



GEORGIA'S RURAL CENTER

Powered by Abraham Baldwin Agricultural College

Center for Rural Prosperity and Innovation

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Thanks!



Georgia
Peanut
Commission



Southern Peanut
Farmers Federation

National 
Peanut Board™



CONGRESS IS BACK FROM AUGUST RECESS

- Just prior to Congress going home in July, the Fiscal Year 2024 Agricultural Appropriations bill went before the House Rules Committee, the last step before reaching the floor of the House
 - ❑ 192 Amendments were submitted to be considered for the House floor.
 - ❑ The bill was pulled from the House floor.
 - ❑ In addition to funding USDA and FDA, the bill contained two important peanut projects: \$4 million for Peanut Aflatoxin research at the ARS Dawson Lab and land grant partners. \$2 million in peanut nutrition research for USDA's ARS.

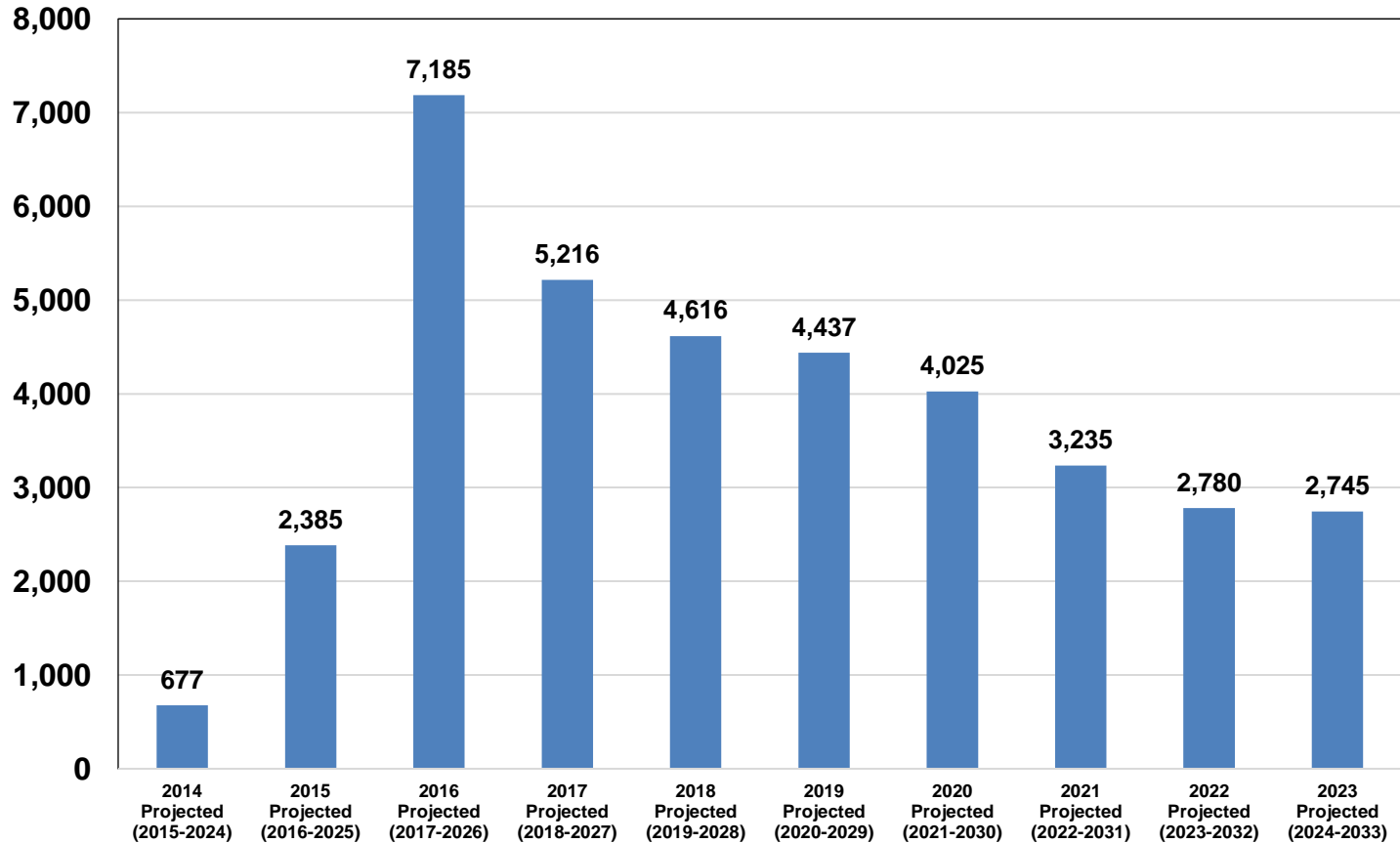
THE FARM BILL HAS HISTORICALLY BEEN CONSIDERED THE SUPER BOWL FOR THE US PEANUT INDUSTRY

- The House and Senate AG Committees have completed their listening sessions and public hearings. This last month of summer is critically important for the 2023 Farm Bill as Committee staff start putting together key pieces of the bill.
- Unfortunately, with rising input costs, the current 2018 Farm Bill reference price is too low and providing peanut growers little as far as a safety net. Most southern commodities are in this same position.
- Much has been said during this process about the Congressional Budget Office's accuracy on some pieces of the Farm Bill and response time for the AG Committees, both slowing down the process.

FARM BILL (CON'T)

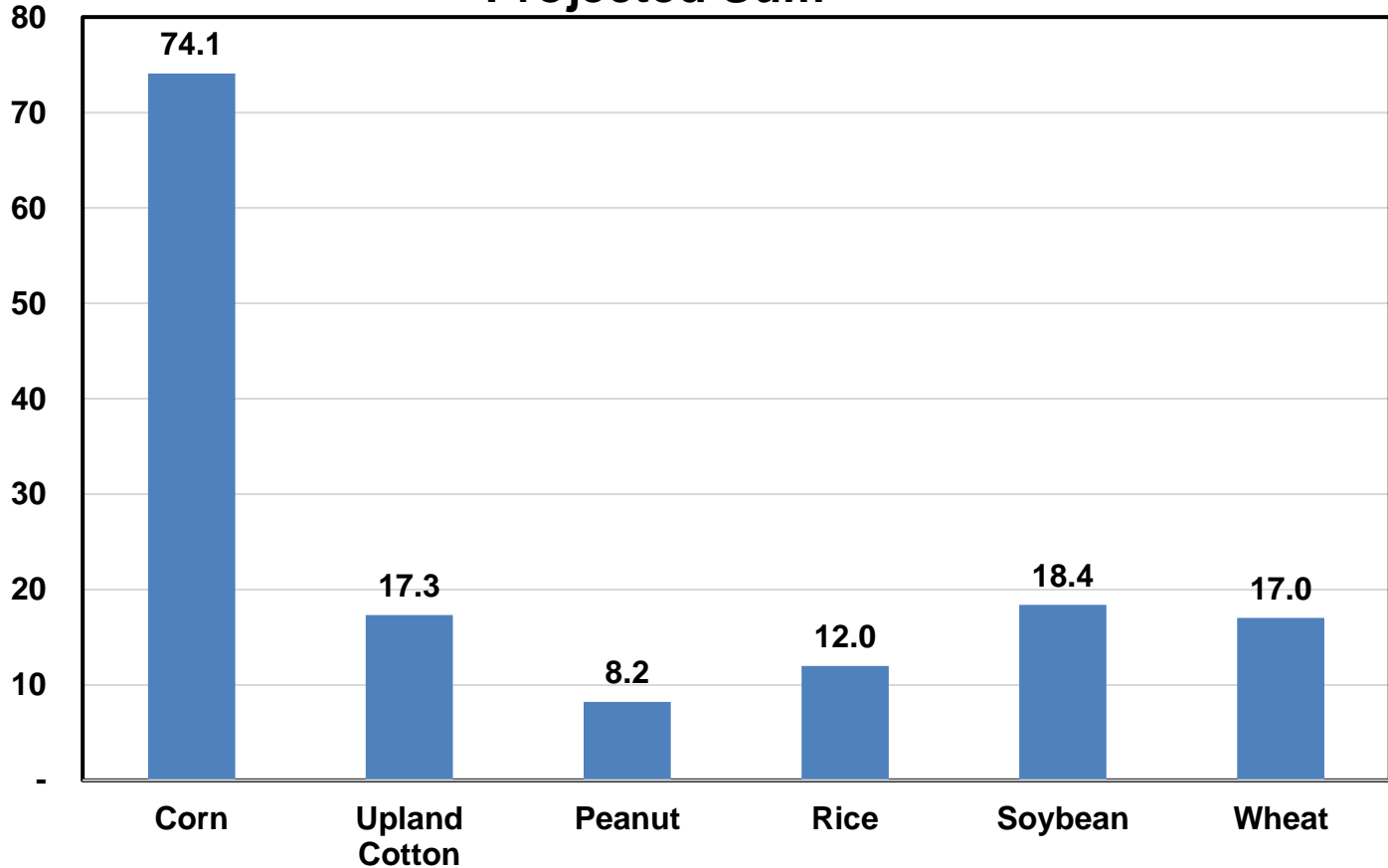
- Projections for the 2023 Farm Bill, \$1.51 Trillion, both projections are over 10 years.
- Commodity Programs made up 7% of the 2018 Farm Bill. For the 2023 Farm Bill, farm programs are projected to cost only 4.5% of the total package.
- Nutrition is the largest component of both bills.
- The Peanut Program has historically been a low cost program. This includes with few peanut forfeitures to USDA over time.

CBO 10-Year Government Expenditures Sum For Peanuts (\$ Million)



Source: CBO Baseline, Congressional Budget Office.

U.S. Per Person Major Crops Government Outlays (\$) For Future 10 Years (2024-2033) Projected Sum

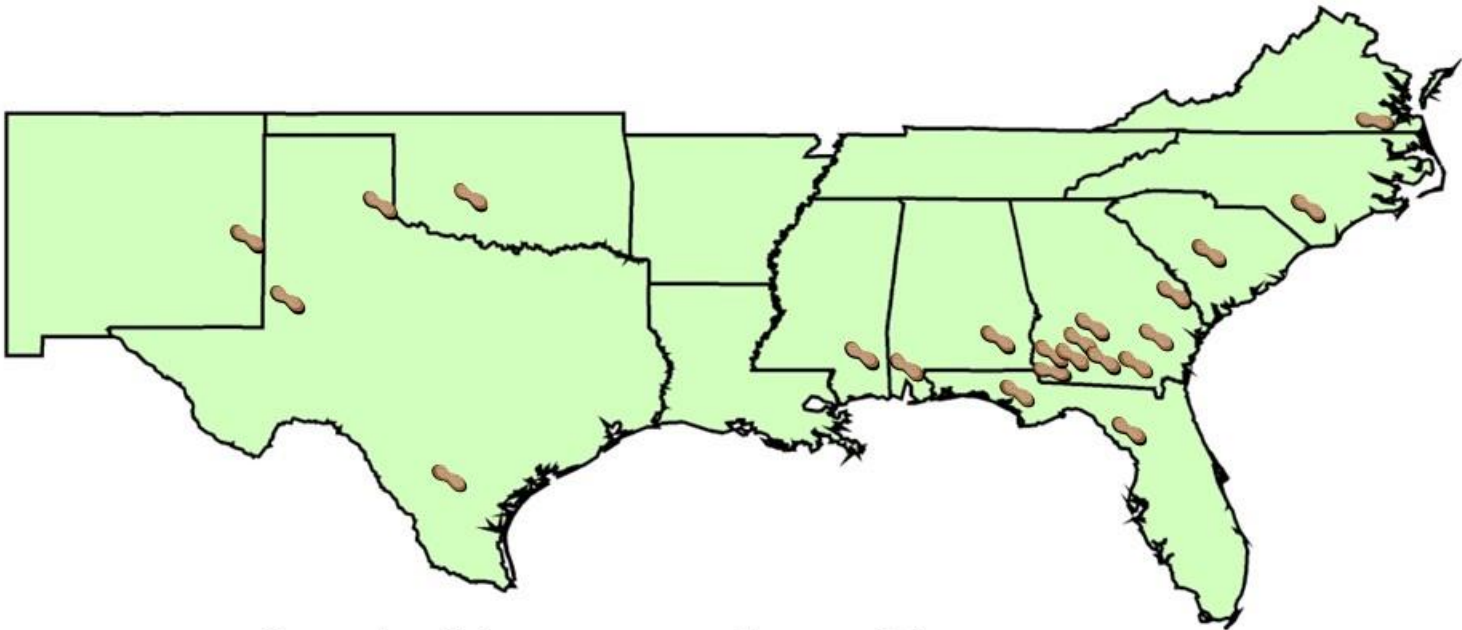


Source: CBO May 2023 Baseline, Congressional Budget Office.

FARM BILL (CON'T)

- CBO has projected peanut prices too low for the next 10 years, below what they are today, \$50 to \$100 per year too low. Why does this matter?
- The lower the projected price, the higher the government costs will score today with a reference price increase.
- This market price problem applies also to other southern commodities.
- With limited resources for the next Farm Bill, the lack of accuracy in CBO's projections works against the peanut industry's efforts.

Areas Represented by the 22 United States Representative Peanut Farms



Georgia—9 farms

Florida—2 farms

Alabama—2 farms

South Carolina—1 farm

Mississippi — 1 farm

Texas—3 farms

New Mexico—1 farm

Virginia—1 farm

North Carolina — 1 farms

Oklahoma — 1 farm

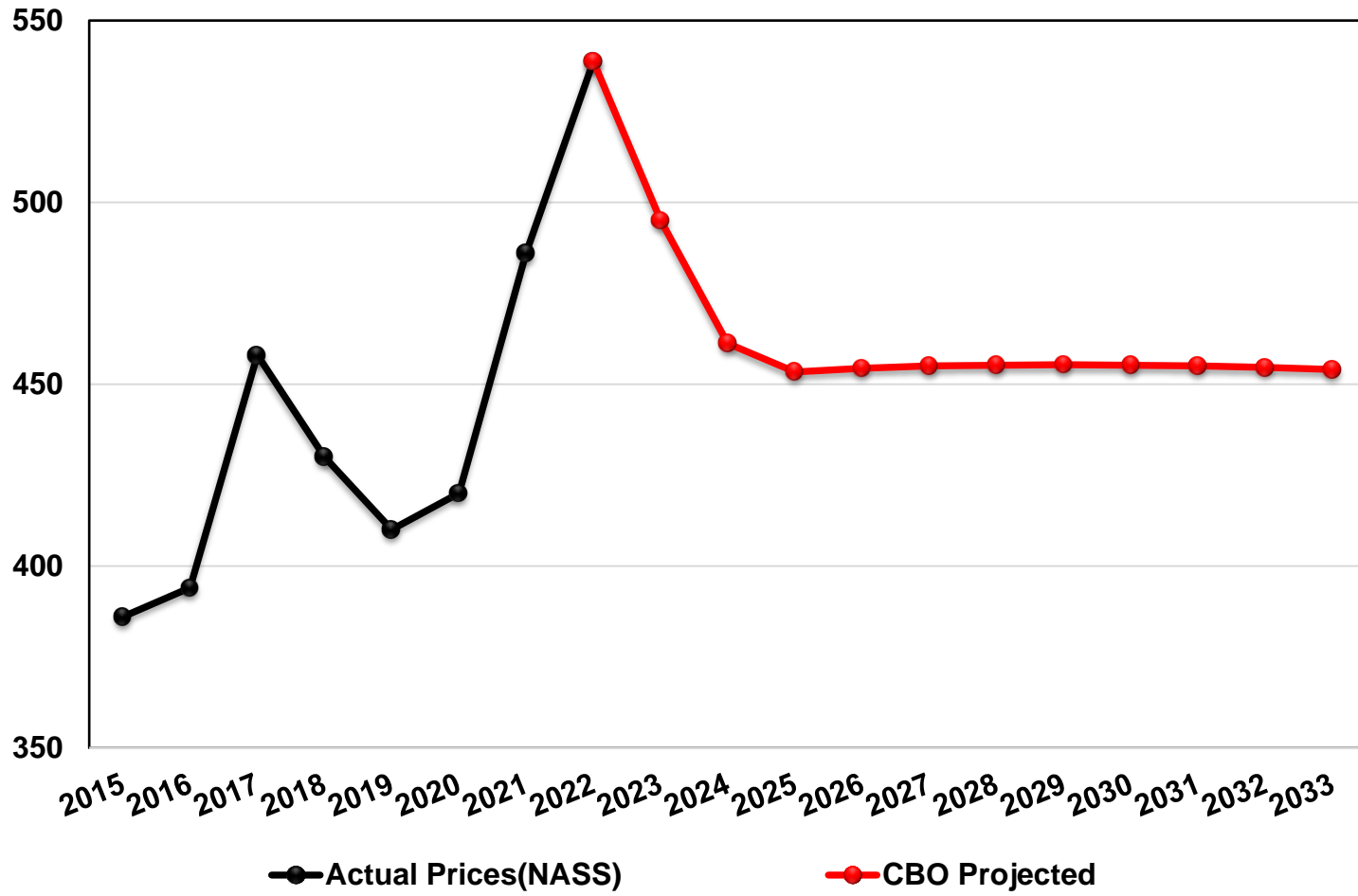
U.S. Rep Farms Peanut Cash Flow Per Ton

Items	2013	2017	2021	2022 Estimated
Expected Yields(tons/acre)	2.12	2.25	2.38	2.38
Total Variable Input Costs(TVIC)	294.72	301.73	299.80	399.84
Total Quasi-Variable Input Costs(QVIC)	136.60	164.38	163.16	184.42
Total Variable Costs(TVC)	431.32	466.11	462.97	584.26
Loan and Payment For Land and Equipment	47.35	85.80	84.36	84.29
Total Cash Flow Per Ton(\$)	478.67	551.91	547.32	668.55

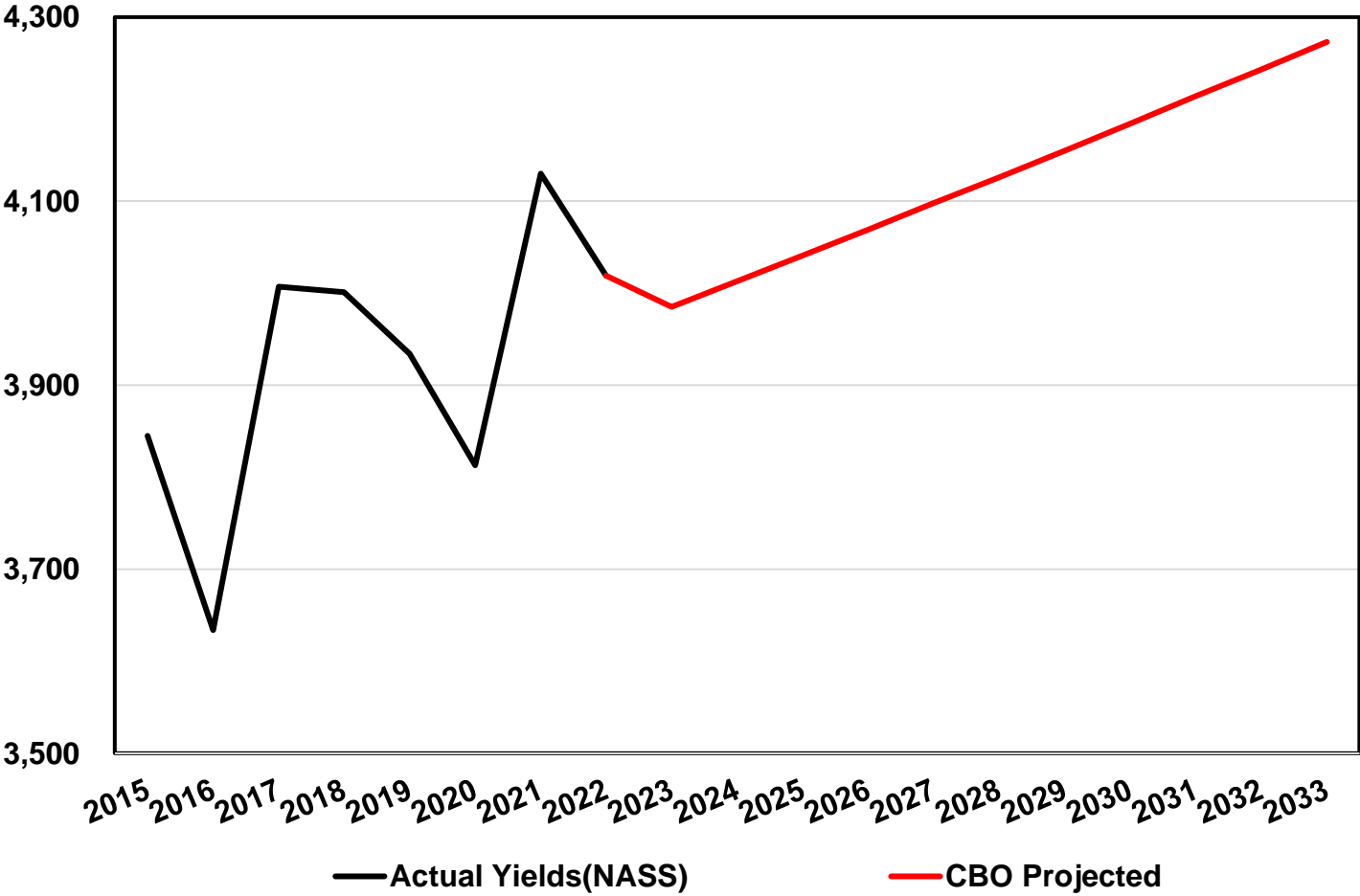
U.S. Rep Farms Peanut Cash Flow Comparing To USDA Reported Per Acre

Items	2013	2017	2021	2022 Estimated
Rep Farms Total Cash Flow(\$)	1,013.25	1,240.62	1,302.63	1,592.48
USDA Total Costs(\$)	940.70	893.21	990.81	1,199.19
Difference(\$)	72.55	347.41	311.82	393.29

U.S. Peanut Marketing Year Prices(\$/ton)



U.S. Peanut Yields Per Harvested Acre(pounds)



FARM BILL TIMELINE

- AG Committees are working on tightening up bill data and policy during this August Break.
- Possible House AG Committee mark-up in September.
- Congress will likely need to move a short-term extension in order to complete work on the bill this year or early 2024.
- Hopefully, we will see House and Senate floor consideration this year.

FARM BILL PRIORITIES

- Increasing the Reference Price in the Price Loss Coverage Program
- Protecting the Separate Peanut Payment Limit which was established in the 2002 Farm Bill.
- Protecting Storage and Handling Provisions in the Bill
- Voluntary Base Update which addresses young growers entry into the program and those peanut regions that have limited or no peanut base.

HURDLES FOR THE FARM BILL AND PEANUTS

- NCGA's testimony in the House and Senate was similar to other commodities, high input cost, the need for more resources but weeks ago the NCGA adopted a mandatory base update which will have significant impact on most commodities but particularly peanut, cotton and rice. A mandatory base update will cause the large loss of base acres in the SE. Cotton, peanut and rice organizations oppose a mandatory base update.
- Senator Chuck Grassley of Iowa has again proposed payment limit reform that targets production agriculture. Southern commodities are large out of necessity, for economies of scale. This is more true today than before. Grassley has offered a marker bill that will harm larger peanut operations and discourage row crops in the South.

MAIN HURDLE FOR THE FARM BILL AND PEANUTS

- **MONEY**
- NUTRITION TITLE vs COMMODITY PROGRAMS



***Thank You
for Your Attention.***