



Making Your 2018 Farm Bill Decisions in 2020

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2014 Farm Bill Decision Review

- Most farmers chose ARC-County under 2014 Farm Bill for corn and soybeans
- Forecast was for higher ARC-County than PLC payments over the 5-year life of the Bill making decision easy for most farmers
- Forecast was on-target for 2014 Bill, will it also be true for 2018 Bill choices?
 - Forecasts for 2014 Bill were keyed off of the fact that benchmark revenues for 2014, 2015, and 2016 would be high
 - High benchmark revenues for those years front-loaded ARC-CO payments and made it an easy choice on most farms
 - Situation is much different for the 2018 Bill decision since ARC-CO benchmark revenues are not as high
- PLC needs more consideration this time
- ARC-Individual Coverage is worth considering on some farms

Program Signup Process

1. **Yield Update**: An Owner an update PLC yields
 - ✓ (October of 2019 – September 30, 2020)
2. **Election**: Election of PLC, ARC-CO or ARC-IC can be completed prior to yield updates
 - ✓ (September of 2019 – March 15, 2020 for 2019)
3. **Enrollment**: Once Election has been completed, then Enrollment takes place
 - ✓ (September of 2019 – March 15, 2020 for 2019)

PLC Yield Update Process

Allows an **OWNER** a **one-time** decision to update the farm's PLC yield for **2020** on a commodity by commodity basis. Operator or Owner may initiate this process, but an owner on the farm must sign the request.

- Yield update is effective for 2020 (through the life of the Farm Bill); not retroactive to 2019.
- The updated PLC yield is equal to 90% of each covered commodity's **2013 – 2017** average yield. Simple average of the years the crop is planted, multiplied by a National Ratio.
- If the yield in any of these years (2013 – 2017) is less than 75% of the county yield, then 75% of the 2013 – 2017 county yield will be substituted for that year.

Note: The Yield Update option is available PER Crop for producers and farms regardless of program election – PLC/ARC-CO/ARC-IC.

PLC Yield Update:

Operators on the farm will likely have the yield data and can initiate the yield update process, however:

At least **ONE owner** Must sign the CCC-867 Form.

RMA yield Data can be used.

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 I		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)		2C. County FSA Office FAX No. (Including Area Code)					
		(651)463-8626 x2		(651)730-3061					
3. State Code	4. County Code	5. Farm No.	6. Covered Commodity						
27	037		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(o)(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>									
FARM YIELD UPDATE									
7. I agree to update the PLC yield for the covered commodity, identified in Item 5 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> .									
7A. 2013 Yield	7B. 2014 Yield	7C. 2015 Yield	7D. 2016 Yield	7E. 2017 Yield	7F. Total	7G. Average Yield	7H. Multiplied by 2.4 (If Seed Cotton)	7I. Multiplied by 90%	7J. Multiplied by yield factor (PLC Yield)
250.00	250.00	240.00	240.00	260.00	1240.00	248.00		223.20	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.nrc.usda.gov/complaints, file, visit www.usda.gov 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) 632-9926. 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. USDA is an equal opportunity provider and employer.</small></p>									



Center for
Commercial Agriculture

Go to www.slido.com & enter #E818 to ask questions

Farm Bill 2020 Decision Making Webinar, January 16, 2020

Updating Yields Is Not An Automatic Decision

- For most producers actual yields today are substantially higher than yields used to compute "old" program yields
- But Use of two factors (90% times 90%) effectively pulls down yield calculations for corn and soybeans
 - In case of wheat it's 90% times 95.45%
- Result: You have to compute your updated Program Yield and compare it to "old" Program Yield to make your yield update decision...likely not the same decision on every farm and for every crop

Program Choices

- 1) Agriculture Risk Coverage – County (ARC-CO)
- 2) Price Loss Coverage (PLC)
- 3) Agriculture Risk Coverage – Individual (ARC-IC)

For ARC-CO and PLC choice is made for each crop and FSA farm

For ARC-IC choice is made by FSA farm for all covered crops

ARC/PLC Election Process

ALL Producer(s) with an interest in cropland on the farm will make the election decision.

Owners do not make the election decision, unless they are considered a Producer, having an interest in cropland on the farm. This does not include owners with an interest in CRP.

- 2019 Election Deadline March 15, 2020.
- Election locked in for 2019 and 2020.
- For Each year 2021-2023, producers will have the opportunity to “change” the election on the farm.
- Failure to make a 2019 election by March 15, 2020 will result in a **default** to the current election on the farm (2014-2018) and **NO payment issued for 2019.**
- **Deadline: 3/15/20**
 - **Make your appointment w/FSA now!**

Elements of the Decision

- ARC-CO Actual Revenue
 - County Yields
 - Marketing year average U.S. prices
- PLC Actual Revenue
 - Actual Farm Yields are Used to Compute Program Yields
 - Marketing Year average U.S. prices

Agricultural Risk Coverage – County (ARC-County)

- Initial decision **by crop and FSA farm** for 2019 and 2020 program years
- ARC-CO payments occur when actual crop revenue is below the ARC-CO revenue guarantee for a crop year
- ARC-CO guarantee is 86% of ARC-CO benchmark revenue
- Coverage is capped at 10% of benchmark revenue
- ARC-CO benchmark revenue based on Olympic average of trend adjusted yields times the Olympic average of higher of U.S. MYA Crop price for preceding 5 crop years or \$3.70 for corn, \$8.40 for soybeans, or \$5.50 for wheat
- **Payment is made on 85% of base acres**

ARC-County

“NEW” under the 2018 Farm Bill:

- **ARC-CO Benchmark Revenue, Guarantee** will be based on **“PHYSICAL LOCATION”** of the tract and farm.
- **ARC-CO Actual Crop Revenue** will also be based on **“PHYSICAL LOCATION”** of the tract and farm.

NOTE: 2014 Farm Bill, ARC-CO revenue calculations were based on “Administrative County” of the farm.

Exception, there was a “waiver of administrative county” for 2014 & 2015, if requested by all producers on the farm.

ARC-CO Yields will be established using the following data



- RMA yield data for the county where the data is available
 - For Indiana, the majority of counties have RMA yield data available for corn and soybeans
 - Benchmark yields will include lag year so, for 2019, the benchmark years will be 2013-2017



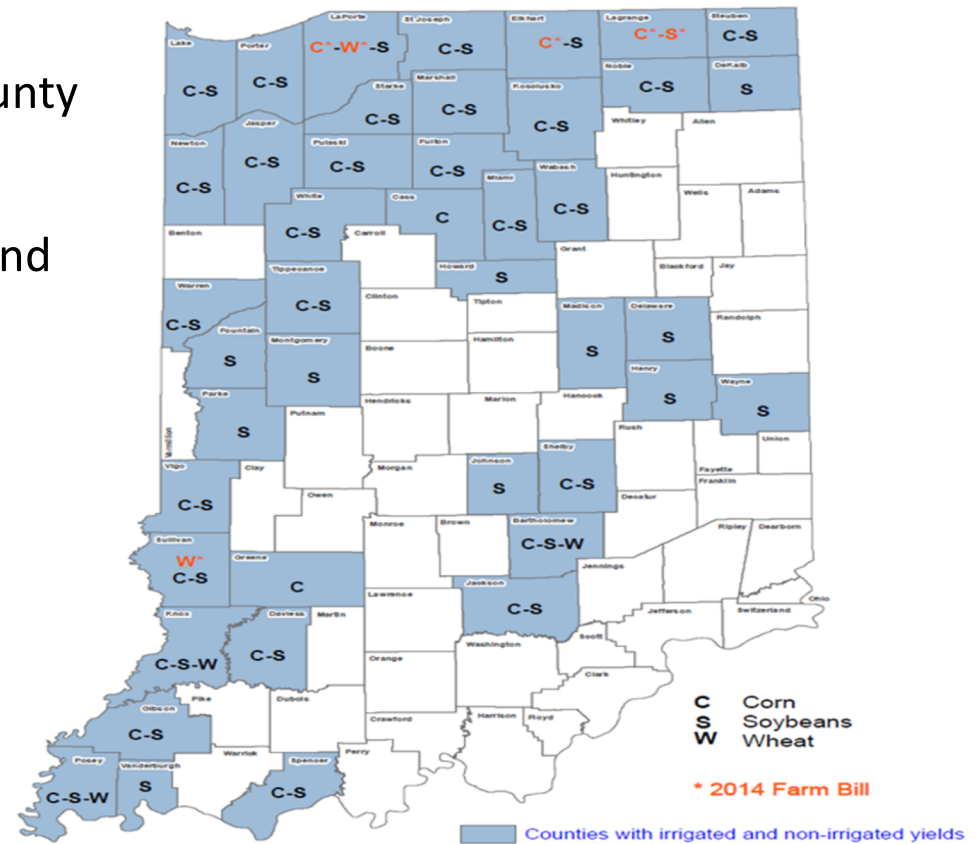
- NASS yield data available for State Committee review when RMA yield data is not available
- No RMA or NASS yield data, then State Committee will use best available data to establish the yield

ARC-County

More “Irrigated” and “Non-Irrigated” county yields in Indiana for approved crops

43 Indiana counties now have irrigated and non-irrigated yields

2018 FARM BILL INDIANA ARC-CO IRRIGATED AND NONIRRIGATED COUNTIES



Price Loss Coverage (PLC)

- 1) Initial decision by crop and FSA farm for 2019 and 2020 program years
- 2) Payments occur if the higher of U.S. average market price for the crop year less than the crop's reference price

Corn Reference Price = \$3.70

Soybean Reference Price = \$8.40

Wheat Reference Price = \$5.50

- 3) Payment is made on 85% of base acres
- 4) Coverage is capped using reference price & loan price
 - a) Max PLC Payment Rates Are
 - ✓ Corn = \$1.50/bu., Soybeans = \$2.20/bu., Wheat = \$2.12/bu.

If You Choose Price Loss Coverage (PLC)

You Can Purchase Supplemental Coverage Option (SCO)

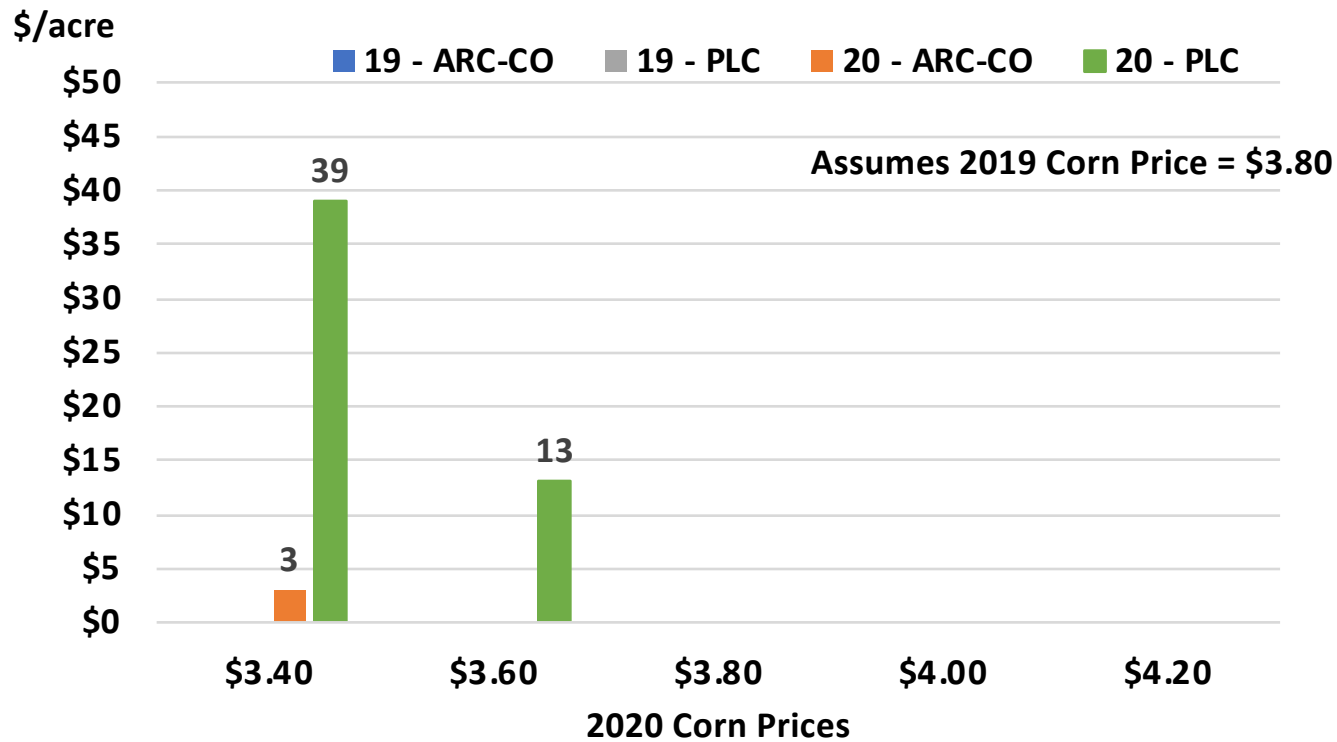
- Farms have an option to purchase county level insurance
- Subsidy rate is 65%
- Provides buyer opportunity to buy-up coverage to 86% of benchmark revenue, but the benchmark is county revenue not individual farm revenue
 - Provides buyer with a mix of farm level and county level insurance
 - Historically county level insurance at 86% level has not been very attractive

What Are Big Differences Between ARC & PLC?

- ARC-CO focuses on benchmark revenue
 - payments are capped at 10% of benchmark revenue
- PLC designed to protect against larger revenue declines
 - but provides less “shallow-loss” protection than ARC
- **PLC more competitive under 2018 Bill than it was under 2014 Bill**

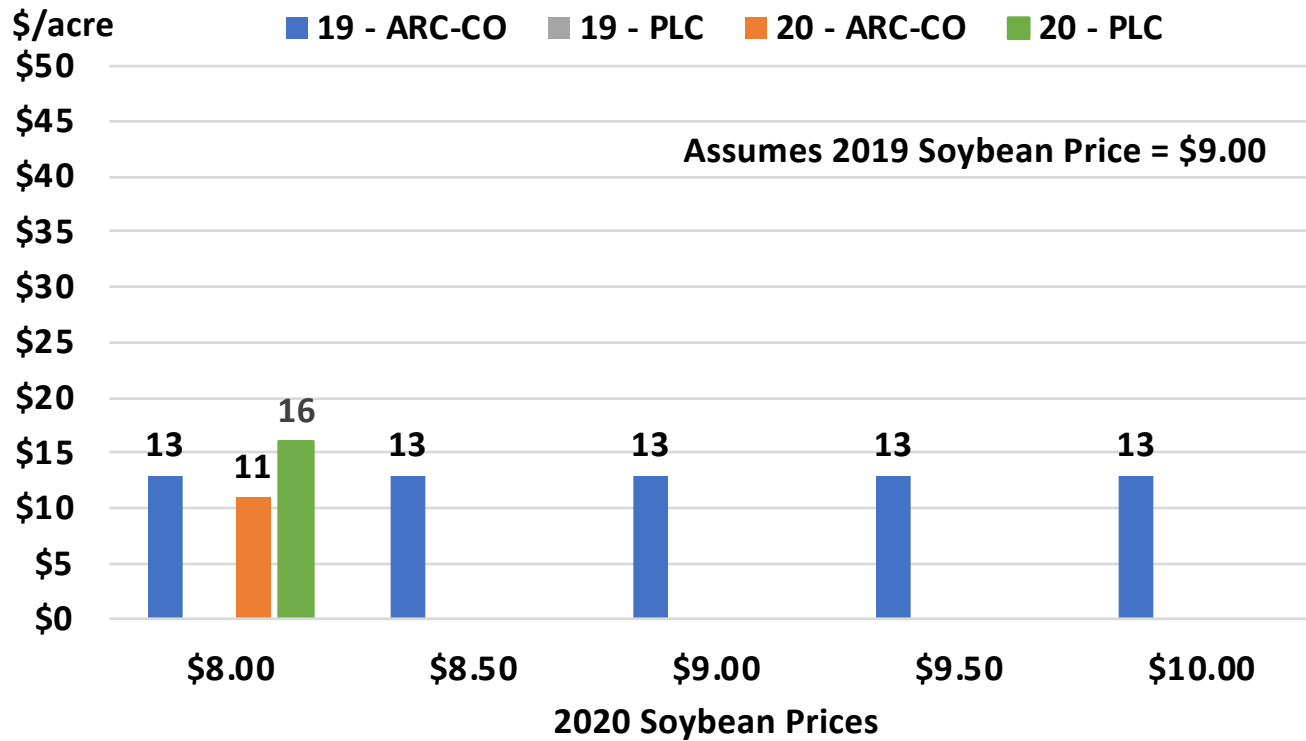
ARC-CO and PLC Estimated Payments for Corn

White County Example Farm, Indiana



ARC-CO and PLC Estimated Payments for Soybeans

White County, Indiana Example Farm



What About Agricultural Risk Coverage – Individual (ARC-IC)?

- Initial decision **by FSA farm** for 2019 and 2020 program years
- ARC-IC payments occur when an FSA Farm's crop revenue is below the ARC-IC revenue guarantee for a crop year
- ARC-IC guarantee is 86% of ARC-IC benchmark revenue
- Coverage is capped at 10% of benchmark revenue
- ARC-IC benchmark revenue based on Olympic average of revenues for preceding 5 years
 - Revenues calculated using higher of MYA crop prices or “effective price” and proven yields
- **Payment is made on 65% of base acres (not 85% of base acres)**

ARC-IC Program Factors

1. Only Enrolled Farms are included in revenue calculations
2. Payments ARE dependent on the planting of covered commodities on enrolled farms
3. Establishment of Historic and Yearly YIELD reports are required
4. Benchmark Revenues, Guarantees, Actual Revenues and payment rates are calculated at the farm level and weighted by the producer's share of the covered commodities planted on all farms enrolled in ARC-IC within a state

When Should You Consider ARC-IC?

Evaluate by individual FSA Farm

1. Sample calculations suggest farms with 20% production losses in 2019 should take the time to evaluate ARC-IC
2. Production losses can be from prevented planting or reduced yields or combination of both
3. Less attractive if you are considering multiple FSA Farms because of weighted averaging of benchmark revenues across farms

Farm Bill Decision Summary

1. Compare updated yields to existing program yields for each crop and FSA farm;
 - ✓ update those farms crops & with higher updated yields
2. Program Choices:
 - Corn and Wheat: start with PLC as your initial program choice and evaluate ARC-CO as a challenger
 - Soybeans: start with ARC-CO as your initial program choice and evaluate PLC as a challenger
 - Consider ARC-IC on FSA farms with significant production losses of at least 20% or more in 2019

ARC/PLC Enrollment Process

- 2019 Election Deadline is March 15, 2020
- 2019 Enrollment deadline is March 15, 2020
- 2020 Enrollment deadline is June 30, 2020
- Deadline to complete PLC Yield Update is September 30, 2020 – effective 2020 PY
- 2019 & 2020 program years can be completed simultaneously in the same visit to the county office
- Enrollment is an annual process
- Producers may participate or not participate year by year
- Zero share owner signatures are NOT required for annual Enrollment
- 2019 Election & Enrollment are completed on the same form, CCC-866 for PLC and ARC-CO or CCC-862 for ARC-IC

ARC/PLC Recap

- 2019-2023 payments are issued after MYA prices are determined and after October 1 of the subsequent year.
- Producers are required to report acres, same as in past programs to be eligible for ARC/PLC payments.
- ALL cropland ACRES ON THE FARM MUST BE REPORTED.**
- Production (Yields) Reporting **REQUIRED** for **ARC-IC** since producer yields are used in the revenue calculations.

2019 and 2020 ARC-CO PLC WHAT-IF COMPARISON

Input


State	Indiana
County	White
Crop	Corn
Practice	Non-irrigated
PLC Yield	154

Use Defaults

Help

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View 2014 Farm Bill Payments

Calculation of PLC and ARC-CO Payments

Year	County Yield ¹	MYA Price ²	Payment ^{3,4}		ARC-CO Calculations		
			PLC	ARC-CO	Benchmark Yield ⁵	Benchmark Price ⁶	County Guarantee ⁷ Revenue ⁸
2018	198				Bu.	\$/Bu	\$ per base acre
2019	188	3.85	\$0	\$0	201.7	3.70	641.84 723.80
2020	191	3.60	\$13	\$0	203.5	3.70	647.60 687.60

PLC Yield Updating Tool



Notation	Example FSA Farm		
State	Indiana		
County	White		
Crop	Corn		
National Yield Factor ¹	0.9000		
Substitute Yield ²	135.86		
		Menu	Print
Current PLC Yield		Each FSA farm has a current PLC yield. The average of the farm yields must exceed the break-even yield before updating results in a higher PLC yield.	
Current yield ³	131		
Break-even yield ⁴	161.73		
Update PLC Yield			
	Farm	Substitute	Used
Year	Yield ⁵	Yield ²	Yield ⁶
2013	184	135.86	184.00
2014	194	135.86	194.00
2015	128	135.86	135.86
2016	189	135.86	189.00
2017	185	135.86	185.00
Reset Yields	2013-2017 Average ⁷	177.57	
	National Yield Factor ¹	0.9000	
	Update Yield⁸	143.83	
Result			
Updating will result in a higher PLC yield.			

**2018 Farm Bill Information On Home Page of
Purdue Center for Commercial Agriculture's Web Site**

Purdue.edu/commercialag

2 Upcoming Regional Farm Bill Conferences

Jointly sponsored by Purdue Extension, Center for Commercial Agriculture, Indiana FSA, Indiana Farm Bureau, Indiana Corn Marketing Council, & Indiana Soybean Alliance

1. February 5, 2020, 10:30 a.m. (EST)

Vincennes Agricultural Center
4207 Purdue Rd.
Vincennes, IN 47591

1. February 12, 2020, 10:30 a.m. (EST)

First Merchants Heritage Hall
Huntington County Fairgrounds
631 E. Taylor St.
Huntington, IN 46750

Register to attend at [Purdue.edu/commercialag](https://www.purdue.edu/commercialag)