

The Farm Bill Update

ARC & PLC in the 2018 Farm Bill

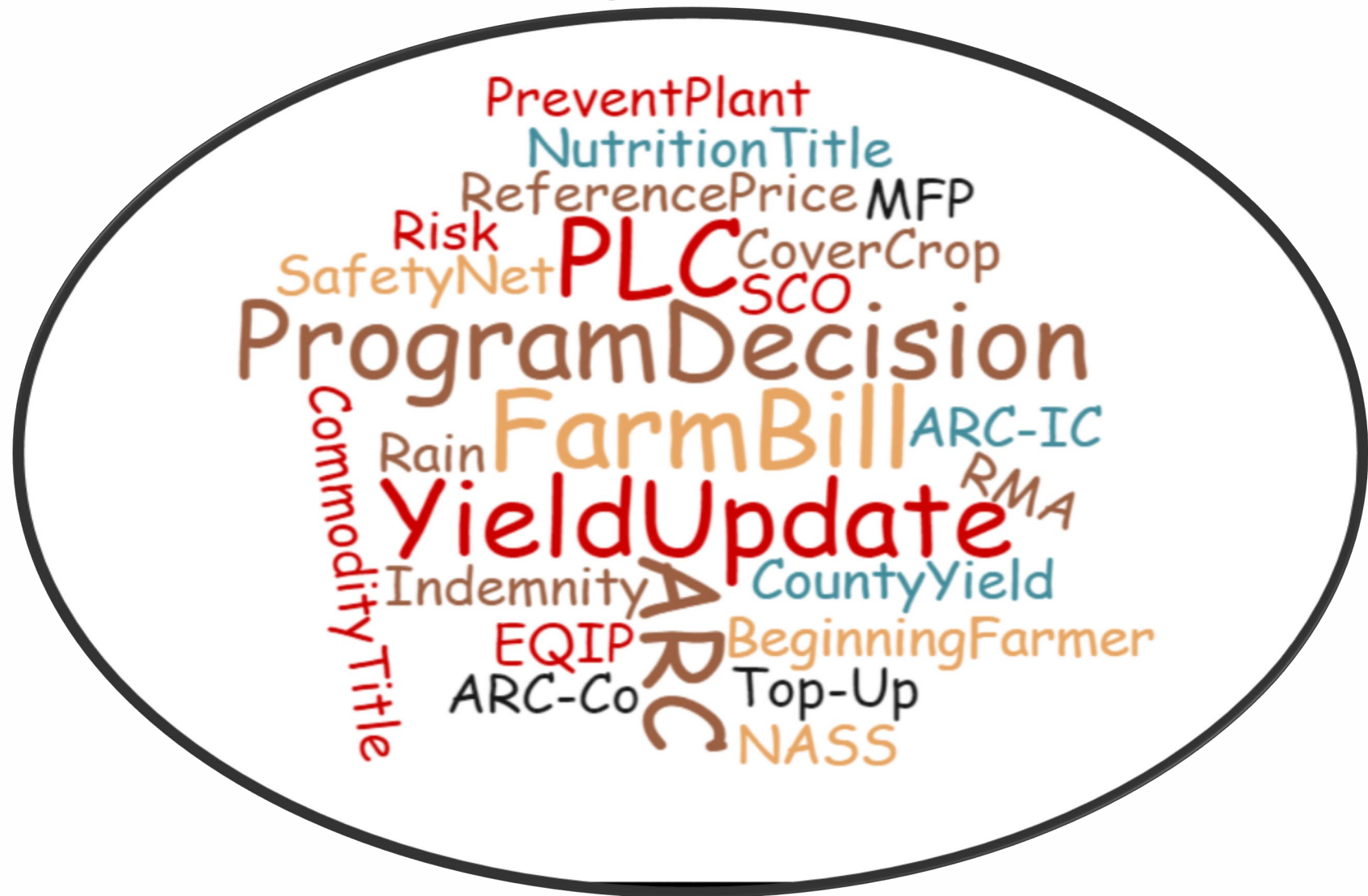
Eric Richer, OSU Extension, Fulton County
Wendy Kessler, USDA-FSA, Fulton-Lucas West



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What this meeting could be about...



What this meeting is NOT about...

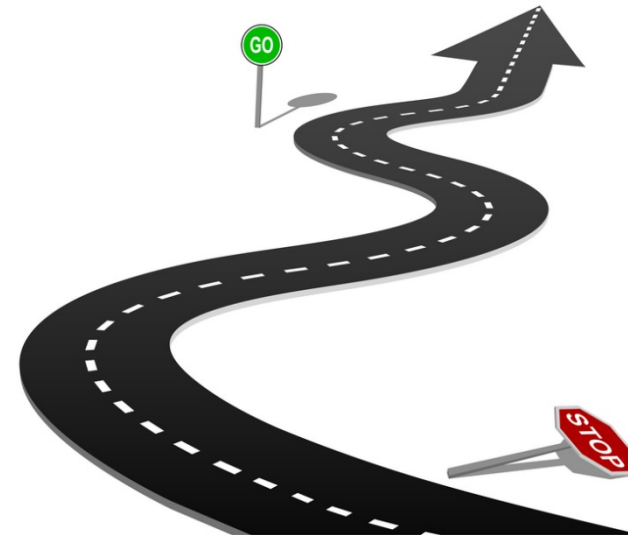
- ❖ Market Facilitation Payments/MFP
- ❖ Insurance Indemnities & 'Top-Up' payments
- ❖ Prevent Plant - Acceptable cover crops and harvest dates
- ❖ Conservation Title: EQIP, CRP, CSP

Roadmap for Today:

- ❖ A look back at the 'old' ARC-PLC Farm Bill of 2014
- ❖ Making the 2 Key Decisions for the 2018 Farm Bill

----- BREAK -----

- ❖ ARC-IC discussion



2014 Farm Bill...How did you do?

Wrapping Up the 2014 Farm Bill

Ohio Corn ARC-CO Payments: Program Year 2018

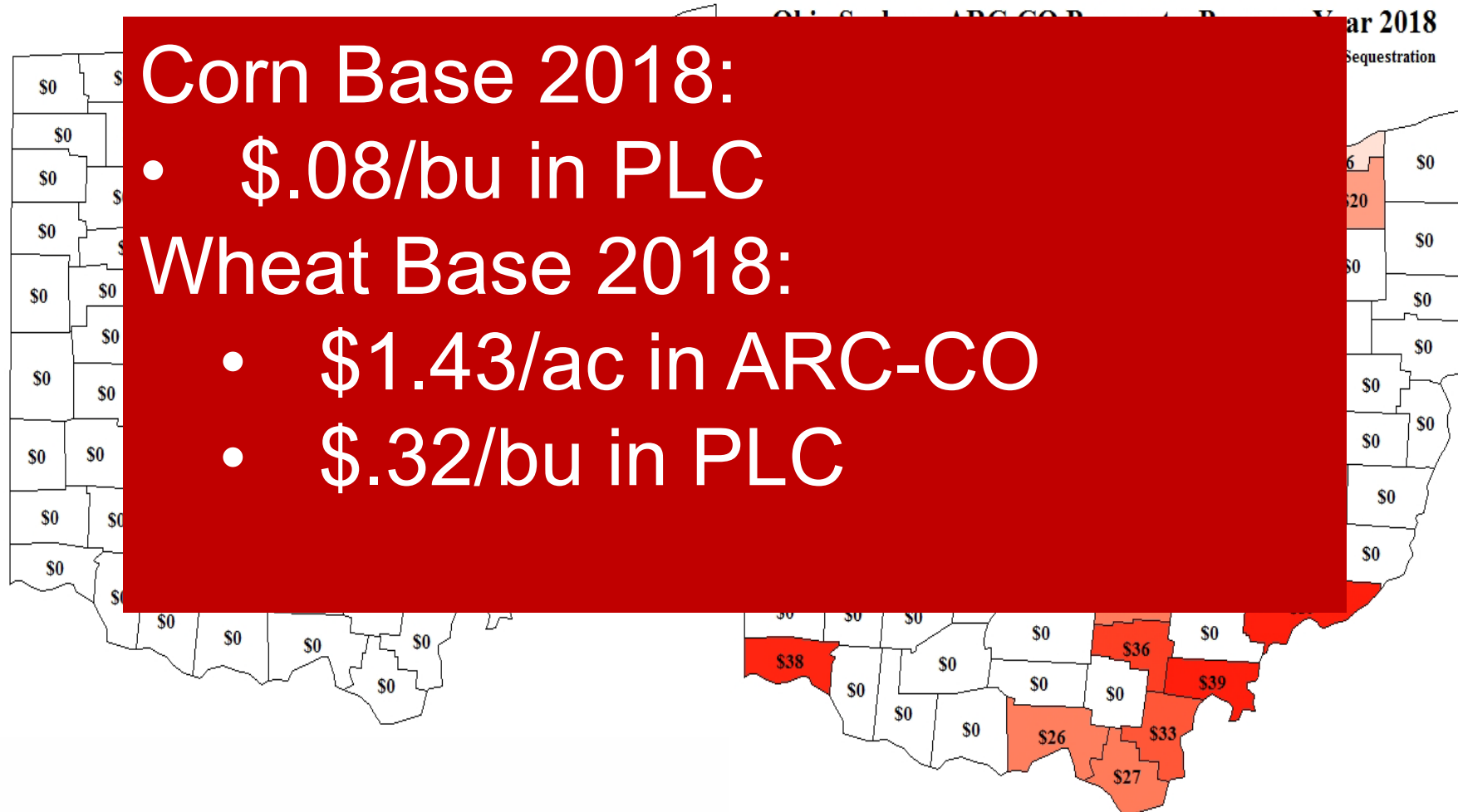
Rounded to Nearest Dollar, adusted for 85% of Base Acres and a 6.8% Government Sequestration

Corn Base 2018:

- \$.08/bu in PLC

Wheat Base 2018:

- \$1.43/ac in ARC-CO
- \$.32/bu in PLC



Dollars per Base Acre, Rounded to Nearest Dollar

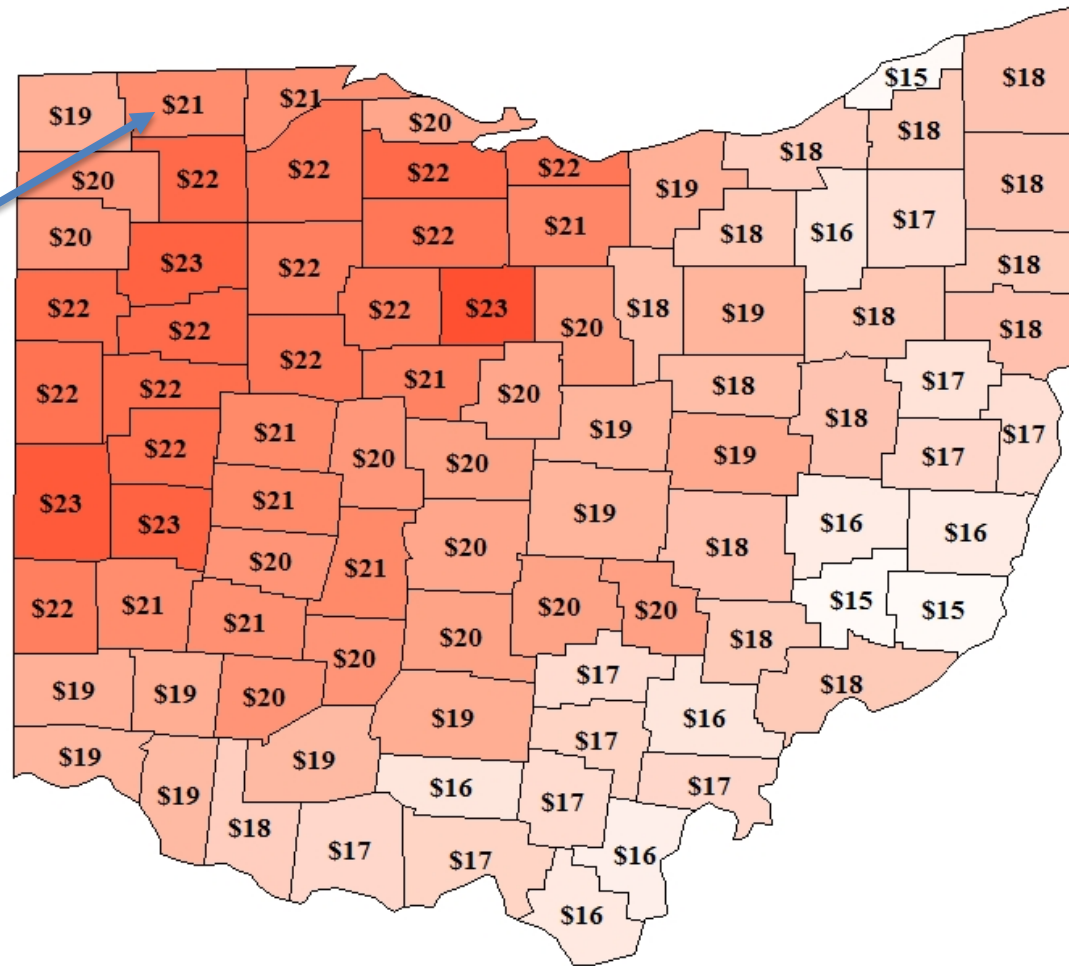


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Ohio PLC Corn Payments 2014-2018

Dollars per Base Acre, Rounded to Nearest Dollar

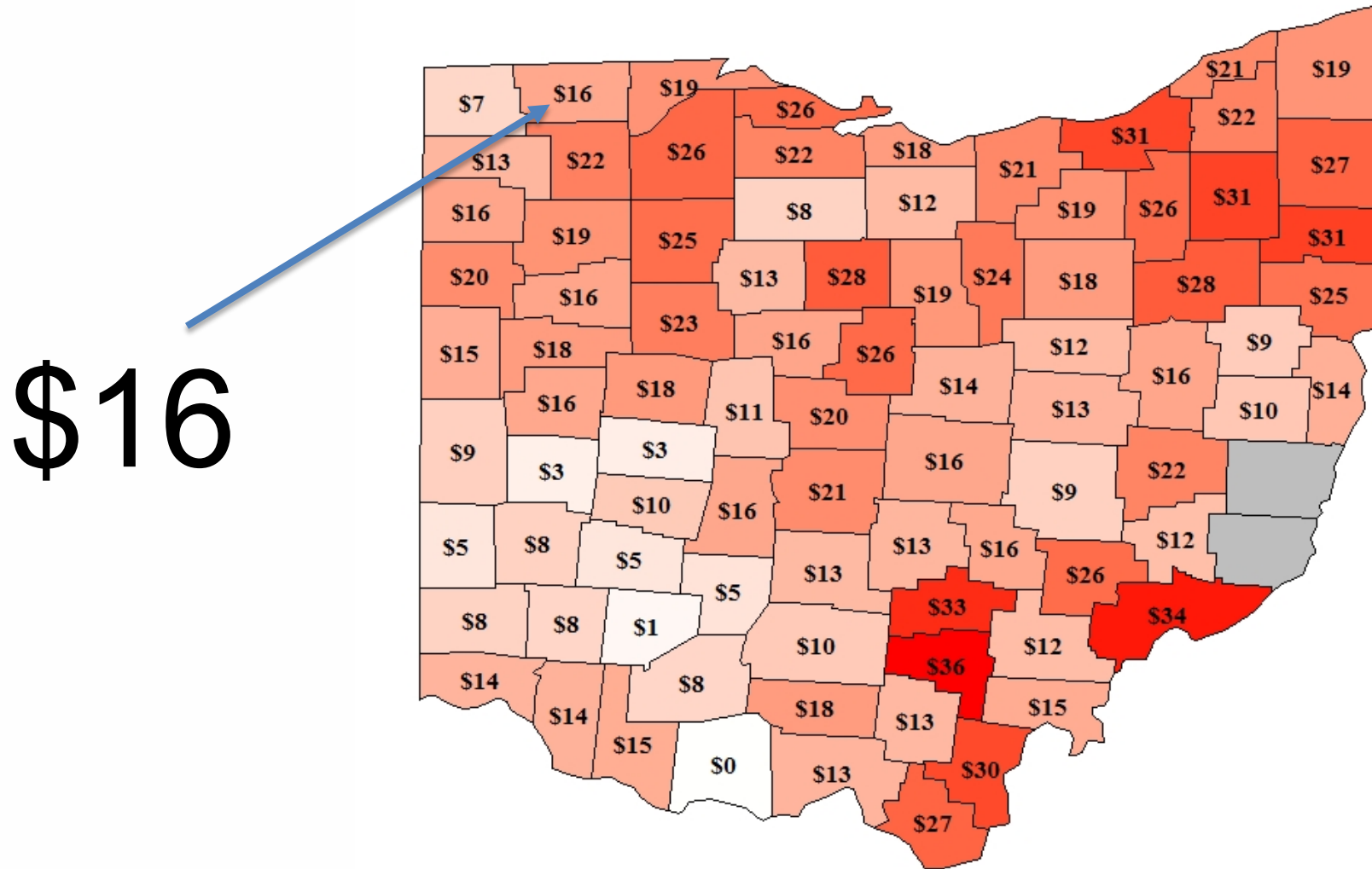
\$21



Data Source: Author Calculation using Data from Farm Service Agency

Ohio ARC-CO Payments- Soybeans, 2014-2018

Rounded to Nearest Dollar



Data Source: Author Calculation using Data from Farm Service Agency

Ohio PLC Payments- Soybeans, 2014-2018

Rounded to Nearest Dollar

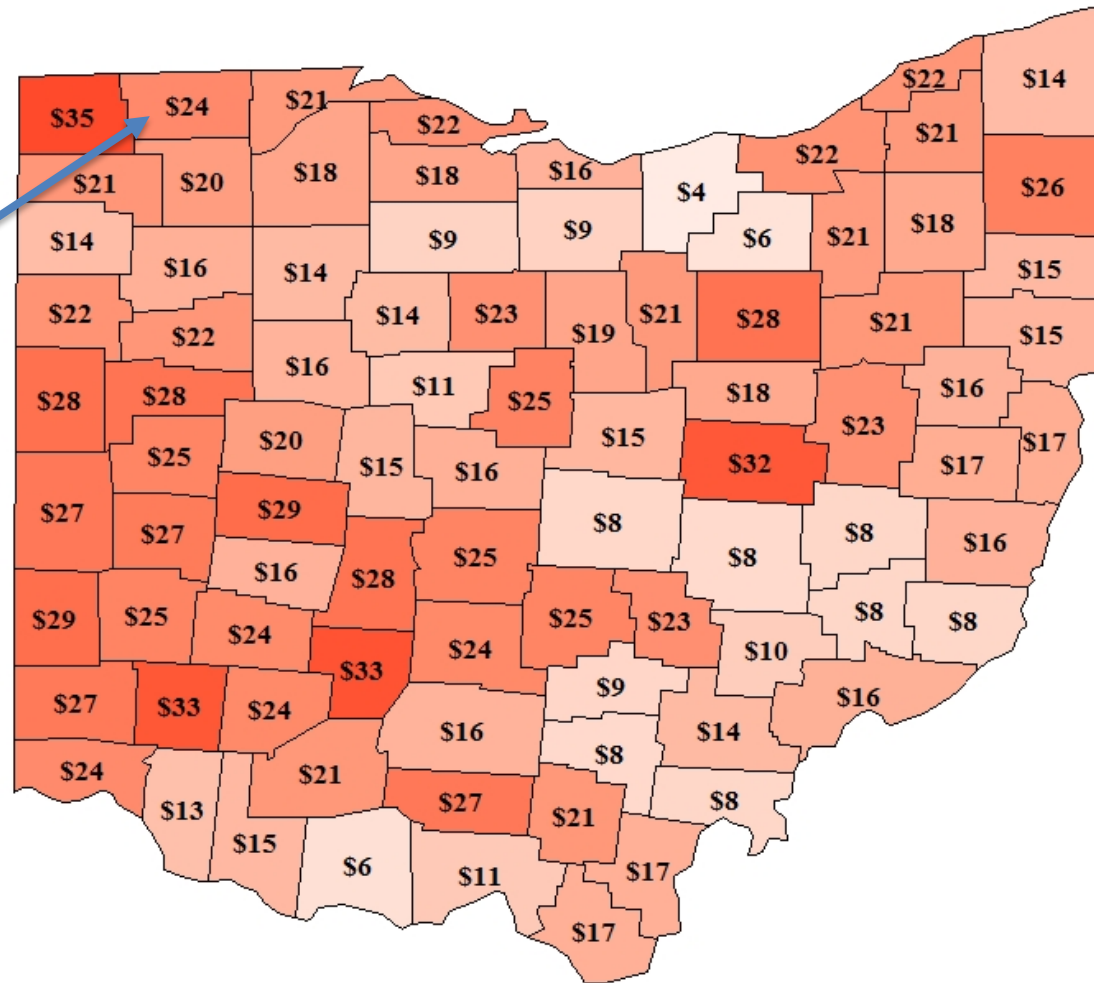


Data Source: Author Calculation using Data from Farm Service Agency

Ohio ARC-CO Payments- Wheat, 2014-2018

Rounded to Nearest Dollar

\$24

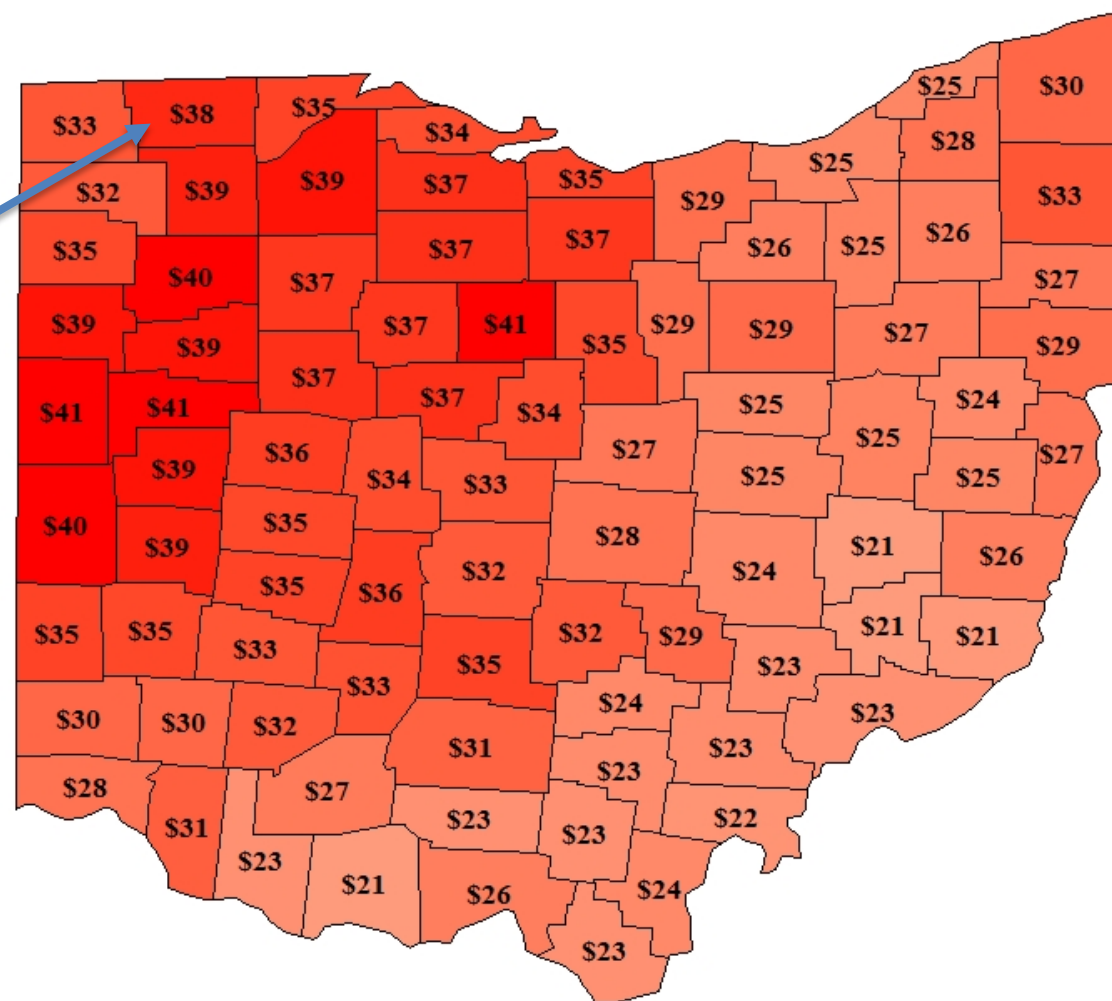


Data Source: Author Calculation using Data from Farm Service Agency

Ohio PLC Payments- Wheat, 2014-2018

Rounded to Nearest Dollar

\$38



Data Source: Author Calculation using Data from Farm Service Agency

Average Commodity Program Payment 2014 Farm Bill

Fulton County					Lucas-West			
	Corn	Soybeans	Wheat			Corn	Soybeans	Wheat
ARC-CO	\$ 51	\$ 16	\$ 24		ARC-CO	\$ 52	\$ 19	\$ 21
PLC	\$ 21	\$ -	\$ 38		PLC	\$ 21	\$ -	\$ 35
Defiance County					Henry County			
	Corn	Soybeans	Wheat			Corn	Soybeans	Wheat
ARC-CO	\$ 29	\$ 13	\$ 21		ARC-CO	\$ 42	\$ 22	\$ 20
PLC	\$ 20	\$ -	\$ 32		PLC	\$ 22	\$ -	\$ 39
Williams County*					Wood County			
	Corn	Soybeans	Wheat			Corn	Soybeans	Wheat
ARC-CO	\$ 48	\$ 7	\$ 35		ARC-CO	\$ 51	\$ 26	\$ 18
PLC	\$ 19	\$ -	\$ 33		PLC	\$ 22	\$ -	\$ 39

2014 Farm Bill Review - Questions?

2 Key Decisions per FSA Farm for 2018

Decision 1

PLC (Base) Yield Update

Decision 2

Elect a Federal Commodity Program

Agricultural Risk
Coverage- County

Paid on 85% of Base Acres

Agricultural Risk
Coverage- Individual

Paid on 65% of Base Acres

Price Loss Coverage

Paid on 85% of Base Acres

Supplemental
Coverage Option

Paid on COMBO Purchased Planted Acres

Updating PLC Yields

Yield Update History

- ▶ Yield updates were done:
 - ▶ Previously in 1985, 2002, 2008, 2014 (Cannot be updated annually)
 - ▶ This yield is used for PLC payments, is a part of your permanent farm record, and can be used for future farm program purposes.
 - ▶ You can update now for **2020** -- DEADLINE SEPTEMBER 30, 2020

Yield Certification

- ▶ Corn Yield Example - all years 2013 - 2017 RMA yield data used to certify to yields for use in the yield update calculation:

VVA NDC				
<u>Year</u>	<u>Acres</u>	<u>Yield</u>	<u>Yield</u> <u>Flg</u>	<u>Land</u> <u>Description/FSN</u>
2008	91.30	161.00	A	
2009	118.20	150.00	A	
2010	91.30	169.00	A	
2011	118.20	191.00	A	
2012	91.30	189.00	A	
2013	72.70	165.00	A	
2014	91.40	156.00	A	
2015	117.70	196.00	A	
2016	91.40	206.00	A	
2017	117.67	125.00	A	
Rate Yield:		171.00	Prior Yld	T-Yield
APH Yield:		182.00	187.00	ARH ADJ Yield
				170.00
				0.00

- ▶ Simple average would be all yields added up and divided by the number of yields 170

Yield Update Formula

- ▶ Excluding years of zero plantings in the simple average calculation.
- ▶ Substitute low yields in planted acre years.
- ▶ FSA is not taking yield documentation; but spot checks are zero tolerance
- ▶ Substitute yields if missing records in planted acre years - whole or partial acres (75% of the average 2013-2017 county yield)
- ▶ 90% of the simple average yield times the National yield factor.

	SUBSTITUTE YIELDS	
	FULTON	LUCAS
WHEAT	61.13	61.26
CORN	138.93	136.62
SOYBEAN	39.81	38.48



Included in
CCC-867
handout.

PLC Yields

Par. 61

*--61 General Information (Continued)

C Subsequent Crop Acres and PLC Yield Update

Initial planted covered commodity crop acreage and production are used to update PLC yields using the years 2013 through 2017. Acreage and production of a subsequently planted covered commodity crop are excluded while updating the yield.

D National Yield Factor



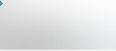
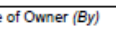
The following chart provides the National Yield Factor for all covered commodities.

Covered Commodity	National Yield Factor	Covered Commodity	National Yield Factor	Covered Commodity	National Yield Factor
Barley	0.9437	Lentils	1.0000	Rice, Temp Japonica	0.9591
Canola	0.9634	Mustard Seed	0.9460	Safflower	1.0000
Chickpeas, Large	1.0000	Oats	0.9524	Seed Cotton	0.9000
Chickpeas, Small	0.9760	Peanuts	0.9273	Sesame Seed	0.9673
Corn	0.9000	Peas, Dry	0.9988	Soybeans	0.9000
Crambe	1.0000	Rapeseed	1.0000	Sunflower Seed	0.9596
Flaxseed	1.0000	Rice, Long	0.9330	Wheat	0.9545
Grain Sorghum	0.9077	Rice, Medium	0.9887		

--*

Printing and Submitting CCC-867

- At least one owner must sign

CCC-867 (07-23-19)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation		1. Program Years: 2020 through 2023	
YIELD UPDATE FOR THE PRICE LOSS COVERAGE (PLC) PROGRAM 				2A. County FSA Office Name and Address (Including Zip Code) DAKOTA COUNTY - MN 4100 220th St. W. Suite 104 FARMINGTON MN 55024-0129	
				2B. County FSA Office Telephone No. (Including Area Code) (651)463-8626 x2	2C. County FSA Office FAX No. (Including Area Code) (651)739-3981
3. State Code 27	4. County Code 037	5. Farm No. 	6. Covered Commodity Corn		
<p>NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), the Agricultural Act of 2014 (7 U.S.C. 9015) as amended by the Agriculture Improvement Act of 2018 (Pub. L. 115-334) and 7 CFR Part 1412. The information will be used to determine eligibility to participate in and receive benefits under the Agriculture Risk Coverage Program and Price Loss Coverage Program. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/ FSA-2, Farm Records File (Automated). Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility to participate in and receive benefits under the Agriculture Risk Coverage Program and Price Loss Coverage Program.</p> <p>Paperwork Reduction Act (PRA) Statement: The information collection is exempted from the Paperwork Reduction Act as specified in 7 U.S.C. 9091(c)(2)(B).</p> <p>The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</p>					
<p>THE FARM PLC YIELD UPDATE DECISION is made by an owner of the farm identified in Item 5 above. If FSA receives conflicting yield update from another owner, owners will be required to resolve their dispute providing CCC with written evidence of the dispute resolution by the end of the yield update period.</p>					
<p>FARM YIELD UPDATE</p>					
<p>7. I agree to update the PLC yield for the covered commodity, identified in Item 6 above, based on 90 percent of the farm's 2013 through 2017 average yield per planted acre, excluding any year(s) when no acreage was planted times a national factor determined by dividing the 2008-12 national yield by the 2013-2017 national yield. The covered commodity's national yield factor is <u>0.9000</u>.</p>					
7A. 2013 Yield 250.00	7B. 2014 Yield 250.00	7C. 2015 Yield 240.00	7D. 2016 Yield 240.00	7E. 2017 Yield 260.00	7F. Total 1240.00
		7G. Average Yield 248.00	7H. Multiplied by 2.4 (If Seed Cotton) 	7I. Multiplied by 90% 223.20	7J. Multiplied by yield factor (PLC Yield) 201
8. Owner's Name and Address (Including Zip Code) 					
9A. Signature of Owner (By) 			9B. Title/Relationship of the Individual Signing in the Representative Capacity		9C. Date (MM-DD-YYYY)
10A. Signature of CCC Representative					10B. Date (MM-DD-YYYY)
<p><small>In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.</small></p> <p><small>Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.</small></p> <p><small>To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) e-mail: complaints@usda.gov.</small></p>					

Exactly...HOW...(Eric & Wendy demo)

- ▶ 1. Photocopy blank yield forms (2-3 per FSA farm)
- ▶ 2. Find out what your PLC yield is—orange paper in FSA farm folder
- ▶ 3. Find, enter verifiable yield data for 2013-2017
- ▶ 4. Take your yield multiply by .81 (corn & soybeans)
- ▶ If this number is better, you should update that crop.

We have a tool for that



Decision Tool

farmoffice.osu.edu

Farm Bill

Decision Aid

Excel doc.

AEDE

Department of Agricultural, Environmental, and Development Economics



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Institutions**
(Click on Each Logo to access tools)



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Decision Tool – PLC Yield Update

The Ohio State University- PLC Yield Update Tool

Words colored in Red- Include a drop down list. Click on cell to access alternative choices.

[Home](#)[Directions](#)[Corn](#)[Soybean](#)[Reset](#)

Select State: **Ohio**
Select County: **Fulton**
Select Commodity: **Corn**

Step 1- Select State, County and Crop

County Substitute Yield
(75% of T Yield)

139 Bushels

Enter FSA Planted Acreage Yields

2013 2014 2015 2016 2017

Yes No Yes No Yes

Step 2- Did you plant commodity selected in year listed above? (Yes, No)

Step 3- If Yes- type in actual farm yield from that year. If yield is unknown leave blank.

Enter Actual FSA Planted Acreage Yields

	x	132	x	210
--	---	-----	---	-----

90% of Five Year Average

National Adjustment Rate

Updated PLC Yield

Higher of Actual or Substitute Yield

139

139

210

146

0.9000

132

Bushels per base acre of Corn

Step 4- Compare this yield with the yield on file at the FSA Office. If yield above is larger - it is beneficial to update, but the owners choice.

PLC (Base)Yield Update Myths

Myth 1: My APH yield = my PLC Yield

Actual annual production (yield) reported on your crop insurance form is used in the formula for PLC Yield, but with 2 reduction factors.

Your 10-year APH (Actual or Trend-Adjusted average) is not used.

Crop Insurance units are often different than FSA farm numbers. Allocate the total production from insurance units to appropriate farm numbers.

PLC (Base)Yield Update Myths

Myth 2: If I don't use crop insurance, I don't have verifiable yields.

Other verifiable documents:

1. Grain settlement sheets by farm number
2. Contemporary/feed records by FSA farm number
3. Combine yield monitor data with at least 2 verifiable yield calibrations documented.

PLC (Base)Yield Update Myths

Myth 3: FSA has RMA (Insurance) data and they will just “pull it over”.

FSA has access but no automatic system to “pull it over” to the PLC Yield update. Producers/Landowners must complete the CCC-867 worksheet and update it “manually”.

PLC (Base)Yield Update Myths

Myth 4: Because of the 2 reduction factors, my PLC yields will not increase.

It's worth checking because:

1. 2013-2017 were highly productive years on most farms
2. Farm planted to corn in 2012 and affected by drought, may not have been updated since 2002 or 1985!

PLC Yield Update

Advantages:

Increased PLC payment

Used in future FBs

May not be an update next FB

Simple process done at home,
brought to FSA

*Yields may be needed for ARC-IC

Barriers:

No verifiable yields

Time

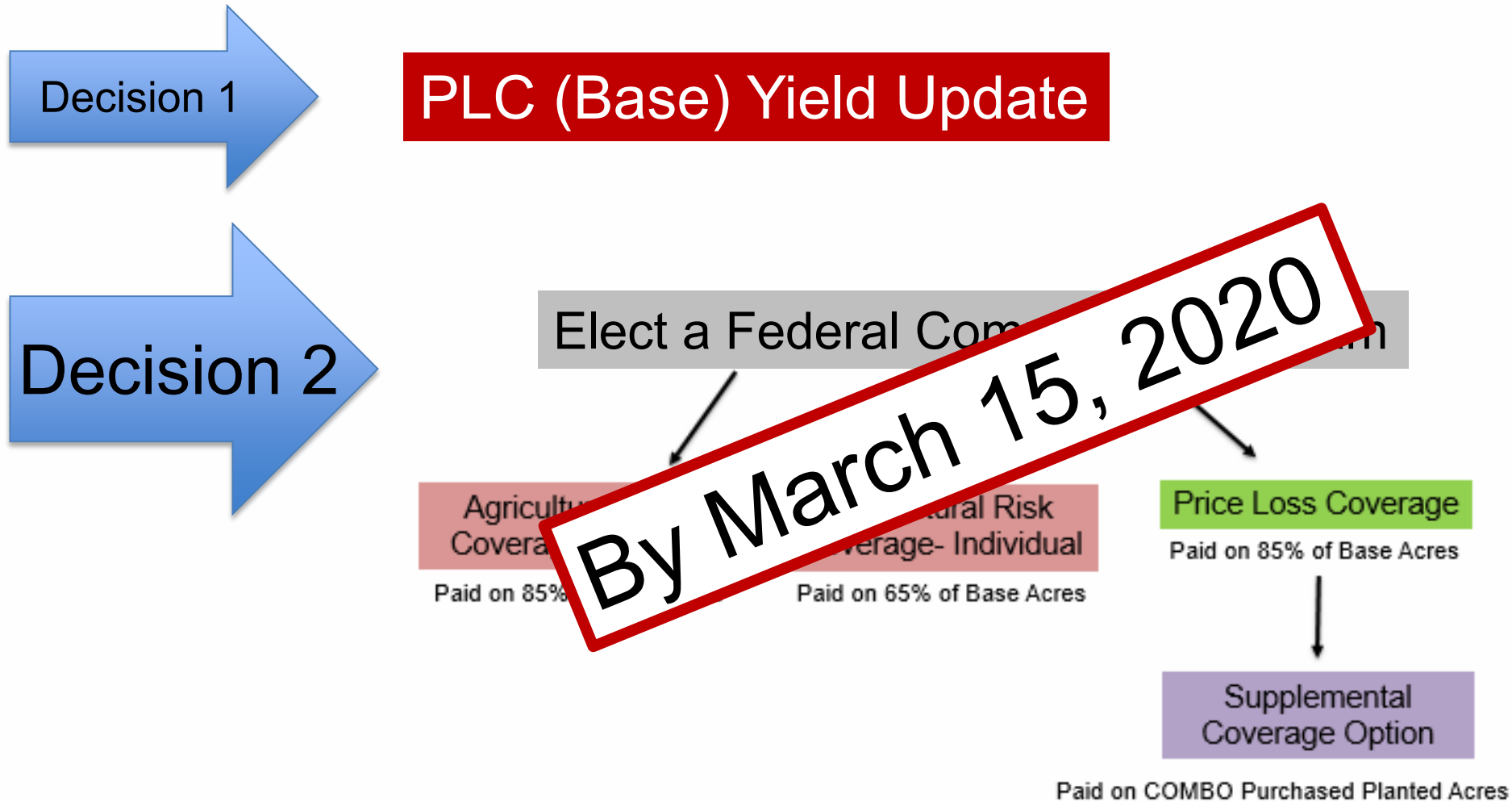
Landowner signature

No Landowner POA

Questions???

Decision 1: PLC Yield Update

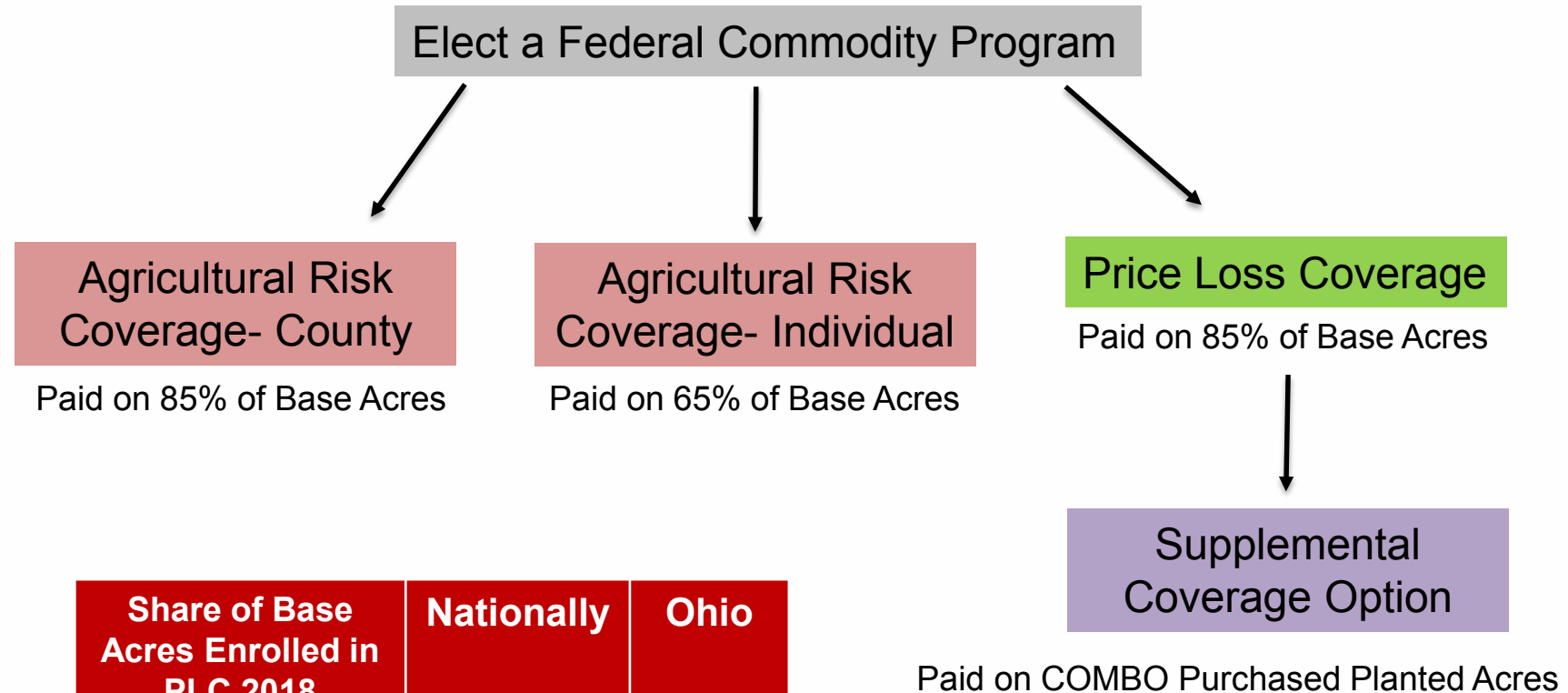
2 Key Decisions per FSA Farm for 2018



2018 Farm Bill: **Timeline**

	Calendar Year 2019				Calendar Year 2020									
	Sep	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr	May	Jun.	Jul.	Aug	Sep	Oct
2019 Enrollment														
2020 Enrollment														
Future Year Enrollments														
2018 ARC/PLC Payments														
2019 ARC/PLC Payments														
2020 Yield Update														

2018 Farm Bill: **Decisions to be Made**



Share of Base Acres Enrolled in PLC 2018	Nationally	Ohio
Corn	7%	2%
Soybeans	3%	2%
Wheat	42%	18%

Data Source: USDA-FSA, ARC and PLC Landing Page

2014 Program choice by commodity - nationally

	PLC	ARC-CO	ARC-IC
Corn	9%	91%	0%
Soybeans	4%	96%	0%
Wheat	34%	66%	0%

Source: USDA FSA

2018 Farm Bill: **What Changed from 2014?**

- ❖ Enrollments 2019-20, 2021, 2022, 2023 vs. 5 years
- ❖ Yields are now based first off of crop insurance/RMA instead of NASS Surveys
- ❖ Trend Adjusted Historical Yields and Higher Plug Yields
- ❖ Payments will now be on physical location, not administrative county.

Things that you probably aren't as happy about

- ❖ No Base Acre Update or Re-allocation
- If a producer does not enroll in a farm bill program for crop year 2019 by March 15, 2020:
 - ❖ NO payment will be made for 2019
 - ❖ The 2020 decision defaults to the decision made during the 2014 Farm Bill
- ❖ Still the Government Sequester at 6.2%

Ask Yourself:

In 2019 and 2020, do you need to protect yourself from low yields *and* low prices, or just low prices?

Do you have a good yield estimate for your **county**?

What type of risk do you need protection from in 2019-2020?

ARC protects against:

- **marketing risk:** low prices AND
- **production risk:** low yields

PLC protects against:

- **marketing risk:** low prices

Are we in a period of low yields?

PLC Price Loss Coverage

- ▶ Price based program. Based on national prices compared to a reference price established by the farm bill.
- ▶ Elected by crop. Wheat—corn—soybeans

PLC Payments - Recap

$$\begin{array}{ccccc} \text{Effective} & & & & \text{PLC} \\ \text{Reference} & - & \text{Effective} & = & \text{Payment} \\ \text{Price} & & \text{Price} & & \text{Rate} \end{array}$$

PLC Payment Rate = Difference between the Effective Reference Price and the Effective Price

PLC = ALL ABOUT THE PRICE

PLC Payments

Farm Level Payment Amount

$$\begin{array}{ccccccc} & & & \text{Payment} & & & \\ & & & \text{Acres} & & & \\ & & & 85\% & & & \\ & & & \text{base} & & & \\ \text{Payment} & \times & \text{PLC} & \times & & = & \text{Payment} \\ \text{Rate} & & \text{Yield} & & & & \end{array}$$

Payment Calculation: Multiply Payment Rate by PLC Yield by Payment Acres

- NOTE: PLC Payments are not dependent on the planting of the crop
- Will be used 2020-2023

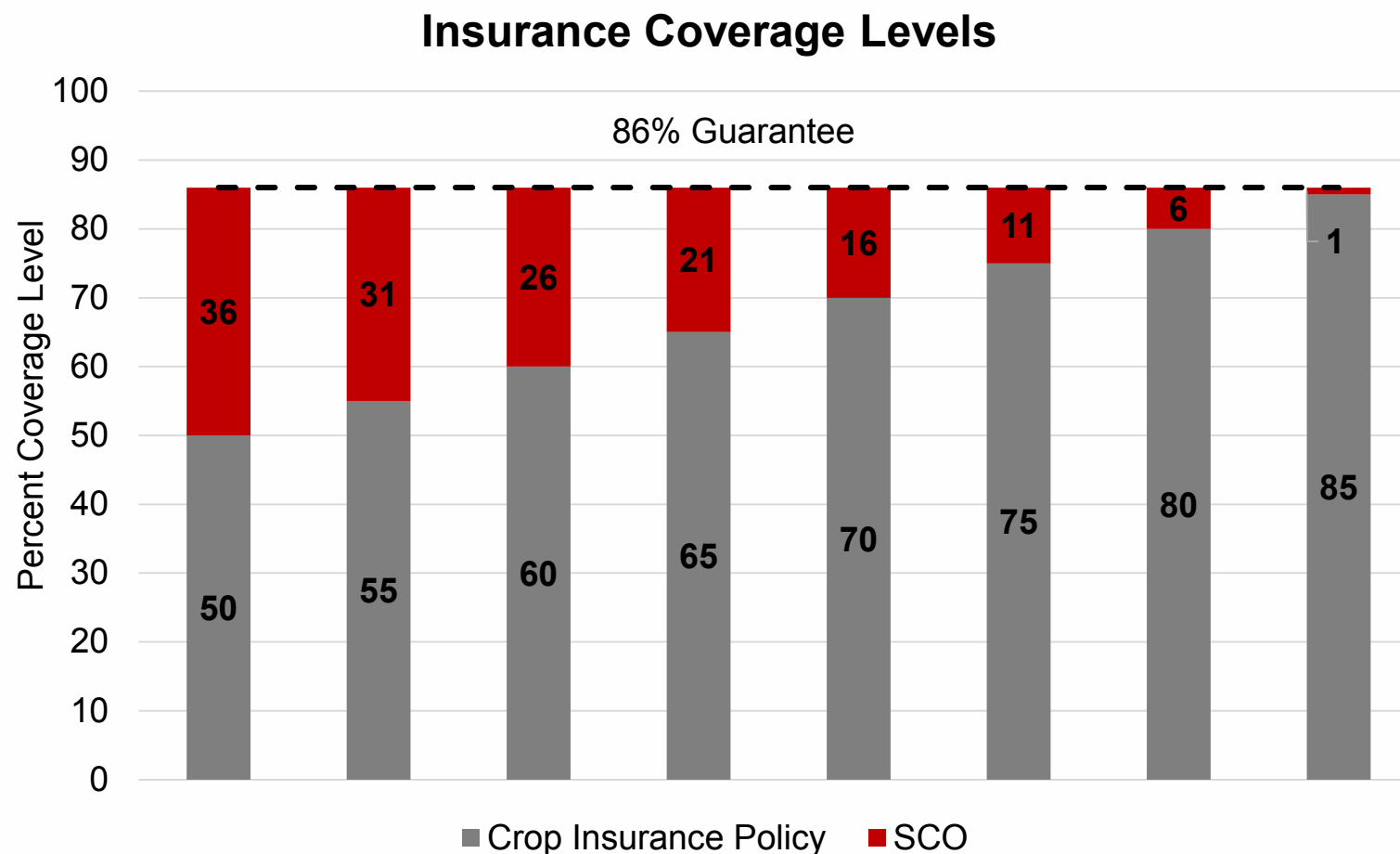
PLC Reference Prices

- ▶ Corn = \$3.70
- ▶ Soybeans = \$8.40
- ▶ Wheat = \$5.50

Purpose of Supplemental Coverage Option

- ❖ Provides additional coverage on top of an already existing individual policy
 - ❖ But not area or index policies
 - ❖ Allows coverage to equal 86%
 - ❖ Uses the same coverage as your underlying policy (i.e. yield or revenue)
- ❖ Designed to make PLC comparable to ARC-CO.
 - ❖ Only available on PLC elections

SCO and Federal Crop Insurance



ARC Agriculture Risk Coverage

The ARC program has two ***Election*** options

- **ARC-CO:** County Level Yields
- **ARC-IC:** Individual Farm Yields

ARC-County

- ▶ Revenue based program—bringing in county yields and national prices.
- ▶ Elected by crop. Wheat—corn—soybeans
- ▶ Can be elected with PLC on other crops on same FSA farm.

ARC-CO Payments

- Five year Olympic average County Yields (drop the high and drop the low, average what remains).
- Five year Olympic average of National Prices (drop the high, drop the low, average what remains).
- Olympic average county yield x the Olympic average national price = Olympic average revenue.
- Current year national prices x current county yield = Actual Revenue
- Actual Revenue is compared to 86% of the Olympic average revenue (guarantee).
- If the actual revenue is less than 86% of the Olympic average revenue a payment will trigger not to exceed 10% of the Olympic average revenue(cap).

*** 2019 through 2023 the benchmark is recalculated adding the previous years county yields and prices and dropping the latest years county yields and prices making this what we call the rolling benchmark.

Benchmark Yield Example

Benchmark Yield Example for 2019:

Corn	2013	2014	2015	2016	2017	5 Year Olympic Average Yield
County Yield	202.68	185.76	183.4	189.54	193.38	189.56
80% of Transitional Yield	128	128	128	128	128	

ARC-CO Price Example

Benchmark Price Example 2019:

Corn	2013	2014	2015	2016	2017	5 Year Olympic Average Price
Marketing Year Average Price	\$4.46	\$3.70	\$3.61	\$3.36	\$3.36	3.70
Effective Reference Price	\$3.70	\$3.70	\$3.70	\$3.70	\$3.70	

ARC-CO Benchmark Example

ARC-CO Benchmark Revenue Example 2019:

Corn	2013	2014	2015	2016	2017	5 Year Olympic Average Yield
County Yield	202.68	185.76	183.4	189.54	193.38	189.56Bu
80% of Transitional Yield	128	128	128	128	128	
Corn	2013	2014	2015	2016	2017	5 Year Olympic Average Price
Marketing Year Average Price	\$4.46	\$3.70	\$3.61	\$3.36	\$3.36	\$3.70
Reference Price	\$3.70	\$3.70	\$3.70	\$3.70	\$3.70	
ARC-CO Benchmark Revenue - Corn						
189.56 Bu			\$3.70		\$701.37	

2019 ARC-CO Actual Revenue Example

	Actual Average County Yield	MYA Price	ARC-CO Actual Crop Revenue	86% Benchmark	Loss
Corn	189.56 Bu	\$3.70	\$701.37	\$603.18	\$0

ARC-CO Payments

ARC-CO payments are *triggered* when:

- ARC-CO *actual crop revenue* is *less than*
- ARC-CO *guarantee* calculated for the covered commodity for the year.
- *Guarantee is 86% of the Benchmark Revenue*

Let's look at the Decision Tool

Decision Tool

farmoffice.osu.edu

Farm Bill

Decision Aid

Excel doc.

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Decision Tool – ARC/PLC Corn

State **Ohio**
 Select County **Fulton**
 Select Practice **Nonirrigated**

FSA Farm PLC Yields ¹⁷
 2019 PLC Yield ¹⁸ **138**
 2020 Updated Yield **156**

2019 County Corn Yield- Estimate
Zero Change from Average

Previous Farm Bill (2014-2018)											2018 Farm Bill	
Marketing Years	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
2014 Farm Bill Yields ²	177	165	159	120	191	182	161	177	184	180.9	Yield Update	
2018 Farm Bill Yields					203	186	183	190	193	181	182	184
Market Year Average Price	\$3.55	\$5.18	\$6.22	\$6.89	\$4.46	\$3.70	\$3.61	\$3.36	\$3.36	\$3.61	\$3.85	\$3.53
Benchmark Price ⁴	\$3.70	\$5.18	\$6.22	\$6.89	\$4.46	\$3.70	\$3.70	\$3.70	\$3.70	\$3.70	\$3.70	\$3.70
Reference Price	\$3.70	\$3.70	\$3.70	\$3.70	\$3.70	\$3.70	\$3.70	\$3.70	\$3.70	\$3.70	\$3.70	\$3.70
PLC Price Difference ⁶						\$0.00	\$0.09	\$0.34	\$0.34	\$0.09	-\$0.15	\$0.17
ARC Benchmark Price ⁷						\$5.29	\$5.29	\$4.79	\$3.95	\$3.70	\$3.70	\$3.70
ARC Benchmark Yield ⁸						167	169	167	173	181	190	186
Benchmark ⁹						\$883	\$894	\$800	\$683	\$670	\$703	\$688
Guarantee						\$760	\$769	\$688	\$588	\$576	\$605	\$592
Actual Revenue						\$673	\$581	\$595	\$618	\$653	\$701	\$651
Formula Rate ¹²						\$86	\$188	\$93	\$0	\$0	\$0	\$0
Maximum Payment Possibility ¹³						\$88	\$89	\$80	\$68	\$67	\$70	\$69
Payment Rate ¹⁴						\$86	\$89	\$80	\$0	\$0	\$0	\$0
PLC Yield ¹⁵											138	156
PLC Payment Rate ¹⁶											\$0.17	\$0.17
PLC Payment /Acre						\$0	\$12	\$47	\$47	\$12	\$0	\$27
ARC Payment/ Acre						\$86	\$89	\$80	\$0	\$0	\$0	\$0

Decision Tool – ARC/PLC Corn

The Ohio State University ARC and PLC Decision Tool- Corn

Worlds colored in Red- Include a drop down list. Click on cell to access alternative choices.
Superscript numbers are cells that have definitions. Click on the cell to view definition.

[Home](#)
[Directions](#)
[PLC Update](#)
[Soybean](#)
[Wheat](#)
[Reset](#)

State **Ohio**
Select County **Fulton**
Select Practice **Nonirrigated**

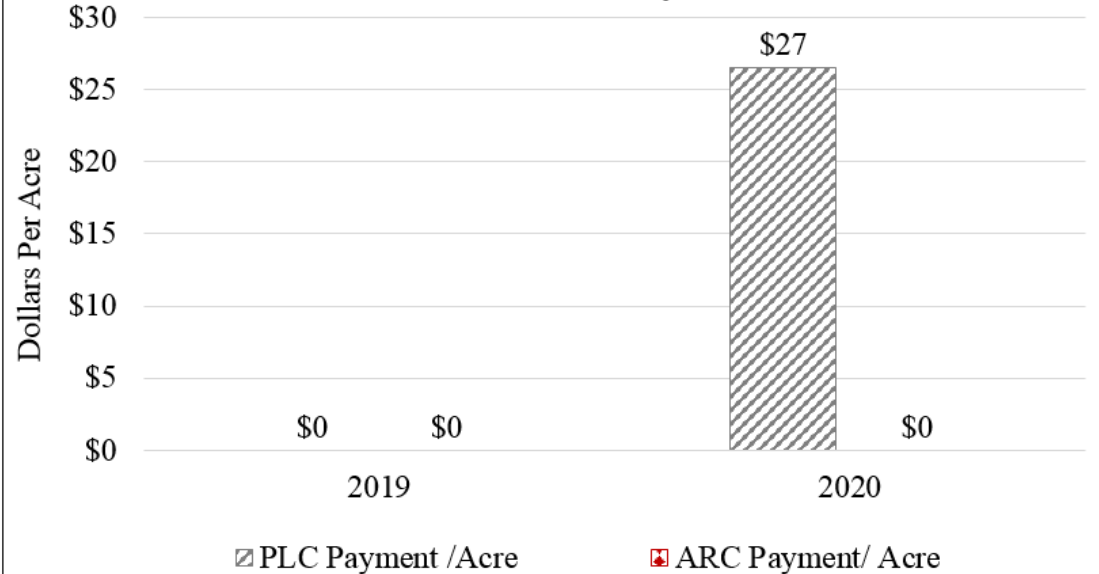
FSA Farm PLC Yields ¹⁷
2019 PLC Yield ¹⁸ **138**
2020 Updated Yield **156**

2019 County Corn Yield- Estimate
Zero Change from Average

2020 County Corn Yield- What If
Zero Change from Average

Previous Farm Bill (2014-2018)											2018 Farm Bill	
Marketing Years	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
2014 Farm Bill Yields ²	177	165	159	120	191	182	161	177	184	180.9	Yield Update	
2018 Farm Bill Yields					203	186	183	190	193	181	182	184
Market Year Average Price	\$3.55	\$5.18	\$6.22	\$6.89	\$4.46	\$3.70	\$3.61	\$3.36	\$3.36	\$3.61	\$3.85	\$3.53
Benchmark Price ⁴	\$3.70	\$5.18	\$6.22	\$6.89	\$4.46	\$3.70	\$3.70	\$3.70	\$3.70	\$3.70	\$3.85	\$3.70
Reference Price	\$3.70	\$3.70	\$3.70	\$3.70	\$3.70	\$3.70	\$3.70	\$3.70	\$3.70	\$3.70	\$3.70	\$3.70
PLC Price Difference ⁶						\$0.00	\$0.09	\$0.34	\$0.34	\$0.09	-\$0.15	\$0.17
ARC Benchmark Price ⁷						\$5.29	\$5.29	\$4.79	\$3.95	\$3.70	\$3.70	\$3.70
ARC Benchmark Yield ⁸						167	169	167	173	181	190	186
Benchmark ⁹						\$883	\$894	\$800	\$683	\$670	\$703	\$688
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Formula Rate ¹²						\$86	\$188	\$93	\$0	\$0	\$0	\$0
Maximum Payment Possibility ¹³						\$88	\$89	\$80	\$68	\$67	\$70	\$69
Payment Rate ¹⁴						\$86	\$89	\$80	\$0	\$0	\$0	\$0
PLC Yield ¹⁵											138	156
PLC Payment Rate ¹⁶											\$0.00	\$0.17
PLC Payment /Acre						\$0	\$12	\$47	\$47	\$12	\$0	\$27
ARC Payment/ Acre						\$86	\$89	\$80	\$0	\$0	\$0	\$0
Historical 5-Year Average 2014- 2018											Projected 2 Year Annual Average 2019 & 2020	
ARC- CO						\$51					\$0	
PLC						\$24					\$13	

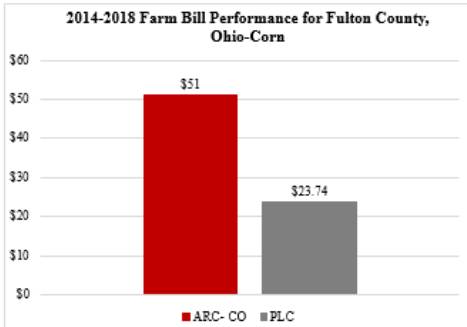
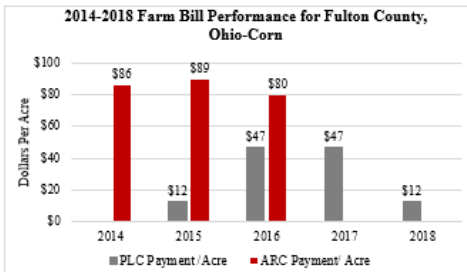
Estimated 2019 & 2020 ARC/PLC Annual Payments
for Fulton County, Ohio-Corn



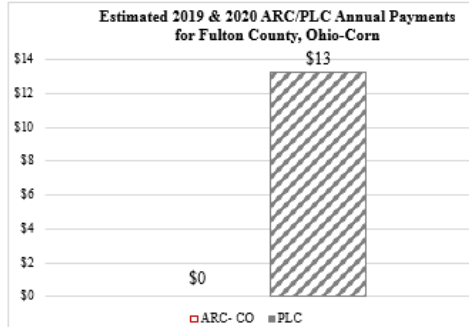
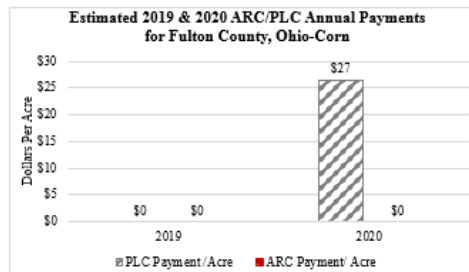
Decision Tool – Performance Section - Corn

Performance Section

County Performance from Previous Farm Bill Decision (2014-2018)

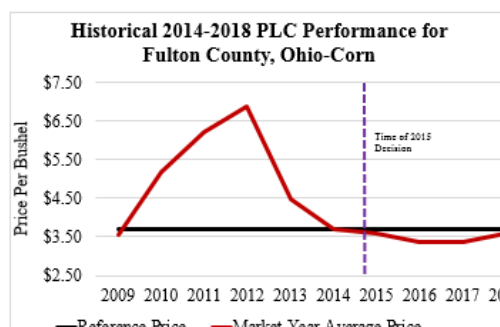
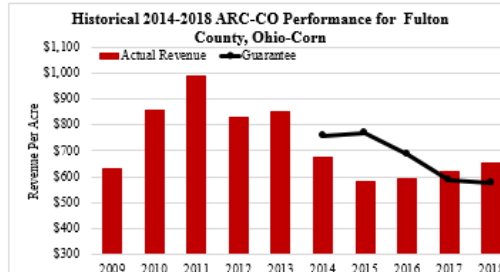


Estimates for 2019 & 2020 Farm Bill Decision



Program Design and Illustration Section

County Performance from Previous Farm Bill Decision (2014-2018)



Estimates for 2019 & 2020 Farm Bill Decision

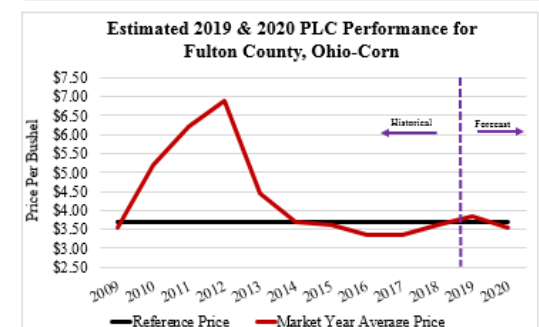
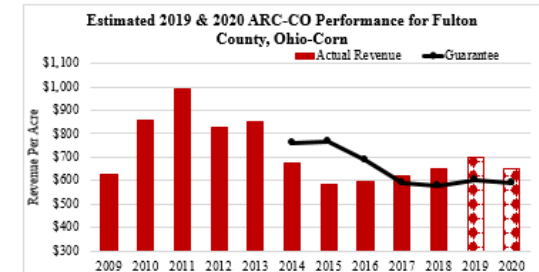


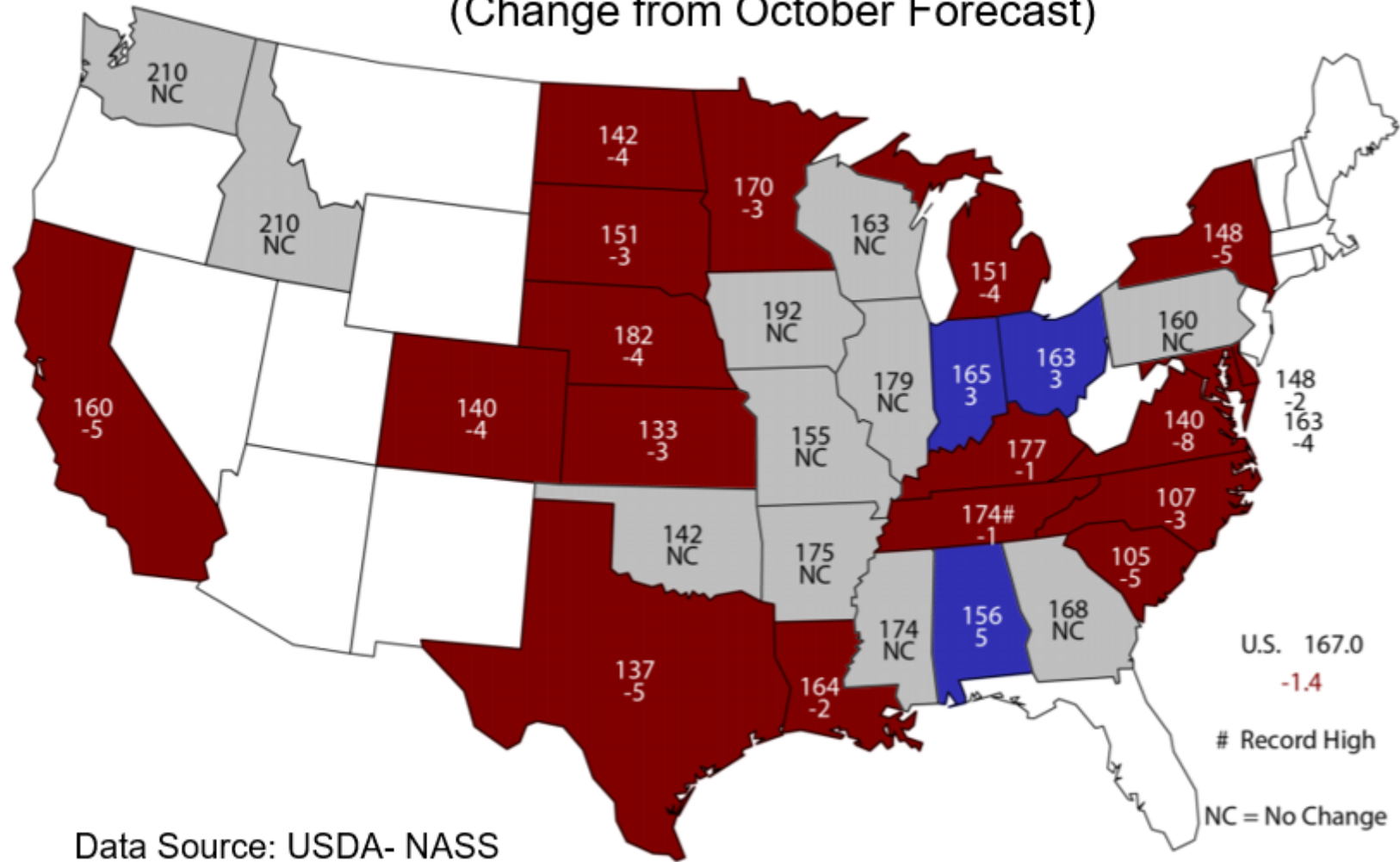
TABLE 1. 2013/14-2019/20 MARKET YEAR AVERAGE (MYA) PRICES

November 8, 2019

Commodity	Marketing Year	Publishing Dates for the Final 2018/19 MYA Prices	Final 2017/18 MYA Price	Projected (P) or Final (F) 2018/19 MYA Price		Projected (P) or Final (F) 2019/20 MYA Price	
Corn	Sep. 1-Aug. 31	September 27, 2019	\$3.36	\$3.61	F	\$3.85	P
Soybeans	Sep. 1-Aug. 31	September 27, 2019	\$9.33	\$8.48	F	\$9.00	P
Wheat	Jun. 1-May 31	August 30, 2019	\$4.72	\$5.16	F	\$4.60	P

Use actual Excel Document

2019 Corn Yield by State- November 1, 2019 (Change from October Forecast)



Data Source: USDA- NASS
Nov. Crop Production Report

Decision Tool – ARC/PLC Soy

State **Ohio**
 Select County **Fulton**
 Select Practice **Nonirrigated**

FSA Farm PLC Yield ¹⁷
 2019 PLC Yield ¹⁸ **36**
 2020 Updated Yield **44**

2019 County Soybean Yield- Estimate
Zero Change from Average

2020 County Soybean Yield- What If
Zero Change from Average

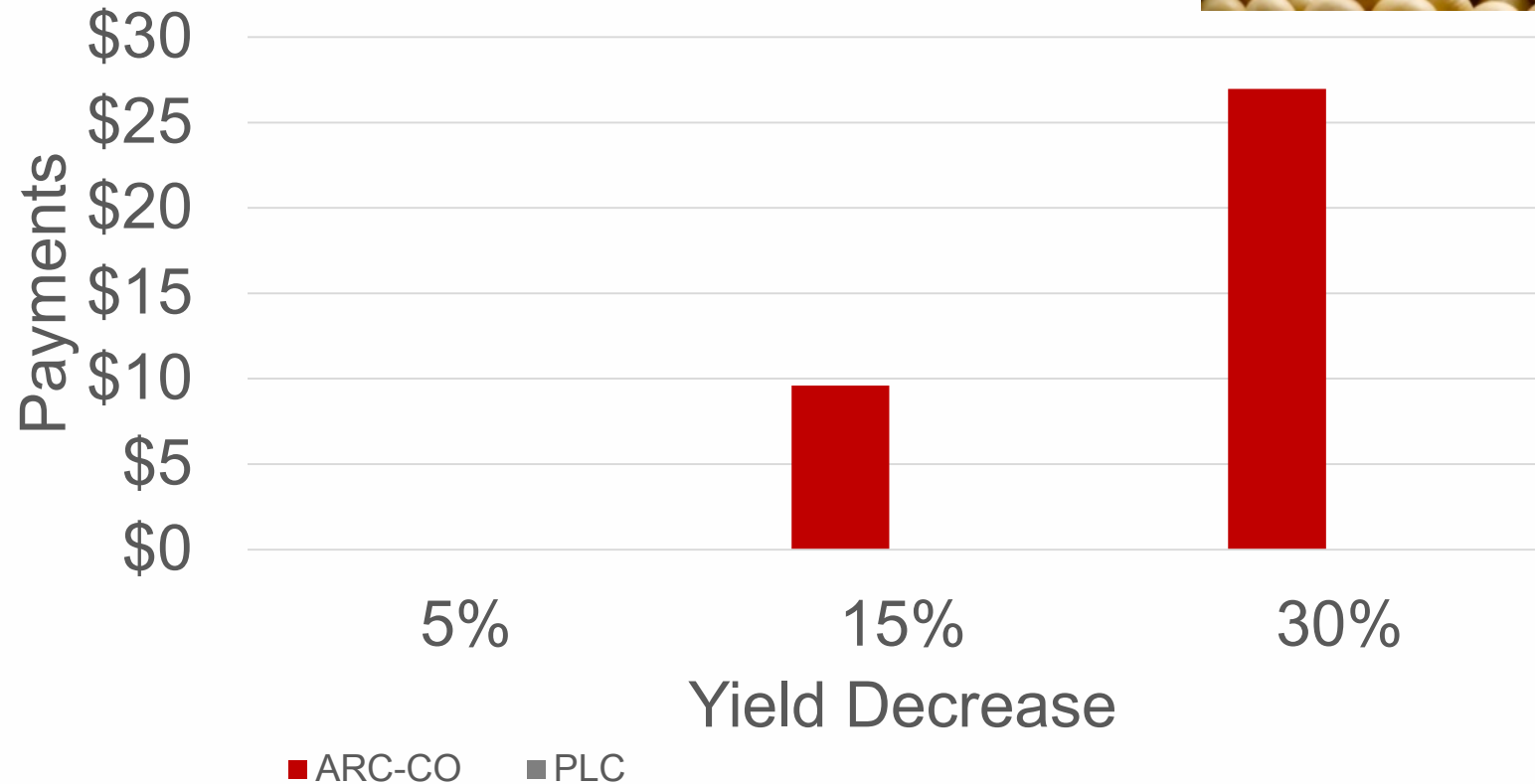
Previous Farm Bill (2014-2018)											2018 Farm Bill	
Marketing Years	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
2014 Farm Bill Yields ²	48	47	48	47	52	51	51	58	49	54.5	Yield Estimate	
2018 Farm Bill Yields					56	51	52	63	52	55	55	56
Market Year Average Price	\$9.59	\$11.30	\$12.50	\$14.40	\$13.00	\$10.10	\$8.95	\$9.47	\$9.33	\$8.48	\$9.00	\$8.54
Benchmark Price ⁴	\$9.59	\$11.30	\$12.50	\$14.40	\$13.00	\$10.10	\$8.95	\$9.47	\$9.33	\$8.48	\$9.00	\$8.54
Reference Price	\$8.40	\$8.40	\$8.40	\$8.40	\$8.40	\$8.40	\$8.40	\$8.40	\$8.40	\$8.40	\$8.40	\$8.40
PLC Price Difference ⁶						-\$1.70	-\$0.55	-\$1.07	-\$0.93	-\$0.08	-\$0.60	-\$0.14
ARC Benchmark Price ⁷						\$12.27	\$12.27	\$11.87	\$10.86	\$9.63	\$9.63	\$9.25
ARC Benchmark Yield ⁸						48	49	50	51	51	53	53
Benchmark ⁹						\$589	\$601	\$594	\$554	\$491	\$510	\$490
Guarantee						\$507	\$517	\$510	\$476	\$422	\$439	\$422
Actual Revenue						\$515	\$456	\$549	\$457	\$462	\$495	\$477
Formula Rate ¹²						\$0	\$61	\$0	\$19	\$0	\$0	\$0
Maximum Payment Possibility ¹³						\$59	\$60	\$59	\$55	\$49	\$51	\$49
Payment Rate ¹⁴						\$0	\$60	\$0	\$19	\$0	\$0	\$0
PLC Yield ¹⁵											36	44
PLC Payment Rate ¹⁶											\$0.00	\$0.00
PLC Payment /Acre						\$0	\$0	\$0	\$0	\$0	\$0.00	\$0.00
ARC Payment/ Acre						\$0	\$60	\$0	\$19	\$0	\$0.00	\$0.00
<div> <div>Historical 5-Year Average 2014- 2018</div> <div>Projected 2 Year Annual Average 2019 & 2020</div> </div>												
ARC- CO						\$15.85					\$0.00	
PLC						\$0.00					\$0.00	

Estimated 2019 & 2020 ARC/PLC Annual Payments for Fulton County, Ohio-Soybean				
Dollars Per Acre	\$1			
	\$1			
	\$1			
	\$1			
	\$1			
	\$1			
	\$0			
	\$0			
	\$0			
	\$0			
	\$0			
	\$0			
	\$0			
	\$0.00	\$0.00	\$0.00	\$0.00
	2019		2020	
	☑ PLC Payment /Acre		☑ ARC Payment/ Acre	

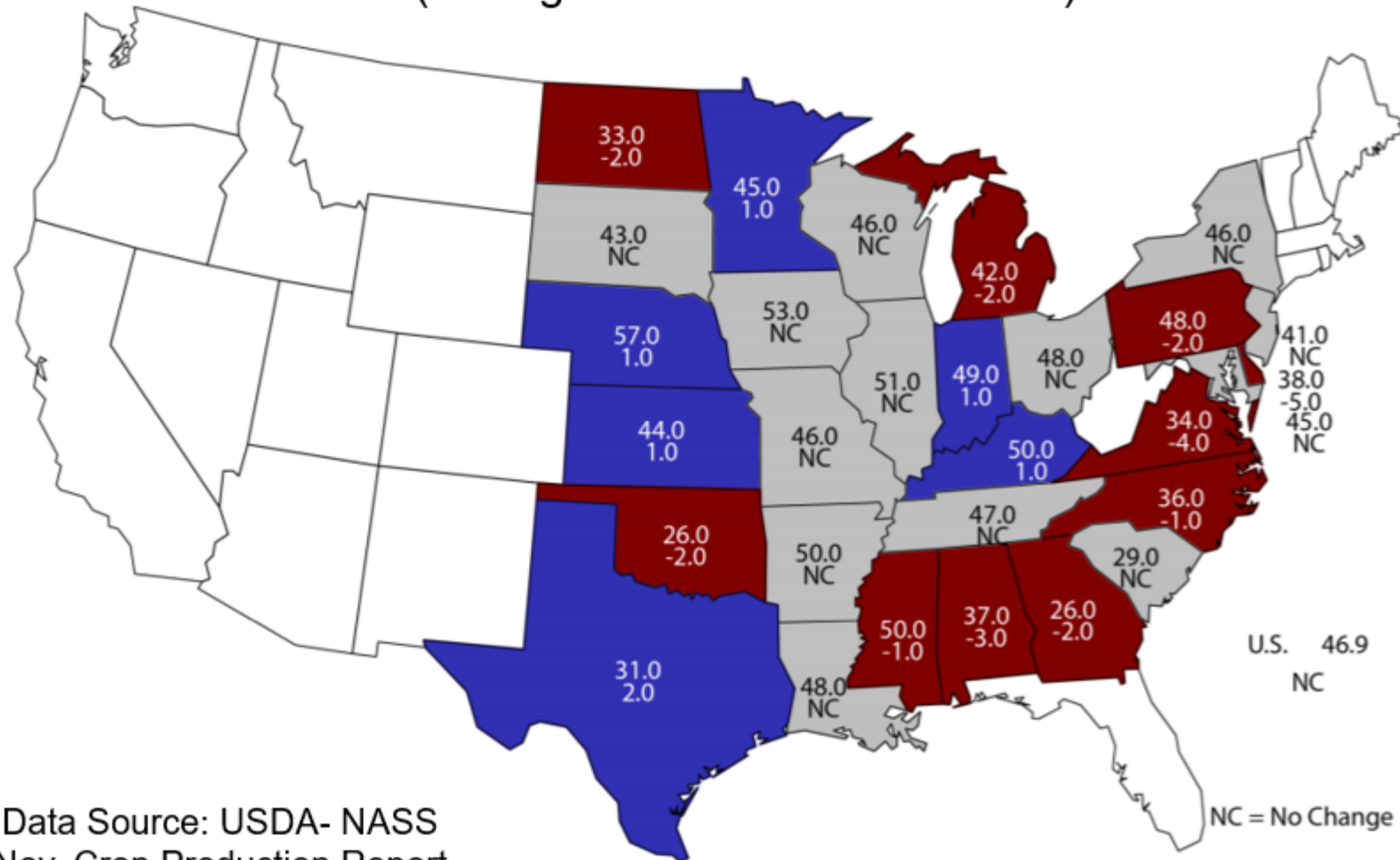
Decision Time- Soybeans

2019-20 Average Payment

Yield Drop Effect on Payments



2019 Soybean Yield by State- November 1, 2019 (Change from October Forecast)



Data Source: USDA- NASS
Nov. Crop Production Report

Decision Tool – ARC/PLC Wheat

The Ohio State University ARC and PLC Decision Tool- **Wheat**

Words colored in **Red**- Include a drop down list. Click on cell to access alternative choices.

Superscript numbers are cells that have definitions. Click on the cell to view definition.

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State **Ohio**
 Select County **Fulton**
 Select Practice **Nonirrigated**

FSA Farm PLC Yield ¹⁷

2019 PLC Yield ¹⁸ **57**

2020 Updated Yield **57**

2019 County Wheat Yield- Estimate

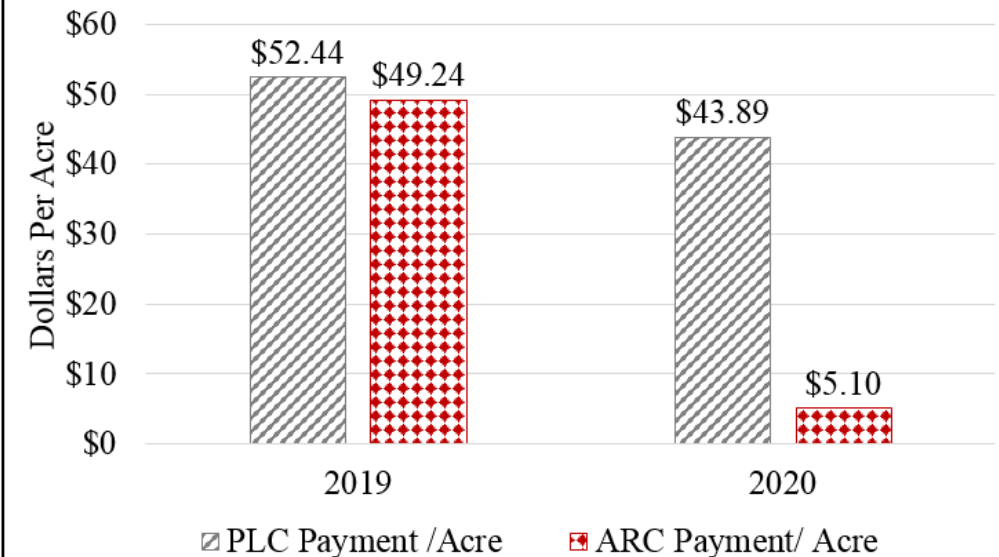
Zero Change from Average

2020 County Wheat Yield- What If

Zero Change from Average

Previous Farm Bill (2014-2018)											2018 Farm Bill	
Marketing Years	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
2014 Farm Bill Yields ²	90	72	72	71	86	78	73	90	84	78	Yield Estimates	
2018 Farm Bill Yields					91	81	66	98	89	78		
Market Year Average Price	\$4.87	\$5.70	\$7.24	\$7.77	\$6.87	\$5.99	\$4.89	\$3.89	\$4.72	\$5.16	\$4.58	\$4.73
Benchmark Price ⁴	\$5.50	\$5.70	\$7.24	\$7.77	\$6.87	\$5.99	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50
Reference Price	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50
PLC Price Difference ⁶											\$0.92	\$0.77
ARC Benchmark Price ⁷						\$6.60	\$6.70	\$6.70	\$6.12	\$5.66	\$5.66	\$5.50
ARC Benchmark Yield ⁸						77	74	74	79	83	87	83
Benchmark ⁹						\$508	\$496	\$496	\$483	\$470	\$492	\$457
Guarantee						\$437	\$426	\$426	\$416	\$404	\$423	\$393
Actual Revenue						\$467	\$357	\$350	\$396	\$402	\$373	\$387
Formula Rate ¹²						\$0	\$69	\$76	\$19	\$2	\$50	\$5
Maximum Payment Possibility ¹³						\$51	\$50	\$50	\$48	\$47	\$49	\$46
Payment Rate ¹⁴						\$0	\$50	\$50	\$19	\$2	\$49	\$5
PLC Yield ¹⁵											57	57
PLC Payment Rate ¹⁶											\$0.92	\$0.77
PLC Payment /Acre						\$0.00	\$34.77	\$91.77	\$44.46	\$19.38	\$52.44	\$43.89
ARC Payment/ Acre						\$0.00	\$49.58	\$49.58	\$19.31	\$1.53	\$49.24	\$5.10
<div> <div>Historical 5-Year Average 2014- 2018</div> <div>Projected 2 Year Annual Average 2019 & 2020</div> </div>												
ARC- CO						\$24.00					\$27.17	
PLC						\$38.08					\$48.17	

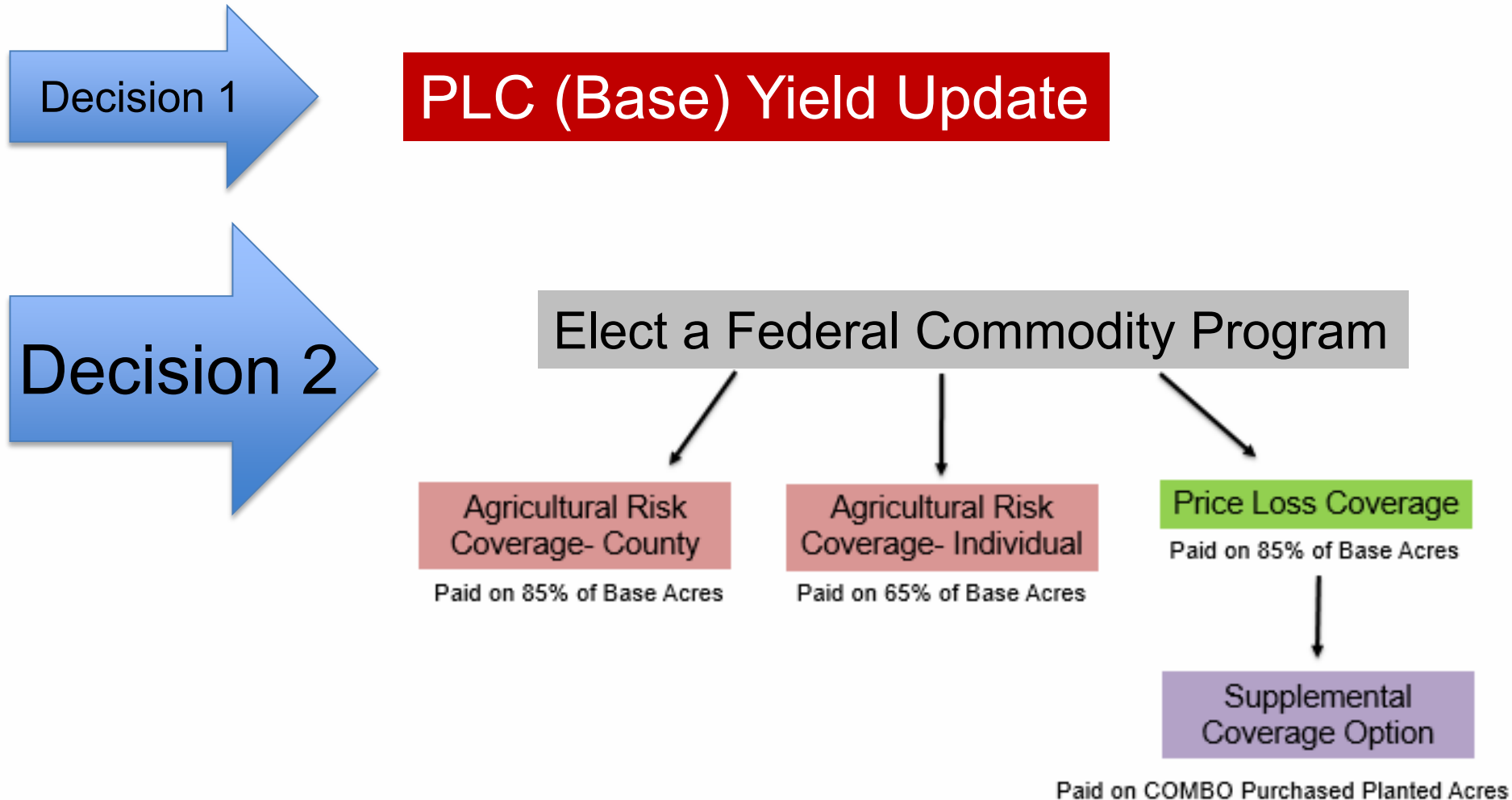
Estimated 2019 & 2020 ARC/PLC Annual Payments for Fulton County, Ohio-Wheat



Farm Bill: Things that make the decision hard now

1. Yields and Acreage- national and local
2. Trade Deals and Resolutions
3. South American Production Starting 2019/20
4. Demand Structure

2 Key Decisions per FSA Farm for 2018



If you need a refresher:

❖ www.go.osu.edu/farmbill2019

❖ Upcoming Farm Bill Meetings:

December 30, 2019; 11:30 am - Anthony Wayne High School Ag Room

December 31, 2019; 8:30 am - Wauseon High School Ag Room

January 2, 2020; 8:30 am -- Archbold High School Ag Room

January 21, 2020; 6:30 pm -- Robert Fulton Ag Center

February 3, 2020; 7 pm Pettisville High School Ag Room

Questions on ARC-CO & PLC

(but NOT ARC-IC)

The map displays the percentage of the Black population by county in the United States. The highest percentages are concentrated in the Southeast, particularly in the Mississippi Delta region, with values ranging from 44% to 41%. Other high percentages are found in the South and parts of the Midwest. The percentages generally decrease as one moves westward and northward, with the lowest percentages (0% to 3%) found in the West and parts of the South.

County	Percentage
Ala. 1	44%
Ala. 2	34%
Ala. 3	28%
Ala. 4	41%
Ala. 5	20%
Ala. 6	11%
Ala. 7	33%
Ala. 8	36%
Ala. 9	26%
Ala. 10	16%
Ala. 11	10%
Ala. 12	11%
Ala. 13	3%
Ala. 14	4%
Ala. 15	4%
Ala. 16	1%
Ala. 17	0%
Ala. 18	0%
Ala. 19	2%
Ala. 20	3%
Ala. 21	1%
Ala. 22	3%
Ala. 23	1%
Ala. 24	2%
Ala. 25	3%
Ala. 26	3%
Ala. 27	3%
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Ala. 29	3%
Ala. 30	3%
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Ala. 173	3%
Ala. 174	3%

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Before the BREAK:

- ❖ Please complete the survey
- ❖ After BREAK = ARC-IC discussion
 - ❖ Did you have any FSA farms that you 100% prevent planted in 2019? If yes, please return after the break.

ARC-Individual (aka ARC-IC)

ARC-IC Agriculture Risk Individual Coverage

- ▶ Revenue based program—using **YOUR** yields and national prices.
- ▶ Elected by FSA farm. All crops on the farm are elected with this option.
- ▶ All farms elected for this program are one revenue.
- ▶ ALL CROPS ADDED TOGETHER ARE YOUR REVENUE
 - ▶ One crop could save you from “triggering” a loss.
 - ▶ Could be an option if 100% of the farm is prevented planted.

ARC-IC Highlights

- ▶ FSA will compute benchmark revenues for each covered commodity that is planted in the current year and previous 2013-2017. Crop revenues are Olympic averages (drop the high, drop the low, average remaining).
- ▶ Each covered commodity revenue is used based on percentage of crop planted and put into the producers revenue “bucket”.
- ▶ This “bucket” will be used to figure the guarantee. (86% is the guarantee)
- ▶ This “bucket” will be used to figure the cap. (10% is the cap)

ARC-IC Highlights

- ▶ ARC-IC payments trigger when the current year revenue from all planted covered commodities on the producer's "ARC-IC farm" fall below the guaranteed revenue for the ARC-IC farm.
 - ▶ The producers ARC-IC farm is defined as the producer's share of all planted covered commodities from all ARC-IC enrolled farms in the state.
 - ▶ Also known as the producer's "bucket"

Note: Revenue from one farm or crop can potentially eliminate the revenue loss from another farm or crop.

PRODUCTION REPORTS FOR ALL PLANTED COVERED COMMODITIES ARE NEEDED YEARLY BY JULY 15TH

QUESTIONS

Do you want an example?



This material is based upon work supported by the USDA-NIFA under Award Number 2018-70027-28586 and prepared by Ben Brown- The Ohio State University College of Food Agriculture and Environmental Sciences with reference of information to Pat Westhoff- University of Missouri, Mykel Taylor- Kansas State University, Gary Schnitkey-University of Illinois and Aaron Smith- University of Tennessee



United States Department of Agriculture
National Institute of Food and Agriculture



**NORTH CENTRAL
EXTENSION
RISK
MANAGEMENT
EDUCATION**