

# **PROGRAM DECISION STEPS FARM BILL TOOLBOX**

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# Farm Bill Toolbox

[farmdoc](#)[farmdoc daily](#)[farmdoc webinars](#)

## Start with the Farm Bill Toolbox

### Making the ARC-PLC Decision

Tool Release Date: September 25, 2014

This tool aids in yield updating, acre reallocation and the ARC-PLC decision.

[Start ARC-PLC Decision Steps](#)

### Making the MPP Decision

Tool Release Date: August 28, 2014

This program includes Margin Protection Program (MPP) for Dairy Producers.

[Start MPP Decision Steps](#)

- Seven steps to help with the decisions required by the 2014 Farm Bill
- One-stop resource available: <http://farmbilltoolbox.farmdoc.illinois.edu>
- Or search: "Farm Bill Toolbox"

## Farm Bill Toolbox

farmdoc

farmdoc daily

farmdoc webinars

## ARC-PLC Decision Steps

The following 7 steps are designed to help guide you through the decisions required for each FSA farm.

<b>Start</b> Overview	<b>1</b> Collect Information	<b>2</b> Keep or Update Yields	<b>3</b> Retain or Reallocate Base Acres	<b>4</b> Compare ARC-CO and PLC	<b>5</b> Consider ARC-IC	<b>6</b> Consider SCO	<b>7</b> Signup
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**1. Retain or update payment yields (Feb. 27, 2015)**

**2. Retain or reallocate base acres (Feb. 27, 2015)**

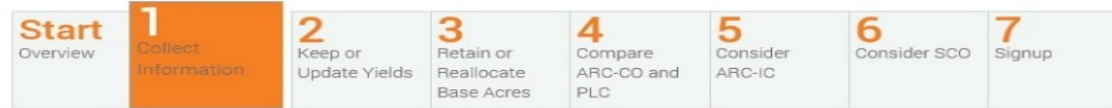
**3. Programs: ARC-CO; PLC; ARC-IC (Mar. 31, 2015)**

**Each decision made by FSA farm; one-time and irrevocable**

# 1

### ARC-PLC Decision Steps

The following 7 steps are designed to help guide you through the decisions required for each FSA farm.



## Collect Information.—

- ✓ **FSA Letter from August: existing payment yields and base acres for each FSA farm**
- ✓ **FSA letter also provides record of acres planted on the FSA farm for 2008 to 2013 crop years**
- ✓ **Also need crop yield history for 2008 to 2012; crop insurance records will be accepted**



## ARC-PLC Decision Steps

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## Keep or Update Yields.—

- **Keep current payment (CC) yields as listed on FSA letter**
- **Update to 90% of the average yields from 2008 to 2012 crop years**
- **Payment yields only used for PLC; independent of program choice; decision for **landowners only****

## ARC-PLC Decision Steps

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## Retain or Reallocate Base Acres.—

- **Keep current base acre distribution as listed on FSA letter**
- **Reallocate base to ratio of planted acres for program crops in 2009 to 2012 crop years; FSA letter determines**
- **All programs pay on base acres; decision covers all program crops; decision for **landowners only****

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## Compare ARC-CO and PLC.—

- Decision for all **producers** on the farm (not landowners in a cash lease); a crop-by-crop decision
- ARC-CO: **revenue**-based assistance using county average yields and national average prices
- PLC: **fixed-price**, deficiency payment program when national average price is below statutory reference price



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## OPERATIONAL COMPARISON

ARC-CO	PLC
5-year Olympic <b>moving</b> average marketing year average (MYA) price (reference price plug)	Reference price <b>fixed</b> in statute; does not change
5-year Olympic moving average of county yields (70% of T-yield plug)	Payment yield used to calculate payments; does not change (after update)—no yield coverage provided
Coverage is from 86% down to 76% of county revenue (i.e. a 10% maximum)	Coverage is for prices below the reference price and down to the loan rate



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## OPERATIONAL COMPARISON: PRICES USED

ARC-CO			PLC	
Year	MYA Price & 5-year Olympic		Corn	Soybeans
	Corn	Soybeans		
2009	<del>\$3.55</del> (\$3.70)	\$9.59	\$3.70	\$8.40
2010	\$5.18*	\$11.30*		
2011	\$6.22*	\$12.50*		
2012	\$6.89	\$14.40		
2013	<u>\$4.46*</u>	<u>\$13.00*</u>		
Olympic	\$5.29	\$12.27		
(Ref. price replaces MYA below it)				
(*Used in the Olympic calculation)				

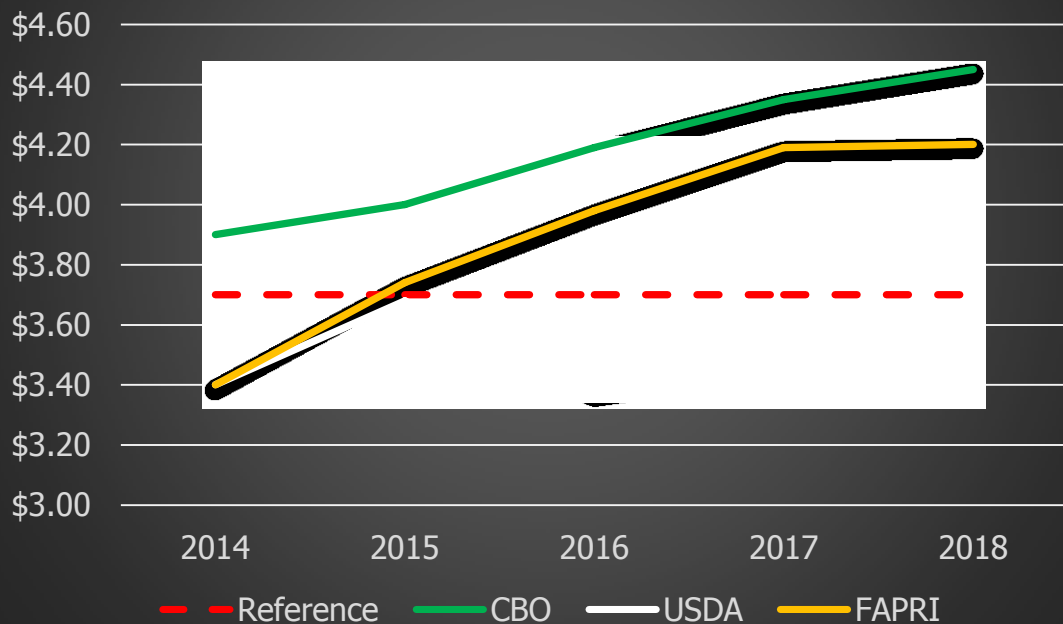


## ARC-PLC Decision Steps

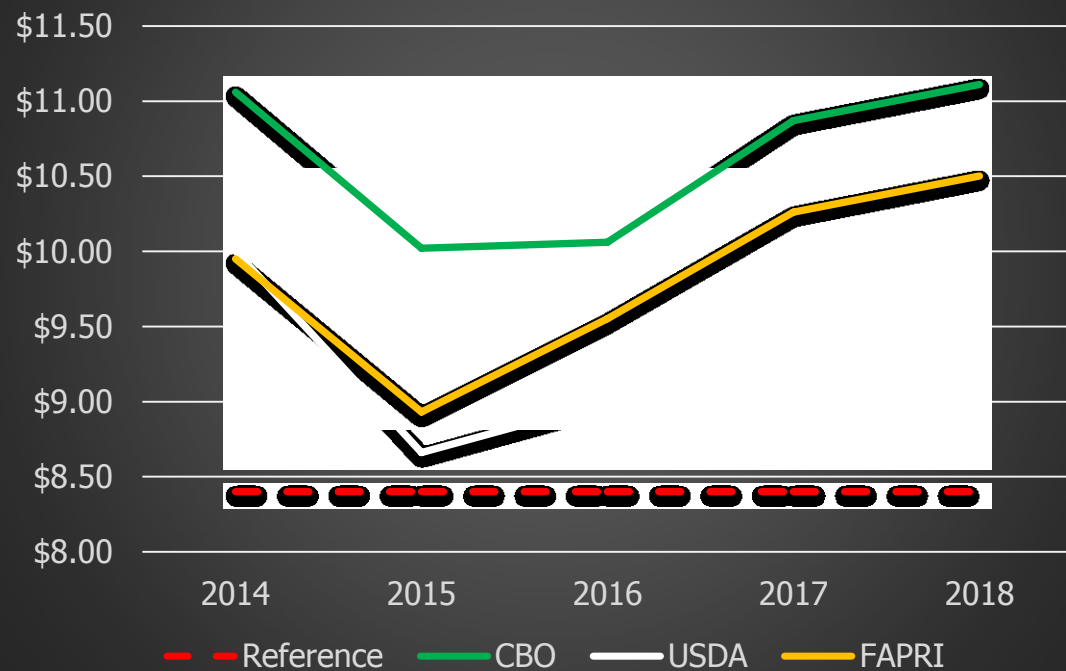
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## Corn Price Forecasts (\$ per Bushel)



## Soybean Price Forecasts (\$ per Bushel)

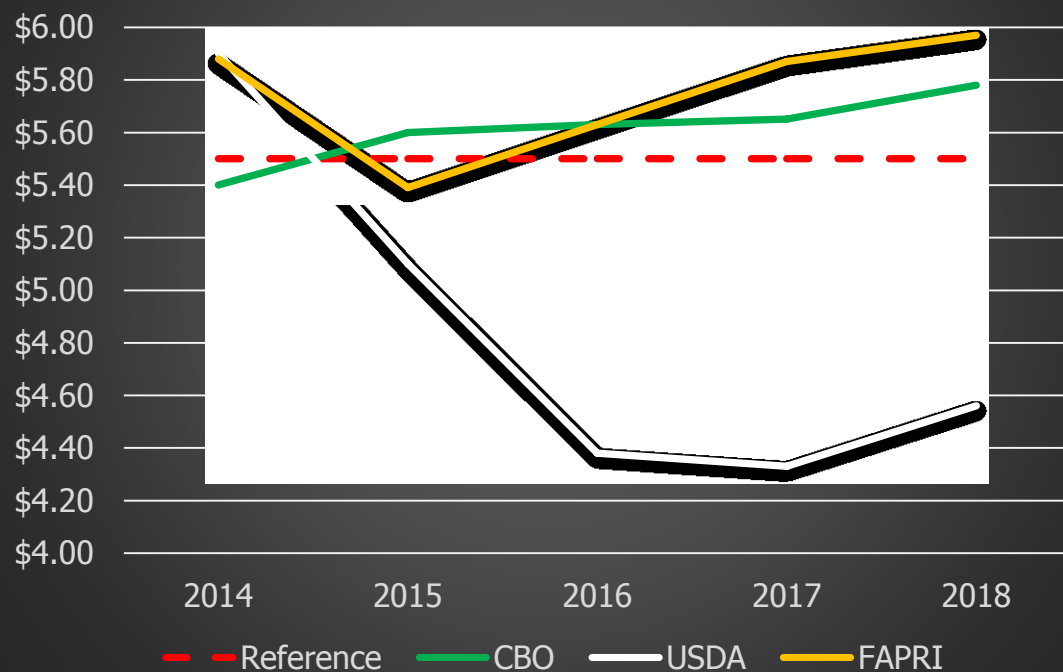


## ARC-PLC Decision Steps

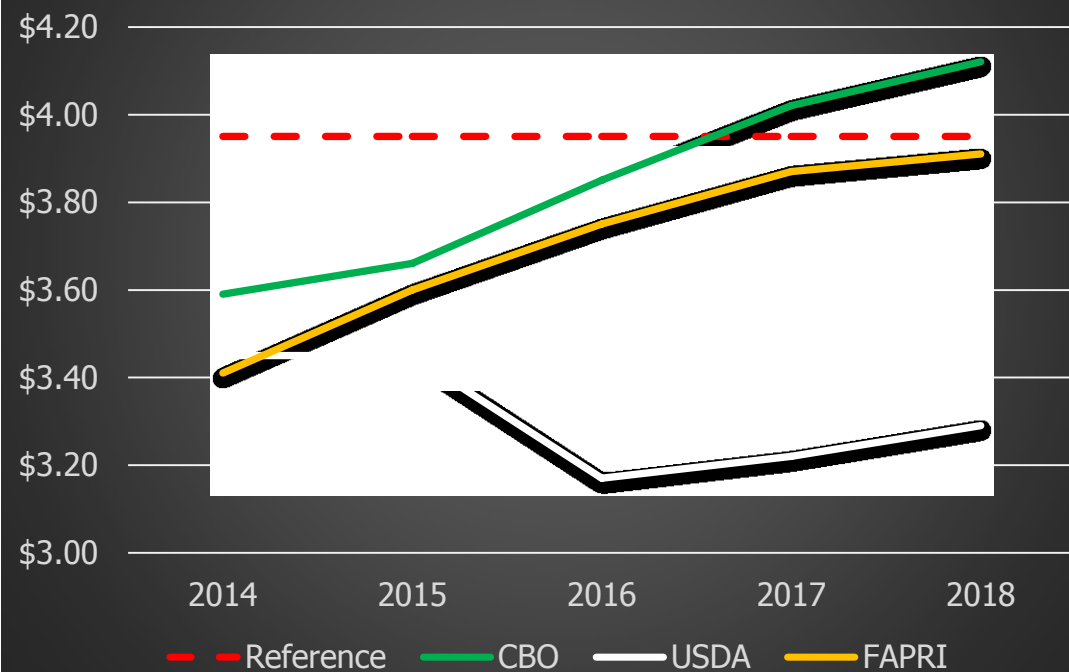
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## Wheat Price Forecasts (\$ per Bushel)



## Sorghum Price Forecasts (\$ per Bushel)



## ARC-PLC Decision Steps

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## Compare ARC-CO and PLC.—

- **Much of this decision depends on your price expectations for 2014 through 2018**
- **Type of risk coverage factors in as well: ARC-CO for lower prices and yields; PLC for very low prices**
- **Other considerations include the 10% maximum payment on ARC-CO and availability of SCO for PLC**



# 5

## ARC-PLC Decision Steps

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### Consider ARC-IC.—

- Uses the **sum** of all program crops on the farm **weighted** by actual planted acres
- All farms in the state enrolled in ARC-IC; producer's share
- Payments made on **65%** of total base acres for the farm (all program crop base)



# 5

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### Consider ARC-IC.—

- **Add together 5-year Olympic average revenue (farm yield times national MYA prices) for each crop, weighted by planted acres**
- **Add together actual revenues (farm yield times national MYA price) and weight by planted acres**
- **Guarantee at 86%, max. 10%; pay difference on 65% of total base**



# 6

## ARC-PLC Decision Steps

The following 7 steps are designed to help guide you through the decisions required for each FSA farm.



### Consider Supplemental Coverage Option (SCO).—

- **A Crop Insurance Policy:** planted acres, APH and actual yields, RMA prices, premium (65% subsidy)
- **Uses a county-based trigger at 86%; coverage down to underlying COMBO insurance trigger**
- **Applied to deductible range of your underlying policy; cannot be mixed with ARC-CO or ARC-IC**





# 6

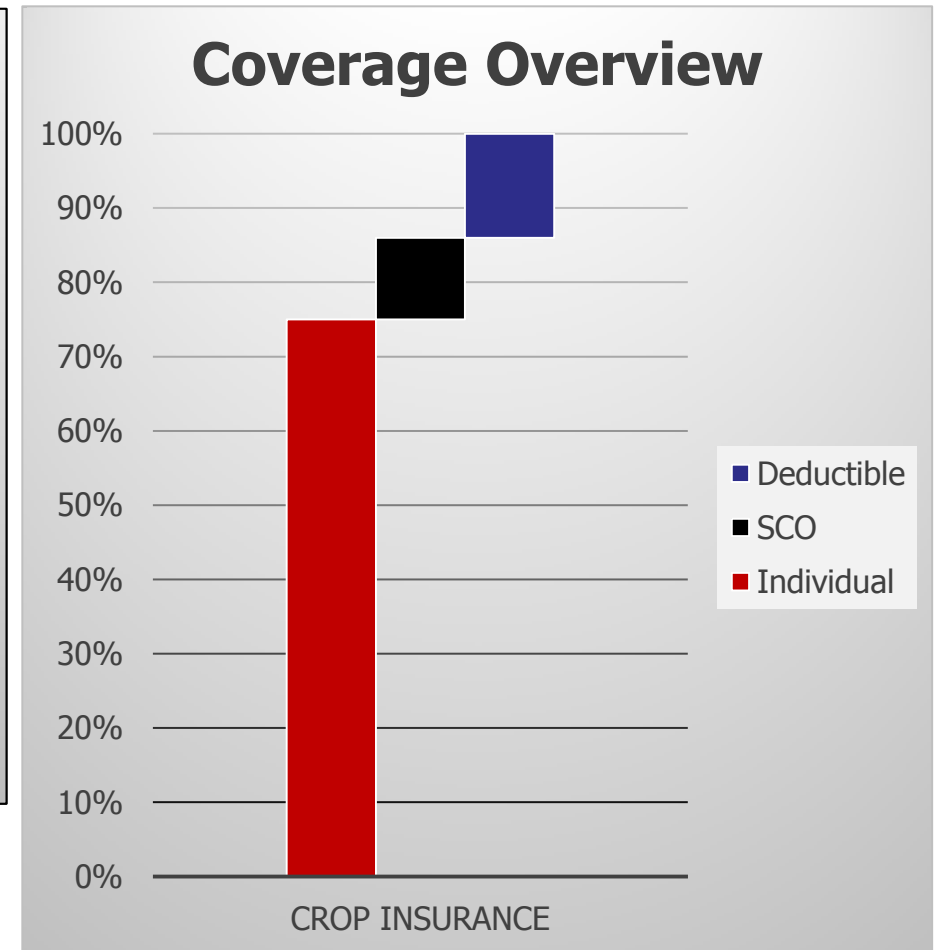
## ARC-PLC Decision Steps

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### Consider Supplemental Coverage Option (SCO).—

- ✓ Example with 75% Revenue Protection (RP) individual policy
- ✓ SCO covers 86% down to 75%; county trigger applied to RP deductible
- ✓ Available in 2015; only those counties RMA has enough data to rate it



# 7 ARC-PLC Decision Steps

The following 7 steps are designed to help guide you through the decisions required for each FSA farm.



## Make Your Decisions.—

- **Update Payment Yields (Landowner): February 27, 2015**
- **Reallocate Base Acres (Landowner): February 27, 2015**
- **Program Election (Producers): March 31, 2015**

# 7 ARC-PLC Decision Steps

The following 7 steps are designed to help guide you through the decisions required for each FSA farm.



## Make Your Decisions.—

- **Agriculture Policy Analysis System (APAS):**  
<http://fsa.usapas.com> for program payment estimates
- **Farm Bill Toolbox** for decision steps, background information, analysis, webinars and more





### Agriculture Policy Analysis System (APAS)

<p><b>APAS Sample Farm</b></p> <p>Five Minute Review of Analytics for Your County</p> <p>Quick program payment comparison using data for your state and county</p>	<p><b>APAS Custom Farm</b></p> <p>Build Your Own Farm</p> <p>Enter your own farm's information for detailed program and risk management analysis</p>	<p><b>NAP Crops</b></p> <p>Coming Soon</p>
 <p>Start Here for Program &amp; Tool Explanation</p>	<p><b>Payment Yield Update</b></p> <p>Quick Calculator</p>	<p><b>Base Acre Reallocation</b></p> <p>Quick Calculator</p>
	<p><b>APAS FAQ</b></p> <p>Coming Soon</p>	<p><b>YouTube Channel</b></p>

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# COMMODITY PROGRAMS

- **Payment Limits & Eligibility**
  - ✓ **Payment limit of \$125,000 across all payments (including marketing loan gains & LDP's), separate \$125,000 for peanuts**
  - ✓ **Single AGI of \$900,000; 'actively engaged in farming' TBD by USDA in rulemaking**



**2014 Farm Bill**

# **CONSERVATION PROGRAMS**

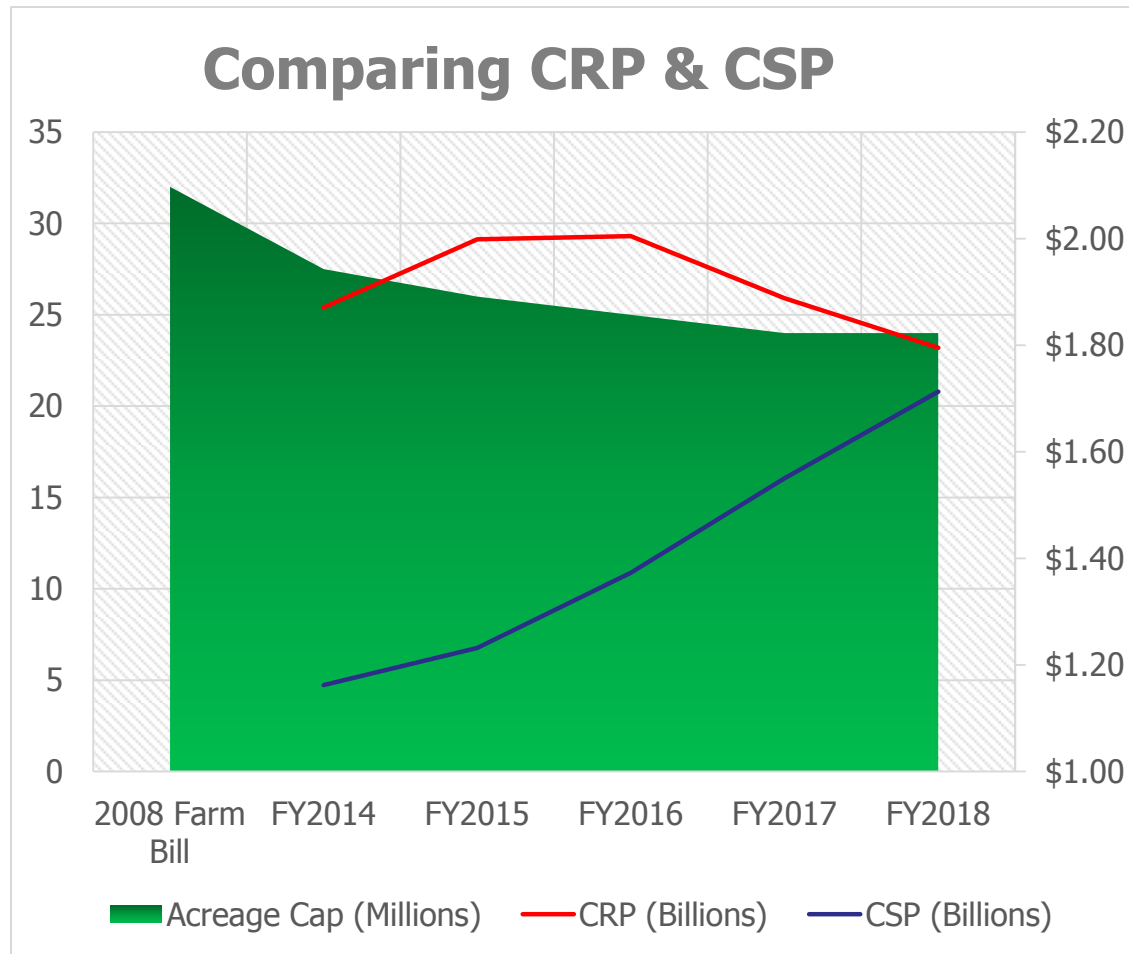


# CONSERVATION PROGRAMS

- **Witnessing a shift in conservation policy—reserve acreage to working lands conservation**
- ✓ **Continues Conservation Stewardship Program (CSP) and Environmental Quality Incentives Program (EQIP)**
- ✓ **New Regional Conservation Partnership Program (RCPP), working across programs, multiple farms with private partners**



# CONSERVATION PROGRAMS: CRP



- **Farm Bill steps down acreage enrollment cap for CRP**
- **CSP continues to grow at 10 million acres per fiscal year**





# CONSERVATION

- **Conservation Compliance**
  - ✓ **Continues Highly Erodible Land (HEL) and wetlands compliance for all Title I (Commodities) and Title II (Conservation) program eligibility**
  - ✓ **New provisions attaching compliance to crop insurance premium assistance eligibility—forward looking only**



**2014 Farm Bill**

# **OTHER PROGRAMS OF NOTE**



# OTHER PROGRAMS OF NOTE

- **Agricultural Market Development**
  - ✓ **Continues Market Access Program and Foreign Market Development Cooperator Program at existing funding levels**
  - ✓ **Export Credit Guarantee Program (GSM-102) capped at \$5.5 billion each year to settle Brazil WTO cotton dispute**

# OTHER PROGRAMS OF NOTE

- **Renewable Energy Programs**
  - ✓ **Continues Rural Energy for America Program (REAP) at \$500m;**
  - ✓ **Also continues Biomass Crop Assistance Program (BCAP) at \$125m; Biorefinery Assistance at \$200m**

# QUESTIONS?

**Thank you,**

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