



FARM PROGRAM DECISION TOOL

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DEVELOPMENT & OUTREACH COALITION

- University of Illinois
- Watts & Associates
- The Ohio State University
- Michigan State University
- Delaware State University
- University of Arkansas-Pine Bluff
- North Carolina A&T University
- Montana State University

DECISION ASSISTANCE

Farm Bill Toolbox on farmdoc:

<http://farmbilltoolbox.farmdoc.illinois.edu/index.html>

Web-based decision tool,
Agriculture Policy Analysis System
(APAS):

<http://fsa.usapas.com/>

Are 3 sets of decisions; 7 steps
towards making them

FARM BILL DECISIONS

One-time, irrevocable per FSA farm:

- 1) Update payment yields
- 2) Retain or reallocate base acres
- 3) Program Election decision:
 - ✓ Agriculture Risk Coverage, County Option (ARC-CO)
 - ✓ Agriculture Risk Coverage, Individual Farm Coverage Option (ARC-IC)
 - ✓ Price Loss Coverage (PLC)
(+ Supplement Cover Option (SCO) in crop insurance)

STEP ONE: COLLECT INFORMATION

- ✓ For each FSA farm
- ✓ FSA August letter: base, yields, acres planted
- ✓ Yield history for 2008 to 2012; crop insurance records accepted



STEP TWO: RETAIN OR UPDATE YIELDS

- ✓ Landowner decision; keep current (FSA letter) or update to 90% of 2008-2012
- ✓ Need cropping history; Crop Insurance records accepted
- ✓ Crop-by-crop decision; generally, choose the one that results in highest yield

STEP THREE:

RETAIN OR REALLOCATE BASE

- ✓ Landowner decision; all program crops on farm; will not increase or decrease total
- ✓ Keep current or reallocate to the ratio of 2009-2012 plantings
- ✓ Generally look to increase base for crops with larger potential payments

STEP FOUR: COMPARE ARC-CO & PLC

- ✓ All producers on the farm;
crop-by-crop decision
- ✓ ARC-CO: county revenue
program; 5-year Olympic
average of MYA Prices &
county yields
- ✓ PLC: deficiency payment
when MYA is below reference
price

ARC-CO

Benchmark Revenue = 5-year Olympic average county yields X 5-year Olympic average MYA prices
(ref. price & 70% of T-yield replace low price & yield)

Guarantee= 86% of the Benchmark Revenue

Actual Revenue= County average yield X MYA price

Payment Rate= Guarantee – Actual; not to exceed 10% of the Benchmark

Payment= Payment Rate X 85% of the Base Acres for the Crop

PLC

When Market Year Average (MYA) price is below the Reference Price.

Payment rate = reference minus MYA (or loan rate)

Payment = payment rate X payment yield, on 85% of crop's base acres

Crop	Ref. Price
Corn	\$3.70/bu.
Soybeans	\$8.40/bu.
Wheat	\$5.50/bu
Grain sorghum	\$4.95/bu.
Barley	\$4.95/bu.
Oats	\$2.40/bu.
Other Oilseeds	\$20.15/cwt.
Dry peas	\$11.00/cwt.
Rice	\$14.00/cwt.
Peanuts	\$535/ton
Lentils	\$19.97/cwt.
Small chickpeas	\$19.04/cwt.
Large chickpeas	\$21.54/cwt.

STEP FIVE: CONSIDER ARC-IC

- ✓ All producers on the farm; all program crops
- ✓ Individual, farm level revenue
- ✓ Farm's yields, all crops with base
- ✓ 5-year Olympic average; added together and weighted by planted acres

STEP FIVE: CONSIDER ARC-IC

- ✓ Sum of all covered commodities
- ✓ Producer's share of all farms in state in ARC-IC
- ✓ Planted acres determine weights
- ✓ 65% of base acres for all program crops on the farm

ARC-IC

Benchmark Revenue= For each crop, 5 most recent crop years is calculated individually = Farm yield X MYA price (reference price and 70% T-yield plug)

Olympic Average Revenues= Each crop's revenue, 5 most recent years dropping highest and lowest

Weighted Sum is Benchmark Rev.= Crop year planted acreages used to weight Olympic avg. revenue each crop, added together

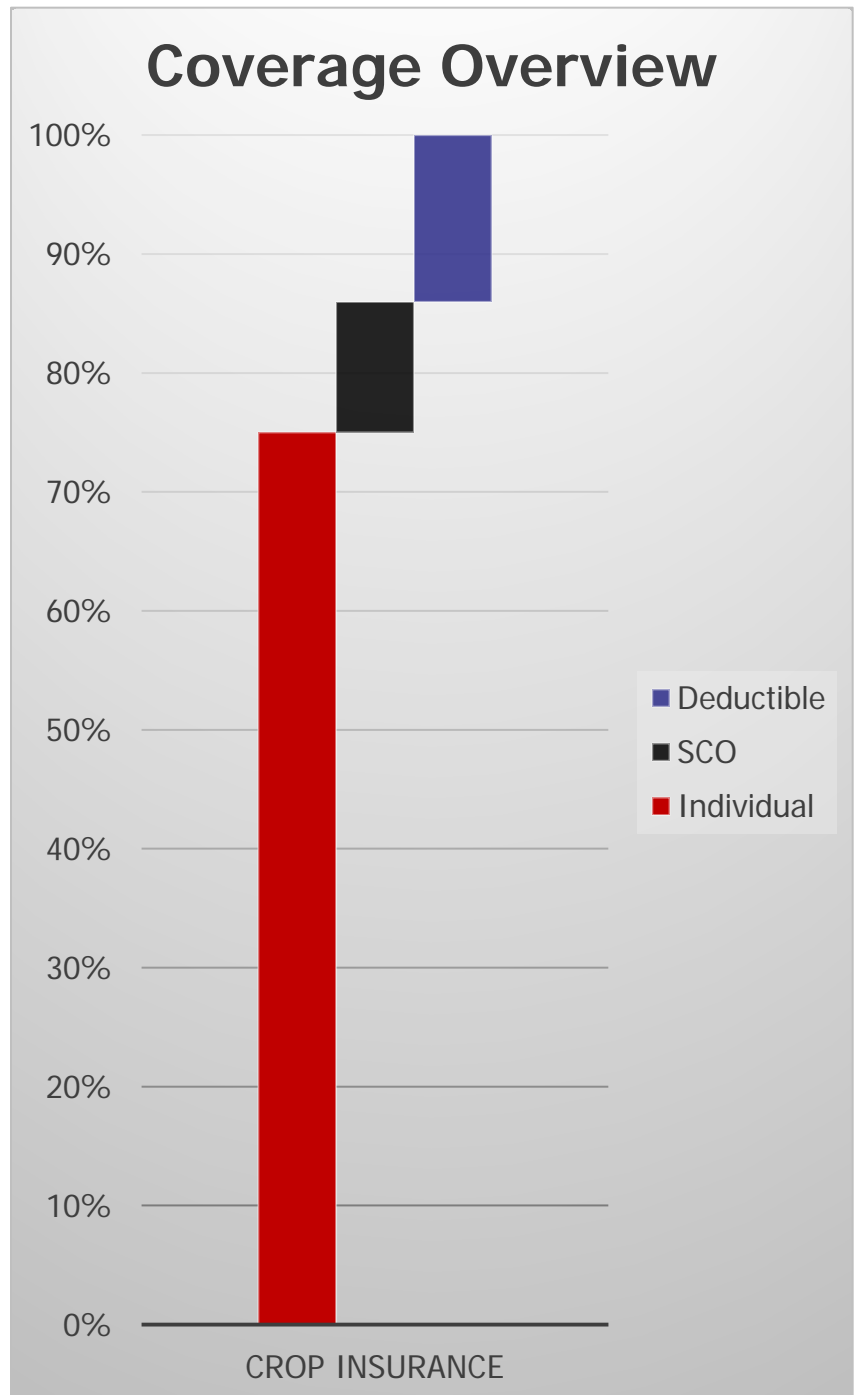
Actual Revenue= Individual crop's revenue (farm yield X MYA price) added together and weighted by planted acres

STEP SIX: CONSIDER SCO

- ✓ Supplemental Coverage Option;
crop insurance policy
- ✓ County trigger (86%) down to
COMBO policy trigger
- ✓ Applied to underlying policy
deductible range
- ✓ Only available for crops in PLC (or
no program)

STEP SIX: CONSIDER SCO

- ✓ Example with 75% RP
- ✓ SCO range from 86% to 75%
- ✓ County trigger applied to individual deductible



STEP SEVEN: DECISIONS & DEADLINES

- ✓ Base acre reallocation and yield updates: Sept. 29, 2014 to Feb. 27, 2015
- ✓ ARC/PLC Election: Nov. 17, 2014 to at least March 31, 2015
- ✓ Sign contracts: mid-April through June 1, 2015