



DIVISION OF AGRICULTURE
RESEARCH & EXTENSION

University of Arkansas System

Understanding the  **2014 FARM BILL**

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Making Decisions Under The 2014 Farm Bill

**Presentation at the
2014 Crop Management Study Day
Rohwer Research Station
August 21, 2014
Rohwer, Arkansas**

Disclaimer

- Preliminary and subject to change based on interpretation of legislative language and implementation
- As in the Past, We Know There Will Likely Be Differences in Our Interpretation and the Final Regulations.
- This information is intended to be for educational purposes only.

- **Without Farm Service Agency (FSA) “FINAL” Rules and Regulations all research and information are preliminary**
- **More (and better) price data, research, and information will be available before most decisions need to be made**

Tonight's Outline

- **Implementation Timeline ?**
 - **What's out ?**
 - **What's in ?**
- **Where are we ?**
- **What can I do ?**

The most complex farm bill ever written... is all about Probabilities and CHOICES to be made

Lengthy Sign-up Process Extending into Next Year

- Starting Mid-Summer and ending sometime in 2015 according to Secretary Vilsack
- **Mid-Summer 2014:**
 - Producers received letters notifying them of current bases and yields and 2009-2012 planting history.
 - **Verify FSA-EZ156 data is correct for each FSA Farm No.**
 - **Normally 60 days to make corrections.**
- **Late Summer/Fall 2014:**
 - MPP-Dairy and ARC/PLC online tools become available.
 - MPP-Dairy and ARC/PLC regulations are published.
 - MPP-Dairy sign-up starts for 2014 and 2015.
 - Producers can update yields and re-allocate bases for ARC/PLC.

The most complex farm bill ever written... is all about Probabilities and CHOICES to be made

- **Late Summer/Fall 2014 (continued):**
 - **Producers can update yields and re-allocate bases for ARC/PLC.**
 - **Still to be determined by USDA**
 - **For illustration purposes ex: November 1, 2014**
 - **Whatever your base reallocation decision**
 - **Retain or Reallocate**
 - **Before your final ACR/PLC decision producers will need to reconfirm their FSA Yield and Base reallocation are correct at their FSA County Office**
 - **This provides one last opportunity for adjustment**

The most complex farm bill ever written... is all about Probabilities and CHOICES to be made

- **Fall 2014:**
 - NAP online tool become available.
 - NAP regulation published.
 - NAP sign-up starts.
- **Winter 2014:**
 - **ARC/PLC one-time selections occur.**
 - **Reconfirm base decision prior to ARC/PLC selection.**
- **Early 2015:**
 - ARC/PLC sign-up for 2014 and 2015 starts.

NONINSURED CROP DISASTER
ASSISTANCE PROGRAM (NAP)

What's Out ?

- **Direct Payments**

(except Upland Cotton Transitional Payments 2014 and some counties in 2015)

- **Counter-Cyclical Payments**

- **Average Crop Revenue Election Program (ACRE)**

- **Supplemental Revenue Assistance Program (SURE)**

- **Cotton is no longer a Covered Commodity**

What's In ?

- **Reallocating Base Acreages (Covered Commodities)**
- **Cotton Base Acres Now Generic Base Acreages**
- **Updating Payment Yields**
- **Program Selection**
 - **Price Loss Coverage (PLC)**
 - **Agricultural Risk Coverage (ARC)**

*** County or * Individual Farm**

- **Price Loss Coverage (PLC)**
 - (Covers losses in price due to commodity price declines below established Reference Prices.)

PLC Reference Prices

Corn	\$3.70 /bu.
Rice (Delta)	\$6.30/bu.
Soybeans	\$8.40/bu.
Wheat	\$5.50/bu.
Sorghum	\$3.95/bu.
Peanuts	\$535/ton

- **Agricultural Risk Coverage (ARC)**

(Covers losses in actual revenue for a covered commodity relative to a Revenue Guarantee.)

What's In ? (continued)

- **Supplemental Coverage Option (SCO)**
 - **(In 2015, if PLC was previously selected)**

Farm Bill Safety Net Diagram - Complexity of Choices for Covered Commodities Other than Upland Cotton

Delivery of ARC/PLC by USDA/FSA

Delivery of SCO – Crop Insurance Agents

Title XI

Base Reallocation Decision
Keep or Reallocate



Choose ARC



County
Farm by Farm
Crop by Crop



Individual
All Crops on the farm



Traditional
Crop Insurance

Choose PLC
Farm by Farm
Crop by Crop



Traditional
Crop Insurance



Beginning in 2015
can choose SCO
insurance option

Choice Between
ARC and PLC
Agricultural Risk Coverage
Price Loss Coverage

Can choose to Update
Payment Yield
ARC/PLC

Farm dependent but possible crop
program/insurance options of 100 to 300

Landowner makes the yield and base decision

Landowner/Producer makes the
PLC/ARC decision. No agreement
reached?

Where Are We ?





DREW COUNTY FSA OFFICE
419 W. GAINES ST.
MONTICELLO AR 71655-4723

July 28, 2014



DREW AR
419 W GAINES ST STE 2
MONTICELLO AR 71655-4723

Dear DREW AR:

On February 7, 2014, the President signed the Agricultural Act of 2014 (the 2014 Farm Bill), which provides owners with an option to reallocate base acres and update yields for "covered commodities". The reallocation of base acres and the updating of counter-cyclical yields for covered commodities are in preparation for producers to enroll in the Price Loss Coverage (PLC) and/or Agriculture Risk Coverage (ARC) programs authorized by the 2014 Farm Bill. Covered commodities include barley, canola, large and small chickpeas, corn, crambe, flaxseed, grain sorghum, lentils, mustard seed, oats, peanuts, dry peas, rapeseed, long grain rice, medium grain rice (includes short grain rice and temperate japonica rice), safflower seed, sesame, soybeans, sunflower seed, and wheat. **Note:** Upland cotton is no longer a covered commodity.

The attached Summary Acreage History Report shows the acreage of covered commodities reported to the Farm Service Agency (FSA) for farm(s) in which FSA's records reflect that you are currently the owner and/or operator of the farm(s) listed. For each covered commodity, the report shows the farm's 2014 base acres and counter-cyclical (CC) yields, and for 2008-2012 the planted acres, the acres prevented from being planted, and acres planted after failed or prevented acres (called subsequent acres).

Please review the attached information and carefully examine the data for each crop, year, and farm. If you determine the information is both complete and accurate, do not take any action at this time.

If you determine that any of the data is incorrect, incomplete, or missing, you must contact the county office where the farm is administratively located to provide verifiable documentation of your acreage as soon as possible, but no later than 60 days from the date of this letter.

Early submission of this information will result in a timelier update of base and yield history.

Verifying the accuracy of a farm's acreage history is the initial step that is required to ensure the 2014 base acres of a covered commodity are accurate for PLC and/or ARC program purposes. Verifiable documentation for previously unreported and/or prevented planted acreage may include your crop insurance records, if applicable. All verifiable documentation is subject to FSA County Committee review and approval.

Additional information will be provided to you in the near future for reallocating base acres, updating yields, and electing and enrolling in PLC and/or ARC.

Sincerely,

Juan M. Garcia
Administrator

USDA is an Equal Opportunity Provider and Employer

*** Suggestions ***

- 1. Letters went to Owners & Operators. If you have not seen one, contact FSA County Office.**
- 2. Normally a 60 Day Deadline to make corrections**
- 3. Yield/Base Corrections will likely require County Committee approval.**
- 4. Make an appointment with your FSA Office if you have questions.**

Reported Commodity Crop History Summary

DREW AR

Drew, Arkansas		Farm Number		Operator							
2014 Commodity		2014 Base Acres		2014 CC Yield		2014 Commodity		2014 Base Acres		2014 CC Yield	
Soybeans		49.20		16.00							
Crop		2008		History 2009		2010		2011		2012	
Wheat	Planted	46.40		46.00		0.00		46.00		22.40	
Wheat	Prevented	0.00		0.00		0.00		0.00		0.00	
Wheat	Double	0.00		0.00		0.00		0.00		0.00	
Wheat	Subsequent	0.00		0.00		0.00		0.00		0.00	
Corn	Planted	0.00		0.00		0.00		0.00		41.60	
Corn	Prevented	0.00		0.00		0.00		0.00		0.00	
Corn	Double	0.00		0.00		0.00		0.00		0.00	
Corn	Subsequent	0.00		0.00		0.00		0.00		0.00	
Soybeans	Planted	50.60		51.00		93.00		52.20		34.20	
Soybeans	Prevented	0.00		0.00		0.00		0.00		0.00	
Soybeans	Double	0.00		0.00		0.00		0.00		0.00	
Soybeans	Subsequent	0.00		0.00		0.00		0.00		0.00	

Reported Commodity Crop History Summary

DREW AR

Drew, Arkansas		Farm Number		Operator					
2014 Commodity		2014 Base Acres		2014 CC Yield		2014 Commodity		2014 Base	
Soybeans		49.20		16.00					
Crop		2008		History 2009		2010			
Wheat	Planted	46.40		46.00		0.00			
Wheat	Prevented	0.00		0.00		0.00			
Wheat	Double	0.00		0.00		0.00			
Wheat	Subsequent	0.00		0.00		0.00			
Corn	Planted	0.00		0.00		0.00			
Corn	Prevented	0.00		0.00		0.00			
Corn	Double	0.00		0.00		0.00			
Corn	Subsequent	0.00		0.00		0.00			
Soybeans	Planted	50.60		51.00		93.00			
Soybeans	Prevented	0.00		0.00		0.00			
Soybeans	Double	0.00		0.00		0.00			
Soybeans	Subsequent	0.00		0.00		0.00			

(Enlarged)

II. What Can I Do Now ?

1. Check your previous Base Acres.
2. Check your Counter-cyclical (CC) Yields.
3. Check your 2008-2012 Planted Acres,
Prevented Planted Acres,
Double Crop Acres, and
Acres Planted After Failed/Prevented Acres
(Subsequent Acres).

II. What Can I Do Soon ?

1. Think about Updating your Yields.
2. Think about Reallocating Base Acres.

II. What Help Is Coming ?

The PLAYERS:

1. Farm Services Agency (FSA)
2. Crop Insurance Companies (17)
3. Cooperative Extension Service (UA-CES)

II. What Help Is Coming ?

Web-Based Decision Aid TOOLS:

Texas A&M/Missouri FAPRI Web-based Decision Aid.

U. of Illinois Decision Aid.

1. Yield Update Decision Aid.
2. Base Acres and PLC/ARC Decision Aid.
3. Generic Base Allocation Decision Aid.
4. Annual Insurance Decision Aid.

Complexity of the farm bill decisions Requires Decision Aids/Tools



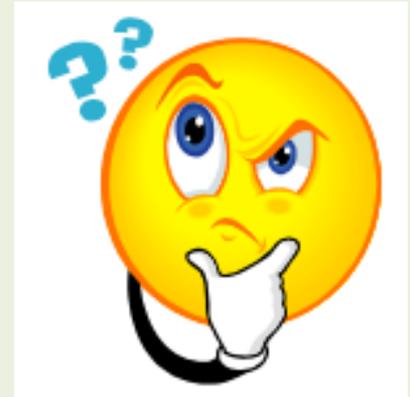
May 29, 2014, USDA announced :

- The **Agricultural and Food Policy Center (AFPC)** at Texas **A&M** and the **Food and Agricultural Policy Research Institute (FAPRI)** at the University of Missouri and (co-leads for the National Association of Agricultural and Food Policy [NAAFP]),
- The **University of Illinois** (lead for the **National Coalition for Producer Education [NCPE]**),
- Two major University development groups will receive a total of \$3 million to develop the new online tools and train state-based extension agents, FSA staff, crop insurance agents, etc. who can in turn help educate farmers.

Complexity of the farm bill decisions Requires Decision Aids/Tools

Most Comprehensive Web-Based Decision Aid In Development

- Texas A&M University with assistance from Ag and Food Policy Center released a preliminary version of their web-based tools for:
 - Yield Update
 - Base reallocation
 - PLC/ARC decision
 - Crop insurance
 - Generic base allocation
 - Will incorporate risk
- Only comprehensive decision aid evaluating collective covered program crops and crop insurance options
 - Available Nationally and Parts Used by FSA, etc.



Final Complete Version Availability: After FSA Releases Final Farm Bill Regulations

Once a user friendly version of the farm bill decision aid is available release through our County Extension Faculty and Farm Bill Web

Web-Based Homepage

2014 Farm Bill – Farm Program and Insurance Decision Aid

Texas A&M and Missouri FAPRI

The Agricultural & Food Policy Center

@Texas A&M University



2014 Farm Bill - Farm Program and Insurance Decision Aid

This decision aid is a joint effort between the [Agricultural and Food Policy Center \(AFPC\)](#) at [Texas A&M University](#) and the [Food and Agricultural Policy Research Institute \(FAPRI\)](#) at the [University of Missouri](#).

This decision aid was developed based upon our reading of the bill. This is *not* the decision aid to be developed in partnership with [USDA](#) that will be made available after the implementation rules are made available.

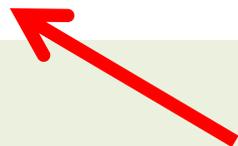
We are making this version available to you now so that you can gather your information, enter the data, and analyze your options to gain a familiarity with the tool and the output.

Once you have established an account, input your data, and the version containing the implementation rules from [FSA](#) is made available later this year, we will send a message to the registered email address with information on how to access the official version. It is essential that you analyze your choices with the version containing the implementation rules developed by [FSA](#) before making your sign-up decisions. Your information will already be in place; you can log in with your existing account information and run the new version without having to re-enter any data.

This information and tool are provided for educational use only. While we take responsibility for all calculations, we also remind users that the results are highly dependent upon their assumed commodity prices over the lifetime of the farm bill. Users are urged to analyze their choices over a wide range of possible future prices.

Please indicate you accept these terms of use by clicking "I agree" below.

[I agree](#)



Remember !

Without Farm Service Agency (FSA) “FINAL” Rules and Regulations, all research, decision tools, and information are preliminary.

Conclusion

- Questions?

stark@uamont.edu

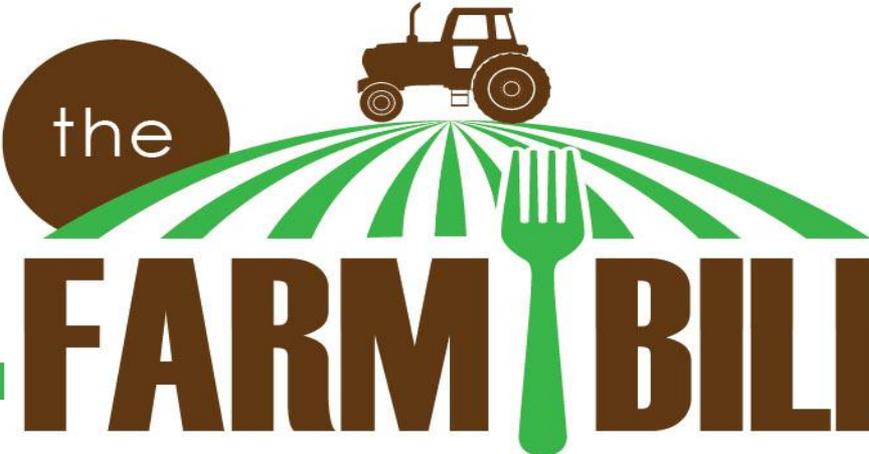
- Comments?

- This Information is based on our reading of the 2014 Farm Bill and discussions with other professional economists.
- There will likely be differences in our interpretation and the final regulations to be developed by USDA, FSA.



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