



Commodity Program Decisions Deadline Extended to April 7

Gary Schnitkey, Jonathan Coppess, Nick Paulson

Department of Agricultural and Consumer Economics
University of Illinois

Carl Zulauf

Department of Agricultural, Environmental and Development Economics
Ohio State University

April 1, 2015

farmdoc daily (5):60

Recommended citation format: Schnitkey, G., J. Coppess, N. Paulson, and C. Zulauf. "[Commodity Program Decisions Deadline Extended to April 7.](#)" *farmdoc daily* (5):60, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, April 1, 2015.

Permalink <http://farmdocdaily.illinois.edu/2015/04/commodity-program-decisions-deadline-extended.html>

The Farm Service Agency (FSA) extended the deadline for making commodity program decisions until April 7th probably because signup was lagging in certain areas and because of difficulties in making decisions. Until the April 7th deadline passes, landowners and producers can make or change decisions relative to 1) base acre allocations, 2) yield updating, and 3) program choice. Several comments relative to these decisions and the extension are provided below. Overall, little new information impacting price and yield expectations have arrived since the release of county yield estimates in late February. Therefore, there is little need to review decisions if they have already been made.

Importance of Making Program Choice Decision

Producers have the choice between three programs: Agricultural Risk Converge at the county level (ARC-CO), ARC at the individual coverage level (ARC-IC), and Price Loss Coverage (PLC). Producers not completing the FSA sign up process will forfeit any potential payments for the 2014 crop and beginning with the 2015 crop will be deemed to have elected PLC for all base acres on the farm. There will be commodity program payments in 2014 for many crops in many areas. Therefore, there is a payment incentive to complete the program choice signup.

Nature of Program Choice Decisions

Once signup deadline passes, decisions cannot be changed during the life of the 2014 Farm Bill, which is scheduled to last through the 2018 commodity year. As a result, expectations of prices and yields for 2014 through 2018 enter into decisions. Because the 2014 crop has been harvested and the 2014 marketing year

We request all readers, electronic media and others follow our citation guidelines when re-posting articles from farmdoc daily. Guidelines are available [here](#). The farmdoc daily website falls under University of Illinois copyright and intellectual property rights. For a detailed statement, please see the University of Illinois Copyright Information and Policies [here](#).

is well underway, estimates of 2014 payments can be made with much more certainty than can be payments in 2015 through 2018.

No New Information

Since the National Agricultural Statistical Service (NASS) released county yields on February 19th, there have been no material changes regarding expected commodity program payments. Release of NASS yields allowed estimates of ARC-CO payments at the county level. It should be noted that county level payments are estimates. FSA will potentially use different yields than NASS yields in calculating payments. The market year average (MYA) price expectations for 2014 have changed little since at least the beginning of the year. Moreover, there is no new information available for what MYA prices will be in the 2015 through 2018 crop years. Producer's price expectations, especially the range for those price expectations as compared to the PLC reference price, are one of the most important pieces for this decision.

The major implication of this is that there is no need to revise program choices based on this program extension since no significant new information has come out in the last month. If you feel you already have a good understanding of 2014 payments and a sense of your price expectations going forward, there is no reason to rethink your program choices due to this extension.

2014 Program Choice Payments

Maps showing 2014 estimated ARC-CO payments are available in the *farmdoc daily* article of [February 24, 2015](#). A summary of 2014 payments is:

Corn PLC: The reference prices for corn is \$3.70 and the midpoint of USDA's MYA 2014 price project is \$3.70. This suggests no PLC payments. There is a possibility of a lower 2014 MYA price causing payments. A lower MYA price could result in modest PLC payments, likely less than \$10 per base acre.

Corn ARC: ARC-CO will make payments over much of the nation. There will be some notable areas having high yields where payments will be low. These include counties in southern Indiana, central and southern Illinois, southern Iowa, Missouri, and eastern Kansas (see Figure 1 [here](#)).

Soybeans PLC: The reference price for soybeans is \$8.40. Current USDA projections if for a 2014 MYA price of \$10.20. PLC will not make payments for 2014 crop.

Soybean ARC-CO: ARC-CO will not make payments in 2014 for most counties. There will be counties in Ohio, Michigan, Wisconsin, Minnesota, North Dakota, Nebraska, and Kansas where ARC-CO will make payments (see Figure 2 [here](#)).

Wheat PLC: The reference price for wheat is \$5.50. USDA's estimate of 2015 MYA price is \$6.00. PLC will not make payments in 2014 for wheat.

Wheat ARC-CO: ARC-CO will make payments for wheat in some counties in Texas, Oklahoma, Nebraska, Washington, and Oregon (see Figure 3 [here](#)).

Payments for 2014-2018

Expected payments beyond those estimated above for the 2014 crop year remain available on the sample farms section of the [Agricultural Price Analysis System](#). A summary of expected payments is provided [here](#). Given market-based estimates of MYA prices in 2015 through 2018, results would suggest:

Corn: ARC-CO is likely to make higher average payments than PLC in most counties

Soybeans: ARC-CO is expected to make higher average payments than PLC.

Wheat: ARC-CO is expected to make higher average payments than wheat in many counties.

Significantly lower prices over 2015 through 2018, however, would result in PLC making higher payments than ARC

Summary

The one-week extension should not impact those producers who have already made their ARC/PLC decision because there has been no new information about prices and yields. Producers should keep in mind that there is no expectation for new information that might cause changes in payment estimates for the next several months. For guidance in program choice, decisions see program crop decision steps on *farmdoc* [Farm Bill Toolbox](#) site.

References

Agriculture Policy Analysis System (APAS). <http://fsa.usapas.com/>

Farm Bill Toolbox. "Program Crop Decision Steps." Accessed April 1, 2015.
<http://farbilltoolbox.farmdoc.illinois.edu/arc-plc-decision-steps.html>

Schnitkey, G., C. Zulauf, J. Coppess, and N. Paulson. "[Program Choice under the 2014 Farm Bill with all Available Price and Yield Information](#)." *farmdoc daily* (5):54, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, March 24, 2015.

Schnitkey, G. "[Estimated 2014 ARC-CO and PLC Payments](#)." *farmdoc daily* (5):34, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, February 24, 2015.