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**Hunter Biram – Net Farm Income decline**

Audio cuts and cues from Extension Economist Hunter Biram, to go with the story:

[**2023 Arkansas farm income expected to retreat following record year**](https://www.uaex.uada.edu/media-resources/news/2023/april/04-03-2023-ark-raff-farm-income.aspx)

[**Cut 1**](https://app.box.com/s/qzgzkbh2b6icse78skgiumwgc1puu1ld)

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**Q: Why does the model assume weather will be kinder to agriculture in 2023?**

And normally with these models, it's essentially a baseline model. Normally, with these models we just assume back to trend and kind of let the let those estimates talk for themselves at that point we we probably could have a little bit more than what the trend would, will would show just given current whether the weather patterns like you and I were talking about with the El Nino on the horizon, but I’m just hoping it's not as bad as it was last year.

[**Cut 2**](https://app.box.com/s/1gyik538gln7qxiy3iytzkhyi41stnvn)

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**Q: What do you see as the main causes for a decline in net farm income in Arkansas for 2023?**

I think one of the biggest factors is going to be with ad hoc government programs.

So, for instance, ARC and PLC. That's on everyone's mind with the Farm Bill, but I think in terms of farm income, not going to see any ARC or PLC payments this year just because of the high price environment that we're in. I don't expect to see any of the crops’ prices for PLC fall below the reference price, which is that price trigger. I don't expect any of those prices to come below that reference price. So, I don't expect any PLC payments — ARC similar situation, high price environment and yields would have to fall a great deal across a large swath of land because it's a county trigger not an individual farm-level trigger for county yield vs. individual yield.

[**Cut 3**](https://app.box.com/s/jb86m2ptv3rya9y0wjm3baxc5kugkl52)

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**Q: Are there other factors that play into the decline in farm income in 2023?**

We're also seeing the Coronavirus Food assistance program — the CFAP program — those payments are dwindling away. That program’s now over. But we are getting into the Emergency Relief Program — the ERP — we're getting into that. Then we think the enrollment for getting ‘23 payments just in 2022, so I think there's a little bit of a gap between CFAP and ERP. No PLC. No ARC. And I think those are going to be your biggest drivers on getting any kind of income on the cost side.

[**Cut 4**](https://app.box.com/s/njsjwy9htm2l92gbtqaum076jy7inla0)

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**Q: What other financial challenges are Arkansas farmers facing in the coming growing season?**

On the cost side, the good news is fertilizer is down relative to last year. I mean anything's better than last year, but we really are seeing some pretty good fertilizer prices across the board. However, that's not met without some kind of increase somewhere else. And the increase that we're seeing is interest cost. As the Fed continues to increase that Federal funds rate, we're feeling it across the whole entire economy, and we, the ag economy is not exempt from that.

So, we're seeing those interest rates on operating loans increase. I think that we're projecting about 17 percent increase in interest expense in the, in the farm income report. Som fertilizer may be down. Interest rates are up and largely government pay the ad hoc government programs, not paying as much this year.