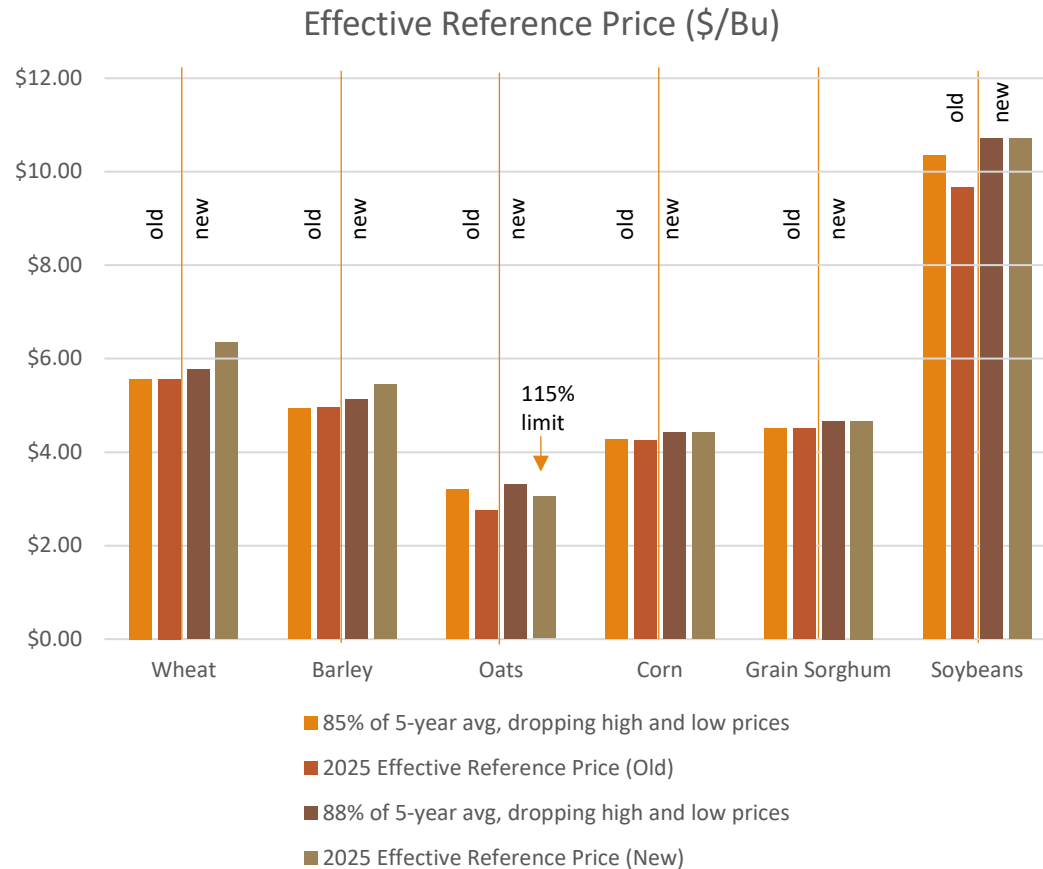
- **\$6.35/bu for wheat (previous \$5.50)**
- **\$4.10/bu for corn (previous \$3.70)**
- **\$4.40/bu for grain sorghum (previous \$3.95)**
- \$5.45/bu for barley (previous \$4.95)
- \$2.65/bu for oats (previous \$2.40)
- \$16.90/cwt long grain rice (previous \$14.00)
- \$16.90/cwt medium grain rice (previous \$14.00)
- **\$10.00/bu soybeans (previous \$8.40)**
- \$23.75/cwt other oilseeds (previous \$20.15)
- \$630/ton peanuts (previous \$535)
- \$13.10/cwt dry peas (previous \$11.00)
- \$23.75/cwt lentils (previous \$19.97)
- \$22.65/cwt small chickpeas (previous \$19.04)
- \$25.65/cwt large chickpeas (previous \$21.54)
- **\$0.42/lb seed cotton (previous \$0.367)**

USDA February 2025	Baseline 2024/25
Wheat MYA\$	\$5.70
Corn MYA\$	\$4.10
Soybean MYA\$	\$10.80
Sorghum MYA\$	\$4.10
Cotton MYA\$	\$0.66

Effect of the reconciliation bill on PLC



3 products have already exceeded the 115% effective reference price increase limit: oats, sesame seed and mustard seed.



Source: USDA FSA Farmers.Gov for Effective Reference Price and MYA Price, limits were calculated

Reference Price Limitations

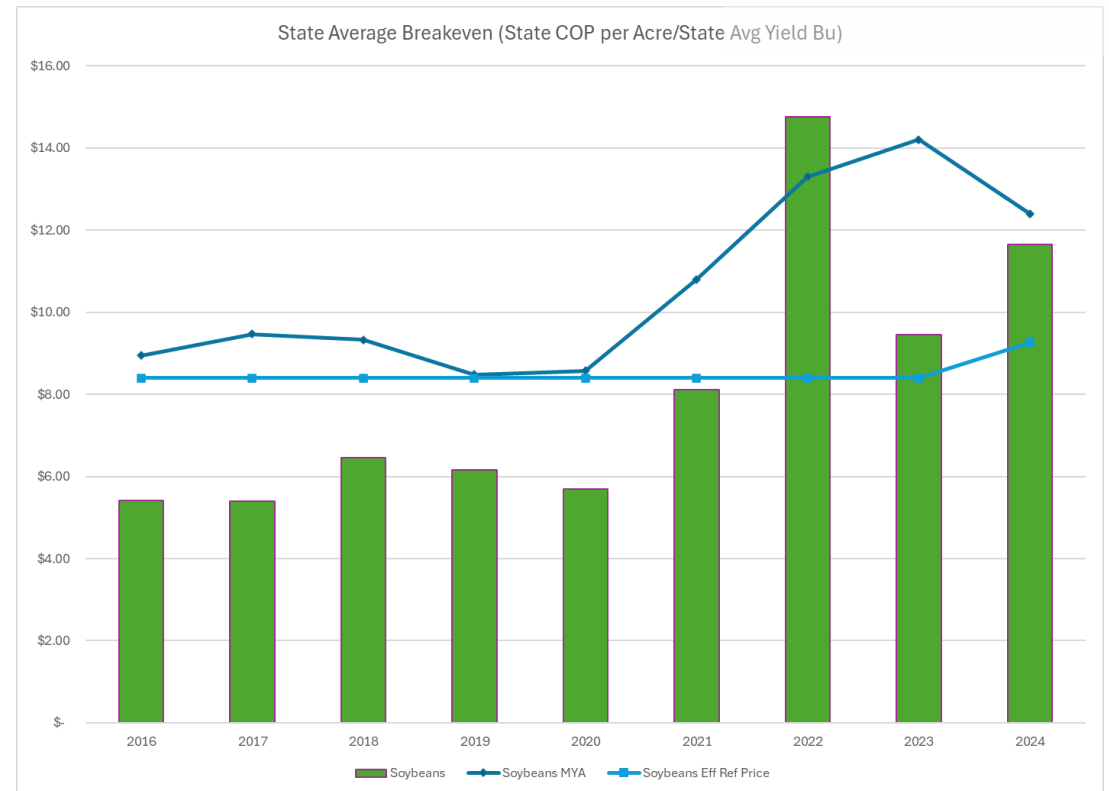
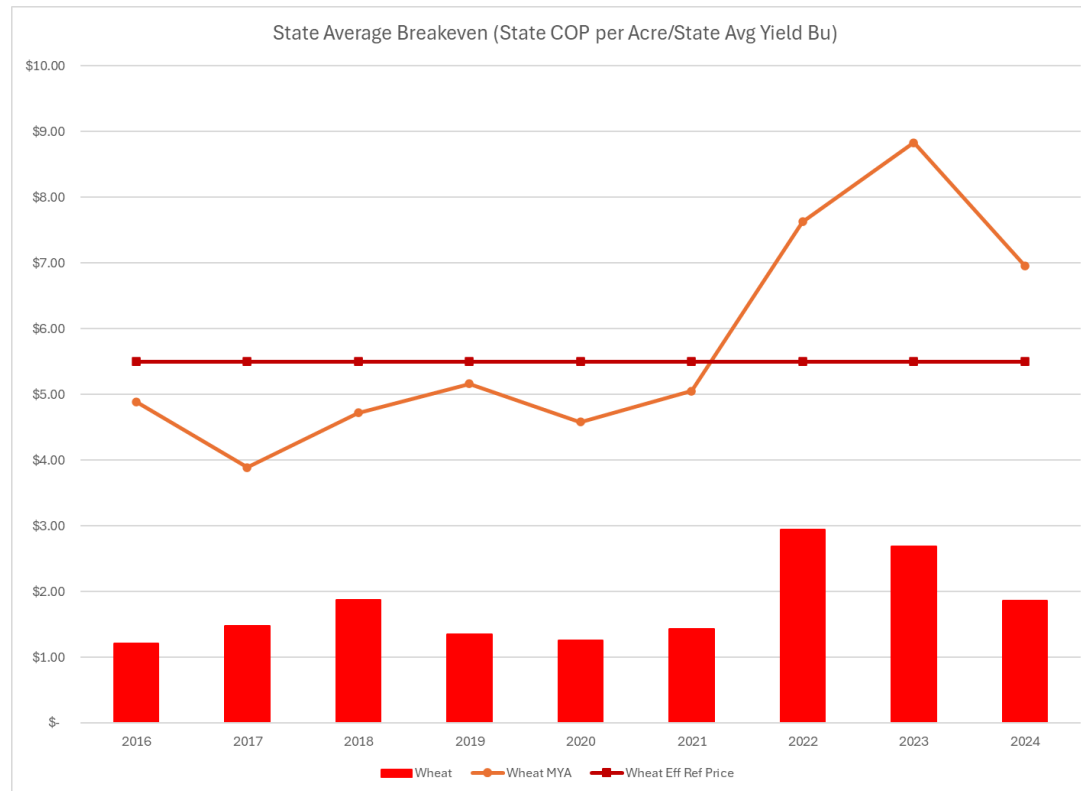


- Starting in 2031, reference prices above will increase by 1.005 per year.
- No reference price may exceed 115 percent of the prices listed above.

Max Reference Price

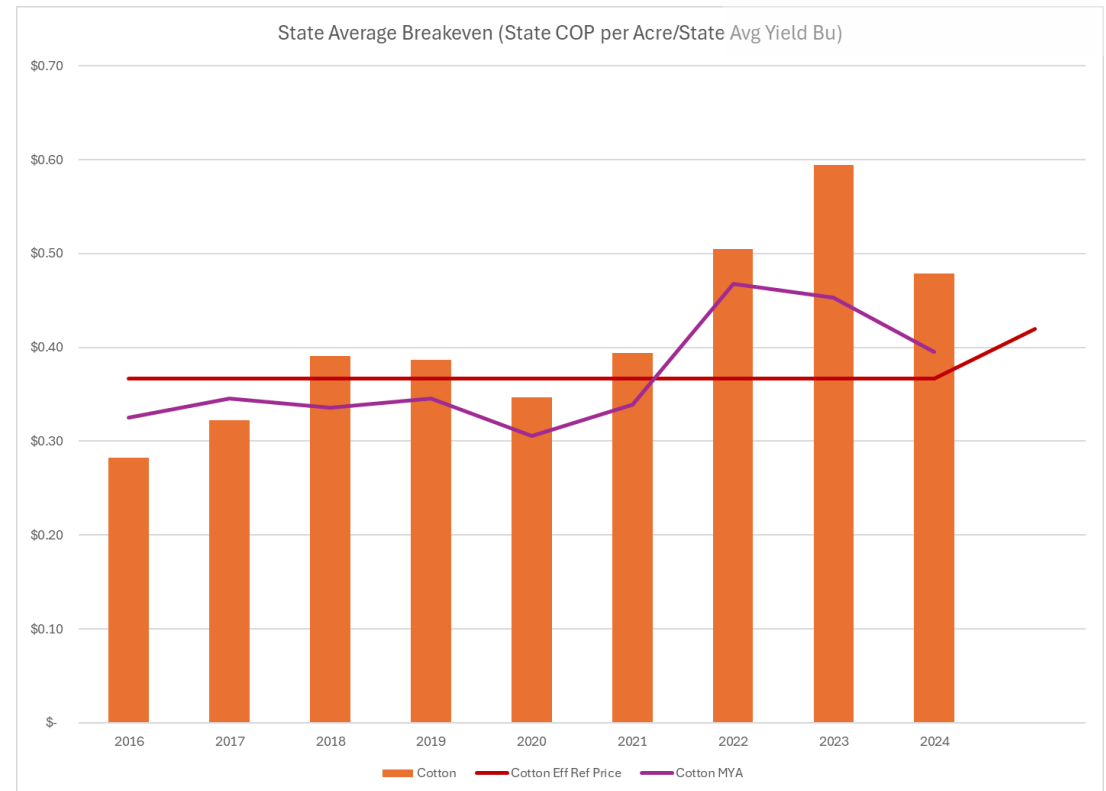
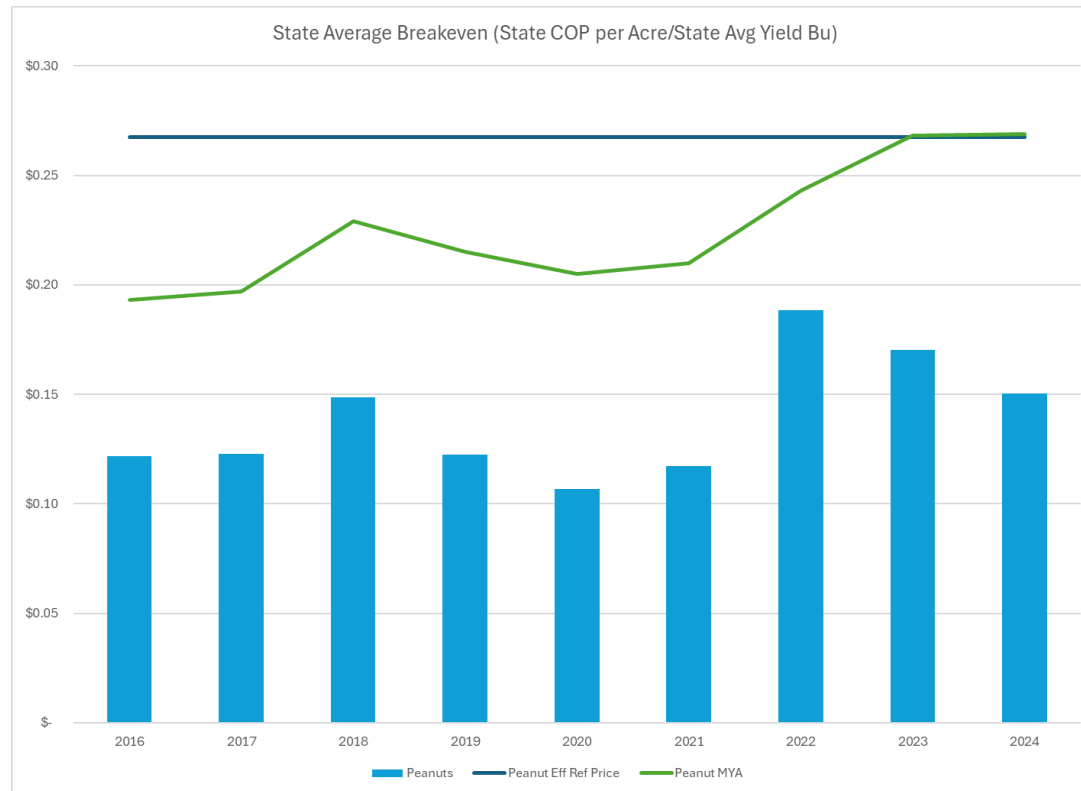
- \$7.18/bu for wheat
- \$4.63/bu for corn
- \$4.97/bu for grain sorghum
- \$6.15/bu for barley
- \$2.99/bu for oats
- \$11.30/bu soybeans
- \$26.84/cwt other oilseeds
- \$711.90/ton peanuts
- \$0.4746/lb seed cotton

How effectively do these changes address the risks that came with higher costs of production?



Source: USDA ERS for Cost of Production, USDA FSA Farmers.Gov for Effective Reference Price and MYA Price

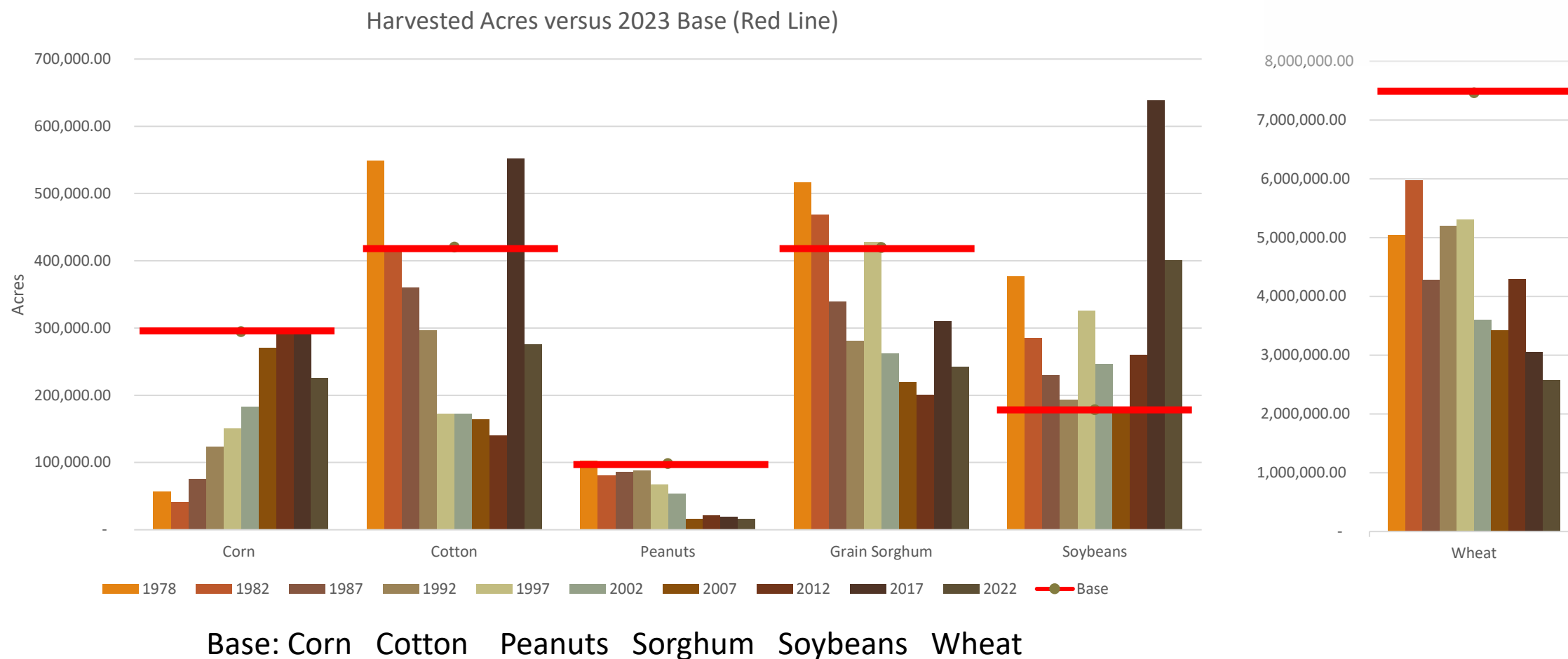
How effectively do these changes address the risks that came with higher costs of production?



Source: USDA ERS for Cost of Production, USDA FSA Farmers.Gov for Effective Reference Price and MYA Price



Looking back historically to when that base was created in Oklahoma.



Source: USDA NASS Census of Ag for historic harvested acres and FSA Farmers.Gov for base

Base Acre Update



- 30 million additional base acres will be eligible for distribution (voluntary)
 - 5-year average of planted acres (and prevented planting) from 2019 through 2023
 - Plus the lesser of 15% total acres on the farm OR the 5-year average of land (or prevented planting) planted to non-covered commodities for harvest, haying, silage, or other similar purposes.
- If a farm has no recent plantings of covered commodities, it is not eligible to receive base.
- Eligible acres include unassigned base (121,044 acres in 2023)
- Allocation across commodities will be proportional to the ratio of acres under each commodity over total acres, including prevented planting.
 - A year with no covered commodities planted would be excluded from the base allocation formula.
 - If a producer double-cropped and had prevented planting on only one of the crops, they may use the secondary crop in the formula.
- A farm cannot have more base than the total acres the farm has on file.
- The producer may not receive all of their eligible new base acres, subject to the cap of 30 million acres of new base.
- National studies are estimating

Base Variation



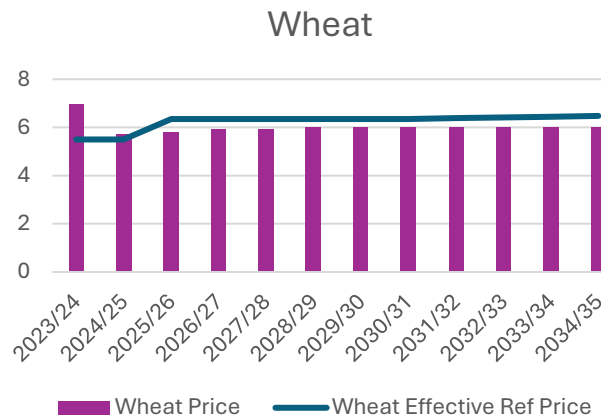
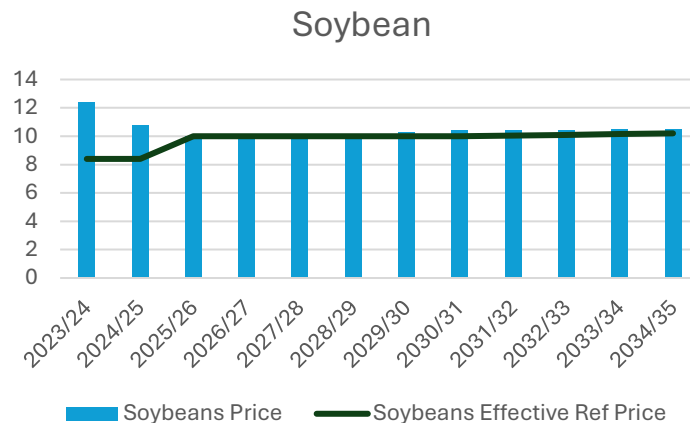
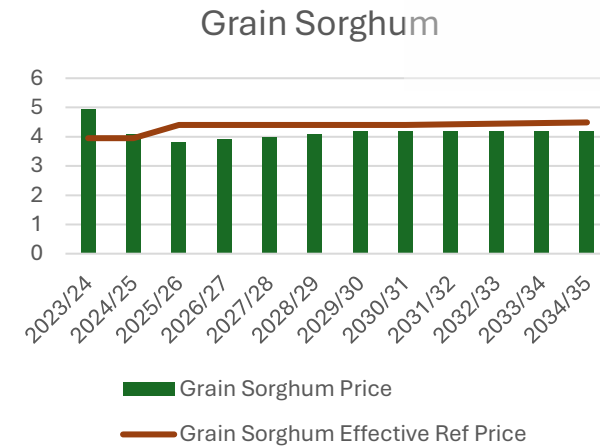
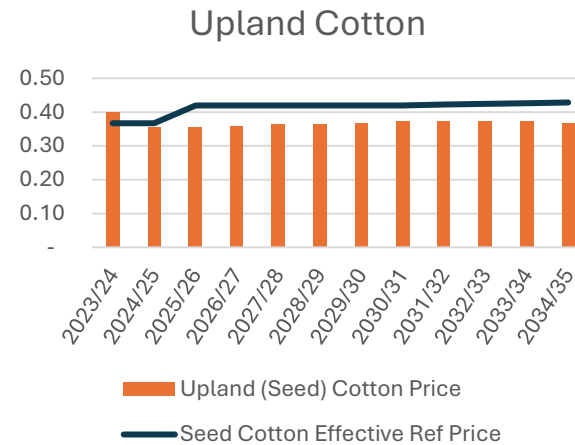
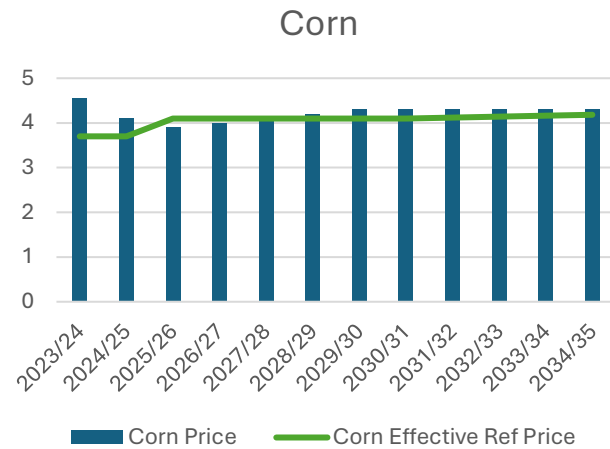
I see some counties adding many Cotton and Soybean base acres

Counties with Crop Base		Base Gap (Base-Planted Acres)	Base Percent of Planted	Most Over Based County		Most Under Based County	
Canola	18	-989.47	92%	COTTON	1,836.78	KINGFISHER	-1,735.98
Corn	60	-111,060.77	68%	TEXAS	11,785.79	KAY	-20,021.81
Cotton	23	-152,536.10	68%	TILLMAN	8,165.04	JACKSON	-80,857.61
Oats	63	-12,465.69	73%	JEFFERSON	830.09	KIOWA	-2,821.90
Peanuts	28	64,046.54	510%	CADDO	18,115.08	KAY	-70.36
Sesame	5	-34,038.63	2%	---	---	ALFALFA	-7,419.68
Sorghum	67	-52,135.97	86%	BEAVER	18,831.79	GARFIELD	-19,530.45
Soybeans	49	-423,685.22	20%	HUGHES	621.06	KAY	-104,906.83
Sunflower	5	-7,890.80	10%	BEAVER	98.85	CANADIAN	-1,047.07
Wheat	74	-176,207.35	97%	GRANT	61,990.99	CIMARRON	-84,019.55

Source: FSA Crop Reporting for Planted Acres and FSA Farmers.Gov for Base Acres

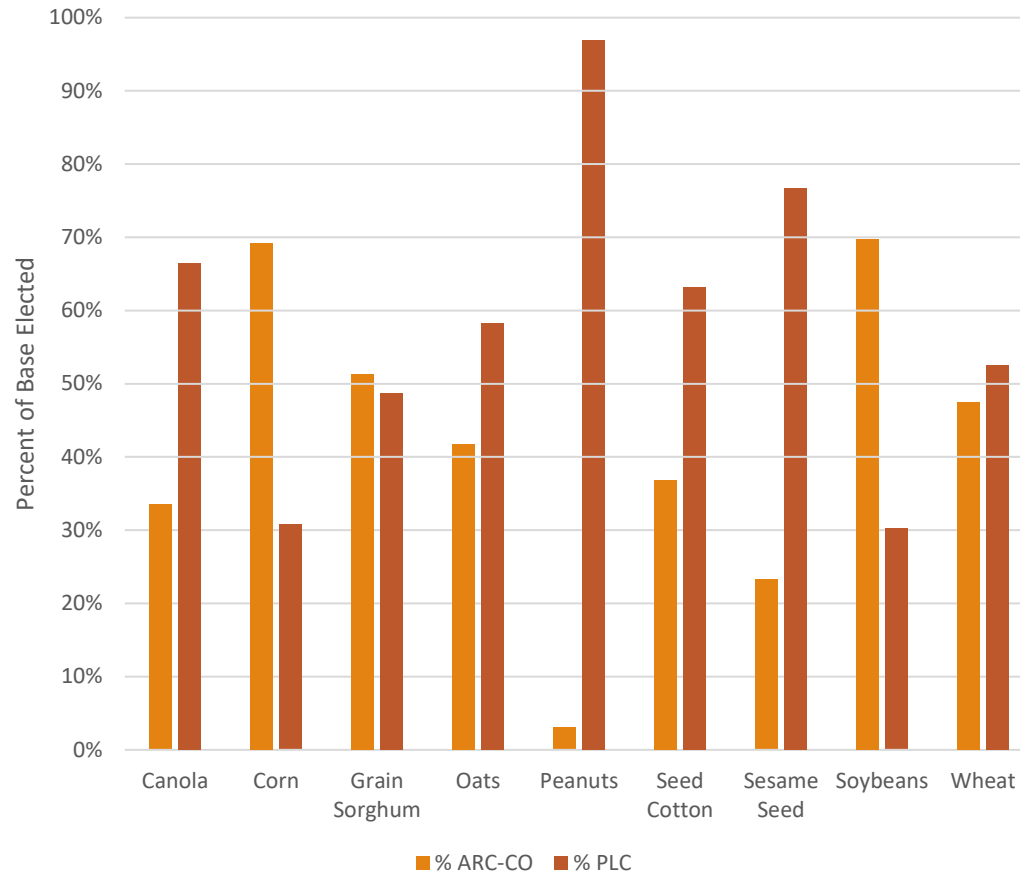
I see many counties adding some Wheat acres

There is greater incentive to add Cotton and Wheat base, as compared to other crops but projects remain close to that effective reference price line.



Source: USDA ERS for price projections and effective reference price was calculated.

Election 2025



Source: FSA Farmers.Gov

- Elections are already complete for the 2025 crop year.
- **Producers that had an election to either ARC or PLC will receive the higher of the two payments for this crop year only.**
- Election will have to be completed for the 2026 crop year choosing ARC or PLC.
- Going forward, the limitation on the ARC Guarantee (10%) will be increased to 12%

Other technical changes



- Greater flexibility on the types of pass-through entities that are eligible for individual payment limits. Meaning, if a farm is organized as an LLC, it can now operate like a general partnership, where each individual has a \$125,000 payment limit.
- Payment limits increase from \$125,000 to **\$155,000**.
- Expanded definition for 'farming, ranching, and silviculture activities' adds revenue streams for an operation to meet the AGI exception requirements – '75% of the AGI of the person or legal entity comes from farming, ranching, or silviculture activities.'
- *FARMING, RANCHING, OR SILVICULTURE ACTIVITIES.—The term 'farming, ranching, or silviculture activities' includes agri-tourism, direct-to-consumer marketing of agricultural products, the sale of agricultural equipment owned by the person or legal entity, and other agriculture-related activities, as determined by the Secretary*

Marketing Loan Rates

This increase makes Marketing Assistance Loans more attractive but may be more impactful under increasing market price expectations.



- Through the 2031 crop years, loan rates will be
 - \$3.72/bu for wheat (previous \$3.38)
 - \$2.42/bu for corn (previous \$2.20)
 - \$2.42/bu for grain sorghum (previous \$2.20)
 - \$2.75/bu for barley (previous \$2.50)
 - \$2.20/bu for oats (previous \$2.00)
 - \$7.70/cwt long grain rice (previous \$7.00)
 - \$7.70/cwt medium grain rice (previous \$7.00)
 - \$6.82/bu soybeans (previous \$6.20)
 - \$11.10/cwt other oilseeds (previous \$10.09)
 - \$390/ton peanuts (previous \$355)
 - \$6.87/cwt dry peas (previous \$6.15)
 - \$14.30/cwt lentils (previous \$13.00)
 - \$11.00/cwt small chickpeas (previous \$10.00)
 - \$15.40/cwt large chickpeas (previous \$14.00)
 - \$0.55/lb upland cotton (previous \$0.45 to \$0.52)
 - \$1.00/lb long staple cotton (previous \$0.95)
 - \$1.60/lb graded wool, \$0.55/lb non-graded wool (previous \$1.15 graded and \$0.40 non-graded)
 - \$5.00/lb mohair (previous \$4.20)
 - \$1.50/lb honey (previous \$0.69).

Title 1. Disaster Programs



Livestock Indemnity Program (LIP)

- a. Losses due to predation increase from 75% of the market value to 100% of the market value
- b. Losses due to adverse weather or disease are set at 75% of market value
- c. Producers may make a case that local markets exceed national average market prices and request regional pricing.
- d. Addition of unborn livestock, after January 1, 2024, as a covered livestock category lost due to an eligible loss event. Payment rates are less than or equal to 85% of the rate for the lightest weight class of animal.



Livestock Forage Program (LFP)

- a. D2 drought increased to 2 monthly payments from 1 monthly payment
- b. D2 intensity is defined as the change from 8 consecutive weeks to not less than 4 consecutive weeks during the normal grazing period, or 7 of the previous 8 consecutive weeks.



Tree Assistance Program (TAP)

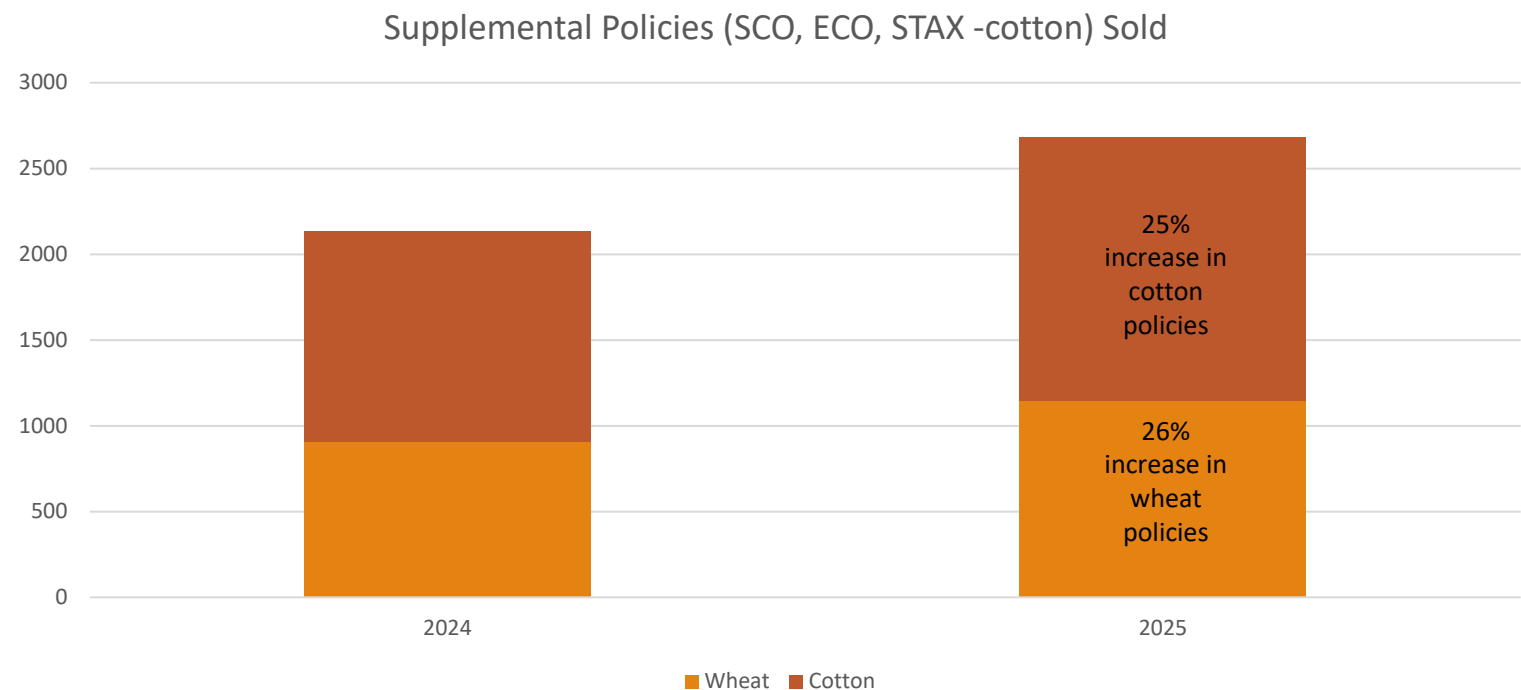
- a. The threshold for loss is set at normal mortality, rather than 15% mortality after normal mortality.
- b. Eligible payment for rehabilitation increased to 65% of the actual cost of rehabilitation in excess of normal tree damage and normal tree mortality.

Title 11. Crop Insurance



- New and Beginning
 - Producers are eligible as 'beginning' for the first 10 crop years, rather than the first 5 crop years, for insurance purposes.
 - The WFRP threshold was already 10 years, and other USDA programs allow BFR benefits for the first 10 years.
- A beginning producer can receive additional premium assistance for the insurance plan and coverage level at a declining rate over time.
 - 5 percentage point increase for the first and second crop years
 - 3 percentage point increase for the third crop year
 - 1 percentage point increase in the fourth crop year.
- Area Policies
 - May be purchased at any amount not to exceed 85% for individual yield or revenue coverage, 90% in the case of aggregated **multi-commodity** individual yield or revenue coverage, and 95% in the case of **area** yield or revenue coverage
- Increases the maximum coverage level for Whole Farm Revenue Protection and SCO to 90% from 86%
- Premium subsidy on ECO/SCO increases from 65% to 80%.
 - Premium subsidies already increased for ECO/SCO from 44% to 65% starting in the 2025 crop year.
- You can now stack ECO/SCO with either ARC or PLC

Area Policy Response to Subsidy Increase in 2025



The majority of that increase for 2025 was in ECO policies, which could be combined with ARC or PLC and a higher level of MPCl coverage going forward.

STAX is still a popular supplemental coverage for Oklahoma cotton but was left out of the OBBB changes.

Source: USDA RMA Summary of Business

Example 1: 95% ECO Trigger	
Deductible (no coverage)	100-95%
ECO Coverage range	95-86%
SCO or ARC Coverage range	86-75%
MCPI coverage range	75%

Source: USDA RMA, ECO Factsheet

Subsidy Rates



- Increased as follows for basic units or optional units:
 - 64% increased to 69% for 60 percent coverage
 - 59% increased to 64% for 65 percent and 70 percent coverage
 - 55% increased to 60% for 75 percent coverage
 - 48% increased to 51% for 80 percent coverage
 - 38% increased to 41% for 85 percent coverage



Poultry Utility Insurance Pilot Program



- Pilot insurance program for contract poultry growers, including broilers and laying hens, for index-based weather insurance that increases utility costs.
- Piloted in counties in top poultry-producing states
- Implement a new pilot program within 2 years.

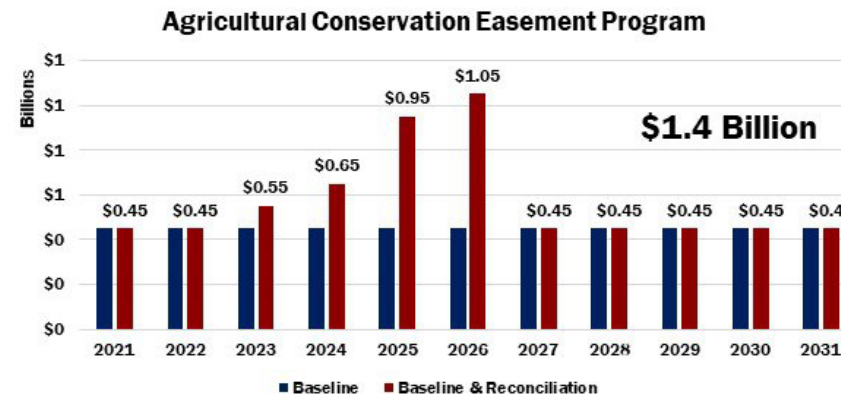
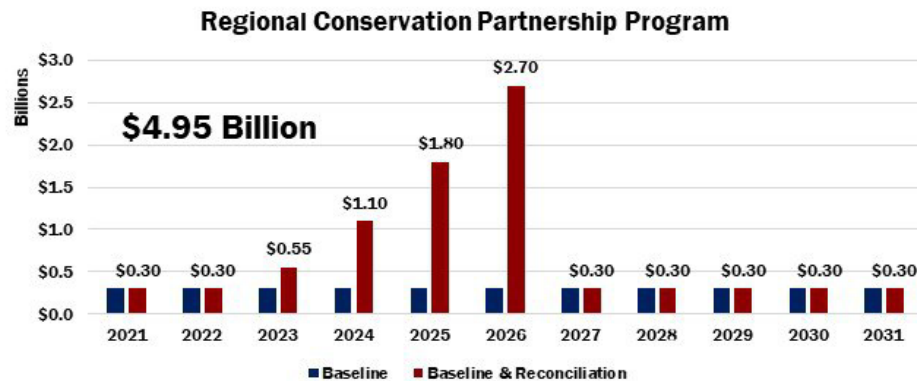
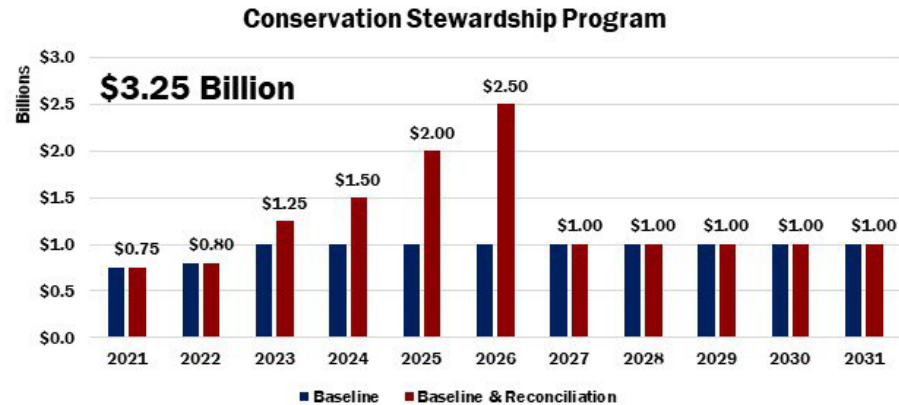


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Title 2. Conservation

CBO Conservation Baseline & \$18.05 Billion in IRA



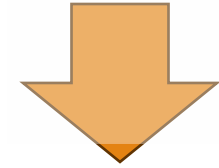
Inflation Reduction Act put \$18 billion in to farm bill conservation programs through 2031.



Title 2. Conservation

- Incorporates a portion of the Inflation Reduction Act conservation spending into the conservation title baseline going forward, but does not allocate the full amount of IRA dollars which leads to a decrease in expected spending over 10 years. Each will be broken down below.
- Conservation Reserve Program was not addressed in the Reconciliation bill, and will need to be addressed in the farm bill development process remaining in 2025.
- Continues the Feral Swine Eradication Pilot Program
 - Allocates \$105 million from fiscal years 2025 through 2031, previously unspent funds are rescinded.

What happens to the rest of the farm bill?



2025 American Relief Act (PL 118-158)



- Signed into law in December 21, 2024
- \$20 Billion in Disaster Payments
- ELRP and SDRP have already rolled out.

2025 One Big Beautiful Bill (H.R. 1)



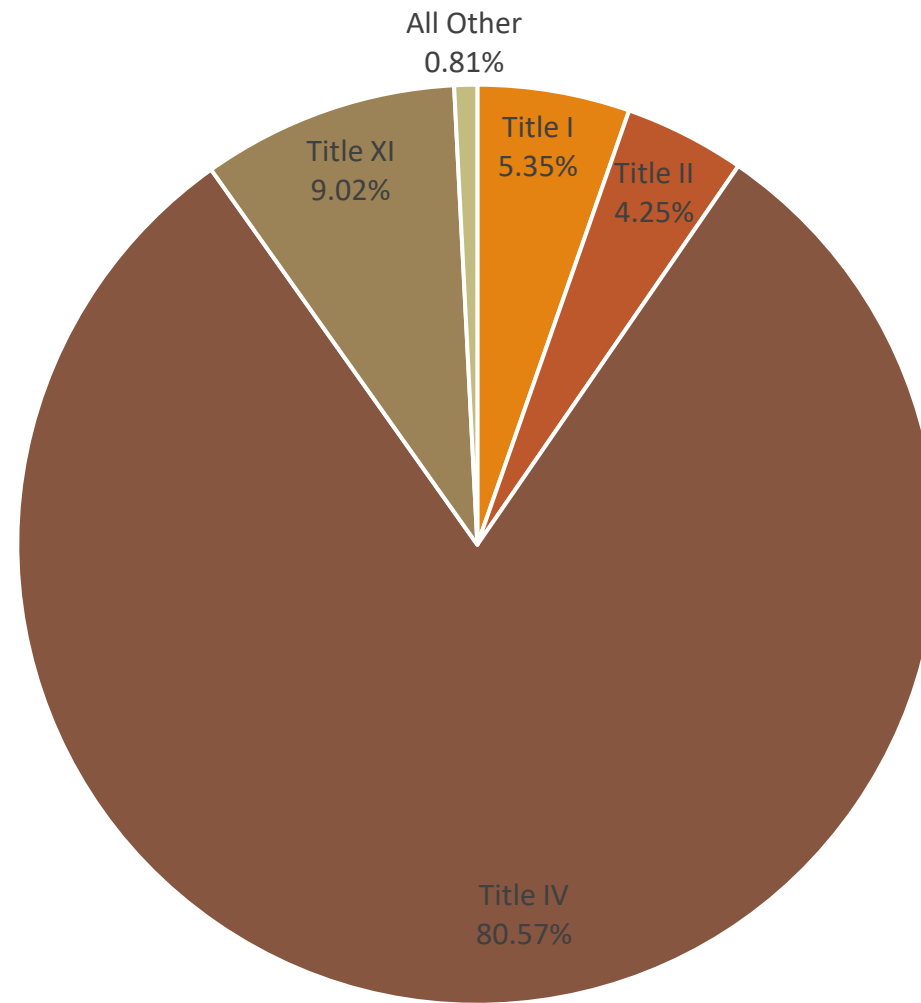
- Signed into law July 4, 2025
- Reconciliation Bill with changes specific to committee
- Elements of FFSA were included, almost verbatim

2024 Farm, Food and National Security Act



- Passed the House Ag Committee in May 2024
- Should form the basis of the skinny farm bill

Farm Bill Titles with Mandatory Baseline – Projected Outlays from 2024-2033,
Total \$1,364 billion (June 2024 CBO baseline)



■ Title I ■ Title II ■ Title IV ■ Title XI ■ All Other

House Ag Committee Bill – Basis of a skinny farm bill in 2025?



- Went through markup in May and passed
- Farm, Food and National Security Act (FFNS)
- Key features:
 - Invests \$50B in the safety net (\$28B in raising reference prices, \$10B in additions to crop base, and \$3B in crop insurance)
 - Shifts Inflation Reduction Act conservation funds to the permanent baseline in the conservation title, but takes down the 'climate smart' guardrails on how that money is spent.
 - Limits the Secretary of Agriculture's authority to update the formulas on the Thrifty Food Plan
 - ~~• Limits the Secretary of Agriculture's authority to use CCC funds for ad hoc programs without Congressional oversight.~~
- This is another 'evolutionary not revolutionary' farm bill.

Summary



- Disaster dollars are rolling out to producers this year, which may have an influence on the farm income picture you heard about previously.
- We have a partial farm bill that mitigates the greatest damages from an expired farm bill if a full bill is not passed by the end of the calendar year.
- Chairman Thompson wants a 'skinny farm bill' by September 30.
- We (Ag Econ research community) are still trying to analyze the combined effects of the changes that have occurred in 2025...and so are markets.



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Evaluation QR Code

