

Purdue Farm Policy Study Group Meeting Summary

December 6, 2022

The following members were in Pete Clark, Ken Foster, David Hardin, John Hardin, David Howell, Joe Kelsey, Bryan Kirkpatrick, Randy Kron, Todd Kuethe, Marshall Martin, Tom McKinney, Doug Mills, Steve Pithoud, Danita Rodibaugh, Om Sharma, Michael Shuter, Don Villwock, Rick Ward, Steve Warner, Christy Welch and Mike Yoder

Excused: JoAnn Briollette, Kendall Culp, Levi Huffman, Alan Kemper, Lisa Koester, Mark Legan, Jayson Lusk, Doug Morehouse, and Mark Townsend

NOTE: Please visit <https://purdue.ag/fpsg> to access presentation documents.

Agenda Items

1. Student Attendees

Five Purdue undergraduate students were our student guests for this meeting. Elizabeth Peila, Sydney Wiesehan, Kassidy Oliger, Keegan Sheiss, and Samantha Bordner. These are all outstanding students in the College of Agriculture with family farming backgrounds. In follow up messages to me, they all expressed great appreciation to the group for inviting them and sharing the educational and networking opportunity.

We will continue to host student attendees. These will likely be undergraduate students at December meetings and graduate students at July meetings.

2. Expanding Membership

We continue to seek increased diversity in the membership of the group across age, ethnicity, gender, and types of farming enterprises. Please forward names and contact information to Ken Foster (kfoster@purdue.edu) if you would like nominate an individual for membership. We also encourage you to invite such individuals as your guest to a future meeting. According to traditions of the group, members should be engaged in farming in the state of Indiana.

At this meeting we were pleased to host several new individuals: Scott Harper and Stephanie Harper (Jasper/Pulaski Counties), George Kakasuleff (Hamilton County), and Nick Carter (Marion County). It was great to see some new faces and youth engaged around the room.

2. Crop updates and go around

With a few exceptions, most everyone felt crops did better than expected considering the state of the weather during the growing season. There were continued concerns expressed related to increasing land values and rents, inflation, global market stability, and food insecurity and safety in places like Ukraine.

3. How to Make Happiness and Well-Being the Purpose of Your Government

https://ag.purdue.edu/department/agecon/docs/fpsg/20221206_how-happy-are-our-communities.pdf

Dr. Rhonda Phillips, Professor in Agricultural Economics at Purdue University and Dean of the John Martinson Honors College, drew from her vast experience in community development and one of her

recent books (*The Happiness Policy Handbook: How to Make Happiness and Well-Being the Purpose of Your Government*) to lead us in a discussion of how to measure community well-being more broadly than simply economic activity. She also addressed how improving connectedness (or stronger within community relationships) in a community leads to more positive policy making.

Dr. Phillips also emphasized that community well-being centers on understanding of community and fulfilling the needs and desires of its members. It embraces a wide range of economic, social, environmental, political, cultural dimensions and is embedded with multidimensional values including the economic, social and environmental aspects that impact people and how well their community operates. This means that there's probably not one formula that works everywhere but that a community needs to be deliberate in determining what its shared values are and building on those interests.

Measuring well-being is complex and likely requires a menu of indicators that range from subjective to objective to capture the essence of a community and its needs. Dr. Phillips cautioned that while generally average levels of happiness in the US appear to have risen over the past 50 years it is also the case that wealthy individuals tend to express greater happiness than poor such that even though the average level of happiness may be higher, the percentages of Americans indicating that they are "very happy," "pretty happy," and "not too happy" are almost exactly the same as they were a half century ago. This suggests that while the average has increased the distribution of happiness or the gap between those who express happiness and those who do not has widened.

Dr. Phillips is author or editor of 24 academic books of which some of you may be interested, including *The Happiness Policy Handbook: How to Make Happiness and Well-being the Purpose of Your Government*, *Sustainable Communities: Creating a Durable Local Economy*, and *An Introduction to Community Development*. Links to a few of Dr. Phillips' books: <https://rb.gy/sivv9z>, <https://rb.gy/d6vw1t>, and <https://rb.gy/r2x9t3>.

4. Procedures and Expectations for a 2023 Farm Bill

https://ag.purdue.edu/department/agecon/docs/fpsg/20221206_2023-farm-bill.pdf

Matt Erickson is the Economic and Policy Advisor for Farm Credit Services of America. He was previously the Chief Economist for the US Senate Committee on Agriculture, Nutrition, and Forestry. Matt started his presentation by pointing out that there were relatively few times in US Congressional history where the party representation was as balanced between Democrats and Republicans as it will be in 2023. That creates both challenges and opportunities for a successful Farm Bill. Matt also emphasized that the current House Ag Committee's Democratic members tend to come from states that are more urban while those on the Republican side tend to be from more rural states and districts. This is unlikely to change with new committee assignments in 2023. Meaning that a successful Farm Bill will continue to emphasize both farm support and food security.

Matt's expectation is that Representative G.T. Thompson from Pennsylvania will be the new committee chairperson. He is on record as having three Farm Bill objectives: internet access, crop insurance, and getting a bill passed. A challenge to the latter objective is likely to come from the Freedom Caucus

members of the Republican Party who favor deficit reduction and reduced federal spending over other objectives.

Matt pointed out that while Democrats have a small advantage in the Senate and typically vote as a bloc on Farm Bill legislation, the 60-vote threshold in the Senate means that some Republicans will have to support any successful legislation.

A challenge to the process that Matt identified are that budget hawks in both the Senate and House have little left to cut if there is any hope of getting a bill passed. Conservation payments in the Farm Bill were automatically extended out to 2031 as a part of the Inflation Reduction Act enacted in 2022 and anything that reduces Nutrition support in the Farm Bill will be a non-starter for Democrats in both the House and Senate. That would leave pretty much only Commodity Support and Crop Insurance on the table for any expenditure reduction efforts in a potentially successful Bill.

Another challenge identified by Matt is that the whole process takes time and the clock is ticking. Once a prospective bill and its various amendments are hammered out in committee hearings, it still has to be scored by the Congressional Budget Office and that all takes time. Then full chamber debates must occur and a conference committee has to resolve difference and combine bills from the House and Senate before both chambers can vote on a final outcome. Again, it takes more time and with a presidential election less than two years away there isn't a lot of that. A successful outcome needs to get started soon and likely proceed quickly.

In the end, Matt's assessment was that a budget neutral compromise Bill that looks much like the 2018 Farm Bill is possible but will need to proceed quickly and smoothly and avoid too much budget fighting.

5. Economic and Agricultural Impacts of Decarbonizing the US Economy

https://ag.purdue.edu/department/agecon/docs/fpsg/20221206_economic-and-agricultural-impacts-decarbonizing.pdf

Dr. Farzad Taheripour is a Research Professor in Agricultural Economics at Purdue and member of Purdue Center for Global Trade Analysis. Farzad focused his presentation on the research that he and others in the Center for Global Trade Analysis have conducted relative to carbon sequestration in agriculture and forestry and associated incentives necessary to achieve adoption and greenhouse gas emissions reductions.

Farzad began by reflecting on agriculture's role in US greenhouse gas emissions. Historically, agriculture has accounted for around 10% of these emissions in the US, and the largest portion of that derive from soil management, direct enteric fermentation emissions of animals and manure management. On the other hand, carbon sink and greenhouse gas emissions reductions related to agriculture are predominated by land in forests and cropland converted to forests or grasslands.

Much of the exploratory research in this area is driven by the US goal of net-zero emissions by 2050. Key aspects of the research of Farzad and others in this area accounts for challenges from climate change, incorporation of agricultural productivity growth, land availability, and global spillovers in land use.

Farzad also shared a graphic that showed the tremendous transformation in energy production in the US necessary to achieve net-zero emission by 2050. That graph showed tremendous reductions in emissions from transportation and electricity as a result of a dramatic switch to renewable energy from wind and solar as well as growth in energy production from nuclear and fossil fuel systems with carbon capture or sequestration.

In the main research paper that Farzad spoke about, they examined the impact of carbon taxes either alone or together with a Forest Carbon Sequestration (FCS) subsidy needed to achieve 50% emissions reductions. They analyzed those scenarios with and without climate change induced yield reductions.

What they discovered was that ignoring climate induced yield shocks a 50% emissions reduction could be attained with either a \$150/tCO₂e carbon tax or a \$80/tCO₂e carbon tax combined with an equivalent FCS subsidy. In the case where they incorporated climate induced yield impacts, they found that a 50% emissions reduction required a \$155/tCO₂e carbon tax or a \$100/tCO₂e carbon tax combined with an equivalent FCS subsidy. The important result, however, was that food price impacts were moderate under the case where climate change yield impact was ignored but become huge when one incorporates the climate induced yield impacts making such policies unrealistic in a practical sense due to related food insecurity outcomes.

6. Future meeting dates

Barring unforeseen circumstances, the following will be the dates for the group's next two meetings: July 11, 2023 and December 5, 2023.

7. Future Topics

The following topics were suggested for future meetings:

- Future crops for climate and evolving food demand
- "optimal" land use planning
- Labor Markets and Trade to facilitate growth
- Indiana's lagging education and training attainment: causes, implications, potential remedies
- Farm implications of changing nutrition and food product trends

If you have thoughts on these or other topics of interest, then please forward those to Ken Foster (kfoster@purdue.edu).

5. Adjournment at 3 pm

Respectfully Submitted,



Ken Foster
Interim Dean – College of Agricultural
Professor – Agricultural Economics
Executive Secretary – Purdue Farm Policy Study Group