

The Agricultural Act of 2014; “Farm Bill”

Making the Decision
Kansas State University,
Extension Service

Art Barnaby, Ph.D.
Kansas State University
Barnaby@ksu.edu
785-532-1515



Disclaimer

- This information is based on my understanding of the 2014 Farm Bill
- This information is intended for educational purposes only
- Keep checking www.AgManager.info for updated information

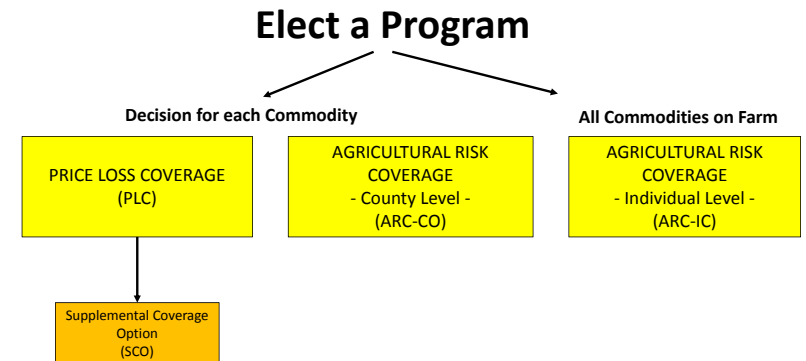


Decisions to be made...

- Update your program yields on base acres (2008-2012)
 - New yields would be 90% of updated average
 - Can increase your program payments
 - If audited, will require proof (e.g. crop insurance records)
- Reallocate your program base acres
 - If you have been growing a different crop(s) than your base from 2009-2012, can update
 - Doesn't affect what you are planning to plant over life of farm bill



Decisions to be made...



Decisions are made by FSA farm serial number

- ARC-IC (Agricultural Risk Coverage-Individual)
 - Uses farm level yields for all crops on the farm
 - Paid on 65% of base acres (not planted)
 - Payments start when adjusted farm revenue falls below 86% of Bench Mark Revenue
- ARC-CO (Agricultural Risk Coverage-County)
 - Uses county yields and election is by each crop base
 - Paid on 85% of base acres (not planted)
 - Payments start when county revenue falls below 86% of Bench Mark Revenue



Decisions are made by FSA farm serial number

- PLC (Price Loss Coverage)
 - Payments start when price falls below the reference price that is set for the life of the Farm Bill
 - Paid on 85% of base acres (not planted)
- PLC + SCO (Supplemental Coverage)
 - If enrolled in PLC, can also add SCO
 - SCO takes on the terms of your existing crop insurance plan, renew SCO coverage each year and covers 100% of planted acres.



Commodity Programs vs SCO & Crop Insurance

- No premium for ARC/PLC
- Premium for SCO & Crop Insurance
- Payment limits for ARC/PLC
- No payment limits for SCO & Crop Insurance
- ARC limited to 10% of benchmark revenue
- SCO/PLC payments can be higher than ARC; or farmers may spend their SCO premium budget on higher levels of crop insurance combined with ARC or PLC



PLC Details

- Catastrophic price decline protection
 - Payments occur then prices fall below trigger prices
 - Payments made on base acres and program yields

Commodity	2008 Farm Bill Target Price (\$/bu)	2014 Farm Bill Reference Price (\$/bu)
Wheat	4.17	5.50
Corn	2.63	3.70
Sorghum	2.63	3.95
Soybeans	6.00	8.40



ARC Details

- Revenue protection program
 - Stops 'bleeding' from multiple shallow revenue loss years
 - Payments are made if per acre revenue falls below 86% of benchmark
- ARC-County benchmark
 - 5-yr Olympic avg. national NASS price * 5-yr Olympic avg. county yield
- ARC-Individual benchmark
 - 5-yr Olympic avg. of the weighted per-acre revenues
 - Prices used are higher of historical NASS prices or reference price
- Payments max out at 10% of benchmark revenue
 - As with PLC, 2014 payments will be made in October 2015



SCO Details

- SCO is an add-on crop insurance coverage
 - Stacks on top of existing insurance product
 - Takes on the same terms as existing insurance product
- Gives coverage up to 86% of APH
 - Is not limited to base acres – can be purchased for planted acres
- Only available for planted acres not enrolled in ARC
- No payment limits



PLC Example Calculation



ARC-CO Example Calculation, uses County yields



ARC-IC Example Calculation, uses farm level yields



2014 Farm Bill

County:	Franklin	Type:	All	ARC	PLC
5 Yr. Olympic Avg. County Yield				80.7	Program Yield 80.7
5 Yr. Olympic Avg. MYA Price				\$5.29	Reference Price \$3.70
Benchmark Revenue				\$426.90	PLC > ARC-Co, @ \$3.17

Franklin Corn

	MYA Price	PLC Payment	Yield							
			48	53	59	66	73	81	89	97
			ARC Payment							
	\$5.16	\$0.00	\$42.69	\$42.69	\$42.69	\$26.57	\$0.00	\$0.00	\$0.00	\$0.00
	\$5.03	\$0.00	\$42.69	\$42.69	\$42.69	\$35.15	\$0.00	\$0.00	\$0.00	\$0.00
ARC-CO Coverage at \$5.29/bu X 86% X 80.7	\$4.90	\$0.00	\$42.69	\$42.69	\$42.69	\$42.69	\$9.43	\$0.00	\$0.00	\$0.00
Approved County Yield bu.	\$4.55	\$0.00	\$42.69	\$42.69	\$42.69	\$42.69	\$34.98	\$0.00	\$0.00	\$0.00
ARC-CO payment maxes out at per ac @ \$42.69	\$4.35	\$0.00	\$42.69	\$42.69	\$42.69	\$42.69	\$42.69	\$14.78	\$0.00	\$0.00
	\$4.15	\$0.00	\$42.69	\$42.69	\$42.69	\$42.69	\$42.69	\$30.98	\$0.00	\$0.00
	\$3.96	\$0.00	\$42.69	\$42.69	\$42.69	\$42.69	\$42.69	\$42.69	\$14.69	\$0.00
	\$3.78	\$0.00	\$42.69	\$42.69	\$42.69	\$42.69	\$42.69	\$42.69	\$30.71	\$0.47
PLC > ARC-CO with average yield > PLC unless prices fall below \$3.17	\$3.61	\$7.26	\$42.69	\$42.69	\$42.69	\$42.69	\$42.69	\$42.69	\$42.69	\$16.96
	\$3.45	\$20.18	\$42.69	\$42.69	\$42.69	\$42.69	\$42.69	\$42.69	\$42.69	\$32.48
	\$3.29	\$33.09	\$42.69	\$42.69	\$42.69	\$42.69	\$42.69	\$42.69	\$42.69	\$42.69
Units are \$/acre; payment is only on 85% of base acres	\$3.14	\$45.19	\$42.69	\$42.69	\$42.69	\$42.69	\$42.69	\$42.69	\$42.69	\$42.69
	\$3.00	\$56.49	\$42.69	\$42.69	\$42.69	\$42.69	\$42.69	\$42.69	\$42.69	\$42.69
	\$2.87	\$66.98	\$42.69	\$42.69	\$42.69	\$42.69	\$42.69	\$42.69	\$42.69	\$42.69
	\$2.74	\$77.47	\$42.69	\$42.69	\$42.69	\$42.69	\$42.69	\$42.69	\$42.69	\$42.69



2014 Farm Bill

County:	Franklin	Type:	All	ARC	PLC
5 Yr. Olympic Avg. County Yield				43.0	Program Yield 43.0
5 Yr. Olympic Avg. MYA Price				\$6.60	Reference Price \$5.50
Benchmark Revenue				\$283.80	PLC > ARC-Co, @ \$4.84

Franklin Wheat

	MYA Price	PLC Payment	Yield							
			26	29	32	35	39	43	47	52
			ARC Payment							
	\$6.44	\$0.00	\$28.38	\$28.38	\$28.38	\$18.67	\$0.00	\$0.00	\$0.00	\$0.00
	\$6.28	\$0.00	\$28.38	\$28.38	\$28.38	\$24.27	\$0.00	\$0.00	\$0.00	\$0.00
ARC-CO Coverage at \$5.29/bu X 86% X 43.0	\$6.12	\$0.00	\$28.38	\$28.38	\$28.38	\$28.38	\$5.39	\$0.00	\$0.00	\$0.00
Approved County Yield bu.	\$5.68	\$0.00	\$28.38	\$28.38	\$28.38	\$28.38	\$22.55	\$0.00	\$0.00	\$0.00
	\$5.42	\$3.44	\$28.38	\$28.38	\$28.38	\$28.38	\$28.38	\$11.01	\$0.00	\$0.00
	\$5.18	\$13.76	\$28.38	\$28.38	\$28.38	\$28.38	\$28.38	\$21.33	\$0.61	\$0.00
ARC-CO payment maxes out at per ac @ \$28.38	\$4.95	\$23.65	\$28.38	\$28.38	\$28.38	\$28.38	\$28.38	\$28.38	\$11.42	\$0.00
	\$4.73	\$33.11	\$28.38	\$28.38	\$28.38	\$28.38	\$28.38	\$28.38	\$21.76	\$0.00
	\$4.52	\$42.14	\$28.38	\$28.38	\$28.38	\$28.38	\$28.38	\$28.38	\$28.38	\$9.03
PLC > ARC-CO with average yield > PLC unless prices fall below \$4.84	\$4.32	\$50.74	\$28.38	\$28.38	\$28.38	\$28.38	\$28.38	\$28.38	\$28.38	\$19.43
	\$4.13	\$58.91	\$28.38	\$28.38	\$28.38	\$28.38	\$28.38	\$28.38	\$28.38	\$28.38
	\$3.94	\$67.08	\$28.38	\$28.38	\$28.38	\$28.38	\$28.38	\$28.38	\$28.38	\$28.38
	\$3.76	\$74.82	\$28.38	\$28.38	\$28.38	\$28.38	\$28.38	\$28.38	\$28.38	\$28.38
Units are \$/acre; payment is only on 85% of base acres	\$3.59	\$82.13	\$28.38	\$28.38	\$28.38	\$28.38	\$28.38	\$28.38	\$28.38	\$28.38
	\$3.43	\$89.01	\$28.38	\$28.38	\$28.38	\$28.38	\$28.38	\$28.38	\$28.38	\$28.38



2014 Farm Bill

County:	Franklin	Type:	All	ARC	PLC
5 Yr. Olympic Avg. County Yield				46.3	Program Yield 46.3
5 Yr. Olympic Avg. MYA Price				\$5.07	Reference Price \$3.95
Benchmark Revenue				\$234.74	PLC > ARC-Co, @ \$3.44

Franklin Sorghum

	MYA Price	PLC Payment	Yield							
			27	30	33	37	41	46	51	55
			ARC Payment							
	\$4.94	\$0.00	\$23.47	\$23.47	\$23.47	\$19.10	\$0.00	\$0.00	\$0.00	\$0.00
	\$4.82	\$0.00	\$23.47	\$23.47	\$23.47	\$23.47	\$4.26	\$0.00	\$0.00	\$0.00
ARC-CO Coverage at \$5.29/bu X 86% X 46.3	\$4.70	\$0.00	\$23.47	\$23.47	\$23.47	\$23.47	\$9.18	\$0.00	\$0.00	\$0.00
Approved County Yield bu.	\$4.36	\$0.00	\$23.47	\$23.47	\$23.47	\$23.47	\$23.12	\$1.32	\$0.00	\$0.00
	\$4.16	\$0.00	\$23.47	\$23.47	\$23.47	\$23.47	\$23.47	\$10.52	\$0.00	\$0.00
ARC-CO payment maxes out at per ac @ \$23.47	\$3.97	\$0.00	\$23.47	\$23.47	\$23.47	\$23.47	\$23.47	\$19.26	\$0.00	\$0.00
	\$3.79	\$7.41	\$23.47	\$23.47	\$23.47	\$23.47	\$23.47	\$23.47	\$8.59	\$0.00
	\$3.62	\$15.28	\$23.47	\$23.47	\$23.47	\$23.47	\$23.47	\$23.47	\$17.26	\$2.78
PLC > ARC-CO with average yield > PLC unless prices fall below \$3.44	\$3.46	\$22.69	\$23.47	\$23.47	\$23.47	\$23.47	\$23.47	\$23.47	\$23.47	\$11.58
	\$3.30	\$30.10	\$23.47	\$23.47	\$23.47	\$23.47	\$23.47	\$23.47	\$23.47	\$20.38
	\$3.15	\$37.04	\$23.47	\$23.47	\$23.47	\$23.47	\$23.47	\$23.47	\$23.47	\$23.47
	\$3.01	\$43.52	\$23.47	\$23.47	\$23.47	\$23.47	\$23.47	\$23.47	\$23.47	\$23.47
	\$2.87	\$50.00	\$23.47	\$23.47	\$23.47	\$23.47	\$23.47	\$23.47	\$23.47	\$23.47
Units are \$/acre; payment is only on 85% of base acres	\$2.74	\$56.02	\$23.47	\$23.47	\$23.47	\$23.47	\$23.47	\$23.47	\$23.47	\$23.47
	\$2.62	\$61.58	\$23.47	\$23.47	\$23.47	\$23.47	\$23.47	\$23.47	\$23.47	\$23.47



2014 Farm Bill

County: Franklin	/pe: All	ARC	PLC
5 Yr. Olympic Avg. County Yield		30.7	Program Yield 30.7
5 Yr. Olympic Avg. MYA Price	\$12.28		Reference Price \$8.40
Benchmark Revenue	\$377.00		PLC > ARC-Co, @ \$7.17

Franklin Soybean

	MYA Price	PLC		Yield																				
		Payment	ARC Payment	19	21	23	25	28	31	34	37													
ARC-CO Coverage at \$5.29/bu X 86% X 30.7	\$11.97	\$0.00	\$24.97	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Approved County Yield bu.	\$10.56	\$0.00	\$37.70	\$37.70	\$37.70	\$37.70	\$37.70	\$28.54	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
ARC-CO payment maxes out at per ac @ \$37.70	\$9.63	\$0.00	\$37.70	\$37.70	\$37.70	\$37.70	\$37.70	\$37.70	\$25.69	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
PLC > ARC-CO with average yield > PLC unless prices fall below \$7.17	\$8.39	\$0.31	\$37.70	\$37.70	\$37.70	\$37.70	\$37.70	\$37.70	\$37.70	\$37.70	\$37.70	\$37.70	\$37.70	\$37.70	\$37.70	\$37.70	\$37.70	\$37.70	\$37.70	\$37.70	\$37.70	\$37.70	\$37.70	\$37.70
Units are \$/acre; payment is only on 85% of base acres	\$6.37	\$62.32	\$37.70	\$37.70	\$37.70	\$37.70	\$37.70	\$37.70	\$37.70	\$37.70	\$37.70	\$37.70	\$37.70	\$37.70	\$37.70	\$37.70	\$37.70	\$37.70	\$37.70	\$37.70	\$37.70	\$37.70	\$37.70	\$37.70



MYA PRICES FOR 09 through 13 are final, 2014 KSU Estimated Prices, and FAPRI-MU Crop Price Estimates for the remaining 4 years	Fixed Situate Prices and MYA Prices	*Year	PLC	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19
CORN	3.70	3.55	5.18	6.22	6.89	4.46	3.99	3.79	3.91	3.92	3.92	3.98	
MILO	3.95	3.22	5.02	5.99	6.33	4.28	3.93	3.52	3.65	3.70	3.80		
WHEAT	5.50	4.87	5.70	7.24	7.77	6.87	6.13	5.05	5.15	5.39	5.63		
SBEANS	8.40	9.59	11.30	12.50	14.40	13.00	9.73	8.78	9.15	9.50	9.83		
5 year Olympic Average ARC Prices													
CORN								5.29	5.29	4.89	4.12	3.94	
MILO								5.10	5.10	4.74	4.06	3.95	
WHEAT								6.60	6.75	6.75	6.17	5.71	
SBEANS								12.27	12.27	11.74	10.63	9.46	
Break Even Prices for PLC VS. ARC*													
CORN								3.17	3.17	3.21	3.29	3.31	
MILO								3.44	3.44	3.48	3.54	3.56	
WHEAT								4.84	4.83	4.83	4.88	4.93	
SBEANS								7.17	7.17	7.23	7.34	7.45	

*Break even price is the point where PLC will pay more than ARC-CO, assuming the actual county yield equals the 5 year Olympic average yield and the farmer's FSA program (payment yield for PLC) is equal to the 5 year Olympic average yield.



ARC-CO vs. ARC-IC

- ARC-IC guaranteed is based 5 year Olympic Average Farmer Revenues X 86%.
- Farmer revenue is defined as farmer yield X MYA price by year.
- Replace low farm yields with 70% of FSA T-yield, zero acreage replaced with higher of county yield or 70% of FSA T-yield.
- ARC-IC pays on 65% of base acres vs. ARC-CO at 85% of base acres.
- All crop revenue per FSA farm serial # count towards the guarantee, can't pick and choose
- Without base acres limits, \$125,000 payment limit, and 10% stop loss, ARC is effectively crop insurance.
- Paperwork will be more cumbersome
- Works best for single enterprise farms that do little crop rotation. Montana wheat-summer fallow or corn-soybeans with complete 5 year yield histories.



ARC-CO vs. ARC-IC

- Producers may see higher payments from ARC-IC if their individual revenues are much greater than the county revenues, assuming the same crop is planted:
 - Co. Rev. Benchmark = \$5.29 X 90 bu/acre = \$476.10 (stop loss \$47.61) X 85% = \$40.47
 - Individual BK = \$5.29 X 150 bu/acre = \$793.50 (stop loss \$79.35) X 65% = \$51.58
- Change crop planted in future years will change the ARC-IC coverage that is based on the crop planted, adjusted for base acres. This could compensate for the lower 65% factor and increase ARC-IC payments over ARC-CO. For example, farmers with 100% wheat base, but expecting no payment from wheat ARC-CO. However, if farmers expects corn will pay, then by planting corn under ARC-IC, they would be paid based on corn; i.e. 65% of a corn payment is still more than 85% of a non-wheat payment.
- Under ARC-CO farmers are paid based on the county crop numbers for the crop base in the county office administering the payment; the county where the land is located nor the crop planted has no effect on ARC-CO payments.



Test Comparing the 2014 MYA Reference Price for 2014 ARC-CO vs. PLC Statute Price for Wheat

	MYA Year14/15*	Est Wt.*		Est	
June	6.50	13.0	Last Month 14/15 Est MYA price	\$6.00	
July	6.16	19.3	2014 ARC Reference Price		
August	5.98	13.3	MYA Price 13/14	\$6.87	
September	5.74	9.1	MYA Price 12/13	\$7.77	
October	5.71	6.3	MYA Price 11/12	\$7.24	
November ..	6.05	4.9	MYA Price 10/11	\$5.70	
December ..	6.53	6.6	Statute>, MYA Price 09/10	\$5.50	
Forecasted January 1 ...	6.12	7.6	5 Yr. Olympic Average		
Forecasted February	6.12	5.2	Reference Price for 2014 ARC	\$6.60	
Forecasted March	6.15	6.0	ARC 14% Deductible	\$5.68	
Forecasted April	6.15	4.6	Est. 5 Yr. Olympic Average		
Forecasted May	6.17	4.1	Reference Price for 2015 ARC	\$6.60 to \$6.70	
Est. 14/15 MYA price	\$6.13		PLC Ref. Price & Difference	\$5.50	\$0.18

*The monthly prices in black are NASS published prices, monthly prices in red are KSU estimates and all of the weights are KSU estimates.



Comparing the 2014 MYA Reference Price for 2014 ARC-CO vs. PLC Statute Price for Corn

	MYA Year14/15*	Est Wt.*		Est	
September	3.48	7.46	Last Month 14/15 Est MYA price	\$3.84	
October	3.56	12.98	2014 ARC Reference Price		
November ..	3.58	11.42	MYA Price 13/14	\$4.46	
December ..	3.77	8.98	MYA Price 12/13	\$6.89	
Forecasted January 1 ...	4.18	14.08	MYA Price 11/12	\$6.22	
Forecasted February	4.18	7.44	MYA Price 10/11	\$5.18	
Forecasted March	4.26	8.24	Statute>, MYA Price 09/10	\$3.70	
Forecasted April	4.26	6.10	5 Yr. Olympic Average		
Forecasted May	4.33	5.24	Reference Price for 2014 ARC	\$5.29	
Forecasted June	4.33	5.90	ARC 14% Deductible	\$4.55	
Forecasted July	4.37	6.40	Est. 5 Yr. Olympic Average		
Forecasted August	4.37	5.76	Reference Price for 2015 ARC	\$5.29 to \$5.29	
Est. 14/15 MYA price	3.99		PLC Ref. Price & Difference	\$3.70	\$0.85

*The monthly prices in black are NASS published prices, monthly prices in red are KSU estimates and all of the weights are KSU estimates.



Comparing the 2014 MYA Reference Price for 2014 ARC-CO vs. PLC Statute Price for Sorghum

	MYA Year14/15*	Est Wt.*		Est	
September	3.66	5.94	Last Month 14/15 Est MYA price	\$3.69	
October	3.50	12.38	2014 ARC Reference Price		
November ..	3.69	16.60	MYA Price 13/14	\$4.28	
December ..	4.19	13.28	MYA Price 12/13	\$6.33	
Forecasted January 1 ...	3.98	10.98	MYA Price 11/12	\$5.99	
Forecasted February	3.98	5.08	MYA Price 10/11	\$5.02	
Forecasted March	4.06	4.72	Statute>, MYA Price 09/10	\$3.95	
Forecasted April	4.06	3.60	5 Yr. Olympic Average		
Forecasted May	4.12	2.46	Reference Price for 2014 ARC	\$5.10	
Forecasted June	4.12	4.44	ARC 14% Deductible	\$4.38	
Forecasted July	4.16	10.38	Est. 5 Yr. Olympic Average		
Forecasted August	4.16	10.14	Reference Price for 2015 ARC	\$5.10 to \$5.10	
Est. 14/15 MYA price	3.93		PLC Ref. Price & Difference	\$3.95	\$0.43

*The monthly prices in black are NASS published prices, monthly prices in red are KSU estimates and all of the weights are KSU estimates.



Comparing the 2014 MYA Reference Price for 2014 ARC-CO vs. PLC Statute Price for Soybeans

	MYA Year14/15*	Est Wt.*		Est	
September	10.90	7.26	Last Month 14/15 Est MYA price	\$10.19	
October	9.97	24.76	2014 ARC Reference Price		
November ..	10.20	11.74	MYA Price 13/14	\$13.00	
December ..	10.20	9.54	MYA Price 12/13	\$14.40	
Forecasted January 1 ...	9.14	15.84	MYA Price 11/12	\$12.50	
Forecasted February	9.14	7.64	MYA Price 10/11	\$11.30	
Forecasted March	9.22	5.92	MYA Price 09/10	\$9.59	
Forecasted April	9.22	4.24	5 Yr. Olympic Average		
Forecasted May	9.28	3.30	Reference Price for 2014 ARC	\$12.27	
Forecasted June	9.28	3.46	ARC 14% Deductible	\$10.55	
Forecasted July	9.31	3.56	Est. 5 Yr. Olympic Average		
Forecasted August	9.22	2.74	Reference Price for 2015 ARC	\$12.27 to \$12.27	
Est. 14/15 MYA price	9.73		PLC Ref. Price & Difference	\$8.40	\$2.15

*The monthly prices in black are NASS published prices, monthly prices in red are KSU estimates and all of the weights are KSU estimates.



PROGRAM YEAR 2014 ARC-CO COUNTY YIELDS (UNIT PER ACRE), Crop Years 2009-2013
(higher of county average yield or 70% of T-yield)

County Name	Yield Type	Crop Year 2009	Crop Year 2010	Crop Year 2011	Crop Year 2012	Crop Year 2013	Oly Avg Yield	% Under O Avg	% Over O Avg	Avg 14 Yd Oly Avg 15 Yield	Oly Avg 15 Yield with Low	Oly Avg 15 Yield with High
Corn												
York	All	206.0	188.0	182.0	192.0	202.0	194.0	(6.2%)	6.2%	191.3	187.3	194.0
Thomas	Irr	173.0	197.0	190.0	153.0	185.0	182.7	(16.2%)	7.8%	185.9	176.0	190.7
Thomas	Dry	109.0	86.0	70.0	32.0	32.0	62.7	(48.9%)	73.9%	54.9	44.7	62.7
Atchison	All	152.0	108.0	127.0	83.0	130.0	121.7	(31.8%)	24.9%	118.9	106.0	121.7
Ellis	All	107.0	48.0	48.0	48.0	48.0	48.0	.%	122.9%	48.0	48.0	48.0

PROGRAM YEAR 2014 ARC-CO COUNTY YIELDS (UNIT PER ACRE), Crop Years 2009-2013
(higher of county average yield or 70% of T-yield)

County Name	Yield Type	Crop Year 2009	Crop Year 2010	Crop Year 2011	Crop Year 2012	Crop Year 2013	Oly Avg Yield	% Under O Avg	% Over O Avg	Avg 14 Yd Oly Avg 15 Yield	Oly Avg 15 Yield with Low	Oly Avg 15 Yield with High
Wheat												
Sedgwick	All	34.0	38.0	27.0	48.0	48.0	40.0	(32.5%)	20.0%	42.0	37.7	44.7
Crawford	All	37.0	28.0	40.0	61.0	57.0	44.7	(37.3%)	36.6%	47.2	41.7	52.7
Finney	Irr	55.0	58.0	45.0	55.0	40.0	51.7	(22.6%)	12.3%	50.6	46.7	52.7
Finney	Dry	46.0	58.0	27.0	27.0	27.0	33.3	(19.%)	74.0%	29.1	27.0	37.3

PROGRAM YEAR 2014 ARC-CO COUNTY YIELDS vs. ARC-IC Farm Revenues

County Name	Yield Type	Crop Year 2009	Crop Year 2010	Crop Year 2011	Crop Year 2012	Crop Year 2013	Oly Avg Yield/Revenue	% Under O Avg	% Over O Avg
ARC-CO									
Thomas, KS	Irr	173.0	197.0	190.0	153.0	185.0	182.7 Oly Yield	(16.2%)	7.8%
NASS Prices		3.70	5.18	6.22	6.89	4.46	5.29 Oly Price		
ARC-CO Bench Mark Revenue							965.70		
ARC-IC									
Farm Yield	Irr	173.0	197.0	190.0	153.0	185.0			
NASS Prices		3.70	5.18	6.22	6.89	4.46			
Farm Revenue	Irr	640.10	1,020.46	1,181.80	1,054.17	825.10	966.58 Oly Revenue	(33.8%)	22.3%
ARC-IC Bench Mark Revenue							966.58		

What to choose?

- Election is for the life of the Farm Bill!
- Best fit for your farm will depend on your preferences for risk management
 - Protection against catastrophic price declines (PLC)
 - Protection against shallow revenue losses (ARC)

Or....

- Maximize Program payments 2014-2015 (if any)
 - Payment likely for some crops under ARC-CO (wheat-yield loss, others-price loss) and PLC (corn/sorghum)
 - How good you are at guessing where prices and yields will be in future years?

Resources for you...

www.AgManager.info

- Click on the Farm Bill Icon!
- Frequently Asked Questions
- Reallocating Base
- Updating Program Yield
- Articles on Price Forecasts
- Decision Tool
- Much more!!!



Farm Bill In-Depth Educational Meetings:

- January 12: Wichita
- January 13: Pittsburg
- January 14: Emporia
- January 15: Ottawa
- January 20: Salina
- January 21: McPherson
- January 22: Pratt
- January 26: Goodland
- January 27: Scott City
- January 28: Liberal
- January 29: Dodge City
- February 10: Phillipsburg
- February 11: Hays
- February 12: Frankfort
- February 13: Atchison

USDA-FSA decision aids: ARC/PLC, Dairy

www.fsa.usda.gov/FSA

OSU-KSU Farm Bill Decision Aid

- Microsoft Excel spreadsheet that can be downloaded to your computer at no cost
- Input you own farm acres and yields to look at updated payment yield and reallocating base
- Run scenarios with different price outlooks to evaluate program payouts for ARC, PLC, and SCO using your own farm data
- The Some County Extension offices will be able to run the decision tool for your own farm numbers at a farmer paid rate of \$ per farm serial number

Prior to completing this program, collect USDA Report FSA-156EZ from your FSA Office.

Select State/Territory	Oklahoma
Select County/Parish	Garfield
Select Crops	

www.AgManager.info

OSU-KSU Farm Bill Decision Aid

- Input your farm information
 - Select your state, county
 - Select your crops
- Data in spreadsheet for all states, counties, and crops
 - Updates to these data will be made as FSA makes data available

OSU-KSU Farm Bill Decision Aid

- Data for each farm can be saved spreadsheet
 - Allows you to run different yield and price scenarios without re-entering your farm data

Prior to completing this program, collect your Crop History Summary (mailed to you by FSA) or USDA Report FSA-156EZ from your FSA Office.

Select State/Territory	Oklahoma
Select County/Parish	Garfield
Select Crops	

OSU-KSU Farm Bill Decision Aid

- APH
 - Can be from crop insurance records
- FSA data
 - Enter your base acres and program yields for all crops
 - Enter data for crops with no base
- Decision to update based on calculations
 - Notes in spreadsheet help

Jones Place						
Crop	APH	Base Acres	FSA Yield	Reallocated Base Acres	Updated FSA Yield	
Canola				0	0	
Corn				0	0	
Wheat	42	300	44	300	44	

Enter your farm's historical yields							
Crop	2008	2009	2010	2011	2012	2013	Units
Canola						3000	lbs/acre
Corn							bu/acre
Wheat	44	22	50	33	52		bu/acre



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OSU-KSU Farm Bill Decision Aid

- Updating yield and base?
 - Results presented with *higher* of current/updated yields
 - Results with *both* reallocated and current base

Crop	Planted Acres					4-Year Avg	Ratio	Reallocated Base
	2009	2010	2011	2012	2013			
Canola					300	0	0.00	0
Corn					0	0	0.00	0
Wheat	150	300	300	300	0	263	1.00	300

Crop	Your Farm's Historical Yields					2008-2012 County	Your Farm's Update Yields with Plug Yields					90% of Updated Average	Current FSA Yield	Updated FSA Yield
	2008	2009	2010	2011	2012	County	2008	2009	2010	2011	2012			
Canola						1069.7						0.0		0.0
Corn						41.5						0.0		0.0
Wheat	44	22	50	33	52	24.0	44.0	24.0	50.0	33.0	52.0	36.5	44.0	44.0



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OSU-KSU Farm Bill Decision Aid

- Next steps require your expectations of the future...
 - Enter your plans for planted acres by crop
 - Enter expected prices
 - Enter expected yields
- Planting rotation going forward
- Price expectations
 - Try good prices and bad
 - 2015 has wheat low prices (below the reference prices)

Crop	2014 Planted Acres	2015 Planted Acres	2016 Planted Acres	2017 Planted Acres	2018 Planted Acres
Canola			150		
Corn	150	150		150	150
Wheat	150	150	150	150	150

Crop	2014 Price	2015 Price	2016 Price	2017 Price	2018 Price
Canola	\$ 0.171	\$ 0.171	\$ 0.177	\$ 0.191	\$ 0.193
Corn	\$ 3.400	\$ 3.740	\$ 3.980	\$ 4.190	\$ 4.200
Wheat	\$ 5.800	\$ 5.280	\$ 5.510	\$ 5.730	\$ 5.840



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OSU-KSU Farm Bill Decision Aid

- ARC-CO
 - Input projected yields and prices
- Yields
 - Use linear trend (automatic)
 - Custom yields
- Prices
 - Use FAPRI (automatic)
 - Custom prices
- ARC-IC
 - Analysis available in tool

ARC-County					
Enter Crop Yield Data for Your County					
Crop	2009 Yield	2010 Yield	2011 Yield	2012 Yield	2013 Yield
Canola	1147.7	1486.8	848.4	1147.7	1069.7
Corn	65.3	119.8	23.5	56.8	70.5
Wheat	25.4	32.3	25.7	41.5	32.7

Crop	2014 Yield	2015 Yield	2016 Yield	2017 Yield	2018 Yield
Canola	1288.5	1239.0	1189.5	1140.0	1090.6
Corn	70.0	77.7	72.4	67.2	61.9
Wheat	7.0	32.0	32.0	32.0	32.0

Crop	2014 Price	2015 Price	2016 Price	2017 Price	2018 Price
Canola	\$ 0.171	\$ 0.171	\$ 0.177	\$ 0.191	\$ 0.193
Corn	\$ 3.400	\$ 3.740	\$ 3.980	\$ 4.190	\$ 4.200
Wheat	\$ 5.800	\$ 5.280	\$ 5.510	\$ 5.730	\$ 5.840



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OSU-KSU Farm Bill Decision Aid

- ARC-CO input continued

ARC-County					
Enter Crop Yield Data for Your County					
Crop	2009 Price	2010 Price	2011 Price	2012 Price	2013 Price
Canola	\$ 0.162	\$ 0.193	\$ 0.240	\$ 0.265	\$ 0.206
Corn	\$ 3.550	\$ 5.180	\$ 6.220	\$ 6.890	\$ 4.450
Wheat	\$ 4.710	\$ 5.370	\$ 6.810	\$ 7.550	\$ 6.890
Crop	Base Acres	Loan Rate	Reference Price	Updated Base Acres	Benchmark Price 2014
Canola		\$ 0.10	\$ 0.20	0.0	\$ 0.22
Corn		\$ 1.95	\$ 3.70	0.0	\$ 5.28
Wheat	300.0	\$ 2.94	\$ 5.50	300.0	\$ 6.40
Crop	ARC Benchmark	ARC Guarantee	Actual Revenue	Payment Rate	Max Payment
Canola	\$ 242	\$ 208	\$ 220	-	\$ 24
Corn	\$ 357	\$ 307	\$ 238	\$ 69	\$ 36
Wheat	\$ 194	\$ 167	\$ 41	\$ 126	\$ 19



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OSU-KSU Farm Bill Decision Aid

- ARC-CO Example
 - 2014 is a drought year
 - 2015 has low prices (below the reference prices)
- Payments in both years
 - Either low yields or low prices will trigger ARC-CO
 - Payment limits at 10% of county reference revenue
- NPV of payouts is same for updated base acres

Crop	ARC-County Payments with Current Base Acres					
	Paid on 85% of Base Acres					Net Present Value
	2014	2015	2016	2017	2018	
Canola	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Corn	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Wheat	\$ 4,939	\$ 2,811	\$ 772	\$ -	\$ -	\$ 8,316
Totals	\$ 4,939	\$ 2,811	\$ 772	\$ -	\$ -	
Total Discounted ARC Payments @ 5% Discount Rate					\$	8,316
Crop	ARC-County Payments with Reallocated Base Acres					
	Paid on 85% of Base Acres					Net Present Value
	2014	2015	2016	2017	2018	
Canola	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Corn	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Wheat	\$ 4,939	\$ 2,811	\$ 772	\$ -	\$ -	\$ 8,316
Totals	\$ 4,939	\$ 2,811	\$ 772	\$ -	\$ -	
Total Discounted ARC Payments @ 5% Discount Rate					\$	8,316



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OSU-KSU Farm Bill Decision Aid

- PLC Example
 - Entered MYA prices should be entered the same for ARC and PLC

Price Loss Coverage Calculations					
Crop	2014 Price	2015 Price	2016 Price	2017 Price	2018 Price
Canola	\$ 0.171	\$ 0.171	\$ 0.177	\$ 0.191	\$ 0.193
Corn	\$ 3.400	\$ 3.740	\$ 3.980	\$ 4.190	\$ 4.200
Wheat	\$ 5.800	\$ 5.280	\$ 5.510	\$ 5.730	\$ 5.840
Crop	Base Acres	Loan Rate	Reference Price	FSA Yield	Updated FSA Yield
Canola		\$ 0.10	\$ 0.20		0.0
Corn		\$ 1.95	\$ 3.70		0.0
Wheat	300	\$ 2.94	\$ 5.50	44.0	44.0



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OSU-KSU Farm Bill Decision Aid

- PLC Example
 - Payments triggered when prices fall below reference prices
 - No per acre payments limits (\$125,000 is total limit)
- Highest payout
 - 2015 due to low prices (below the reference prices)

PLC Payments with Current Base Acres and UPDATED FSA Yields							
Crop	Base Acres	PLC Payment					NPV
		2014	2015	2016	2017	2018	
Canola		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Corn		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Wheat	300	\$ -	\$ 2,468	\$ -	\$ -	\$ -	\$ 2,350
Totals		\$ -	\$ 2,468	\$ -	\$ -	\$ -	
Total Discounted PLC Payment @ 5% Discount Rate					\$	2,350	
PLC Payments with Reallocated Base Acres and UPDATED FSA Yields							
Crop	Updated Base Acres	PLC Payment					NPV
		2014	2015	2016	2017	2018	
Canola	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Corn	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Wheat	300	\$ -	\$ 2,468	\$ -	\$ -	\$ -	\$ 2,350
Totals		\$ -	\$ 2,468	\$ -	\$ -	\$ -	
Total Discounted PLC Payment @ 5% Discount Rate					\$	2,350	



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OSU-KSU Farm Bill Decision Aid

SCO

Stacked on your existing crop insurance
 Coverage up to 86%
 Same product as underlying crop insurance (e.g. RP, RP-HPE, YP)

Garfield County

Only winter wheat SCO is available
 More crops in future years
 Decision is annual

Supplemental Coverage Option Calculations					
Crop	2014 Price	2015 Price	2016 Price	2017 Price	2018 Price
Canola	\$ 0.171	\$ 0.171	\$ 0.177	\$ 0.191	\$ 0.193
Corn	\$ 3.400	\$ 3.740	\$ 3.980	\$ 4.190	\$ 4.200
Wheat	\$ 5.800	\$ 5.280	\$ 5.510	\$ 5.730	\$ 5.840

Crop	Crop Insurance	Coverage Level	SCO Yield	Max SCO Coverage	Payment multiplier	SCO Premium
Canola	RP-HPE	60%	1,189.5	86%	100%	\$ -
Corn	RP	70%	72.4	86%	100%	\$ -
Wheat	RP-HPE	60%	33.2	86%	100%	\$ -

Projected Price when Insurance is Purchased					
Crop	2014	2015	2016	2017	2018
Canola	\$ 3.89	\$ 4.09	\$ 4.09	\$ 4.12	\$ 4.21
Corn					
Wheat					

Projected Harvest Price					
Crop	2014	2015	2016	2017	2018
Canola	\$ 3.89	\$ 4.09	\$ 4.09	\$ 4.12	\$ 4.21
Corn					
Wheat					

Expected SCO Payments Net of Premiums						
Crop	2014	2015	2016	2017	2018	Net Present value
Canola	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Corn	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Wheat	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



OSU-KSU Farm Bill Decision Aid

Results

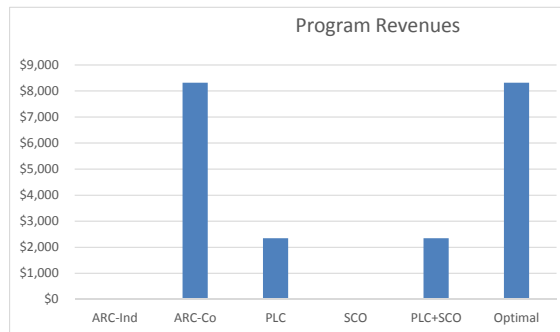
- Calculated using the NPV of payments across all years for each crop and program combination
- Comparison of results using updated and current base acres
- Optimal program can vary by crop, but not on this farm

Jones Place					
Net Present Value of Payments					
Current Base Acres	ARC-County	PLC	SCO	PLC+SCO	ARC-Ind
Canola	\$0	\$0	\$0	\$0	
Corn	\$0	\$0	\$0	\$0	
Wheat	\$8,316	\$2,350	\$0	\$2,350	
Total NPV w/ Current base acres	\$8,316	\$2,350	\$0	\$2,350	\$0
Reallocated Base Acres	ARC-County	PLC	SCO	PLC+SCO	ARC-Ind
Canola	\$0	\$0	\$0	\$0	
Corn	\$0	\$0	\$0	\$0	
Wheat	\$8,316	\$2,350	\$0	\$2,350	
Total NPV w/ Reallocated base acres	\$8,316	\$2,350	\$0	\$2,350	\$0
Crop	Reallocate Y/N	Best Option	NPV		
Canola	Y	SCO	\$0		
Corn	Y	SCO	\$0		
Wheat	Y	ARC-County	\$8,316		
Total NPV—best option			\$8,316		



OSU-KSU Farm Bill Decision Aid

- View results by crop to compare payouts
- Try different yield & price scenarios to determine the program that meets your needs
 - Risk management
 - Highest payout



OSU-KSU Farm Bill Decision Aid Team

- Eric Devuyst** eric.devuyst@okstate.edu
- Jody Campiche** jody.campiche@okstate.edu
- Mykel Taylor** MTaylor@ksu.edu
- Robin Reid** robinreid@ksu.edu
- Richard Llewelyn** rwl@ksu.edu
- Art Barnaby** Barnaby@ksu.edu



Questions?

More information available at: www.AgManager.info