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DIVISION OF AGRICULTURE
RESEARCH & EXTENSION

University of Arkansas System

Understanding the  **2014 FARM BILL**

University of Arkansas Division of Agriculture Farm Bill Web Site

www.uaex.edu/farmbill

Acronyms

- **Price Loss Coverage (PLC)**
- **Agricultural Risk Coverage (ARC)**
- **ARC Individual (farm level or whole farm)**
- **National Average Market Price (NAMPS)**
- **Supplemental Coverage Option (SCO)**
- **Reference Price (RP)**
- **Marketing Year (MY)**

Note: New programs subject to sequestration reduction annually unless otherwise noted

The Farm Bill:
How to make the best decisions for your operation
Thursday, December 17, 2014
Southeast Arkansas Farm Bill Meeting

Agricultural Act of 2014 (2014 Farm Bill)
Commodity Programs
**Agricultural Risk Coverage (ARC), Price Loss Coverage (PLC),
& Crop Insurance Participation For Covered Program Crops**

University of Arkansas Division of Agriculture Farm Bill Web Site
www.uaex.edu/farbill

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The 2014 Farm Bill



Producers final enrollment decision should be made using their assumptions & Texas A&M/Missouri FAPRI web-based farm bill decision aid.

What Makes this Farm Bill Different

Two Farm Bill eTools Built to Help with Base Reallocation, Yield Updates, Price Loss Coverage (PLC) & Agricultural Risk Coverage (ARC) Decisions

1. National Association of Agricultural and Food Policy (NAAFP) led by the Agricultural Policy Research Institute (FAPRI) at the University of Missouri, and the Agricultural and Food Policy Center (AFPC) at Texas A&M University

- Data Collection Form and Instructions 

- Farm Policy Minute

2. National Coalition for Producer Education (NCPE), led by the University of Illinois

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Farm Bill Sign-up Timeline

- **How and When do I make a final program commodity decision?**
 - **By Early January**
 - **Provide FSA and crop insurance agent with required data and information**
 - Verify correctness of information & data**
 - **Load each FSA Farm No. into the web-based farm bill decision aid**
 - **Retain or Update payment yields**
 - **After February 1**
 - **Base decision – Retain or Reallocate base acres**
 - **Decision - Fairly easy or very challenging**

Farm Bill Sign-up Timeline

- **Before February 28**
 - **Working through crop insurance agent complete crop insurance participation decisions**
- **After March 1**
 - **PLC/ARC program election decision**
- **Why the sign-up timeline?**
 - **FSA sign-up is one time irrevocable decision**
 - **Market prices outlook challenges**
 - **Dynamic deflationary and inflationary considerations**
 - **Web-based farm bill decision aids still in development phase**

PLC and ARC

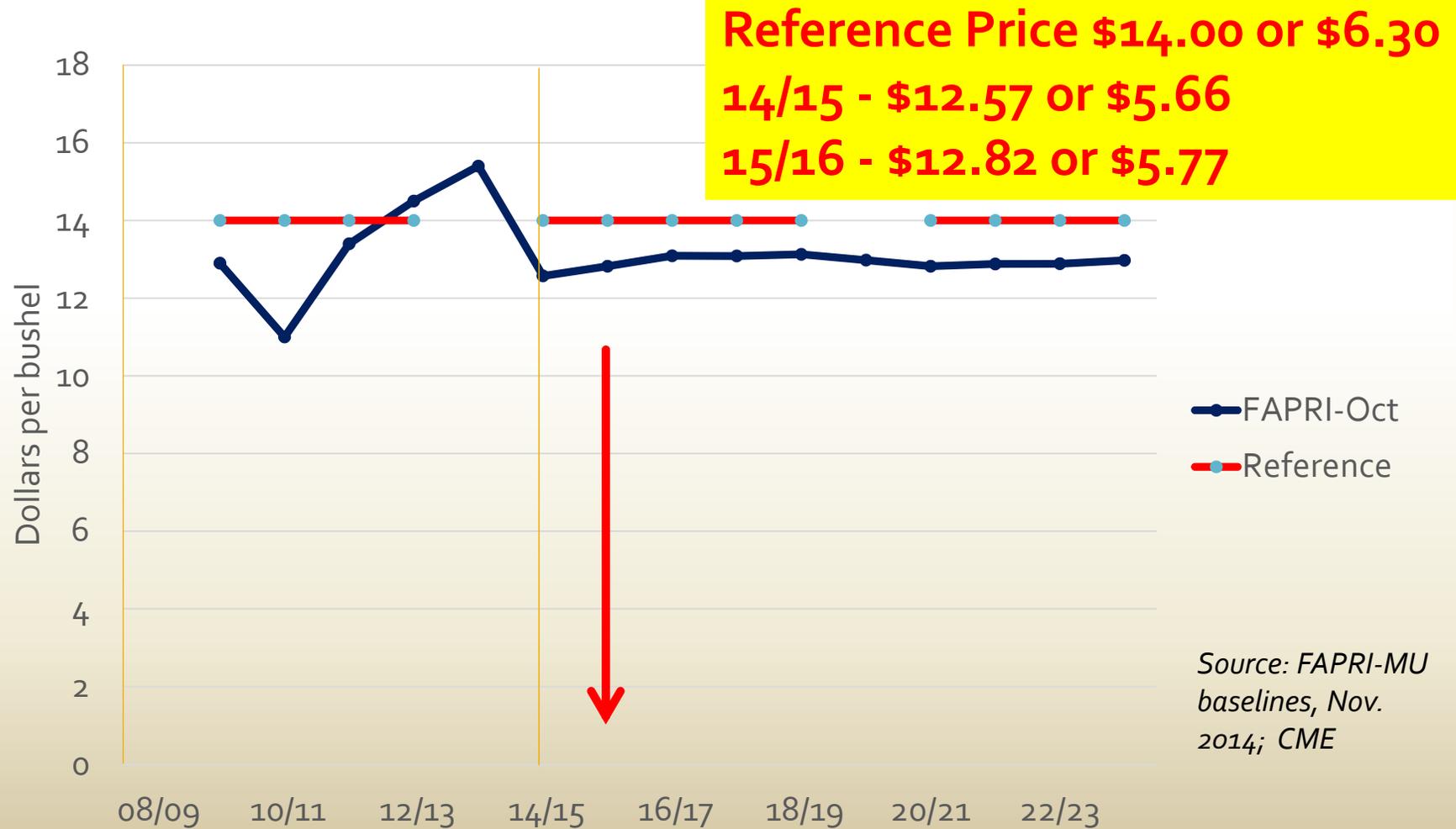
Rice

5 Year Average Payments Per Acre

Select Arkansas Counties

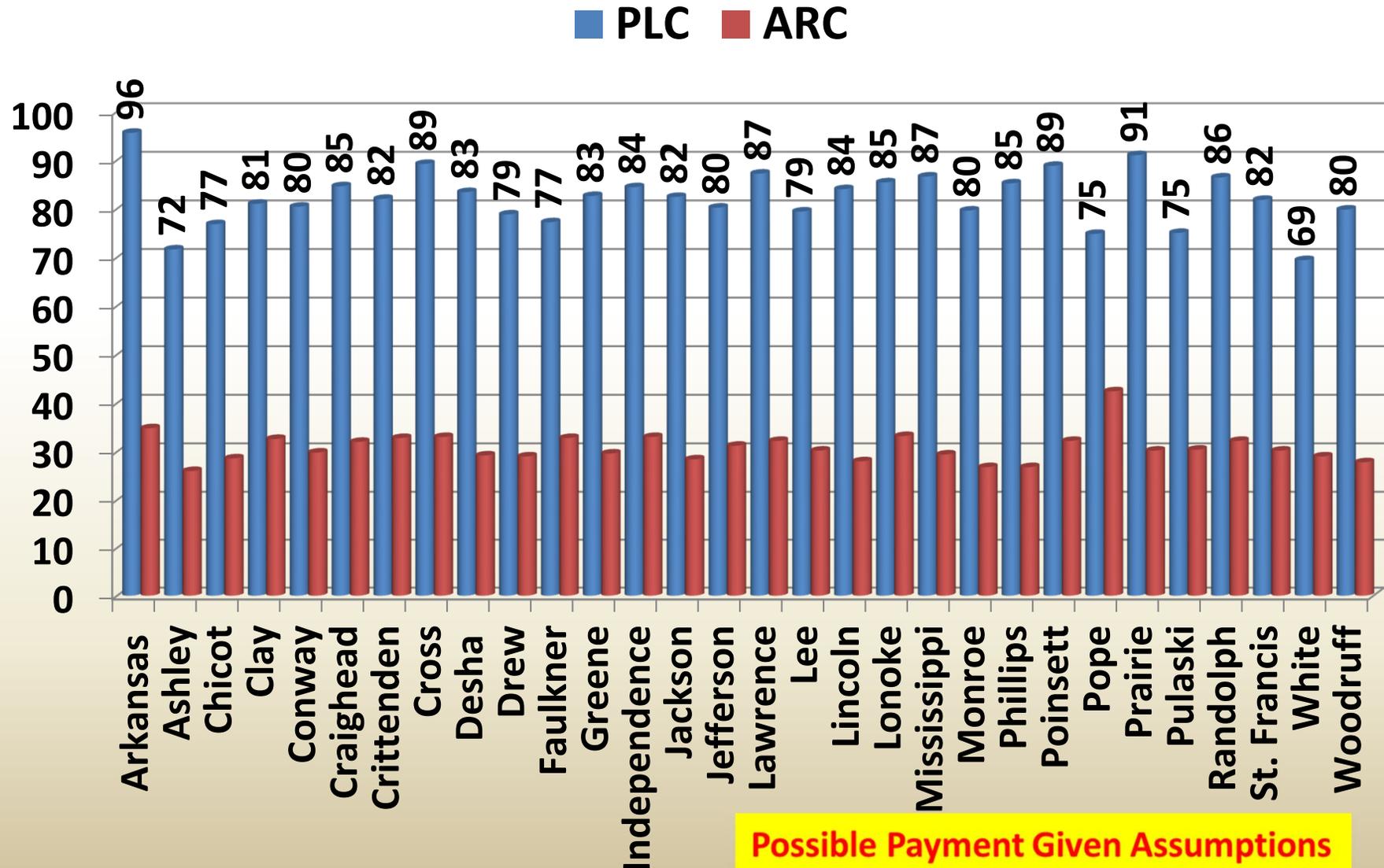
Preliminary

FAPRI U.S. farm price estimate for Long Grain Rice prices



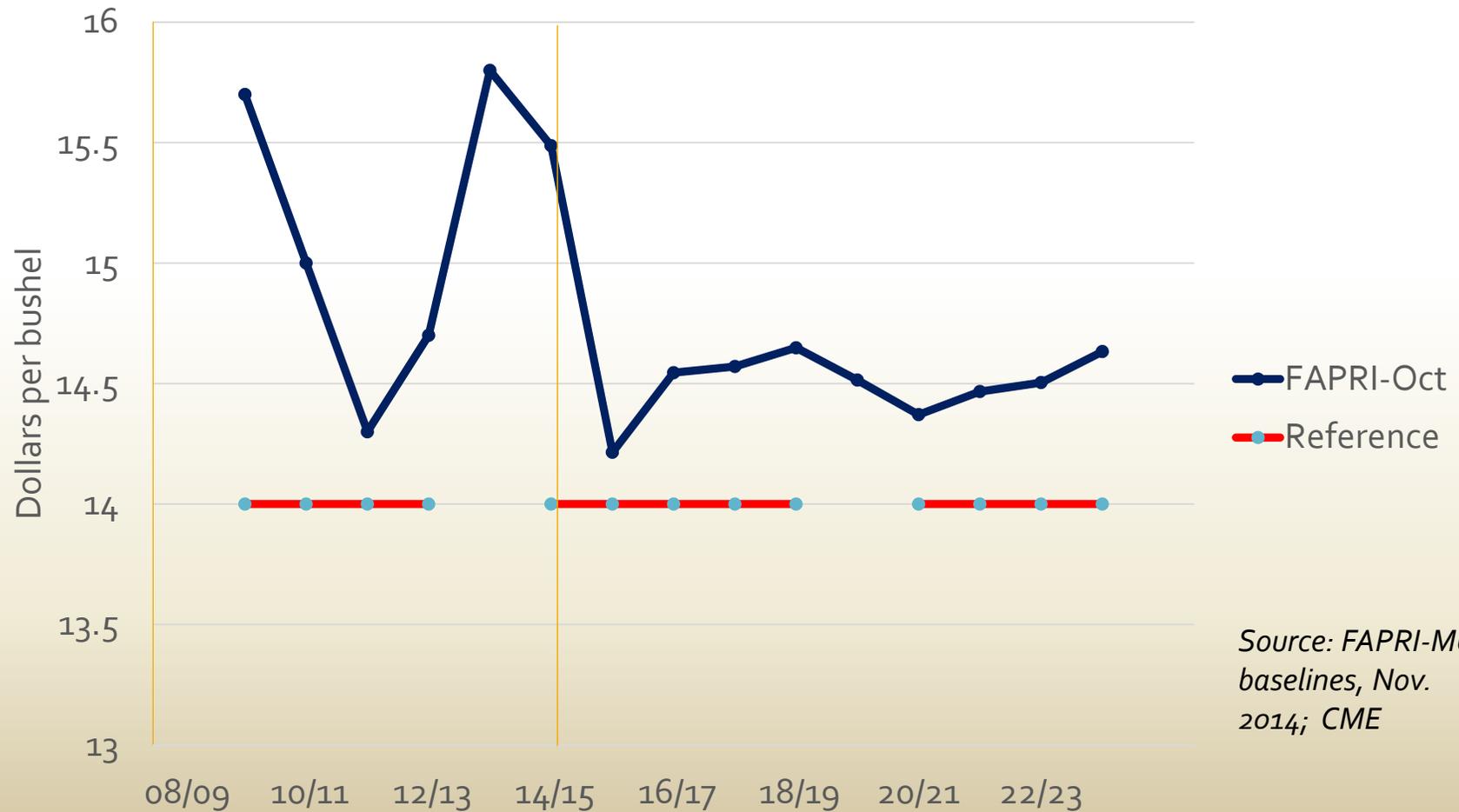
Potential 5 Year Average PLC and ARC Rice Payments Per Acre

Select Arkansas Counties – Preliminary. Producers final enrollment decision should be made using their assumptions & Texas A&M/Missouri FAPRI web-based farm bill decision aid.



Developed for educational use only. Results will vary with assumptions.

U.S. farm and futures prices for Medium Grain Rice Excluding Japonica



Source: FAPRI-MU
baselines, Nov.
2014; CME

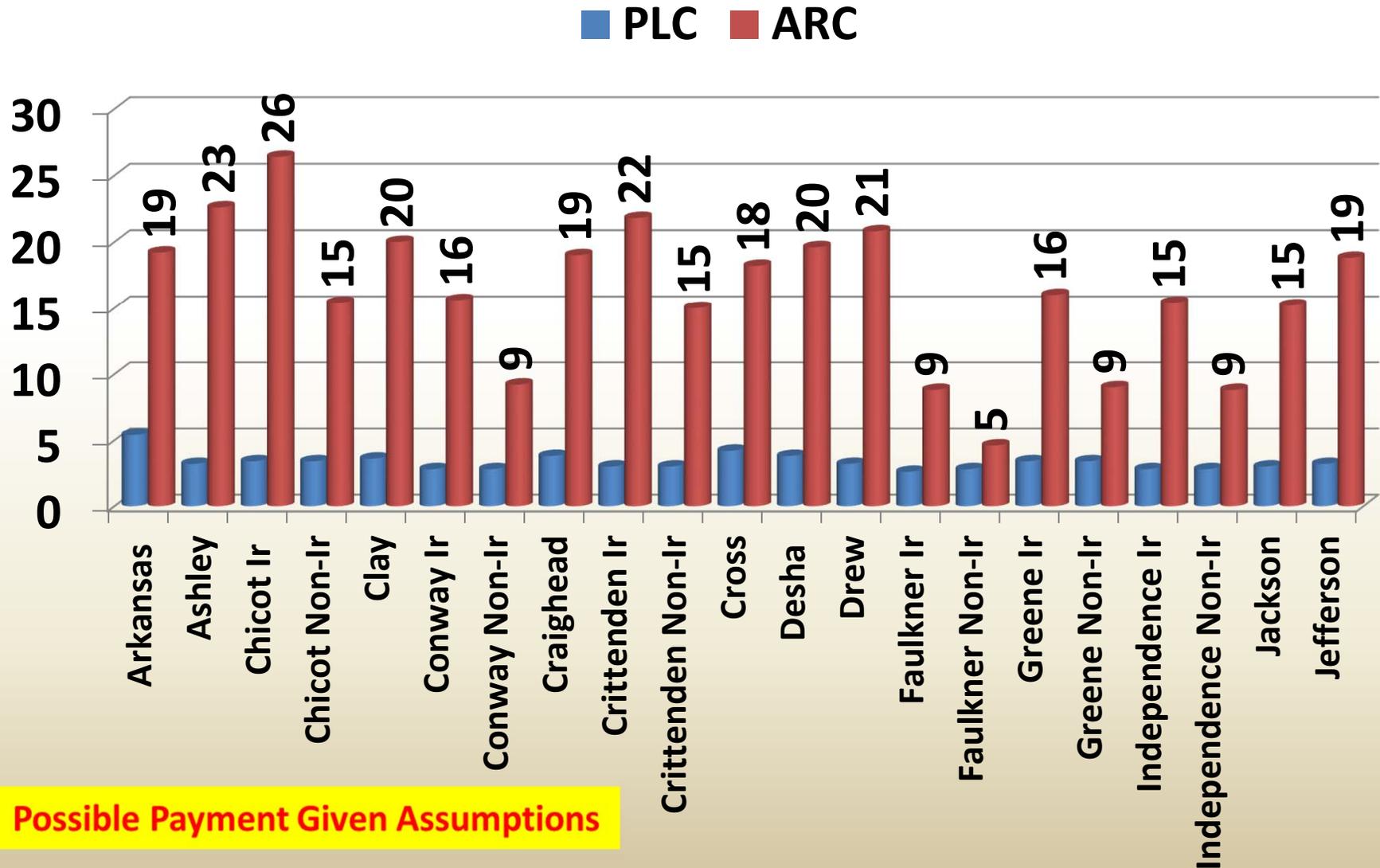
**PLC and ARC
Soybean
5 Year Average Payments Per Acre
Arkansas Counties - Preliminary**

FAPRI U.S. farm price estimate for U.S. Soybeans



Potential 5 Year Average PLC and ARC Soybean Payments Per Acre

Select Arkansas Counties – Preliminary. Producers final enrollment decision should be made using their assumptions & Texas A&M/Missouri FAPRI web-based farm bill decision aid.

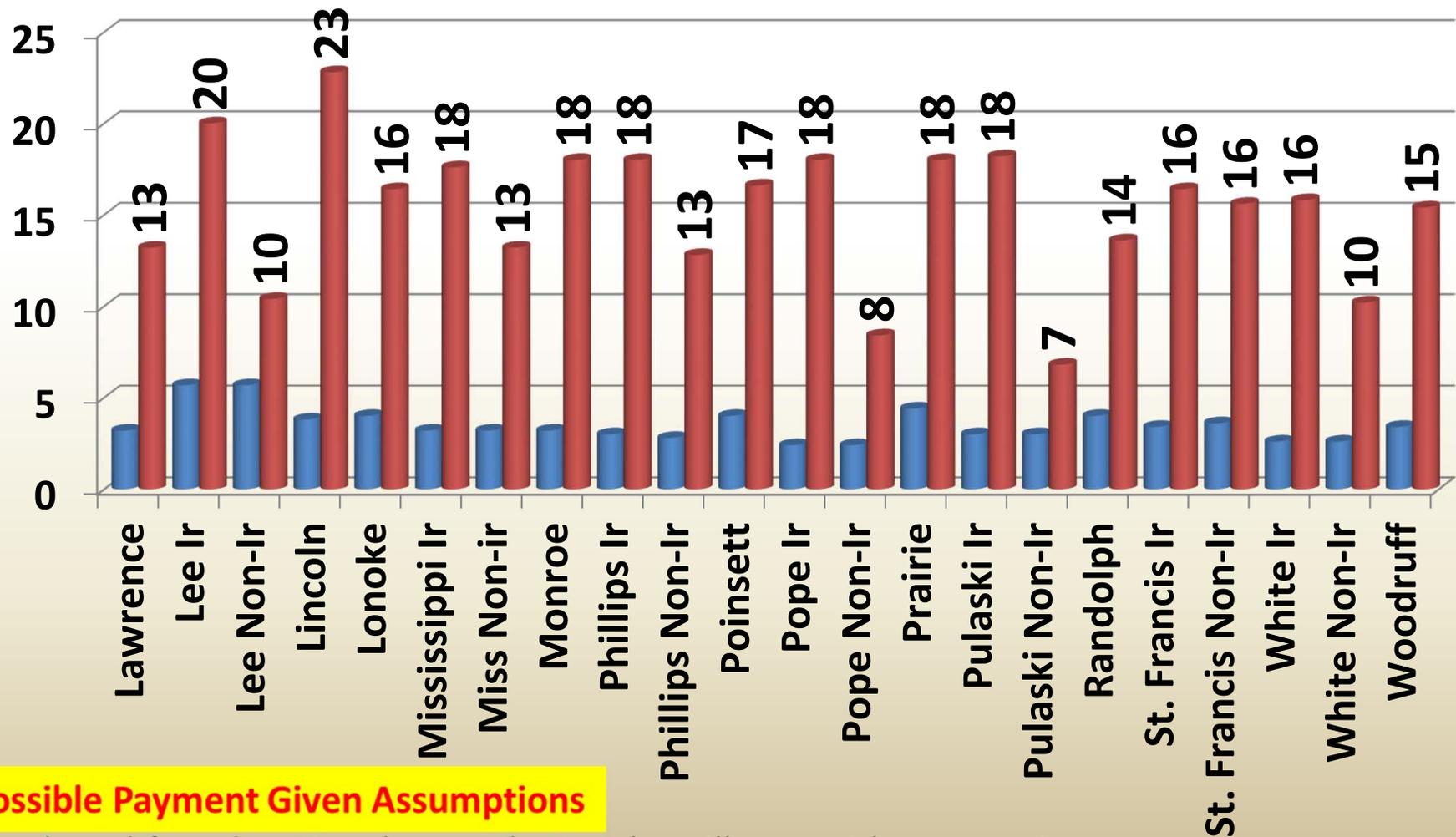


Developed for educational use only. Results will vary with assumptions.

Potential 5 Year Average PLC and ARC Soybean Payments Per Acre

Select Arkansas Counties – Preliminary. Producers final enrollment decision should be made using their assumptions & Texas A&M/Missouri FAPRI web-based farm bill decision aid.

■ PLC ■ ARC



Possible Payment Given Assumptions

Developed for educational use only. Results will vary with assumptions.

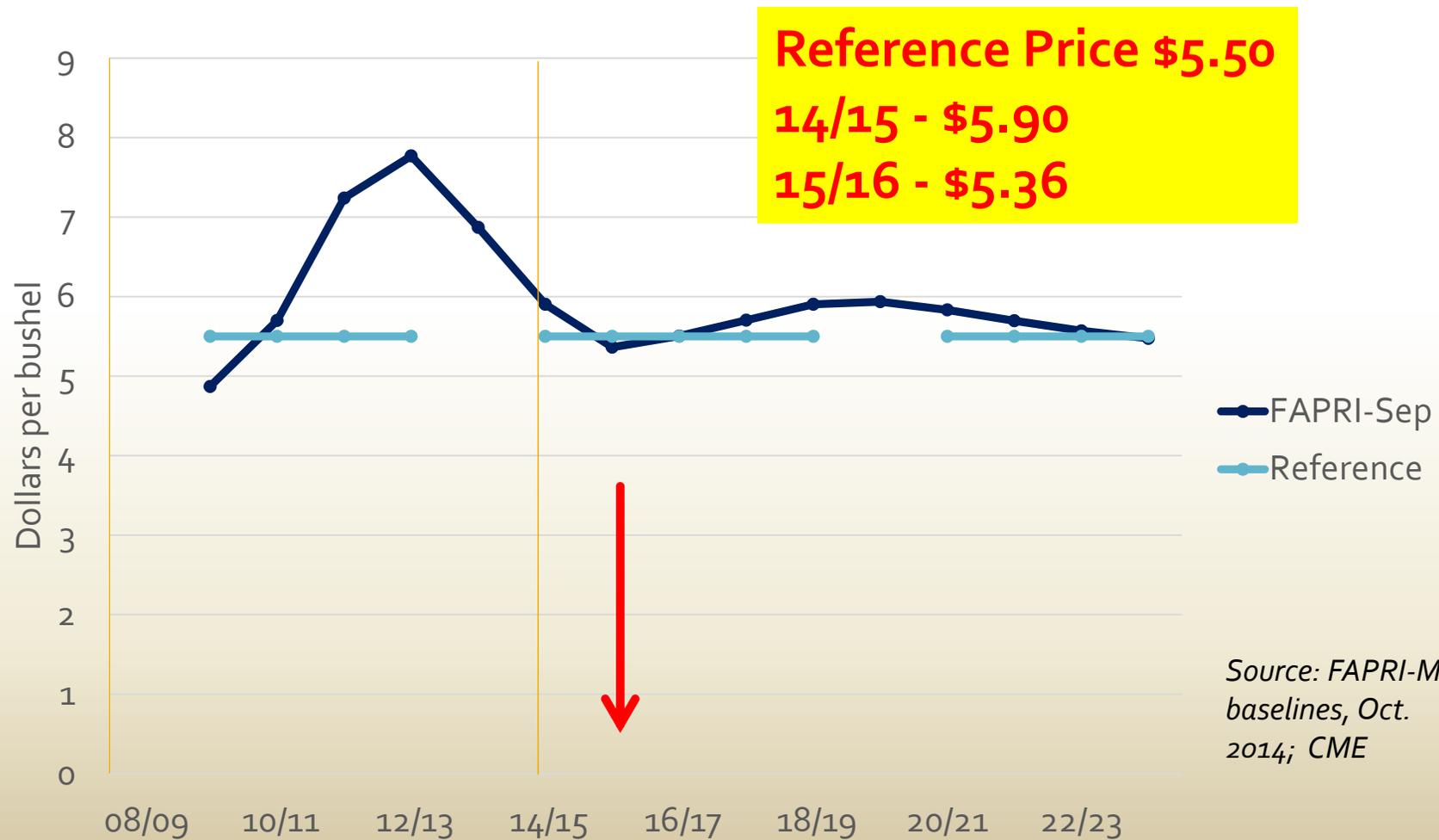
PLC and ARC

Wheat

5 Year Average Payments Per Acre

Arkansas Counties - Preliminary

FAPRI U.S. farm price estimate for Wheat

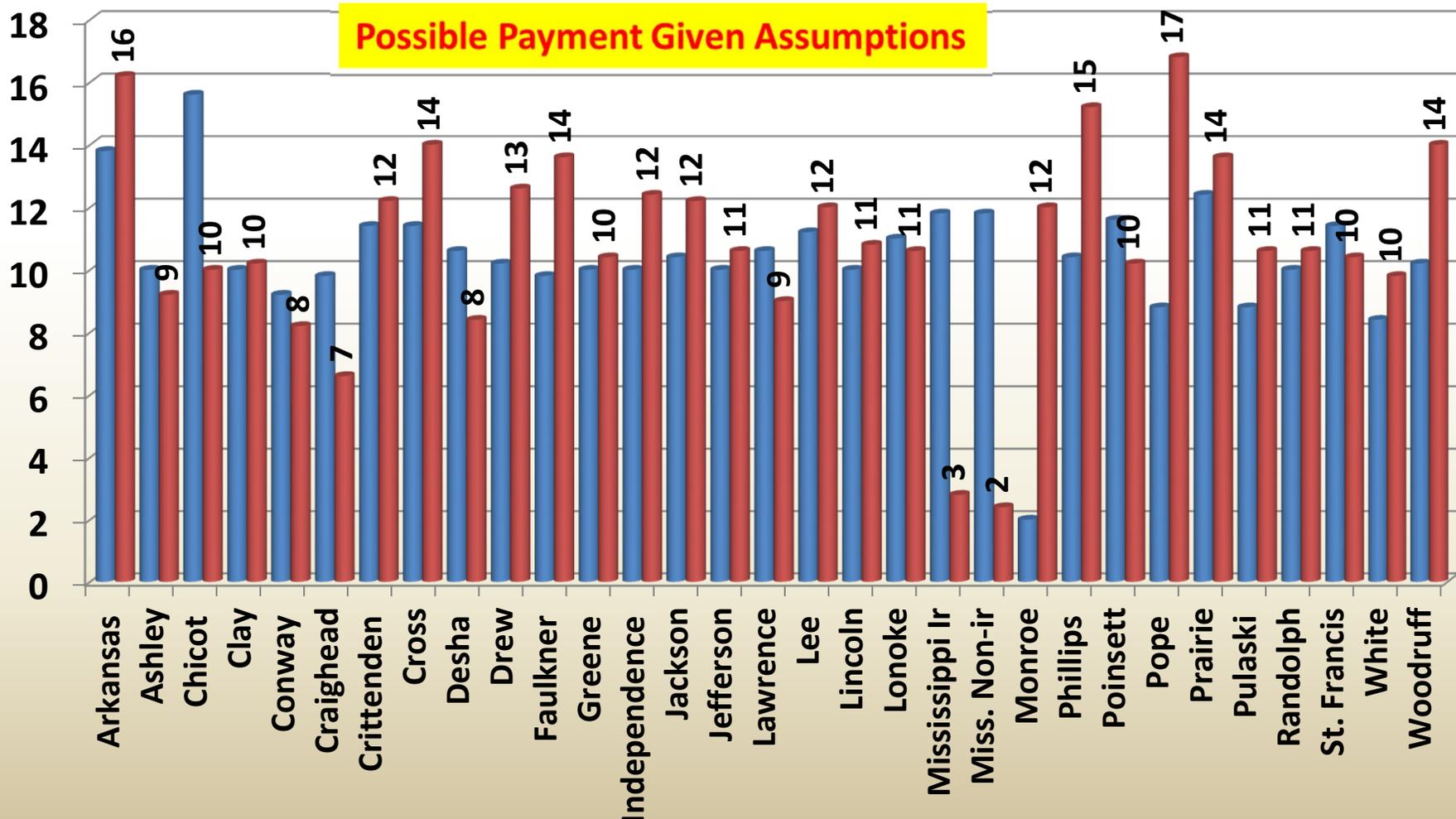


Source: FAPRI-MU
baselines, Oct.
2014; CME

Potential 5 Year Average PLC and ARC Wheat Payments Per Acre

Select Arkansas Counties – Preliminary. Producers final enrollment decision should be made using their assumptions & Texas A&M/Missouri FAPRI web-based farm bill decision aid.

■ PLC ■ ARC



Developed for educational use only. Results will vary with assumptions.

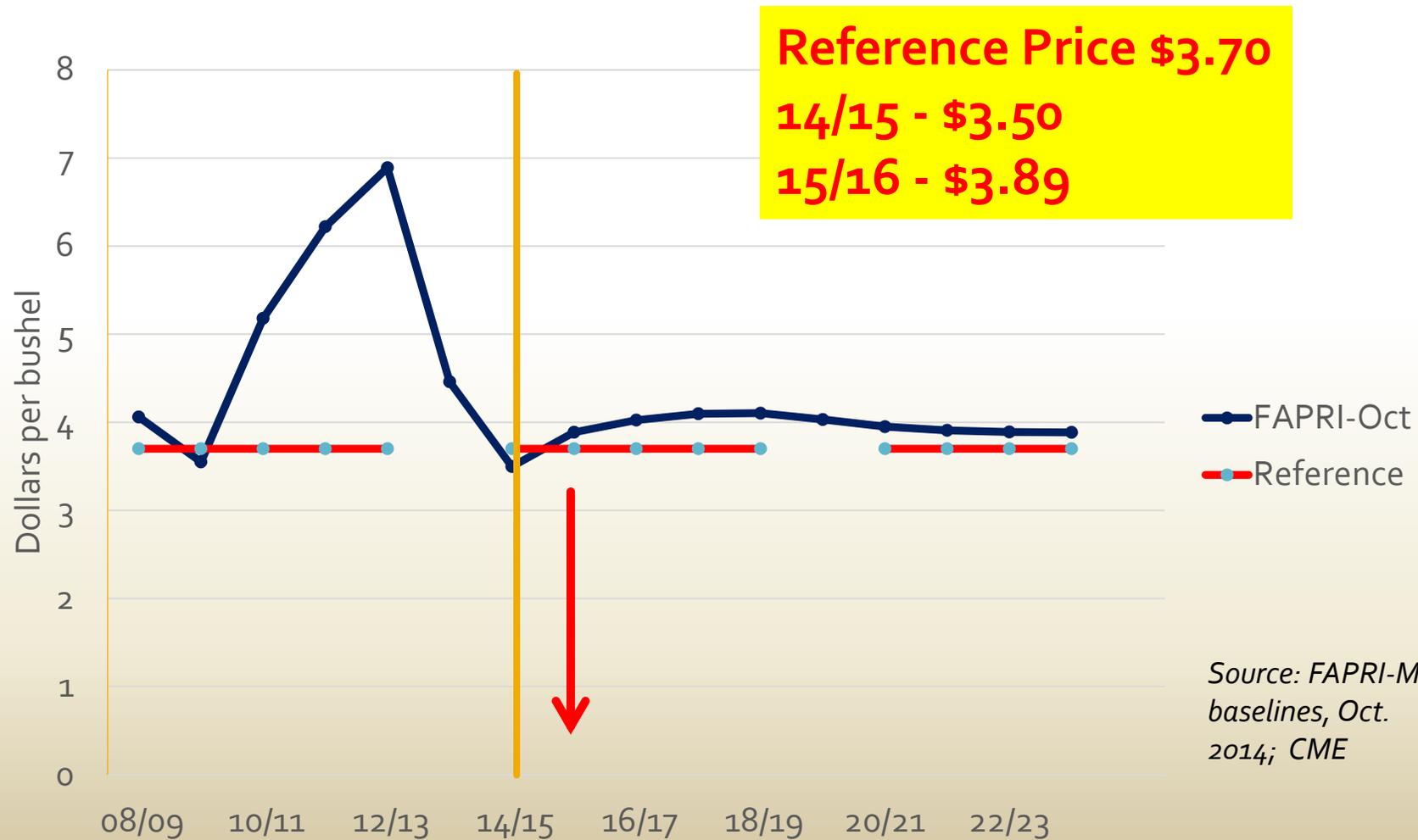
PLC and ARC

Corn

5 Year Average Payments Per Acre

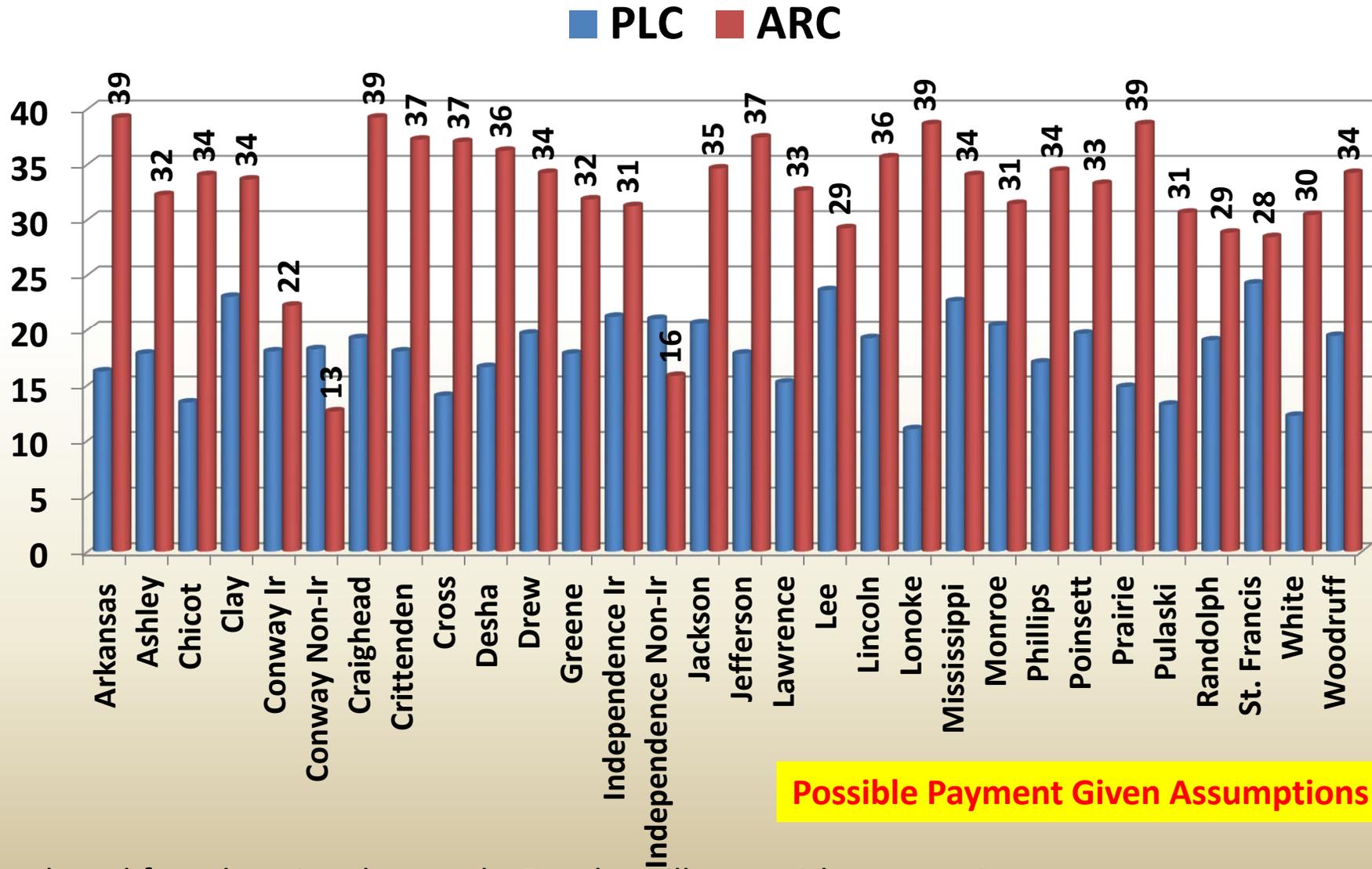
Arkansas Counties - Preliminary

FAPRI U.S. farm price estimate for US Corn



Potential 5 Year Average PLC and ARC Corn Payments Per Acre

Select Arkansas Counties – Preliminary. Producers final enrollment decision should be made using their assumptions & Texas A&M/Missouri FAPRI web-based farm bill decision aid.



Developed for educational use only. Results will vary with assumptions.

The Farm Bill Decision Making Process for Commodity Programs

- **First Remember,**
 - No more direct, countercyclical or ACRE program payments
 - New programs pay farmers
 - when prices (PLC) or revenues (ARC)
 - fall below a trigger
 - Crop Insurance combined with Market Strategies are an important part of your farm bill safety net

The Farm Bill Decision Making Process for Commodity Programs

- **Second, Visit your local FSA Office,**
 - For each FSA Farm –
 - crop by crop (covered commodities)
 - (cotton not covered commodity)
 - verify correctness of counter-cyclical yield,
 - base acres,
 - planted acres from 2009 to 2012, and
 - provide yields for 2008 to 2012

The Farm Bill Decision Making Process for Commodity Programs

- **Third**, by February 27, 2015 (sign-up over)
 - Do I
 - Retain or Update program yields
 - Retain or Reallocate base acres
 - One time choice, for the life of the farm bill
 - **Landowner Decision**
- **Retain or Update Payment Yields** –
 - Payment yields can be updated to 90% of the 2008-2012 crop year averages
 - (Landowner Decision)
- Continued next slide

The Farm Bill Decision Making Process for Commodity Programs

- **Third**, by February 27, 2015

Retain or Reallocate Base - Producers will also have the opportunity to reallocate their base acres to crops planted on the farm at any time during the 2009 to 2012 crop years
(*Landowner Decision*)

- Keep current base or reallocate to the ratio of 2009-2012 plantings
- All farm program crops must be considered;
- Base cannot be increased or decreased total
 - Base can be reallocated

- **Generally look to increase base for crops with larger potential payments**
- **Presently, favors Rice over Soybeans or Corn over Soybeans**

Base Reallocation

- One time base reallocation
 - Two choices
 - Reallocate (cannot add base acres to a farm)
 - Retain existing base acres
 - Reallocates bases other than cotton that were on the farm as of September 30, 2013
 - Reallocation is in proportion to the ratio of:
 - The 4 year average of planted acres to each crop from 2009 to 2012 plus prevented planting/the 4 year average of all covered commodities planted plus prevent planting
 - Under planting does not affect the amount of base. The planted acres of covered commodities only affects the proportion of base acres that you will reallocate among commodities

Base Reallocation Example

	Rice	Corn	Soybeans	Wheat	Total
Base	400	0	500	100	1,000
Plantings					
2009	500	250	250	0	1,000
2010	500	250	250	0	1,000
2011	500	250	250	0	1,000
2012	500	250	250	0	1,000
Average	500	250	250	0	1,000
	500/1000	250/1000	250/1000		
Share	50%	25%	25%	0%	
Reallocated Base	500	250	250	0	1,000

The Farm Bill Decision Making Process for Commodity Programs

- **Fourth**, Compare the Agricultural Risk Coverage County (ARC-CO) and Price Loss Coverage (PLC),
- **(Decision made by all producers on farm and a crop-by-crop decision by March 31)**
 - ARC was often referred to as a shallow loss revenue protection program and PLC a deep loss price protection program
 - Regardless of which program is chosen the first payment (if any is due) will not be made until after September 30th 2015 for the 2014 crop
 - All producers on the farm share in the decision;
 - Farm-by-farm and Crop-by-crop decision
 - ARC-CO: county revenue program; 5-year Olympic average of MYA Prices & county yields
 - PLC: deficiency payment when MYA is below reference price
 - Payments made on base acres vs Crop Insurance payments

OPERATIONAL COMPARISON

ARC-CO



5-year Olympic moving average MYA price (reference price plug)

5-year Olympic moving average county yields (70% of T-yield plug)

Coverage is from 86% down to 76% of county revenue (a 10% max)

PLC



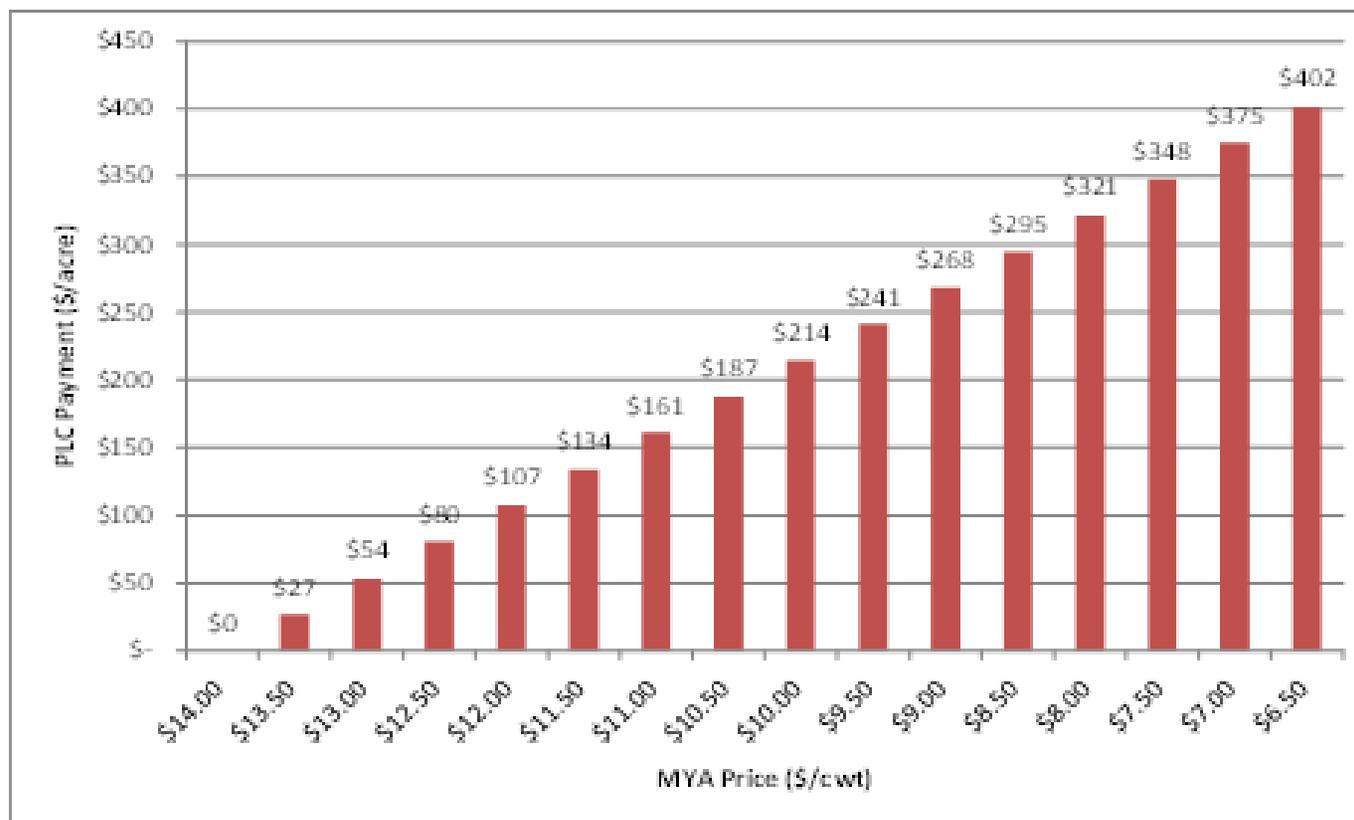
Reference price; does not change

Payment yield; does not change (after update) –
no yield coverage

Coverage is from reference price down to the loan rate

The Farm Bill Decision Making Process for Commodity Programs

PLC Potential Rice Payments Example



Example uses payment yield of 6,300 pounds per acre and the values shown are payment estimates for an eligible base acre. Amounts would vary depending on farm's payment yield.



PRICE COMPARISON

Corn	
Year	MYA Price
2009	\$3.55 (\$3.70)
2010	\$5.18*
2011	\$6.22*
2012	\$6.89
2013	\$4.45*
5-year Olympic Moving Avg.	\$5.28

(Reference price replaces any MYA that is below it)

(*Used in the Olympic calculation, which drops highest and lowest)

Crop	Ref. Price
Corn	\$3.70/bu.



Note:

5-year Olympic average price used in ARC-CO benchmark;

PLC triggers payment if MYA is below the reference price



PLC

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

Payment rate = reference minus MYA (or loan rate)

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

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

Illustration of Government Support for Rice Under 2008 Farm Bill

Reflects payments not on full production
(payment acres = .85 x base acres)

Revenue per bu

Target Price – \$10.50

CCP

Loan Rate – \$6.50

Direct payment – \$0.52

MLG/LDP

Decoupled (did not have to produce to receive payment)

Market Price

Market Receipts

Coupled (did have to produce to receive benefits from marketing loans gains or LDPs)

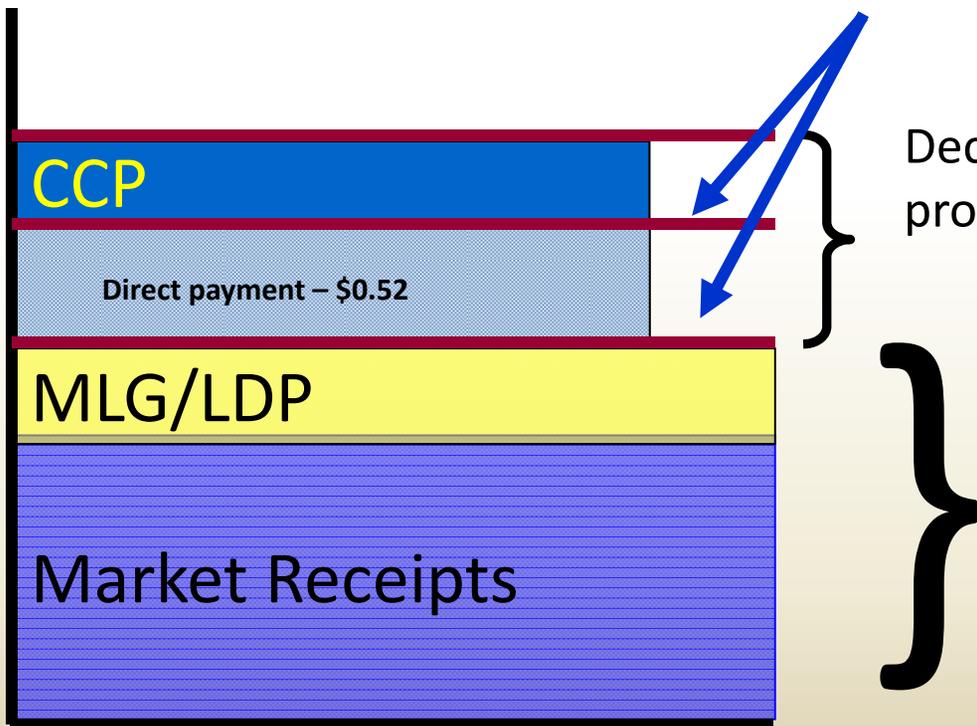


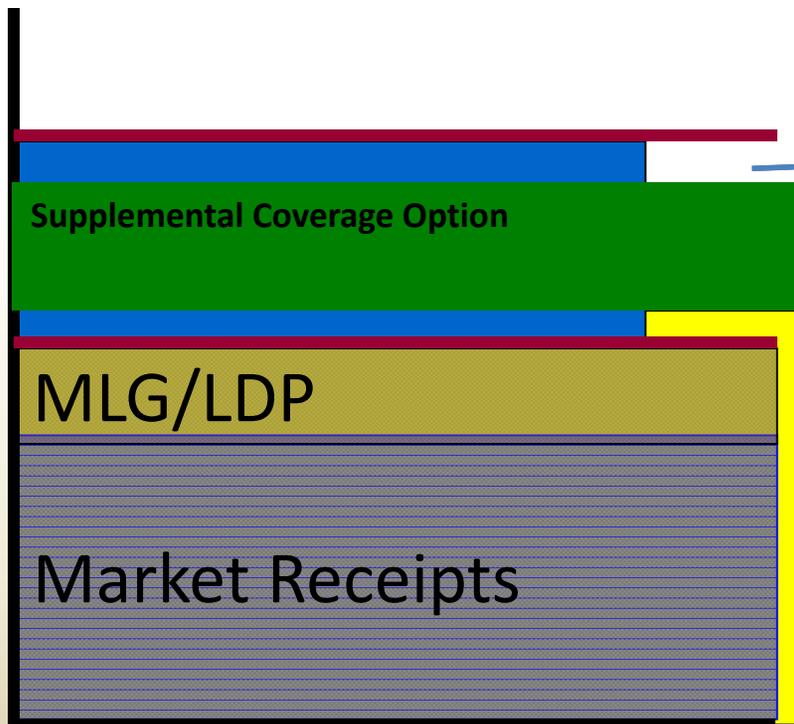
Illustration of Government Support for Rice Under PLC

Revenue per bu

Reference
Price – \$14.00

Loan
Rate – \$6.50

Market Price



Paid on base acres x .85

Crop insurance coverage

ARC-CO

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

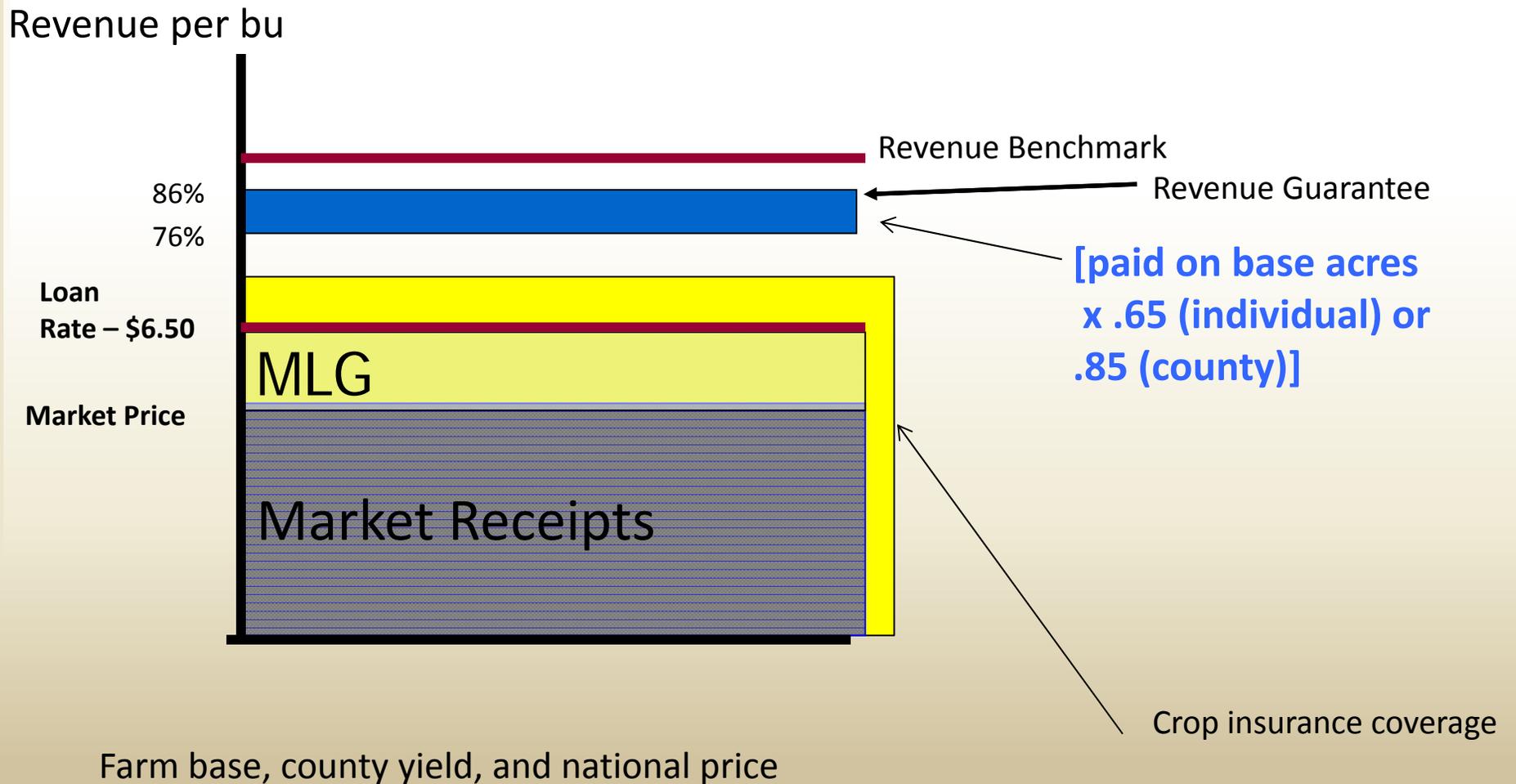
Guarantee = 86% of the Benchmark Revenue

Actual Revenue = County average yield X MYA price

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

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

Illustration of Government Support for Rice Under ARC-County



Agriculture Risk Coverage (ARC)

- Covers Losses in Income for a Covered Commodity Relative to a Revenue Guarantee
- ARC can be Selected at the County or Individual Level
- ARC County
 - Payments are made when actual revenue for the covered commodity < ARC revenue guarantee, where:
 - Actual county revenue = actual county yield per planted acre * the higher of {National Marketing Year Price or Marketing Loan Rate}.
 - ARC revenue benchmark is equal to the U.S. Olympic average marketing year price for the most recent 5 years * the Olympic average county yield for the most recent 5 years. If any of the 5 years of prices are lower than Reference Price then replace with the Reference Price. If the actual county yield is < 70% of T-yield replace with the T-yield
 - ARC revenue guarantee = .86 * ARC revenue benchmark
 - Payment = Minimum of (ARC Revenue Guarantee – Actual Revenue) **OR** 10% of the benchmark * Base Acres * .85
 - ARC county will allow irrigated and non-irrigated to be calculated separately

Agriculture Risk Coverage (ARC) (Cont.)

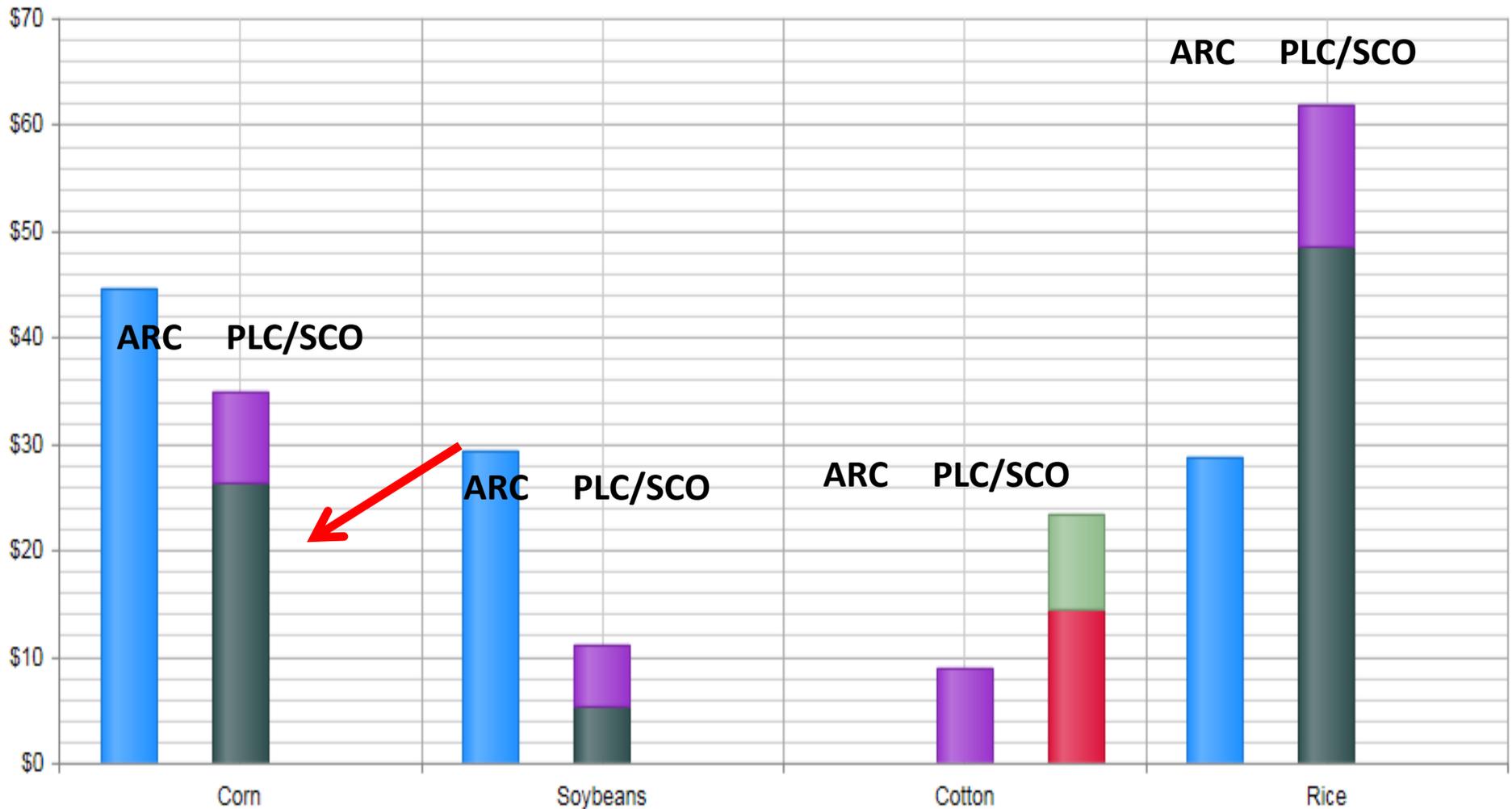
- ARC Individual

- Based on producers share of all covered commodities planted on all farms for which ARC has been selected
- ARC guarantee is 86% of benchmark revenue
- Benchmark revenue is average historical revenue for the most recent 5 years excluding the high and low weighted by current plantings
- Coverage is based on producer's share of all covered commodities planted on all farms which individual coverage was selected
- Payment = Minimum of (ARC Revenue Guarantee – Actual Revenue) **OR** 10% of the benchmark * Base Acres * .65
- If they select ARC individual coverage on any crop on the farm then the entire farm is in ARC individual coverage

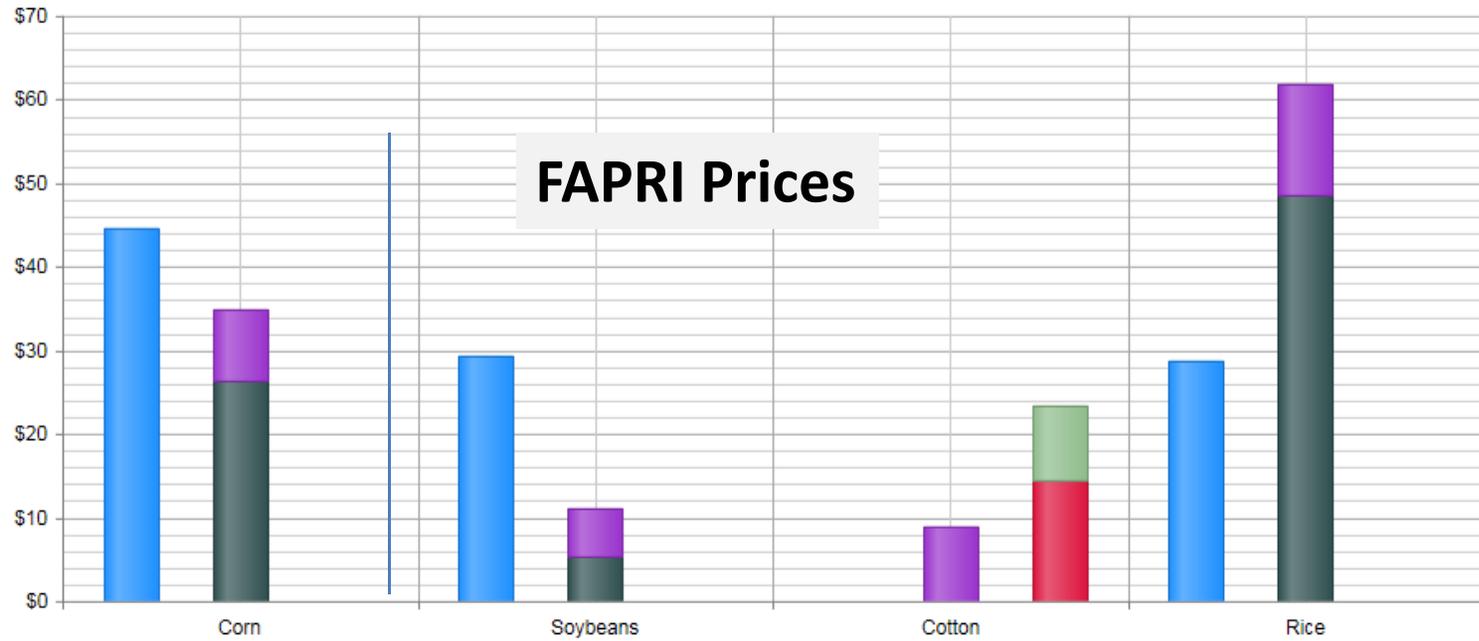
Desha County

State: Arkansas; County: Desha; Period: 5 Year Horizon
Prices: FAPRI; 60% Coverage of Crop Insurance

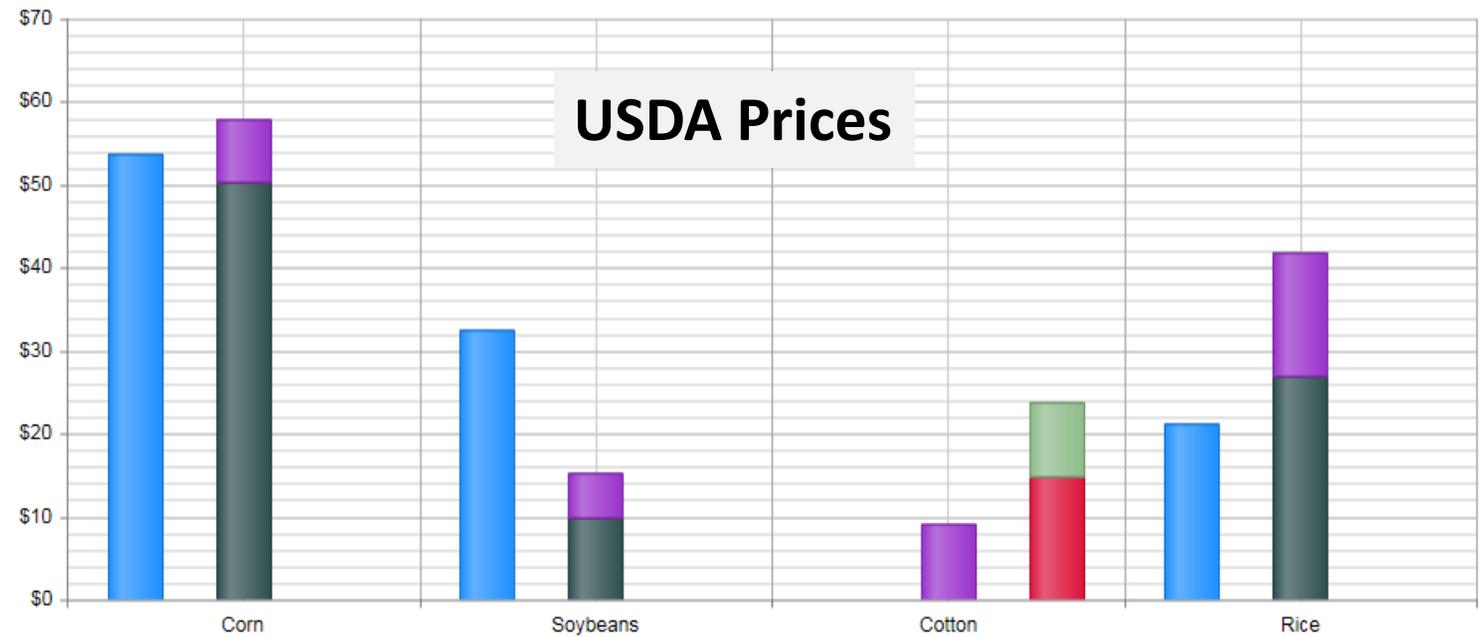
Expected Crop Program Payments By Acre For Desha County Arkansas Sample Farm



Expected Crop Program Payments By Acre For Desha County Arkansas Sample Farm



Expected Crop Program Payments By Acre For Desha County Arkansas Sample Farm



FAPRI Projected Prices 2015-2018

Crop	2013	2014	2015	2016	2017	2018
CORN	\$4.46	\$3.50	\$3.89	\$4.02	\$4.10	\$4.10
RICE	\$16.10	\$14.64	\$13.94	\$14.24	\$14.25	\$14.30
SOYBEANS	\$13.00	\$10.00	\$9.10	\$9.78	\$10.08	\$10.23
UPLAND COTTON	\$0.78	\$0.61	\$0.61	\$0.60	\$0.61	\$0.62

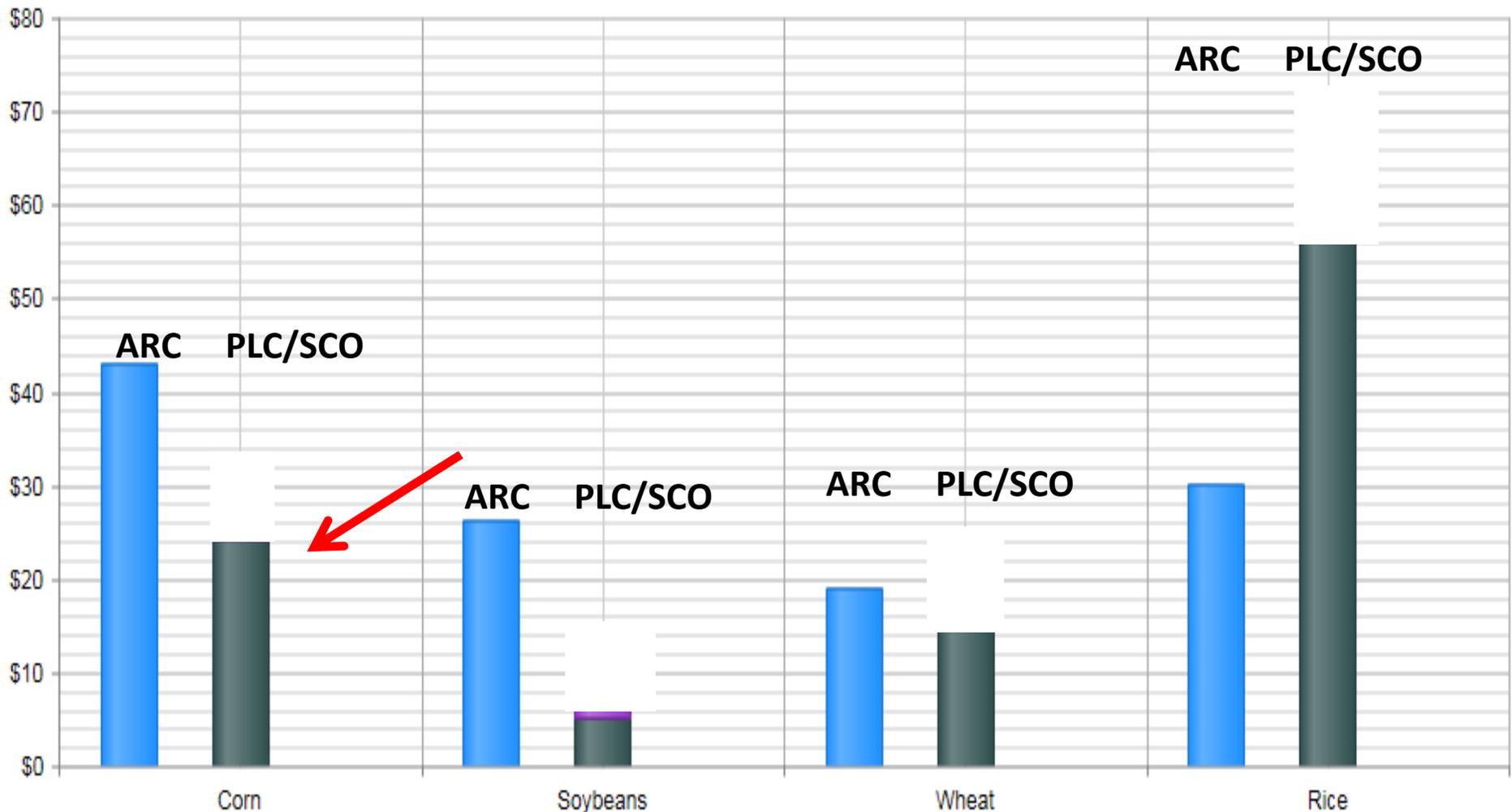
USDA Projected Prices 2015-2018

Crop	2013	2014	2015	2016	2017	2018
CORN	\$4.46	\$3.50	\$3.68	\$3.38	\$3.47	\$3.53
RICE	\$16.10	\$14.70	\$15.60	\$15.70	\$15.80	\$15.90
SOYBEANS	\$13.00	\$10.00	\$8.66	\$9.00	\$8.97	\$9.19
UPLAND COTTON	\$0.76	\$0.60	\$0.62	\$0.62	\$0.62	\$0.64

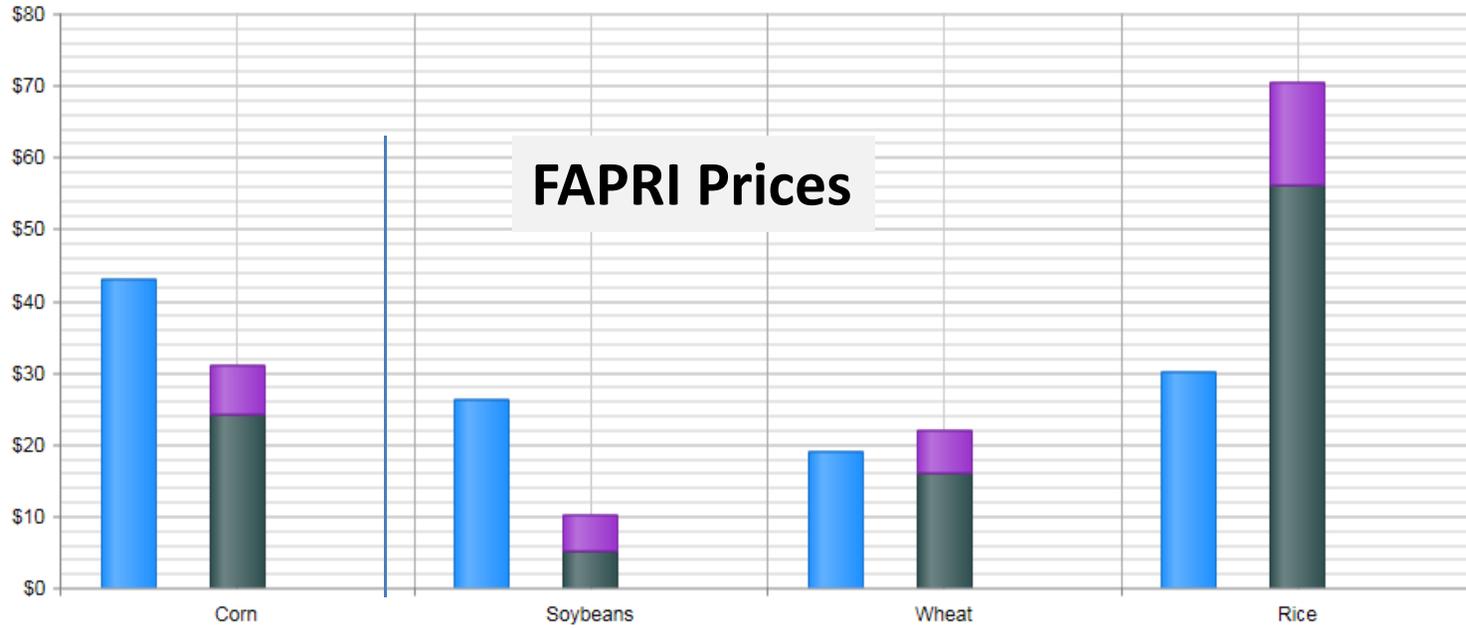
Arkansas County

**State: Arkansas; County: Arkansas; Period: 5 Year Horizon
Prices: FAPRI; 60% Coverage of Crop Insurance**

Expected Crop Program Payments By Acre For Arkansas County Arkansas Sample Farm



Expected Crop Program Payments By Acre For Arkansas County Arkansas Sample Farm



Expected Crop Program Payments By Acre For Arkansas County Arkansas Sample Farm



FAPRI Projected Prices 2015-2018

Crop	2013	2014	2015	2016	2017	2018
CORN	\$4.46	\$3.50	\$3.89	\$4.02	\$4.10	\$4.10
RICE	\$16.10	\$14.64	\$13.94	\$14.24	\$14.25	\$14.30
SOYBEANS	\$13.00	\$10.00	\$9.10	\$9.78	\$10.08	\$10.23
WHEAT	\$6.87	\$5.90	\$5.36	\$5.50	\$5.70	\$5.90

USDA Projected Prices 2015-2018

Crop	2013	2014	2015	2016	2017	2018
CORN	\$4.46	\$3.50	\$3.68	\$3.38	\$3.47	\$3.53
RICE	\$16.10	\$14.70	\$15.60	\$15.70	\$15.80	\$15.90
SOYBEANS	\$13.00	\$10.00	\$8.66	\$9.00	\$8.97	\$9.19
WHEAT	\$6.87	\$5.90	\$5.10	\$4.38	\$4.33	\$4.56

The Farm Bill Decision Making Process for Commodity Programs

- **Fifth, Consider: Agricultural Risk Coverage Individual (ARC-IC) option**
 - All producers on the farm; all program crops
 - Individual, farm level revenue
 - Farm's yields, all crops with base
 - 5-year Olympic average; added together and weighted by planted acres
 - Sum of all covered commodities
 - Producer's share of all farms in state in ARC-IC
 - Planted acres determine weights
 - 65% of base acres for all program crops on the farm

ARC-IC

- Benchmark Revenue** = For each crop, 5 most recent crop years is calculated individually = Farm yield X MYA price (reference price and 70% T-yield plug)
- Olympic Average Revenues** = Each crop's revenue, 5 most recent years dropping highest and lowest
- Weighted Sum is Benchmark Rev.** = Crop year planted acreages used to weight Olympic avg. revenue each crop, added together
- Actual Revenue** = Individual crop's revenue (farm yield X MYA price) added together and weighted by planted acres

Agriculture Risk Coverage (ARC) (Cont.)

- ARC Individual

- Based on producers share of all covered commodities planted on all farms for which ARC has been selected
- ARC guarantee is 86% of benchmark revenue
- Benchmark revenue is average historical revenue for the most recent 5 years excluding the high and low weighted by current plantings
- Coverage is based on producer's share of all covered commodities planted on all farms which individual coverage was selected
- Payment = Minimum of (ARC Revenue Guarantee – Actual Revenue) **OR** 10% of the benchmark * Base Acres * .65
- If they select ARC individual coverage on any crop on the farm then the entire farm is in ARC individual coverage

Desha County

**State: Arkansas; County: Desha; Period: 1 & 5 Year Horizon
Prices: FAPRI; 60% Coverage of Crop Insurance**

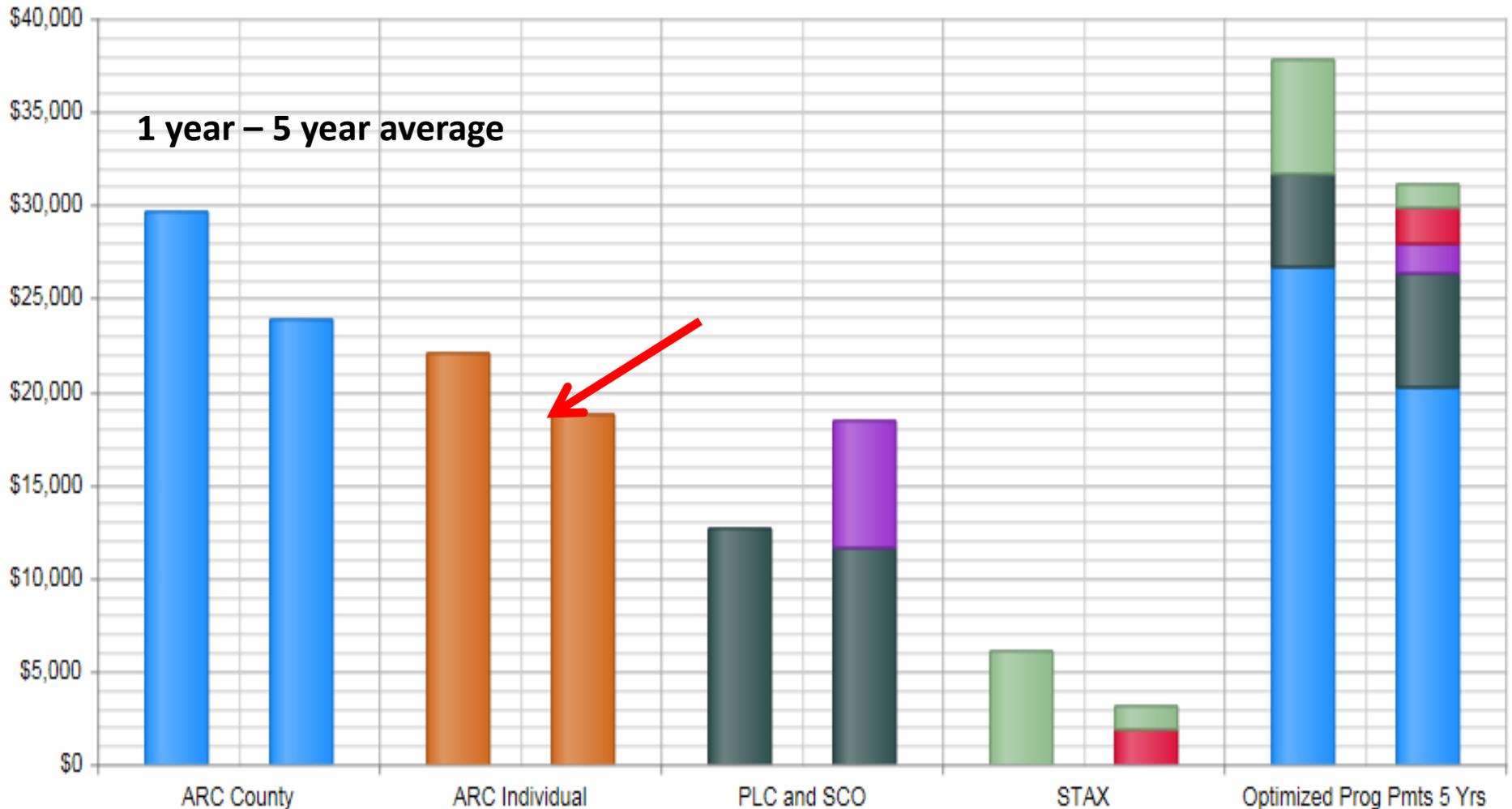
Corn 105

Soybeans 530

Cotton 135

Rice 125

Expected Program Payments For Desha County Arkansas Sample Farm

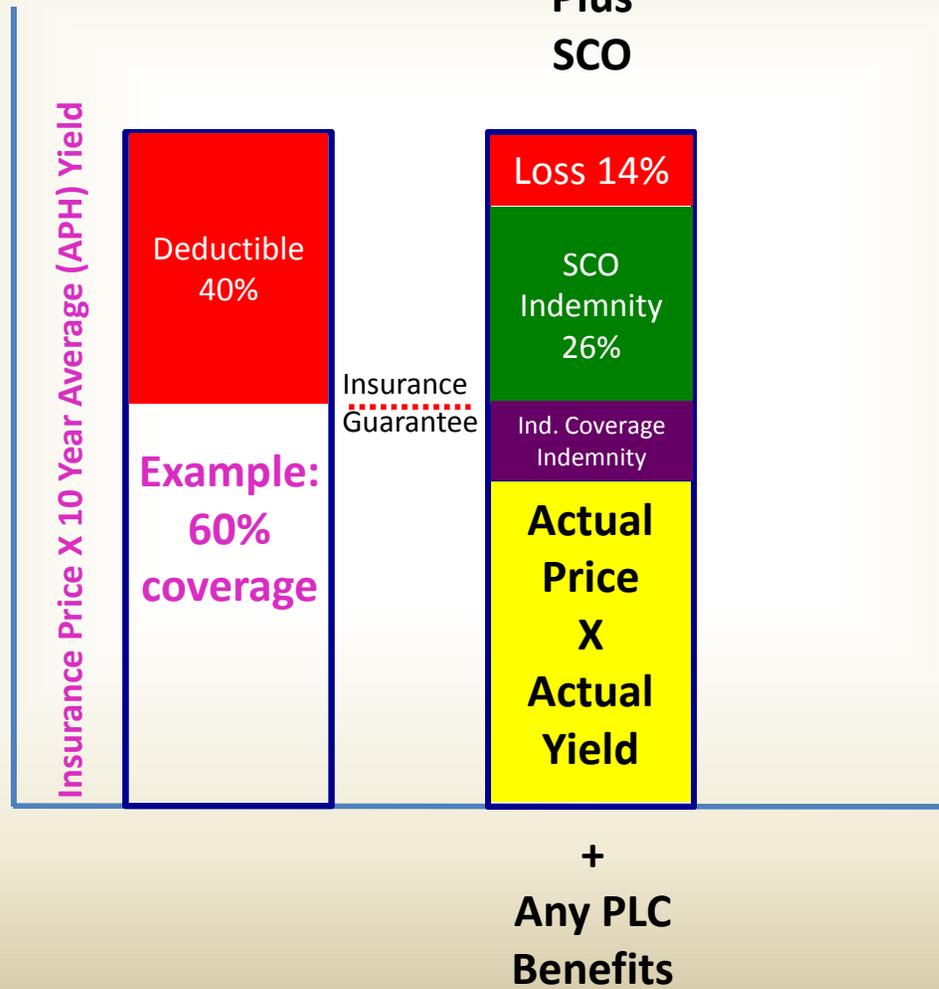


The Farm Bill Decision Making Process for Commodity Programs

- **Sixth, Consider the Supplemental Crop Insurance Option (SCO)**
 - Supplemental Coverage Option;
 - new crop insurance option
 - purchased through a crop insurance agent
 - requires an underlining policy deductible range
 - county trigger (86%) down to policy trigger
 - Only available for crops in PLC (or no program)

**Crop Insurance
Expected Revenue**

**Example of
Price Loss
Coverage
(PLC)
Plus
SCO**



Major Insurance Provisions

- A new area-wide insurance program (SCO) will be available to all producers to purchase beginning in 2015 that is designed to protect them against losses that would normally fall within their insurance deductible range. Must have individual policy.
 - Up to 86% revenue guarantee. 65% premium subsidy
- Makes enterprise unit discount permanent. Allows enterprise units to be split out for irrigated and non-irrigated crops.
- Adjustment in actual production history to determine insurable yields.
 - A producer may choose to exclude any year from their APH if their yield in that year is less than 50% of the ten year county average. This also applies to contiguous counties and allows for the separation of irrigated and non-irrigated acres.
- Must create a revenue policy for peanuts in time for the 2015 crop
- Requires conservation compliance to receive premium subsidy

Crop Insurance Individual Subsidies

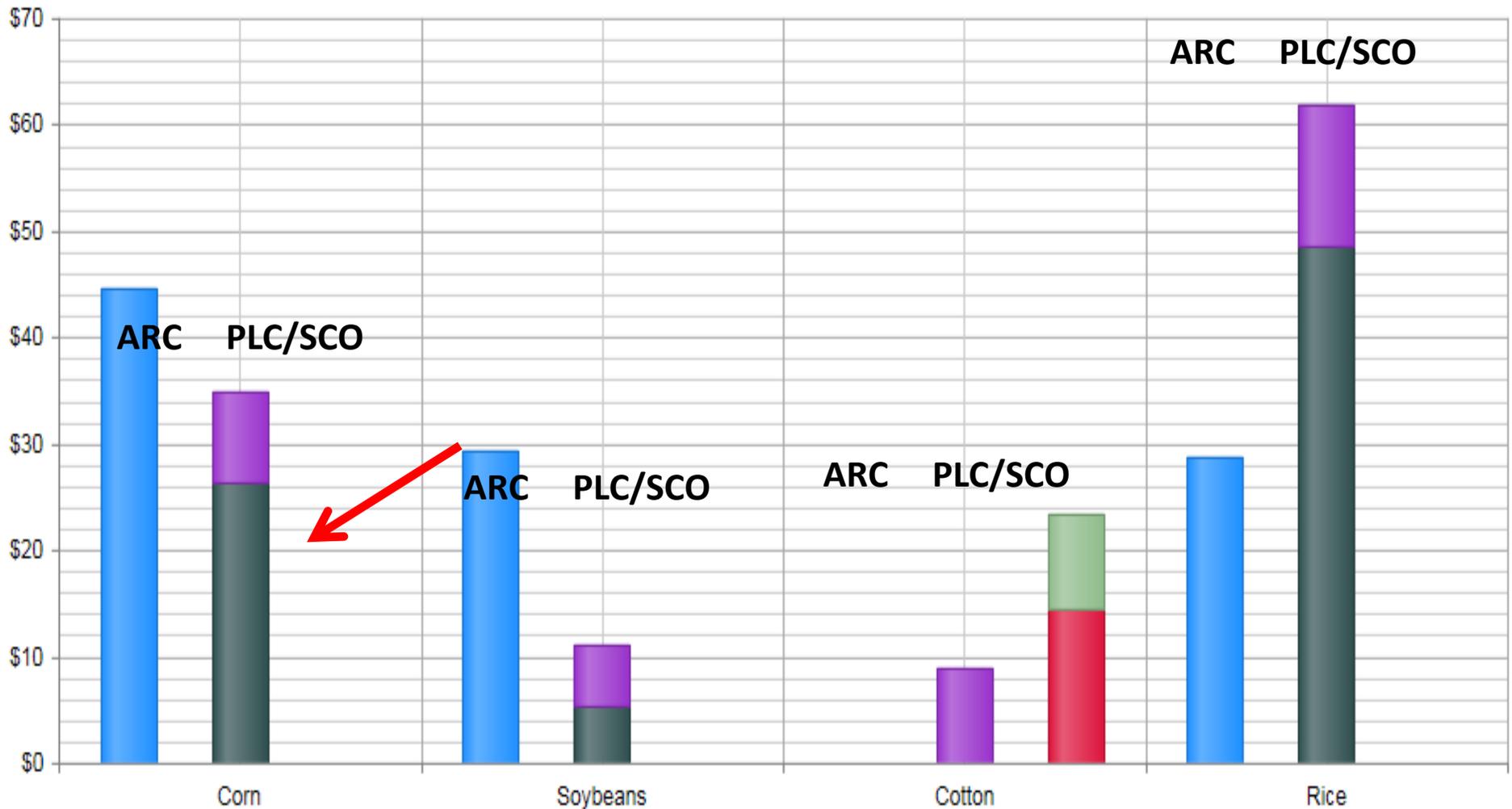
Average subsidy rate

Unit	Coverage level							
	50%	55%	60%	65%	70%	75%	80%	85%
Basic	67%	64%	64%	59%	59%	55%	48%	38%
Optional	67%	64%	64%	59%	59%	55%	48%	38%
Enterprise	80%	80%	80%	80%	80%	77%	68%	53%

Desha County

State: Arkansas; County: Desha; Period: 5 Year Horizon
Prices: FAPRI; 60% Coverage of Crop Insurance

Expected Crop Program Payments By Acre For Desha County Arkansas Sample Farm



The Farm Bill Decision Making Process for Commodity Programs

- **Seventh, DECISIONS & DEADLINES**

- **Retain or update yields and**

Retain of reallocation of base

– Sept. 29, 2014 to Feb. 27, 2015

**One-time, irrevocable
per FSA farm
at FSA Office**

- **Crop Insurance final sales closing dates:**

– Corn – February 28

– Cotton - February 28

– Soybeans – February 28

– Rice – February 28

– Grain Sorghum – February 28

– Peanuts – February 28

**Annual Decision
purchased through
crop insurance agent**

The Farm Bill Decision Making Process for Commodity Programs

DECISIONS & DEADLINES

- **ARC/PLC Election: No cost to participate**
 - **Nov. 17, 2014 to at least March 31, 2015**

**One-time, irrevocable
per FSA farm**

- **Sign contracts:**
 - **mid-April through Summer 2015**

The Farm Bill Decision Making Process for Commodity Programs

Eight , Cotton Safety Net and Generic Base Acres

- **Cotton base acres are now generic base acres**
- Cotton is no longer a covered commodity
- **STAX** - The primary safety net for cotton producers (available most counties 2015)
 - a new cotton only insurance program
 - **Stacked Income Protection Plan (STAX)**
- **SCO** – Consider SCO as an alternative to **STAX**
 - **Supplemental Coverage Option (SCO)**
(available most counties 2015)

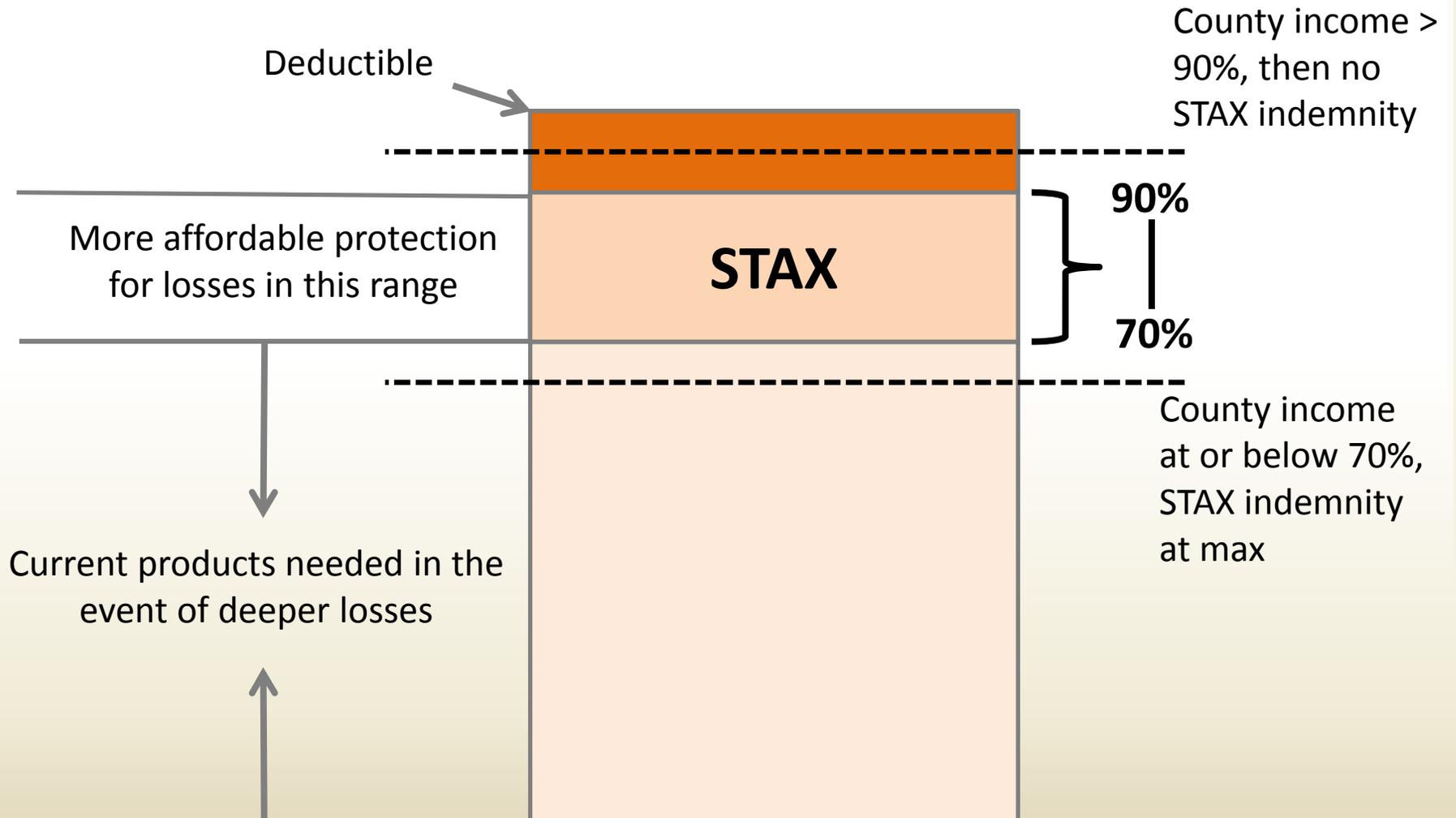
Covered Commodities

- Long Grain Rice, Medium Grain Rice, Pulse Crops, Soybeans, Wheat, Corn, Grain Sorghum, Oats, Barley, Other Oilseeds and Peanuts
 - Other Oilseeds
 - Sunflower seed, Rapeseed, Canola, Safflower, Flaxseed, Mustard Seed, Crambe, Sesame Seed, or any oilseed designated by the Secretary
 - Pulse Crops
 - Dry peas, Lentils, Small Chickpeas and Large Chickpeas

Stacked Income Protection Plan (STAX) Cotton's Safety Net Program

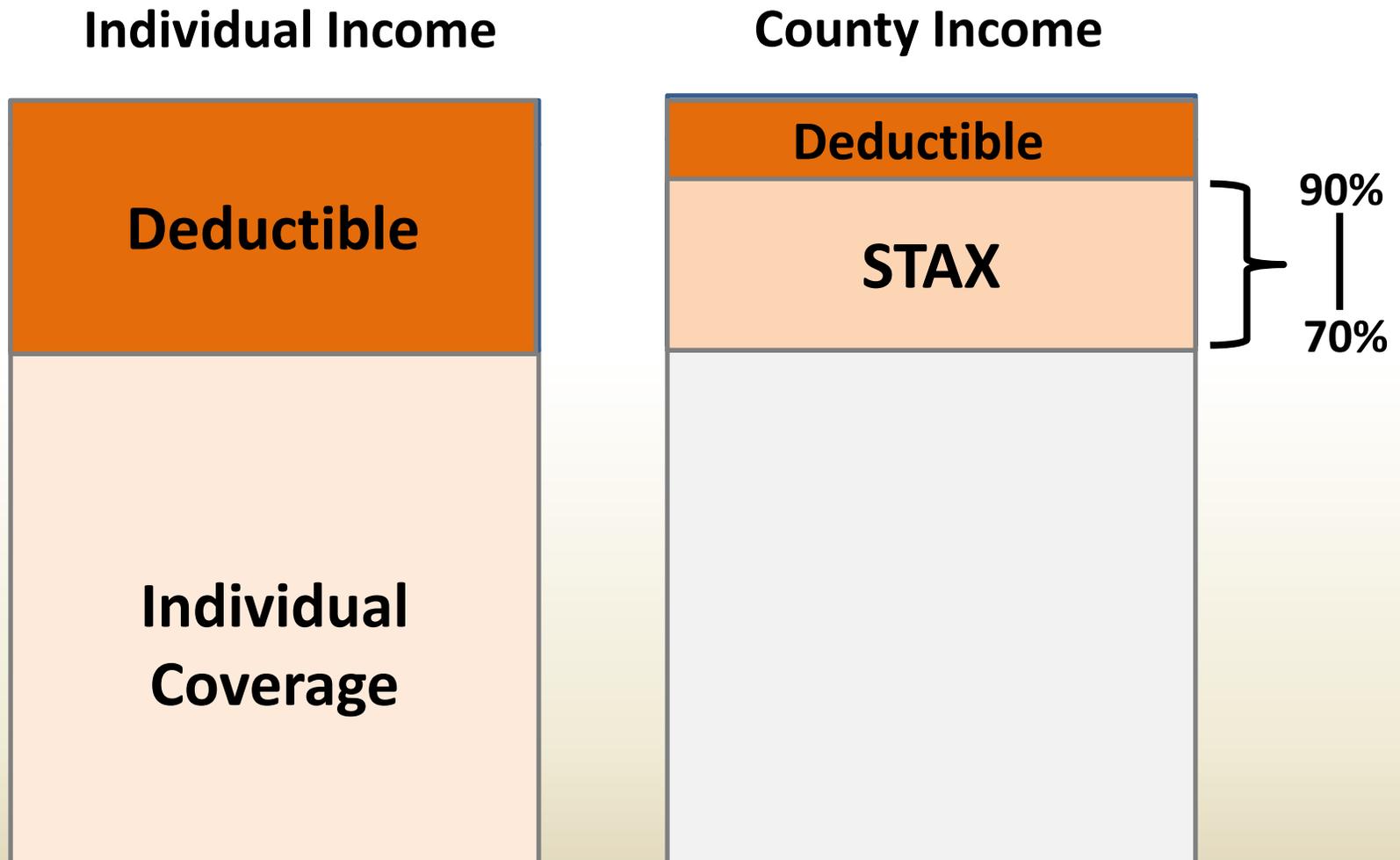
- All Cotton base on the farm as of September 30, 2013 was renamed Generic Base
 - Upland cotton no longer receives traditional commodity program payments (other than loan protection against very low prices)
 - In an attempt to resolve longstanding WTO dispute with Brazil, the only income support upland cotton will receive is through purchased insurance
- An area-wide insurance program only available to upland cotton producers to purchase beginning in 2015
- Covers from 90% of revenue guarantee down to 70% or insurance coverage level (whichever is higher)
 - 5% increments
 - 80% premium subsidy

Basic STAX Concept



- Covers from 90% of revenue guarantee down to 70% or insurance coverage level (whichever is higher)
 - 5% increments
 - 80% premium subsidy

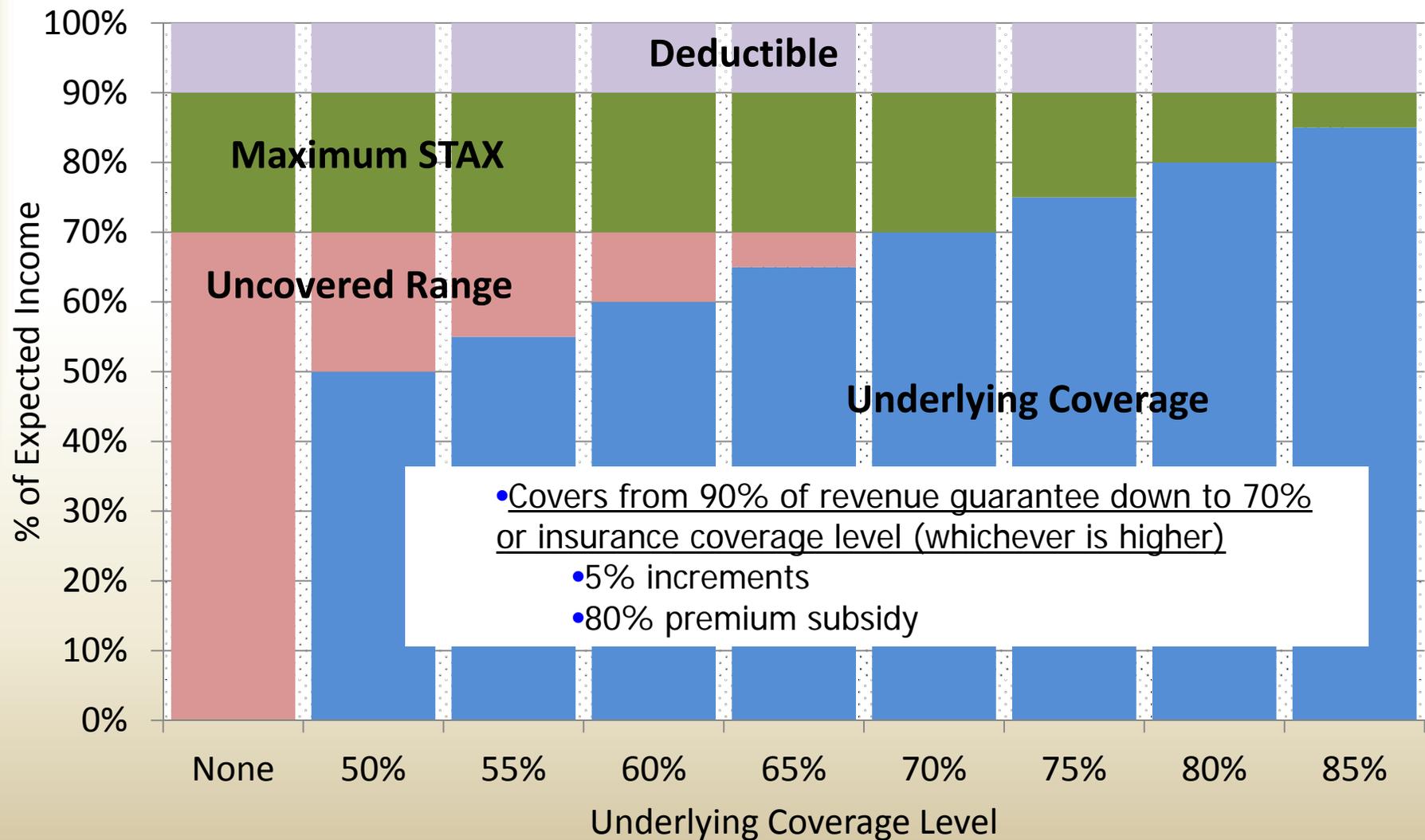
Basic STAX Concept



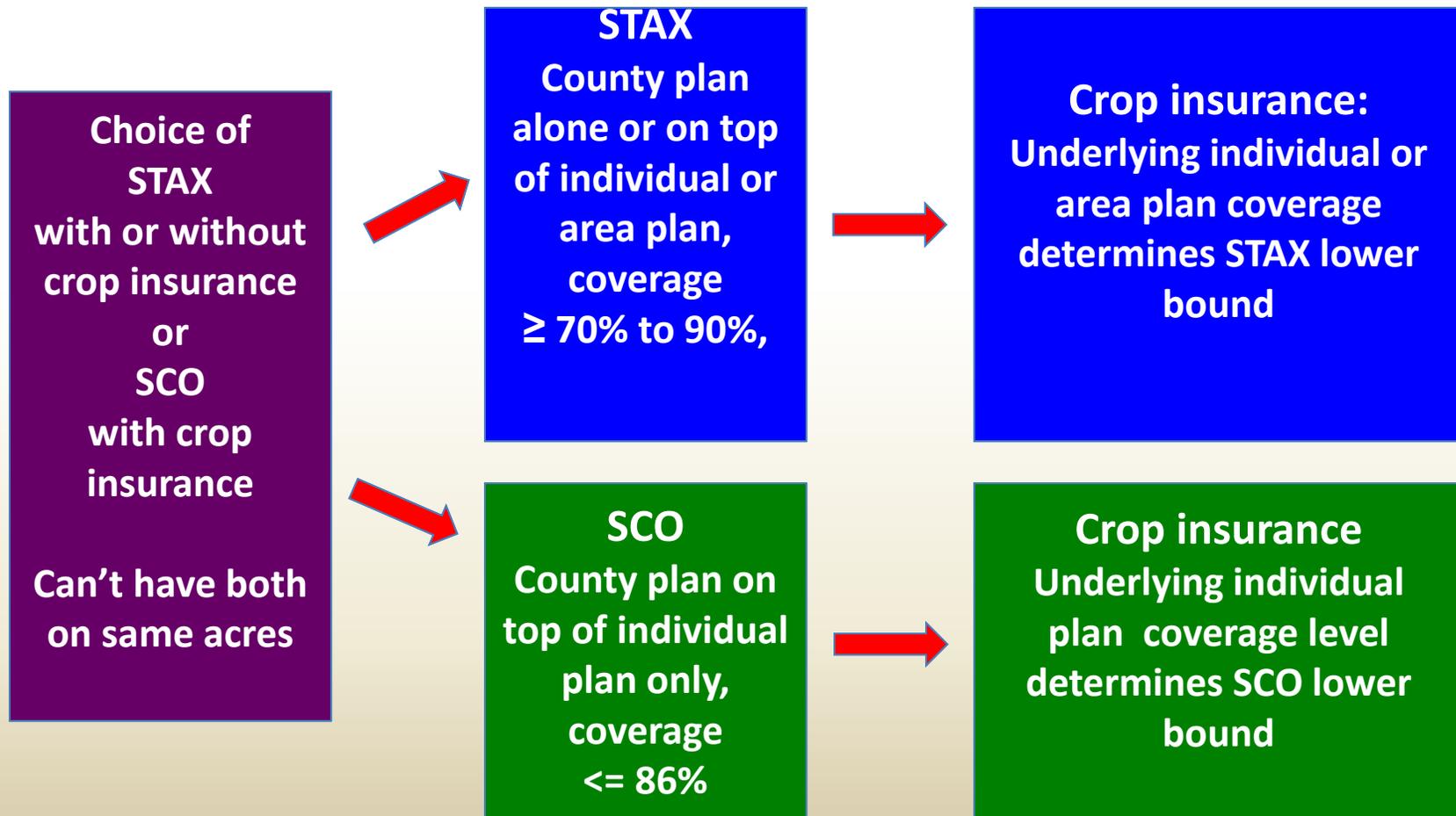
• Covers from 90% of revenue guarantee down to 70% or insurance coverage level (whichever is higher)

- 5% increments
- 80% premium subsidy

Insurance Coverage Choices



Flow Chart of Title XI Decisions for Upland Cotton



Desha County

State: Arkansas; County: Desha; Period: 5 Year Horizon
Prices: FAPRI; 60% Coverage of Crop Insurance



Expected Crop Program Payments By Acre For Desha County Arkansas Sample Farm



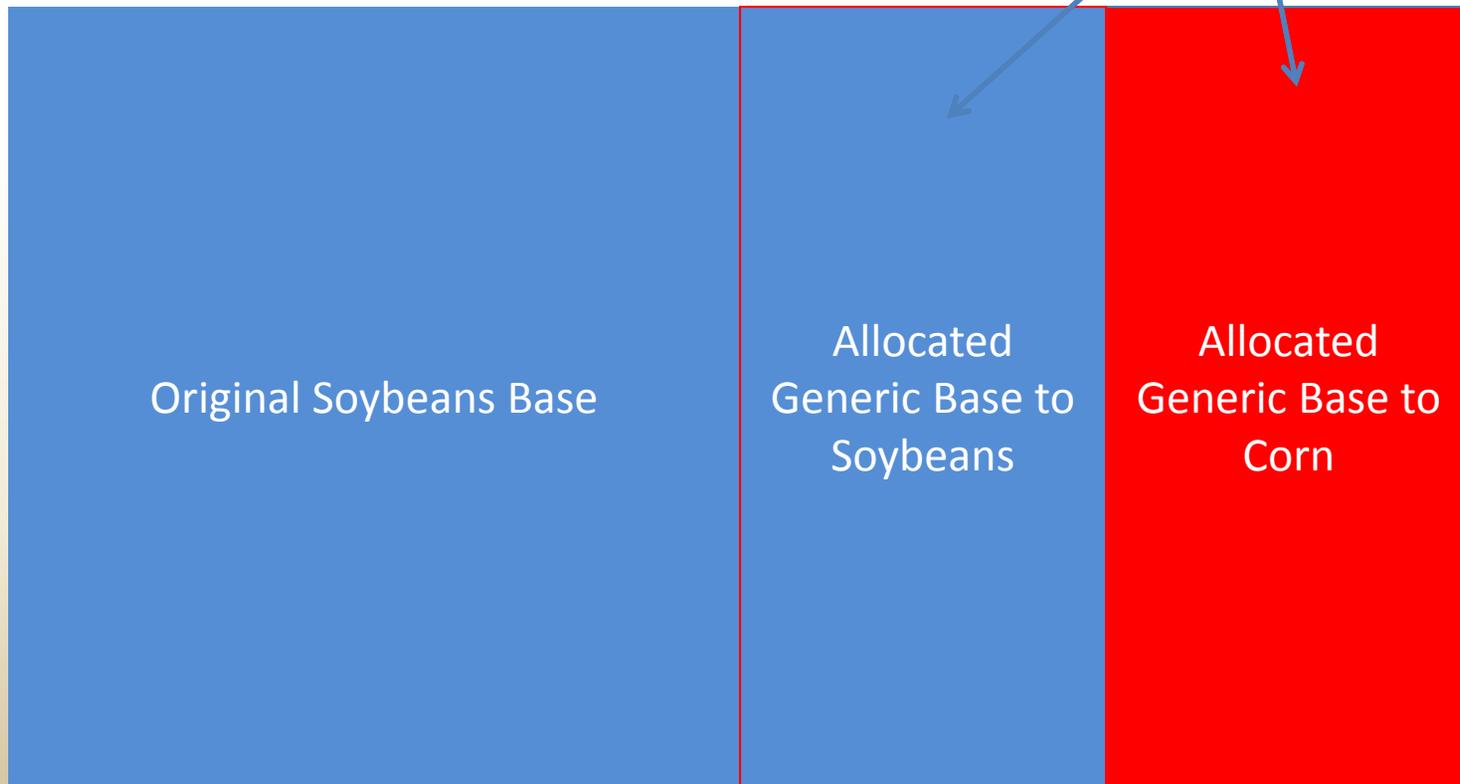
Cotton Base Becomes Generic Base

- On an annual basis, generic base acres can be assigned to other covered commodities based on the number of acres planted of the other covered commodities and receive ACR or PLC payments
 - Example: 100 total acres on farm 50 acres of soybean base and 50 acres generic. If farmer plants 50 acres of soybeans and 50 acres of corn they would have 75 acres of base for soybeans and 25 acres of base for corn crops for that year. If planted all soybeans then would have 100 acres of soybean base for that year. If planted all cotton then in Washington terms the generic base is idle for that year. (see following examples)

Generic Base

100 Acre Farm – Base Acres: 50 Soybeans and 50 Generic

If farmer plants 50 acres of soybeans and 50 acres of corn

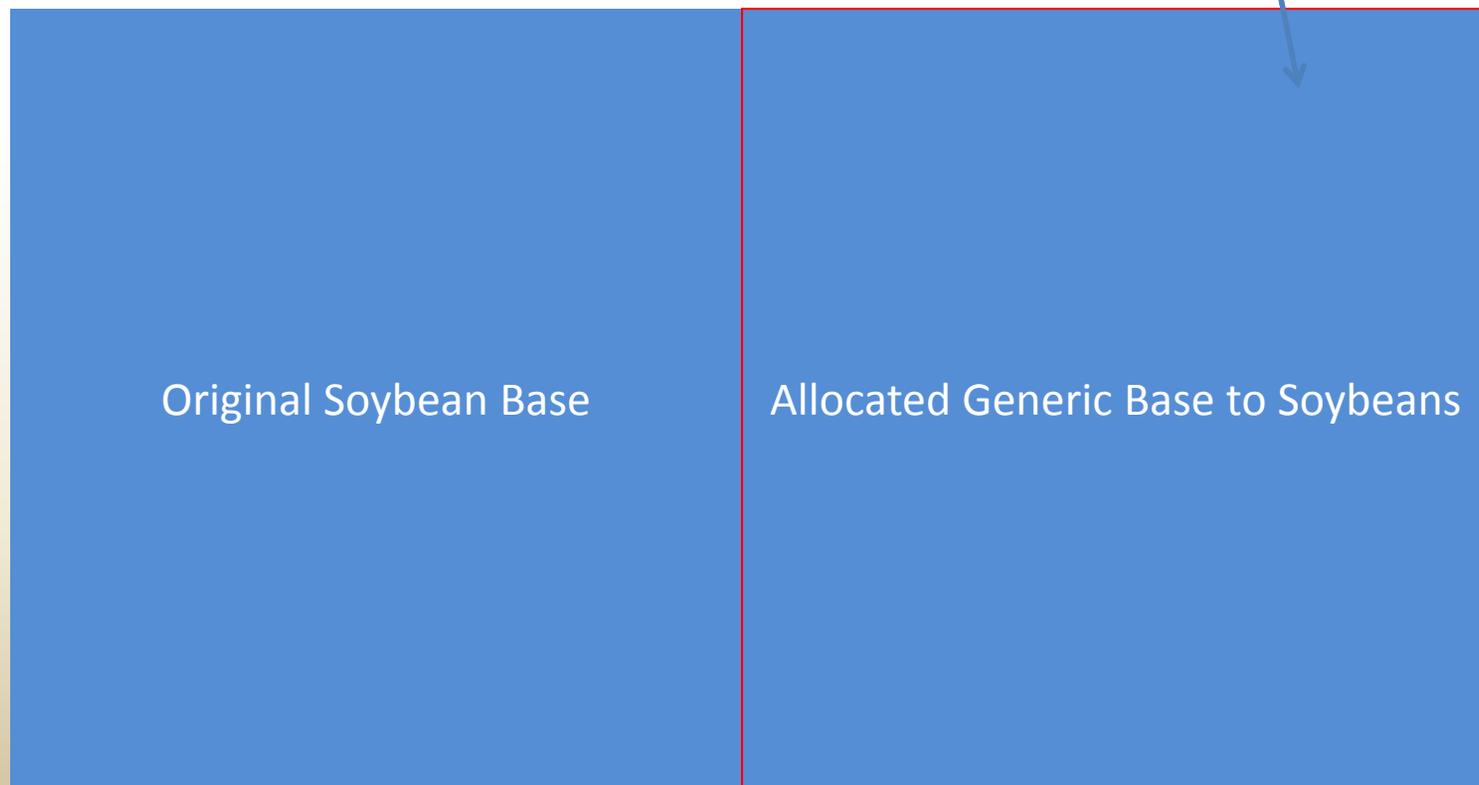


Farmer has protection on 75 acres of soybeans and 25 acres of corn

Generic Base

100 Acre Farm – Base Acres: 50 Soybeans and 50 Generic

If farmer plants 100 acres of soybeans



Farmer has protection on 100 acres of soybean

Generic Base

100 Acre Farm – Base Acres: 50 Soybeans and 50 Generic

If farmer plants 100 acres of cotton



Farmer has protection on 50 acres of soybeans

Generic Base

100 Acre Farm – Base Acres: 50 Soybeans and 50 Generic

If farmer plants 50 acres of soybeans and 50 acres of cotton

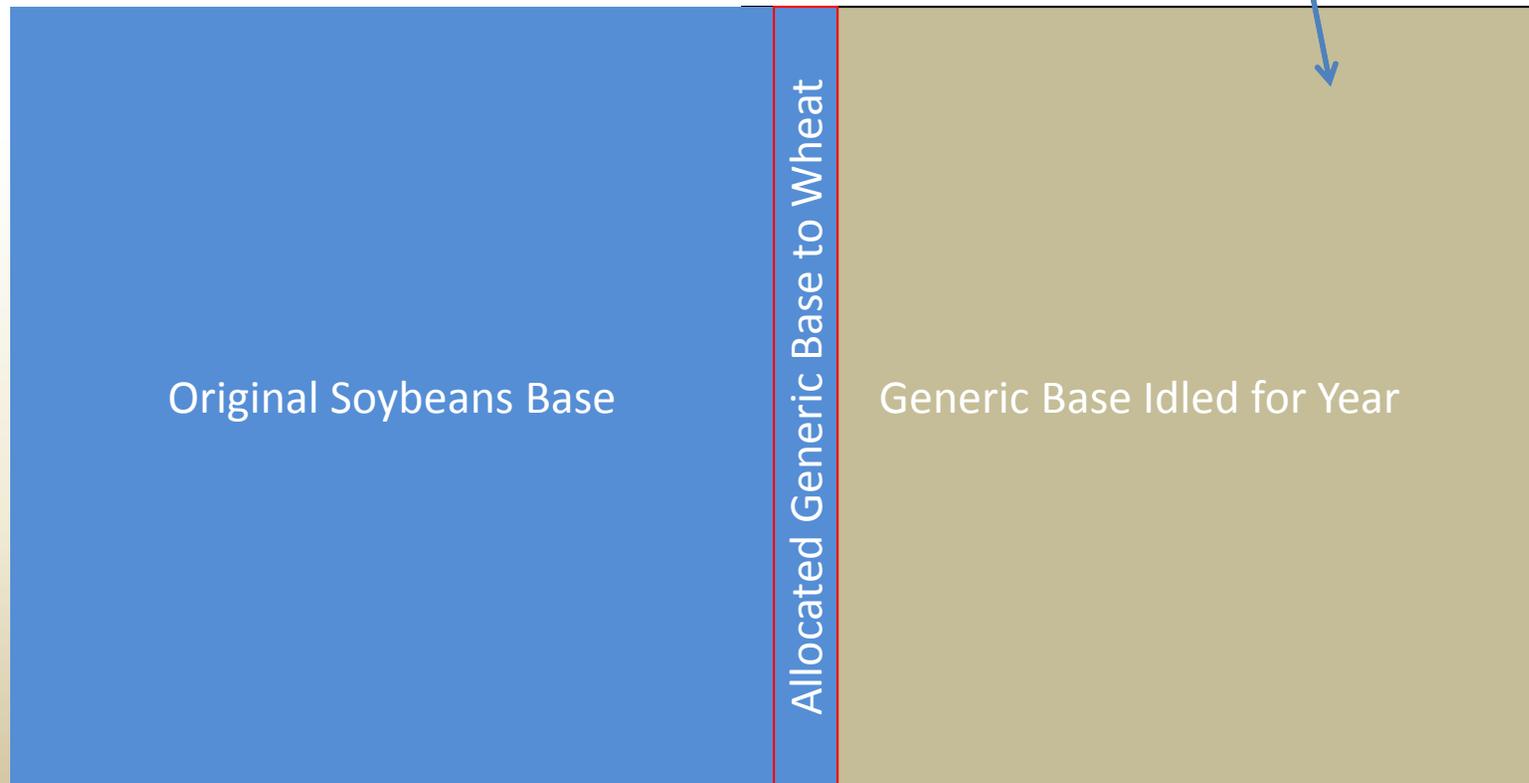


Farmer has protection on 100 acres of soybeans

Generic Base

100 Acre Farm – Base Acres: 50 Soybeans and 50 Generic

If farmer plants 1 acre of soybeans and 99 acres of cotton



Farmer has protection on 51 acres of soybeans

The Farm Bill Decision Making Process for Commodity Programs

- **Ninth ,**
 - What is your near and longer term market price outlook for commodity programs?
 - What other market and management considerations?

Reference Prices

- Long Grain Rice - \$14.00/cwt
- Medium Grain Rice - \$14.00/cwt
- Soybeans - \$8.40/bu
- Wheat - \$5.50/bu
- Corn - \$3.70/bu
- Grain Sorghum - \$3.95/bu
- Barley - \$4.95/bu
- Oats - \$2.40/bu
- Other Oilseeds - \$20.15/cwt
- Peanuts - \$535/ton
- Dry Peas - \$11.00/cwt
- Lentils - \$19.97/cwt
- Small Chickpeas - \$19.04/cwt
- Large Chickpeas - \$21.54/cwt

Marketing Loan Rates

Wheat - \$2.94/bu

Corn - \$1.95/bu

Grain Sorghum - \$1.95/bu

Barley - \$1.95/bu

Oats - \$1.39/bu

Long Grain Rice - \$6.50/cwt

Medium Grain Rice - \$6.50/cwt

Soybeans - \$5.00/bu

Other Oilseeds - \$10.09/cwt

Peanuts - \$355/ton

Dry Peas - \$5.40/cwt

Lentils - \$11.28/cwt

Small Chickpeas - \$7.43/cwt

Large Chickpeas - \$11.28/cwt

Honey - \$0.69/lb

Graded Wool - \$1.15/lb

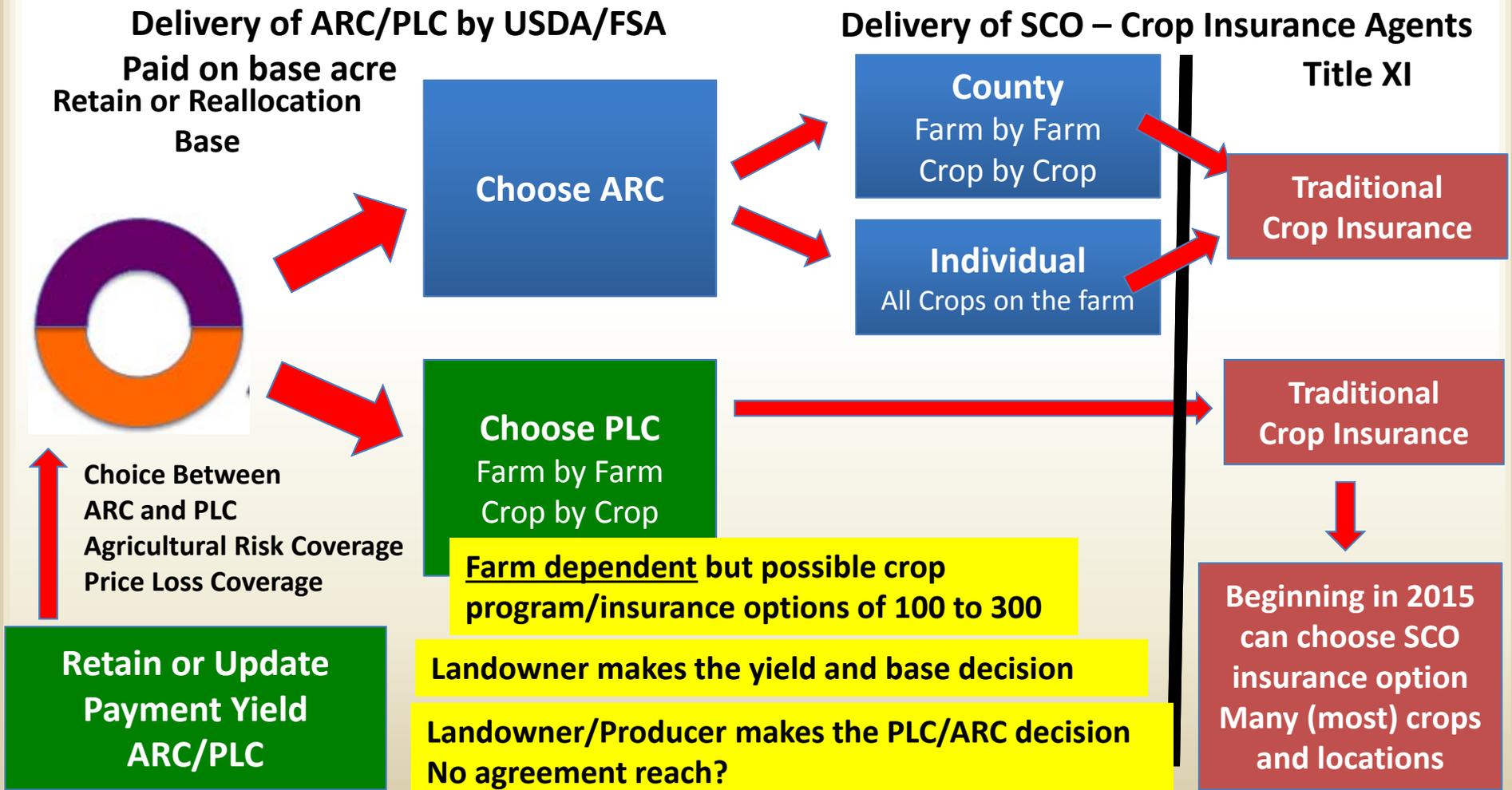
Nongraded Wool - \$0.69/lb

Mohair - \$4.20/lb

Upland Cotton - \$0.45 to
\$0.52/lb

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

1. For each FSA Farm - Crop by Crop Verify correctness of CC Yield, Base Acres, planted acres from 2009 to 2012, and provide yields for 2008 to 2012.



This decision is on a crop by crop basis for each farm unless the producer chooses individual ARC then it is for all the crops on that farm. If all parties cannot agree on a choice then the farm would not be enrolled in ARC or PLC for the 2014 crop and the farm would automatically be enrolled in PLC for the 2015 crop and beyond.

Complexity of the farm bill decisions Requires Decision Aids/Tools



Most Comprehensive Web-Based Decision Aid In Development

- 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.

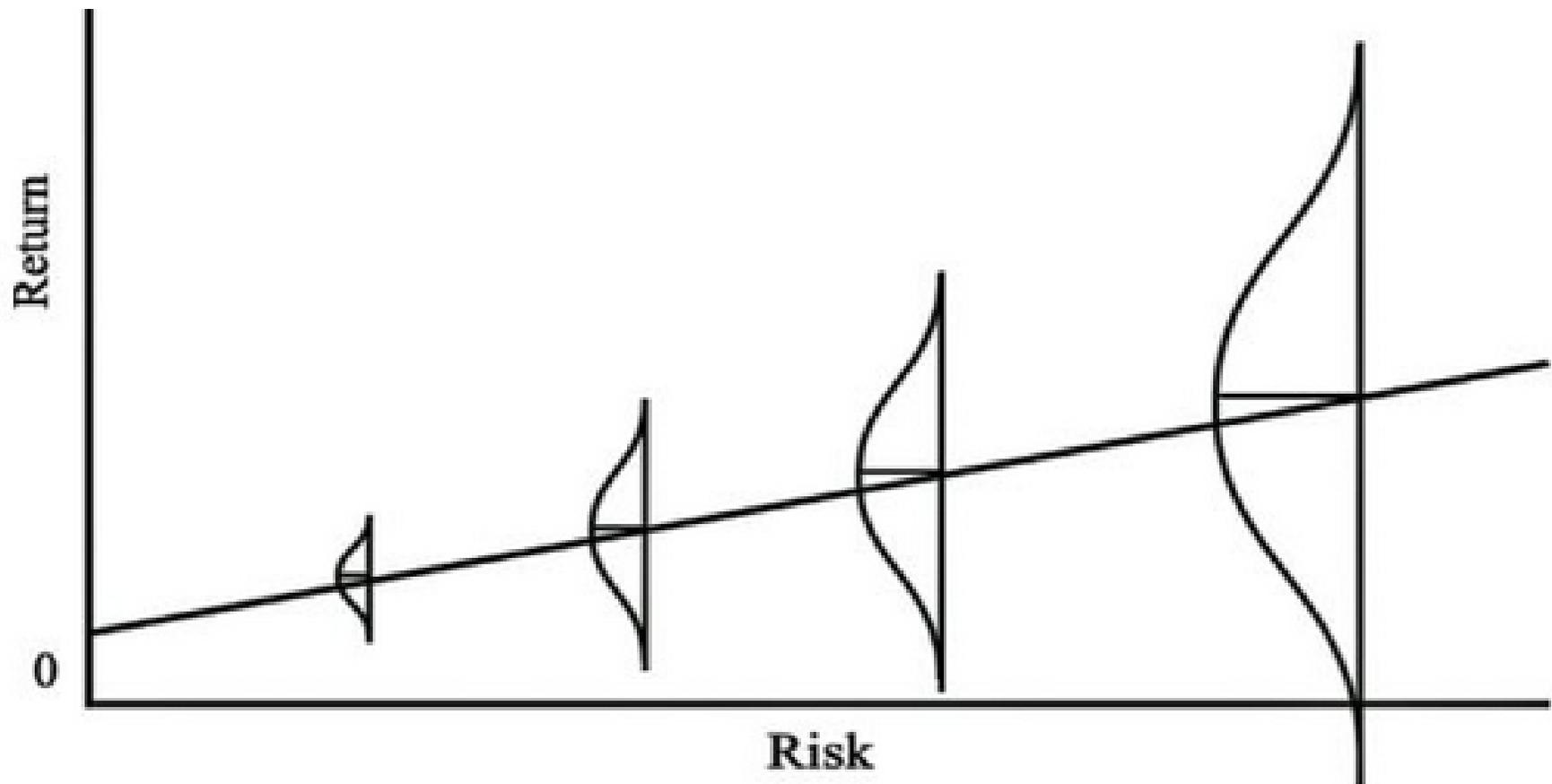
Complexity of the farm bill decisions Requires Decision Aids/Tools

Most Comprehensive Web-Based Decision Aid

- **Texas A&M University and the Ag and Food Policy Center are in the final stages of development of a web-based farm bill decision tool 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**



- Texas/FAPRI model does a good job of evaluating risk and reward
- Greater risk means there is a high probability of more uncertain outcomes
- Annually uncertain outcomes will increase
- Making predicting the future difficult
 - Producers/industry must find ways to improve probabilities of good outcomes
- Why? All will be wrong a significant amount of the time
 - And minimize the risk of a bad decision





<http://www.fsa.usda.gov/FSA/>



United States Department of Agriculture
Farm Service Agency

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Site Map

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Help

1 of 6

Farm Service Agency Price Loss Coverage (PLC) & Agricultural Risk Coverage (ARC)

Producers and landowners have decisions to make about the best safety-net program for their farms. Here is where to begin the decision-making process.

Popular Topics

- FSA Farm Bill
- FSA Fact Sheets
- Agricultural Risk Coverage / Price Loss Coverage
- Dairy Margin Protection Program web tool
- Conservation Compliance Requirements for FSA programs
- Daily LDP Rates and PCP Data
- Commodity Credit Corporation Information
- Human Resources Website
- Civil Rights Information



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Browse by Subject

- ▶ Aerial Photography
- ▶ **ARC/PLC Programs**
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- ▶ Conservation Programs
- ▶ Dairy Margin Protection Program
- ▶ Direct and Counter-Cyclical Program/ACRE
- ▶ Disaster Assistance Programs
- ▶ Economic and Policy Analysis
- ▶ Energy Programs
- ▶ Environmental and Cultural Resource Compliance
- ▶ Farm Loan Programs
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- ▶ Laws and Regulations
- ▶ MIDAS
- ▶ Outreach and Education
- ▶ Payment Eligibility
- ▶ Price Support
- ▶ Tobacco

You are here: [FSA Home](#) / [ARC/PLC Program](#)

ARC/PLC Programs

Base Reallocation, Yield Updates, Price Loss Coverage (PLC) & Agricultural Risk Coverage (ARC)

ARC/PLC Timeline

1) Agricultural owners received letters from USDA Farm Service Agency

(COMPLETED). Owners with base acres have received a letter from USDA FSA providing a summary of covered commodities. For an example of the letter please see page 11 at: http://www.fsa.usda.gov/Internet/FSA_Notice/arcplc_7.pdf)

2) Base Acre Reallocation and Yield Updates

(SEPTEMBER 29, 2014 – FEBRUARY 27, 2015). Owners have a one-time opportunity to reallocate the farm's base acres or update yields.

3) ARC/PLC Election

(NOVEMBER 17, 2014 – MARCH 31, 2015). Producers make election which will remain in effect for the 2014-2018 crop years, of the following:

1. PLC or ARC County on a covered commodity-by-commodity basis; or
2. ARC Individual for all covered commodities on the farm.

4) ARC/PLC Enrollment

(MID-APRIL 2015 – SUMMER 2015). Producers sign contracts to participate in ARC/PLC for 2014 and 2015 crop years.

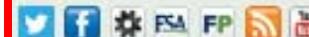
ARC and PLC Producer Webtools

- [National Association of Agricultural and Food Policy \(NAAFP\) led by the Food and Agricultural Policy Research Institute \(FAPRI\) at the University of Missouri, and the Agricultural and Food Policy Center \(AFPC\) at Texas A&M University](#)
- [National Coalition for Producer Education \(NCPE\), led by the University of Illinois](#)

I Want To...

- ▶ [View Program Schematic for CTP/ARC/PLC Programs](#)
- ▶ [Link to Base Reallocation Tool \(.ZIP, 25 KB\)](#)
- ▶ [Link to Yield Update Tool \(.ZIP, 36 KB\)](#)
- ▶ [View Substitute Yields for Updating PLC Payment Yields \(XLS, 687 KB May 23, 2014\)](#)
- ▶ [View Projected 2014 Crop Reference Prices, National Average Loan Rates, PLC Payment Rates, and PLC maximum payment rates \(PDF, 76 KB Sep 16, 2014\), \(XLS, 37 KB, Sep 16, 2014\)](#)
- ▶ [Projected 2014 crop prices for ARC County Coverage \(ARC-CO, PDF, 83 KB Sep 16, 2014\) \(XLS, 49 KB\)](#)
- ▶ [Market Year Average Prices 2009 – 2014 \(PDF, 84 KB Sep 16, 2014\), \(XLS, 34 KB Sep 16, 2014\)](#)
- ▶ [Projected 2014 crop prices for ARC-Individual Coverage \(ARC-IC, PDF, 80 KB Sep 16, 2014\) \(XLS, 42 KB Sep 16, 2014\)](#)

STAY CONNECTED:



Sign up for updates:

ARC and PLC Producer Webtools

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 - [National Coalition for Producer Education \(NCPE\), led by the University of Illinois](#)
- 

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Economics & Marketing

[Farm Planning](#)

[Food & Farm Policy](#)

[Markets](#)

[Market Maker](#)

[Sustainability](#)

[USDA Reports](#)

[Farm Bill](#)

Economics & Marketing

The University of Arkansas' Department of Agricultural Economics and Agribusiness Extension faculty works to promote increased prosperity and economic security for individuals and families, farmers, entrepreneurs, and consumers. The faculty coordinate efforts to address research, education, and extension activities that help people incorporate sound financial management strategies in their daily lives, discover new economic opportunities, develop successful agricultural and nonagricultural enterprises, take advantage of new and consumer-driven markets at both the local and international levels, and understand the implications of public policy on these and other activities.



Food and Farm Policy

The Food and Farm Policy section includes information on Food Policy, Farm Policy, International Policy, and Macroeconomic Issues.

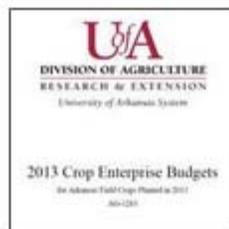
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The USDA Reports section includes information on Statistics, Crop Reports, Special Reports, and Livestock and Poultry Reports.

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The Farm Planning section contains information on Crop Enterprise Budgets, Planning Tools and Decision Aids, and Risk Management.

[> Learn more](#)



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The Markets section includes information on Market News and Situation and Outlook.

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<http://www.uaex.edu/farm-ranch/economics-marketing/Farm-Bill/>

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What Makes this Farm Bill Different

- 2 Farm Bill eTools Built to Help with Base Reallocation, Yield Updates, Price Loss Coverage (PLC) & Agricultural Risk Coverage (ARC) Decisions
 1. National Association of Agricultural and Food Policy (NAAFP) led by the Agricultural Policy Research Institute (FAPRI) at the University of Missouri, and the Agricultural and Food Policy Center (AFPC) at Texas A&M University
 - [Data Collection Form and Instructions](#) 
 - [Farm Policy Minute](#)
 2. National Coalition for Producer Education (NCPE), led by the University of Illinois
-

- **Base Acre Reallocation, Yield Updates, ARC & PLC (Fact Sheet)** 

Owners of farms have a one-time opportunity to: (1) maintain the farm's 2013 base acres of covered commodities through 2018; or (2) reallocate base acres among those covered commodities planted on the farm at any time during the 2009 - 2012 crop years (excluding upland cotton bases).

[Click here for a base reallocation tool \(Version 2\) to compare a farm's current bases with its reallocated bases. \(.ZIP, 25 KB\)](#)

To use the tool, producers must know a farm's 2013 base acres and 2009-2012 planting history. FSA producers received this in the mail in August 2014.

[Click here for a Yield Update tool to compare a farm's current program yields to update yields. \(.ZIP, 36 KB\)](#)

Note that the file contains substitute yields for covered commodities that are based on data available from the National Agricultural Statistics Service. The file will be updated as additional data becomes available.

- Crop Insurance Rates and Yields [Actuarial Information Browser](#)



Welcome to the *USDA/NAAFP Decision Aids*. Although the look and feel have changed, all your data are still available from the previous site. If you are new to the site, you can start by [Registering](#)

Login

Email Address 

Password 

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Register

Welcome to the [NAAFP](#) Decision Aids. This suite of integrated tools can help you make the choices required for participation in 2014 Farm Bill and for choices available under crop insurance.

To get started, you'll need to

Register

Disclaimer

This software is intended for educational use. It was developed solely to provide information so producers could better understand the economic implications of their choices under the 2014 Farm Bill. The Decision Aids use the most current NASS, FSA, and RMA information, and these values will be updated from time to time. The Decision Aid answers may differ from those of USDA agencies and insurance providers.

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Create an Account

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By checking "I understand and agree", you acknowledge that projected outcomes generated by the software are for demonstration purposes, are not forecasts of future outcomes, and do not guarantee any future outcomes or results.

[Help!](#)

Your Name



Email Address



Password



Confirm Password

Account Type

Producer/Farmer

Multi-client User

Terms and Conditions

I understand and agree to the terms and disclaimer.

Next



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Your Farm Units

Decision Aid Analysis Options

Available Tools

Help!

FSA #	Farm Name	Crop Practice	
1005	AR Rice Farm 1	Commodity Soybeans Irrigated	Edit Yields
1005	AR Rice Farm 1	Long Grain Rice Irrigated	Edit Yields

[+ New Farm Unit](#)

Yield Update

This tool calculates values for PLC yields using yield histories for your units listed on the left.

Base Acre Reallocation & PLC/ARC Decision Aid

This tool helps you decide whether to reallocate your base acres and whether to choose PLC, ARC-C, or ARC-I for each farm unit based on your data.

Farm Bill 2014 Insurance

This tool calculates net revenue for alternative insurance choices available through the 2014 Farm Bill and RMA.

Generic Base Election Assistance

This tool calculates net returns for alternative crops under PLC and ARC which you could allocate generic base.

ARC-C Explorer

SCO Premium Estimator

AR Rice & Soybean Farm
This example assumes a farm with only one FSA Farm No.
100 acres of rice base
100 acres of soybean base

Edit Farm Unit

[Help!](#)

Create one farm unit for each unique FSA number - crop - practice combination on your farming operation. To utilize the crop insurance tools, separate tracks or insurance units within a single FSA number.

Farm Name



Description



AR Rice Farm 1

FS Soybeans

FSA #



Crop



1005

Soybeans

Administrative State



Type

Arkansas

Commodity Soybeans

Administrative County



Practice



Desha

Irrigated

Yields & Base

Counter Cyclical Yield ?

bu/ac

2013 Base Acres ?

Basis

Harvest Time Basis ?

\$/bu

Crop Insurance

Rate Yield ?

bu/ac

Approved APH Yield ?

bu/ac

2014 Insurance Policy

Insurance

Revenue Protection ▼

Coverage ?

60% ▼

Unit Structure ?

Enterprise ▼

Future Acres ?

2014

2015

2016

2017

2018

Historical Yields for AR Rice Farm 1 Soybeans Irrigated FSA # 1005

Year	Actual Yield / Planted Acre	Planted Acres	Prevented Planted Acres
Soybeans and Rice Acres			
2008	39.9	100.0	100
2009	45.5	200.0	0
2010	43.0	200.0	0
2011	46.3	200.0	0
2012		0	200
2013	55.0	100.0	100



Your Farm Units

FSA #	Farm Name	Crop Practice	
1005	AR Rice Farm 1	Commodity Soybeans Irrigated	Edit Yields
1005	AR Rice Farm 1	Long Grain Rice Irrigated	Edit Yields

[+ New Farm Unit](#)

Available Tools

[Help!](#)

Yield Update

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Base Acre Reallocation & PLC/ARC Decision Aid

This tool helps you decide whether to reallocate your base acres and whether to choose PLC, ARC-C, or ARC-I for each farm unit based on your data.

Yield Update Decision Aid

Verify Your Data

Help!

Your 2013 CC yields and actual yields per planted acre for 2008 through 2012 for your state-FSA#-crop-practice combinations are presented below. It is important that these data are correct. Please verify the data below, so yield update calculations are correct.

FSA# 1005

Crop	Farm	2013 CC Yield	2008	2009	2010	2011	2012
Long Grain Rice	AR Rice Farm 1	5940.0	6970.0				8500.0
Soybeans	AR Rice Farm 1	36.0	39.9	45.5	43.0	46.3	

Information is correct



Yield Update Decision Aid

[Help!](#)

The Decision Aid has calculated the PLC payment yield given the historical yields provided for each crop. Throughout the rest of the Decision Aid, PLC payments will be calculated assuming the higher of the two yields.

Arkansas FSA# 1005 Soybeans

2013 CC Yield	36
PLC Yield can be updated to	39

Arkansas FSA# 1005 Long Grain Rice

2013 CC Yield	5940
PLC Yield can be updated to	6962

Base Acres and PLC/ARC Decision Aid



United States Department of Agriculture
Farm Service Agency



Decision Aids



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Your Farm Units

FSA #	Farm Name	Crop Practice	
1005	AR Rice Farm 1	Commodity Soybeans Irrigated	Edit Yields
1005	AR Rice Farm 1	Long Grain Rice Irrigated	Edit Yields

+ New Farm Unit

Available Tools

Help!

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This tool calculates values for PLC yields using yield histories for your units listed on the left.

Base Acre Reallocation & PLC/ARC Decision Aid

This tool helps you decide whether to reallocate your base acres and whether to choose PLC, ARC-C, or ARC-I for each farm unit based on your data.

Base Acres and PLC/ARC Decision Aid

Your Data Base Acres and PLC/ARC Decision Aid

Your current base acres, planted acres history, and prevented planting history for 2009 through 2012 are presented below. It is vital that this information is correct and complete, or the reallocated base acres will not be calculated correctly.

Arkansas FSA # 1005

Planted Acres History

	2009	2010	2011	2012
Long Grain Rice	0.0	0.0	0.0	200.0
Soybeans	200.0	200.0	200.0	0.0

Prevented Planting History

	2009	2010	2011	2012
Long Grain Rice	0.0	0.0	0.0	0.0
Soybeans	0.0	0.0	0.0	0.0

Table continued on next page

Your Data **Base Acres and PLC/ARC Decision Aid**

Your current base acres, planted acres history, and prevented planting history for 2009 through 2012 are presented below. It is vital that this information is correct and complete, or the reallocated base acres will not be calculated correctly.

Arkansas FSA # 1005

Base Acres

	Current Base	Potential Reallocated Base
Long Grain Rice	100.0	50.0
Soybeans	100.0	150.0

Verify Data

It is vital that the Current Base Acres and Planting History above is correct and complete, or the reallocated base acres will not be calculated correctly, and the analysis will be invalid.

Information is correct

Base Acres and PLC/ARC Decision Aid

Your Price Outlook

FAPRI Prices

Help!

Please enter the expected annual commodity prices that you want to use in your analysis. You must complete all spaces in the form below before you can proceed. FAPRI and USDA price projections are provided for your convenience.

Long Grain Rice

	FAPRI	USDA	in \$/lb
2014	0.1257	0.1270	<input type="text" value="0.1257"/>
2015	0.1282	0.1390	<input type="text" value="0.1282"/>
2016	0.1309	0.1430	<input type="text" value="0.1309"/>
2017	0.1309	0.1470	<input type="text" value="0.1309"/>
2018	0.1313	0.1490	<input type="text" value="0.1313"/>

Soybeans

	FAPRI	USDA	in \$/bu
2014	10.0011	10.0000	<input type="text" value="10.0011"/>
2015	9.1035	8.6600	<input type="text" value="9.1035"/>
2016	9.7776	9.0000	<input type="text" value="9.7776"/>
2017	10.0848	8.9700	<input type="text" value="10.0848"/>
2018	10.2345	9.1900	<input type="text" value="10.2345"/>

Base Reallocation

Risk Chart, Same Choice for All Crops

Per Crop Analysis

Analysis Output

Farm-by-Farm Choices ?

FSA # 1005 ?

Base Reallocation Considerations

Need help interpreting this information? Try our [YouTube video](#)

FAPRI Prices

Total (2014-2018) Expected Payments or Expected Net Indemnity by Farm Program Option ?

Crop	Reallocate Base	ARC-CO		PLC		PLC + SCO	
		Yes	No	Yes	No	Yes	No
Long Grain Rice		\$7,295	\$14,591	\$29,098	\$58,196	\$32,673	\$61,771
Soybeans		\$14,643	\$9,762	\$4,505	\$3,003	\$4,505	\$3,003

Combinations of ARC-CO, PLC, and PLC+SCO to Maximize Total Payments for the Farm ?

Crop	Reallocate Base		No Reallocation	
	Program	Expected Payment	Program	Expected Payment
Long Grain Rice	PLC + SCO	\$32,673	PLC + SCO	\$61,771
Soybeans	ARC-CO	\$14,643	ARC-CO	\$9,762
	Total	\$47,316	Total	\$71,533

Analysis Output

Farm-by-Farm Choices 

FSA # 1005 

Base Reallocation

Risk Chart, Same Choice for All Crops

Per Crop Analysis

The following table shows expected payments or SCO net indemnities if you make the same choices across all crops in FSA # 1005.

FSA Program	Reallocate Base	2014	2015	2016	2017	2018	Sum	
ARC-IC	N/A							◀ Show Details
Expected Payment		\$3,450	\$4,592	\$4,769	\$4,344	\$3,561	\$20,716	
ARC-CO	Yes	\$4,569	\$6,220	\$4,882	\$3,685	\$2,583	\$21,939	
ARC-CO	No	\$4,674	\$6,112	\$5,233	\$4,571	\$3,764	\$24,353	
PLC 	Yes	\$6,272	\$7,954	\$6,647	\$6,472	\$6,257	\$33,603	
PLC 	No	\$12,166	\$13,475	\$12,005	\$11,892	\$11,660	\$61,199	
SCO Expected Net Indemnity	N/A	\$0	\$879	\$898	\$898	\$900	\$3,575	
PLC + SCO	Yes	\$6,272	\$8,833	\$7,545	\$7,370	\$7,157	\$37,178	
PLC + SCO	No	\$12,166	\$14,354	\$12,903	\$12,790	\$12,560	\$64,774	

Rice PLC/ARC/PLC-SCO

The following chart shows annual expected payments for each year (2014-2108). The scenario with the least red and most green will minimize payment risk. The rule is: Red is bad, Green is good

Long Grain Rice

Soybeans

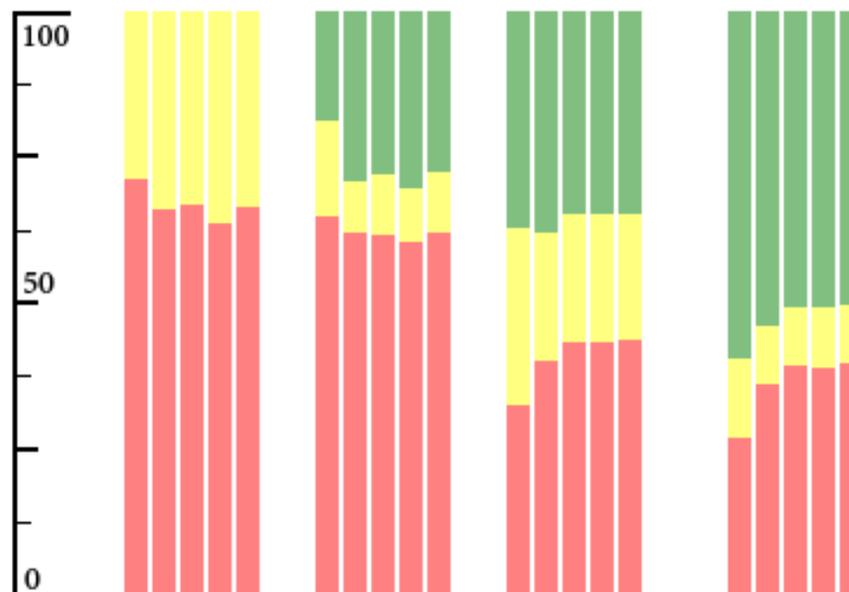
Long Grain Rice

The following chart shows annual expected payments for each year (2014-2108).

The scenario with the least red and most green will minimize payment risk. The rule is: Red is bad, Green is good

Program	ARC-CO	ARC-CO	PLC + SCO	PLC + SCO
Reallocate Base?	Yes	No	Yes	No

- Chance that the expected payment is greater than \$7,670
- Chance that the expected payment is between \$2,301 and \$7,670
- Chance that the expected payment is less than \$2,301



FSA Program	Reallocate Base	2014	2015	2016	2017	2018	Sum	
ARC-CO	Yes	Long Grain Rice						◀ Show Details
	Expected Payment	\$1,221	\$1,474	\$1,484	\$1,586	\$1,532	\$7,295	
ARC-CO	No							◀ Show Details
	Expected Payment	\$2,442	\$2,947	\$2,967	\$3,171	\$3,063	\$14,591	
PLC	Yes							◀ Show Details
	Expected Payment 	\$5,989	\$6,129	\$5,681	\$5,683	\$5,616	\$29,098	
PLC	No							◀ Show Details
	Expected Payment 	\$11,977	\$12,258	\$11,361	\$11,367	\$11,232	\$58,196	
SCO	N/A							
	Expected Net Indemnity	\$0	\$879	\$898	\$898	\$900	\$3,575	
PLC + SCO	Yes							
	Expected Payment + Net Indemnity	\$5,989	\$7,008	\$6,579	\$6,581	\$6,516	\$32,673	
PLC + SCO	No							
	Expected Payment + Net Indemnity	\$11,977	\$13,137	\$12,259	\$12,265	\$12,132	\$61,771	

Long Grain Rice

FSA Program	Reallocate Base	2014	2015	2016	2017	2018	Sum
PLC	Yes						▼ Hide Details
Expected Payment ▲		\$5,989	\$6,129	\$5,681	\$5,683	\$5,616	\$29,098
Probability of Payment		77%	68%	65%	65%	65%	
25% of Payments		≤ \$624	≤ \$0	≤ \$0	≤ \$0	≤ \$0	
25% of Payments		≥ \$9,851	≥ \$10,772	≥ \$10,133	≥ \$10,136	≥ \$10,078	
5% of Payments		≥ \$15,198	≥ \$17,760	≥ \$17,257	≥ \$17,260	≥ \$17,196	
PLC	No						▼ Hide Details
Expected Payment ▲		\$11,977	\$12,258	\$11,361	\$11,367	\$11,232	\$58,196
Probability of Payment		77%	68%	65%	65%	65%	
25% of Payments		≤ \$1,248	≤ \$0	≤ \$0	≤ \$0	≤ \$0	
25% of Payments		≥ \$19,701	≥ \$21,545	≥ \$20,266	≥ \$20,271	≥ \$20,156	
5% of Payments		≥ \$30,395	≥ \$35,520	≥ \$34,514	≥ \$34,520	≥ \$34,393	

Soybeans PLC/ARC/PLC-SCO

Base Reallocation

Risk Chart, Same Choice for All Crops

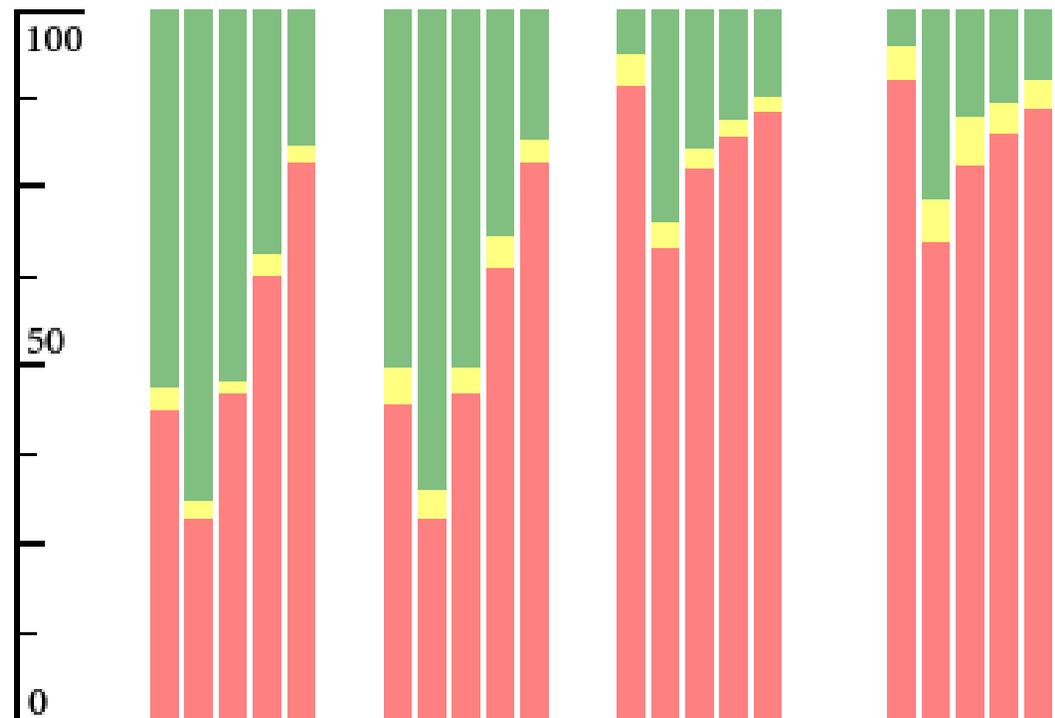
Per Crop Analysis

Soybeans

The following chart shows annual expected payments for each year (2014-2108). The scenario with the least red and most green will minimize payment risk. The rule is: **Red** is bad, **Green** is good

Program	ARC-CO	ARC-CO	PLC + SCO	PLC + SCO
Reallocate Base?	Yes	No	Yes	No

- Chance that the expected payment is greater than \$1,417
- Chance that the expected payment is between \$425 and \$1,417
- Chance that the expected payment is less than \$425



FSA Program	Reallocate Base	2014	2015	2016	2017	2018	Sum	
ARC-CO	Yes	Soybeans			<input type="checkbox"/> Rectangular Crop			Show Details
Expected Payment		\$3,348	\$4,746	\$3,398	\$2,099	\$1,052	\$14,643	
ARC-CO	No							Show Details
Expected Payment		\$2,232	\$3,164	\$2,265	\$1,399	\$701	\$9,762	
PLC	Yes							Show Details
Expected Payment 		\$284	\$1,825	\$966	\$789	\$641	\$4,505	
PLC	No							Show Details
Expected Payment 		\$189	\$1,217	\$644	\$526	\$427	\$3,003	
SCO	N/A							
Expected Net Indemnity		\$0	\$0	\$0	\$0	\$0	\$0	
PLC + SCO	Yes							
Expected Payment + Net Indemnity		\$284	\$1,825	\$966	\$789	\$641	\$4,505	
PLC + SCO	No							
Expected Payment + Net Indemnity		\$189	\$1,217	\$644	\$526	\$427	\$3,003	

Generic Base Allocation Decision Aid

This tool will help you decide whether to choose PLC or ARC for crops that you may grow in the future, to which generic base acres may be allocated. For example, at the time you sign up with FSA for 2014, you must choose PLC or ARC for any lentils that you might grow any time in the next five years. This is true even if you have never grown lentils in the past. There are at least 21 crops for which you must make such a choice

The analysis that follows makes use of national price histories, county yield histories, and regional cost of production data to calculate expected net returns (ENRs) for relevant commodities. These ENRs reflect expected market receipts, expected program (PLC or ARC) payments, and production costs. The data required to make this choice will not be available for all crops for all counties. In the screens that follow, we will fill in data where suitable historical data are available. You will have the opportunity to fill in data where no historical data are available or where you wish to over-ride the pre-filled values. If a critical data item (i.e., production costs or county yield history) is not available for a particular crop from our database and also not provided by you, we will omit that commodity from the analysis output.

Coming Soon!

ARC/PLC Evaluator for Generic (Cotton) Base

[Help!](#)

This tool compares expected PLC and ARC-CO payments (the average payment across many possible future realizations of prices and yields) for a county of your choice. In the calculations below, we will use two key assumptions. First, we assume that you would have a PLC Payment Yield equal to the default value assigned by FSA in the absence of a yield history. Second, we assume expected prices equal to the latest FAPRI projections.

Input

State

Arkansas

County

Desha

Go

Crop	PLC						ARC-CO					
	2014	2015	2016	2017	2018	Total	2014	2015	2016	2017	2018	Total
Irrigated Wheat	\$2 23%	\$19 59%	\$16 55%	\$12 45%	\$10 40%	\$59	\$0 1%	\$4 20%	\$6 25%	\$3 12%	\$1 6%	\$14
Non-Irrigated Wheat	\$2 23%	\$19 60%	\$16 54%	\$12 45%	\$10 41%	\$59	\$0 0%	\$4 19%	\$5 22%	\$2 10%	\$1 4%	\$12
Long grain rice	\$89 78%	\$91 68%	\$85 65%	\$85 65%	\$84 64%	\$434	\$23 37%	\$26 38%	\$31 42%	\$33 45%	\$34 44%	\$147
Grain corn	\$37 67%	\$23 45%	\$19 40%	\$17 36%	\$17 36%	\$113	\$57 85%	\$46 72%	\$36 57%	\$17 33%	\$14 29%	\$170
Non-Irrigated Grain sorghum	\$38 81%	\$32 71%	\$27 65%	\$22 58%	\$22 56%	\$141	\$27 93%	\$19 72%	\$18 67%	\$11 47%	\$11 47%	\$86
Irrigated Soybeans	\$1 11%	\$6 36%	\$4 23%	\$3 19%	\$2 16%	\$16	\$17 51%	\$27 69%	\$22 57%	\$15 40%	\$7 24%	\$88
Non-Irrigated Soybeans	\$1 12%	\$6 37%	\$4 23%	\$3 19%	\$2 17%	\$16	\$15 56%	\$16 60%	\$15 57%	\$11 45%	\$9 36%	\$66

Wheat

PLC						ARC-CO					
2014	2015	2016	2017	2018	Total	2014	2015	2016	2017	2018	Total
\$2 23%	\$17 59%	\$14 55%	\$11 46%	\$9 38%	\$53	\$5 25%	\$13 53%	\$13 52%	\$8 35%	\$5 24%	\$42

Long Grain Rice

PLC						ARC-CO					
2014	2015	2016	2017	2018	Total	2014	2015	2016	2017	2018	Total
\$86 78%	\$88 68%	\$81 66%	\$81 65%	\$81 65%	\$417	\$24 40%	\$29 43%	\$30 43%	\$31 45%	\$31 44%	\$146

Corn

PLC						ARC-CO					
2014	2015	2016	2017	2018	Total	2014	2015	2016	2017	2018	Total
\$27 67%	\$17 46%	\$14 39%	\$12 36%	\$12 36%	\$83	\$63 85%	\$51 70%	\$39 56%	\$17 30%	\$11 22%	\$181

Grain Sorghum

PLC						ARC-CO					
2014	2015	2016	2017	2018	Total	2014	2015	2016	2017	2018	Total
\$30 81%	\$25 71%	\$21 63%	\$18 58%	\$17 58%	\$111	\$31 90%	\$29 81%	\$24 72%	\$15 55%	\$12 46%	\$111

Soybeans

PLC						ARC-CO					
2014	2015	2016	2017	2018	Total	2014	2015	2016	2017	2018	Total
\$1 11%	\$8 36%	\$4 23%	\$3 20%	\$3 16%	\$19	\$22 58%	\$32 74%	\$23 56%	\$14 38%	\$6 20%	\$98

Annual Insurance Decision Aid

This tool characterizes the probabilities of realizing various levels of net revenue given the various choices you might make. Here, net revenue includes your market receipts, crop insurance premiums and indemnities, shallow loss premiums and indemnities, and any FSA program payments. Choices that are considered are

- Crop insurance policy type (YP, RP, RP-HPE)
- Crop insurance unit structure (optional or enterprise)
- Crop insurance coverage level
- Yield trend-adjustment option
- Shallow loss option (SCO for most crops, SCO or STAX for cotton)
- FSA program choice (PLC or ARC)

This tool relies upon previously-entered data about your RMA units for a particular state-county-crop-practice combination that you wish to analyze. If you have not yet entered data, you can do so using the [data tools](#).

Coming Soon!

2015 Arkansas

Rice, Soybeans and Corn

Returns to Operating and Fixed Costs

2015 Outlook Summary of Revenue and Costs per Acre

	Cotton	Corn	Sorghum	Soybean	1/ Rice
Yield (cotton-lb, other-bu)	1200	220	110	60	180
Price (\$/yield unit)	\$0.60	\$3.89	\$3.60	\$9.10	\$5.76
Crop Revenue	\$720.00	\$855.80	\$396.00	\$546.00	\$1,036.80
Cottonseed Value	\$145.08				
Specified Operating Costs	\$502.32	\$595.52	\$284.86	\$296.77	\$628.70
Per Yield Unit	\$0.42	\$2.71	\$2.59	\$4.95	\$3.49
Fixed Costs	\$139.01	\$78.24	\$73.48	\$71.40	\$117.22
2/ Total Specified Operating & Fixed Costs	\$641.33	\$673.76	\$358.34	\$368.17	\$745.92
Per Unit Costs	\$0.53	\$3.06	\$3.26	\$6.14	\$4.14
3/ Returns to Specified Costs	\$78.67	\$182.04	\$37.66	\$177.83	\$290.88



Cost Estimates provided by
Professor Archie Flanders

1Rice input costs and other operating expenses are weighted averages for conventional, Clearfield, hybrid, and Clearfield hybrid seeds.

2Does not include land costs, management, or other expenses and fees not associated with production.

3Share rent and cash land rent are deducted from crop revenue.

81, 12.80, 7.56, 9.2

Potential Government Payment

Next Question: What is the potential 5 year average government payments per acre for a given set of assumptions

Price Loss Coverage (PLC) and Agricultural Risk Coverage (ARC)

Rice, Soybeans, Corn, and Wheat

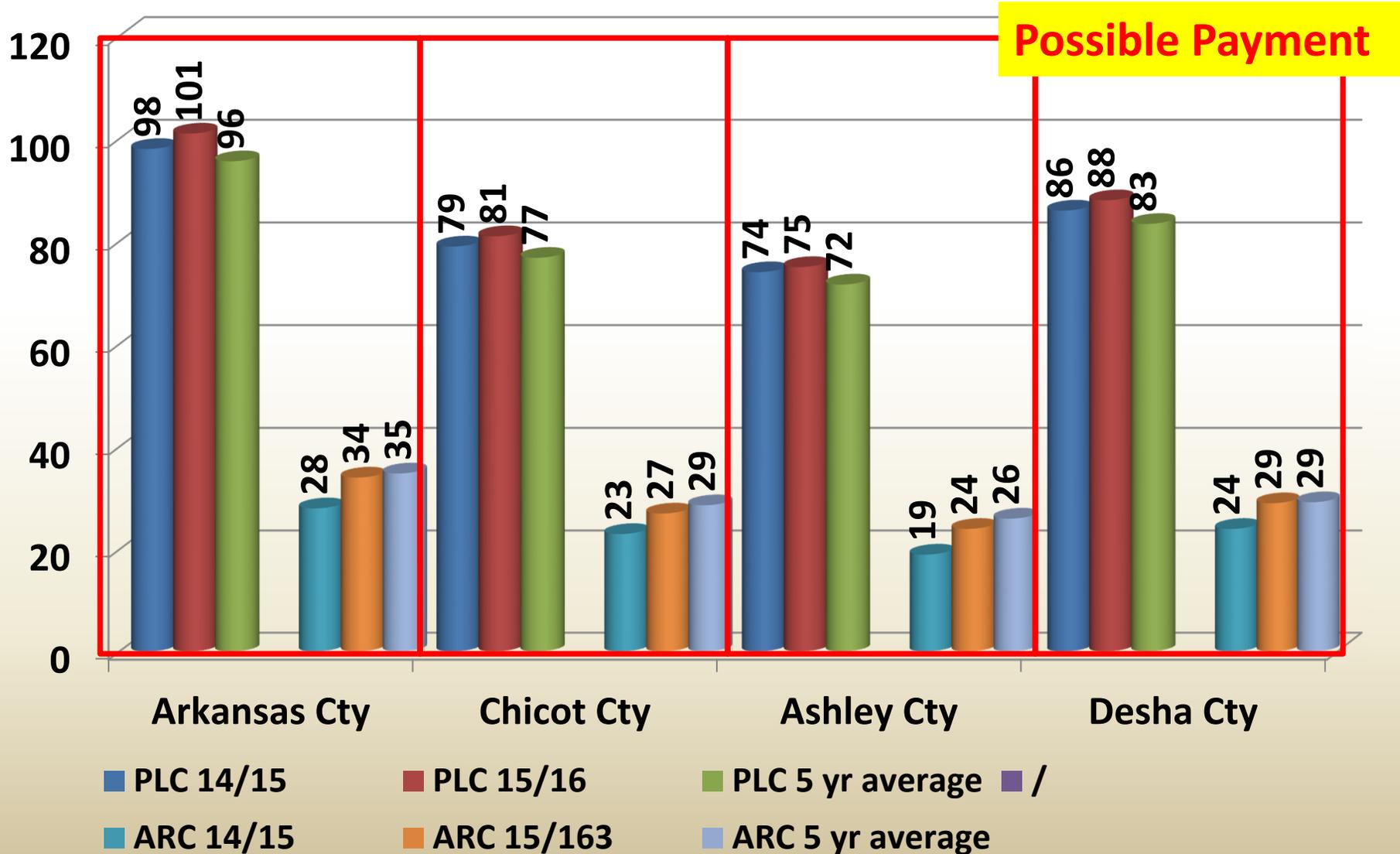
Select Arkansas Counties Preliminary

**Agricultural Risk Coverage (ARC)
Price Loss Coverage (PLC)
Potential
Per Acre Payments**

**Arkansas, Desha, Chicot, and Ashley
Counties**

Arkansas, Chicot, Ashley, and Desha Counties

Potential Rice PLC and ARC Per Acre Payments - Preliminary

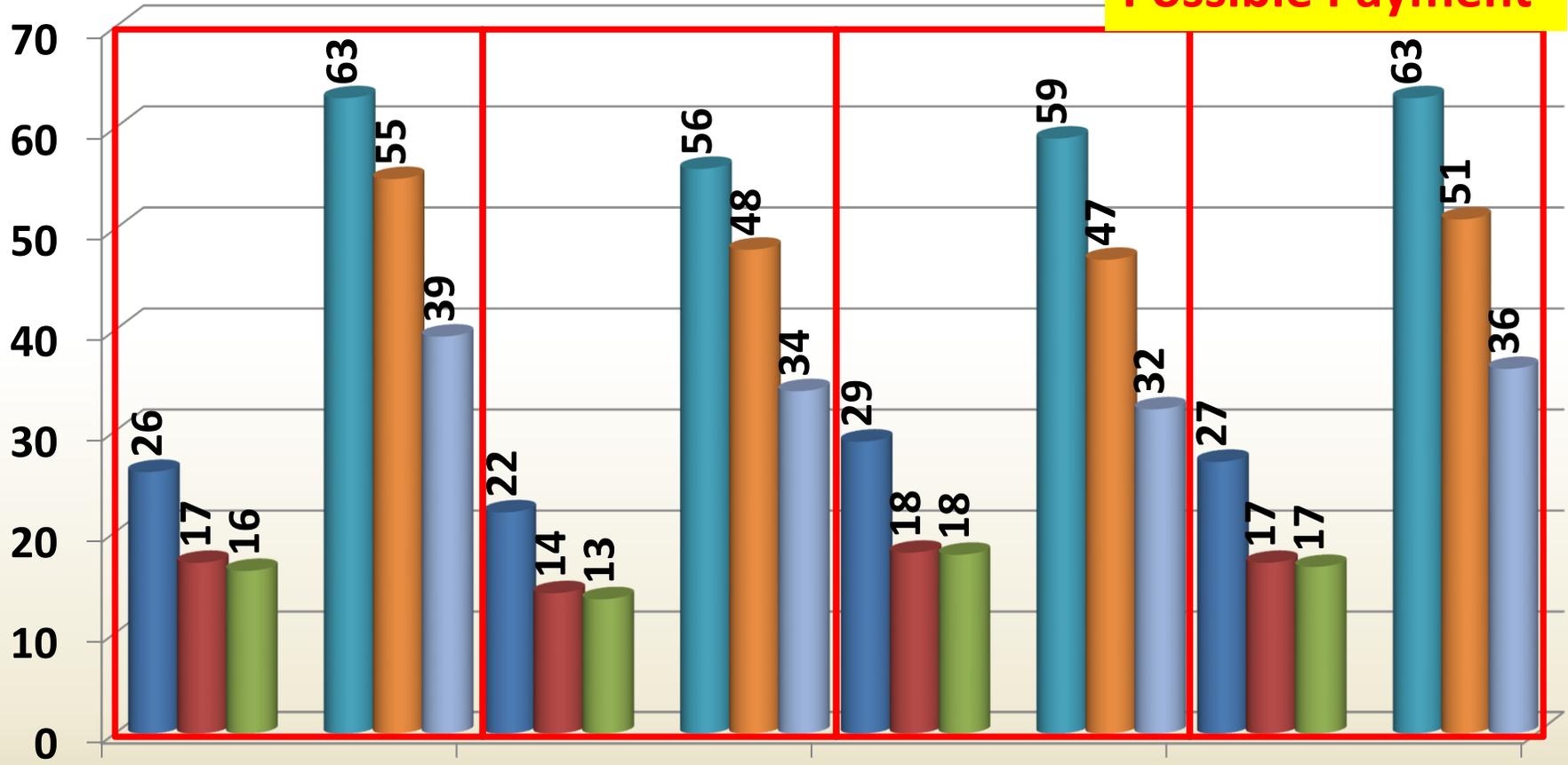


Developed for educational use only. Results will vary with assumptions.

Arkansas, Chicot, Ashley, and Desha Counties

Potential Corn PLC and ARC Per Acre Payments - Preliminary

Possible Payment

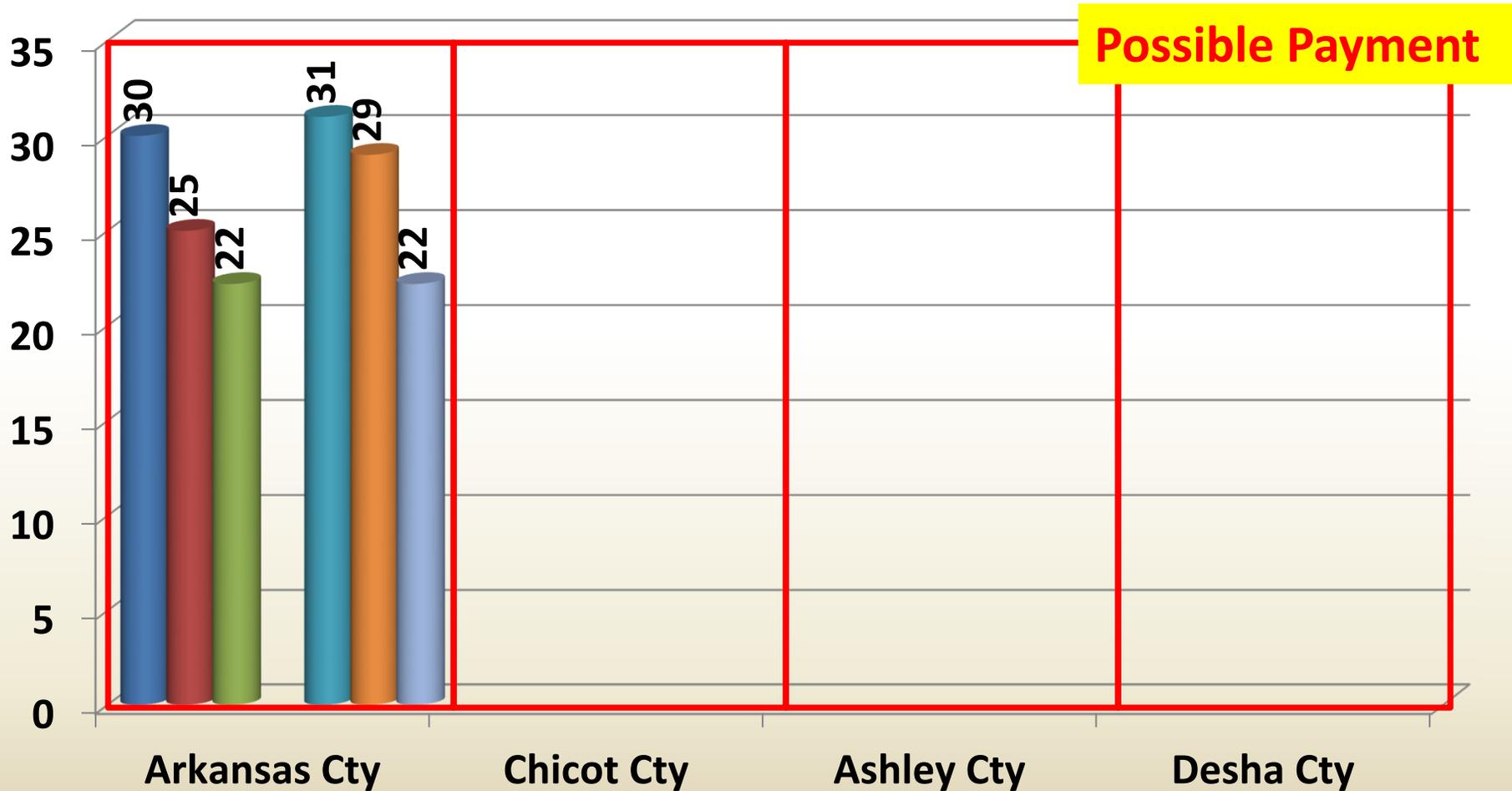


■ PLC 14/15 ■ PLC 15/16 ■ PLC 5 yr average ■ /
■ ARC 14/15 ■ ARC 15/16 ■ ARC 5 yr average

Developed for educational use only. Results will vary with assumptions.

Arkansas, Chicot, Ashley, and Desha Counties

Potential Grain Sorghum PLC and ARC Per Acre Payments - Preliminary



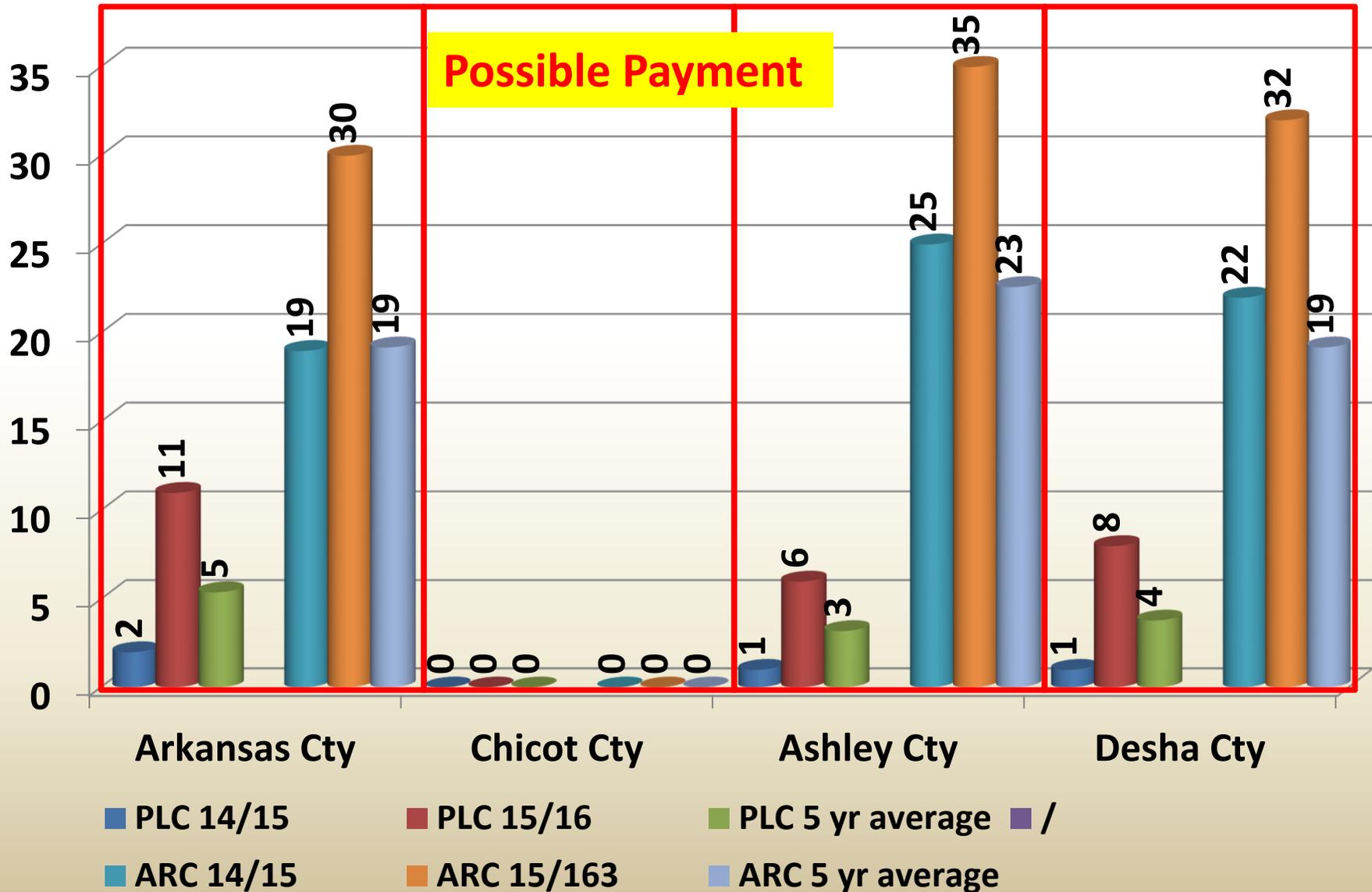
■ PLC 14/15 ■ PLC 15/16 ■ PLC 5 yr average ■ /

■ ARC 14/15 ■ ARC 15/16 ■ ARC 5 yr average

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Arkansas, Chicot, Ashley, and Desha Counties

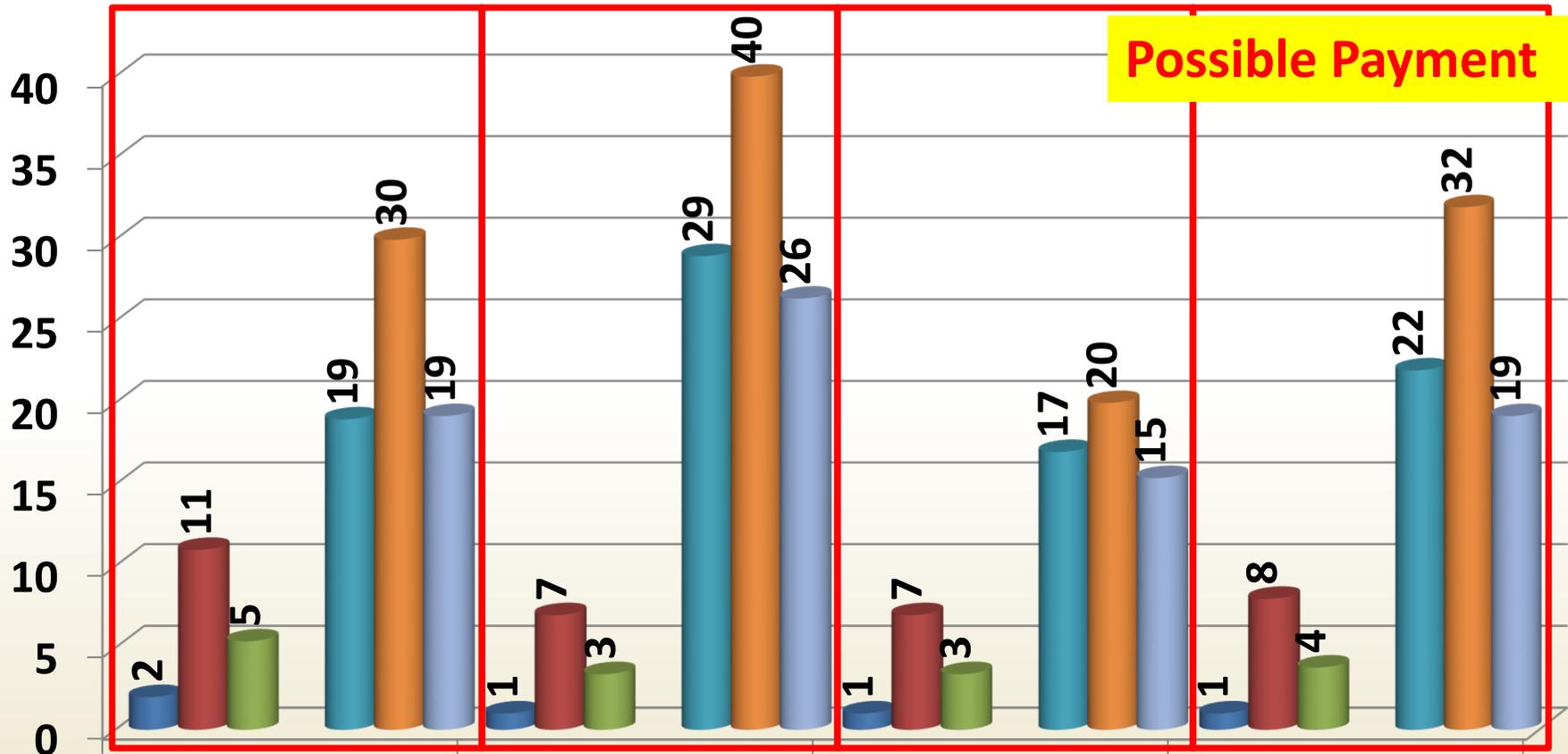
Potential Soybeans PLC and ARC Per Acre Payments - Preliminary



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Arkansas, Chicot, Ashley, and Desha Counties

Potential Soybeans PLC and ARC Per Acre Payments - Preliminary



■ PLC 14/15 ■ PLC 15/16 ■ PLC 5 yr average ■ /
■ ARC 14/15 ■ ARC 15/163 ■ ARC 5 yr average

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Thank You!

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UofA

DIVISION OF AGRICULTURE
RESEARCH & EXTENSION

University of Arkansas System

Understanding the



2014 FARM BILL