



Prevent Plant / Late Planting Decisions

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Topics

1. Market outlook
2. Soybean: prevent plant / plant decision
3. Cover crop: crop insurance and MFP considerations
4. Policy update: MFP
5. Policy update: Ad hoc disaster assistance

Contact your:

- Crop insurance agent
 - File a prevent plant claim
 - Determine eligible acres for prevent plant (values for corn and soybeans)
- Farm Service Agency
 - Complete CCC-576 for prevent plant acres
 - Deadline is 15 days after final plant date
 - Corn in Illinois: May 31, June 5
 - Soybeans in Illinois: June 15, June 20
 - FSA accepts records from crop insurance
 - Illinois FSA extended deadline for no insurance and NAP to acreage reporting date



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Poll: In your area, how much corn is prevented planted

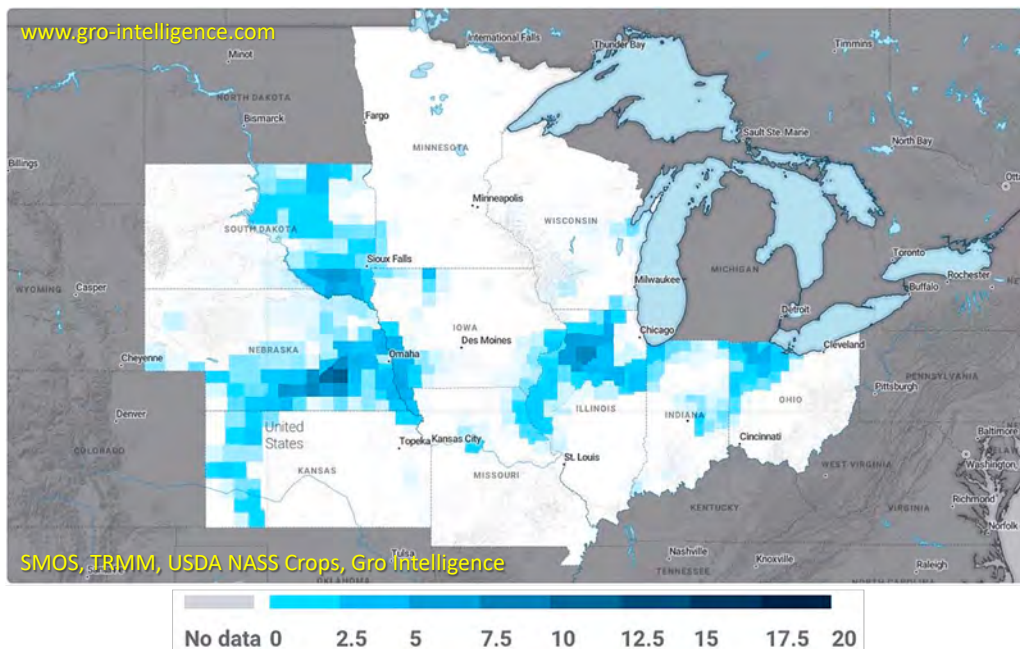
- Not much
- Less than 20%
- Between 20% and 50%
- Over 50%

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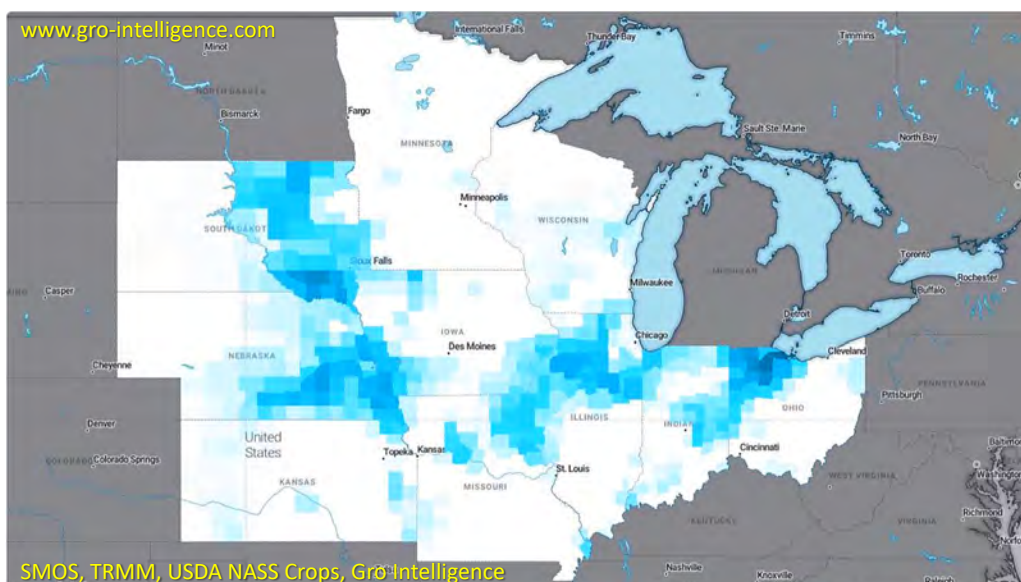
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farmdoc
WEBINARS

Corn Acreage Loss Risk



Soybean Acreage Loss Risk



Soybean Balance Sheet

	2018-19 USDA Forecast	2018-19 Forecast	2019-20 USDA Forecast	2019-20 Forecast No acreage change	2019-20 Forecast 2 mill. acre gain
Supply:					
Planted Acreage (mil.)	89.2	89.2	84.6	84.6	86.6
Harvested Acreage (mil.)	88.2	88.2	83.8	83.8	85.8
Yield (bu./ac.)	51.6	51.6	49.4	48.7	48.7
Production (mil. bu.)	4,544	4,544	4,150	4,081	4,178
Beginning stocks (mil. bu.)	438	438	1,070	1,070	1,070
Imports (mil. bu.)	17	17	20	20	20
Total Supply (mil. bu.)	4,999	4,999	5,165	5,171	5,268
Consumption:					
Crush (mil. bu.)	2,100	2,100	2,115	2,115	2,115
Export (mil. bu.)	1,700	1,700	1,950	1,800	1,800
Seed and feed (mil. bu.)	129	129	130	130	130
Total Consumption (mil. bu.)	3,929	3,929	4,195	4,045	4,045
Ending stocks (mil. bu.)	1,070	1,070	1,045	1,126	1,178
Stocks-to-use	27.2%	27.2%	24.9%	27.8%	29.2%
Average farm price (\$/bu.)	\$8.50	\$8.50	\$8.25	\$8.00	\$7.85



Prevent Plant / Late Planting Decisions

June 19, 2019

Soybean Supply Scenarios

	2019-20 USDA Forecast	43 Bu. / Ac. Yield	45 Bu. / Ac. Yield	47 Bu. / Ac. Yield	48 Bu. / Ac. Yield
Supply:					
Planted Acreage (mil.)	84.6	83.8	80.1	76.7	75.1
Harvested Acreage (mil.)	83.8	83.0	79.3	75.9	74.3
Yield (bu./ac.)	49.4	43	45	47	48
Production (mil. bu.)	4,150	3,570	3,570	3,570	3,570
Beginning stocks (mil. bu.)	1,070	1,070	1,070	1,070	1,070
Imports (mil. bu.)	20	20	20	20	20
Total Supply (mil. bu.)	5,165	4,660	4,660	4,660	4,660
Consumption:					
Crush (mil. bu.)	2,115	2,115	2,115	2,115	2,115
Export (mil. bu.)	1,950	1,950	1,950	1,950	1,950
Seed and feed (mil. bu.)	130	130	130	130	130
Total Consumption (mil. bu.)	4,195	4,195	4,195	4,195	4,195
Ending stocks (mil. bu.)	1,045	465	465	465	465
Stocks-to-use	24.9%	11%	11%	11%	11%
Average farm price (\$/bu.)	\$8.25	\$9.05	\$9.05	\$9.05	\$9.05



Corn Balance Sheet

	2018-19 USDA Forecast	2018-19 Forecast	2019-20 USDA Forecast	2019-20 Forecast 7 mill. acre loss	2019-20 Forecast 10 mill. acre loss
Supply:					
Planted Acreage (mill. Ac.)	89.1	89.1	89.8	82.8	79.8
Harvested Acreage (mill. Ac.)	81.7	81.7	82.4	75.4	72.4
Yield (Bu. / Ac.)	176.4	176.4	166	166	166
Total Production (mill. Bu.)	14,420	14,420	13,680	12,516	12,018
Beginning Stocks (mill. Bu.)	2,140	2,140	2,195	2,235	2,235
Imports (mill. Bu.)	35	35	50	50	50
Total Supply (mill. Bu.)	16,595	16,595	15,925	14,801	14,303
Consumption:					
Feed and Residual (mill. Bu.)	5,300	5,260	5,150	5,250	5,175
Food, Seed, and Industrial (mill. Bu.)	6,900	6,900	6,950	6,830	6,770
Ethanol (mill. Bu.)	5,450	5,450	5,500	5,380	5,340
Exports (mill. Bu.)	2,200	2,200	2,150	1,550	1,420
Total Consumption (mill. Bu.)	14,400	14,360	14,250	13,630	13,365
Ending Stocks (mill. Bu.)	2,195	2,235	1,675	1,171	938
Stocks-to-Use	15.2%	15.6%	11.7%	8.6%	7.0%
Average Price (\$/bu.)	\$3.50	\$3.50	\$3.80	\$5.00	\$5.50

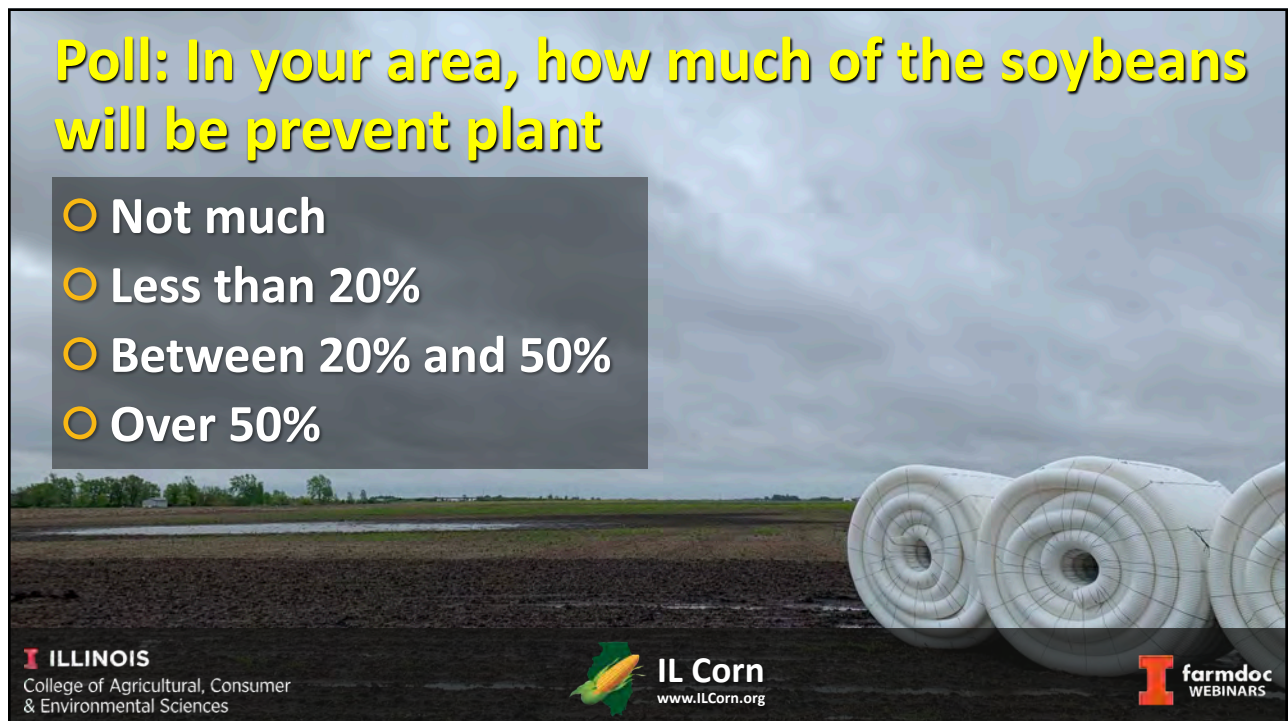


Soybean: prevent plant / plant decision



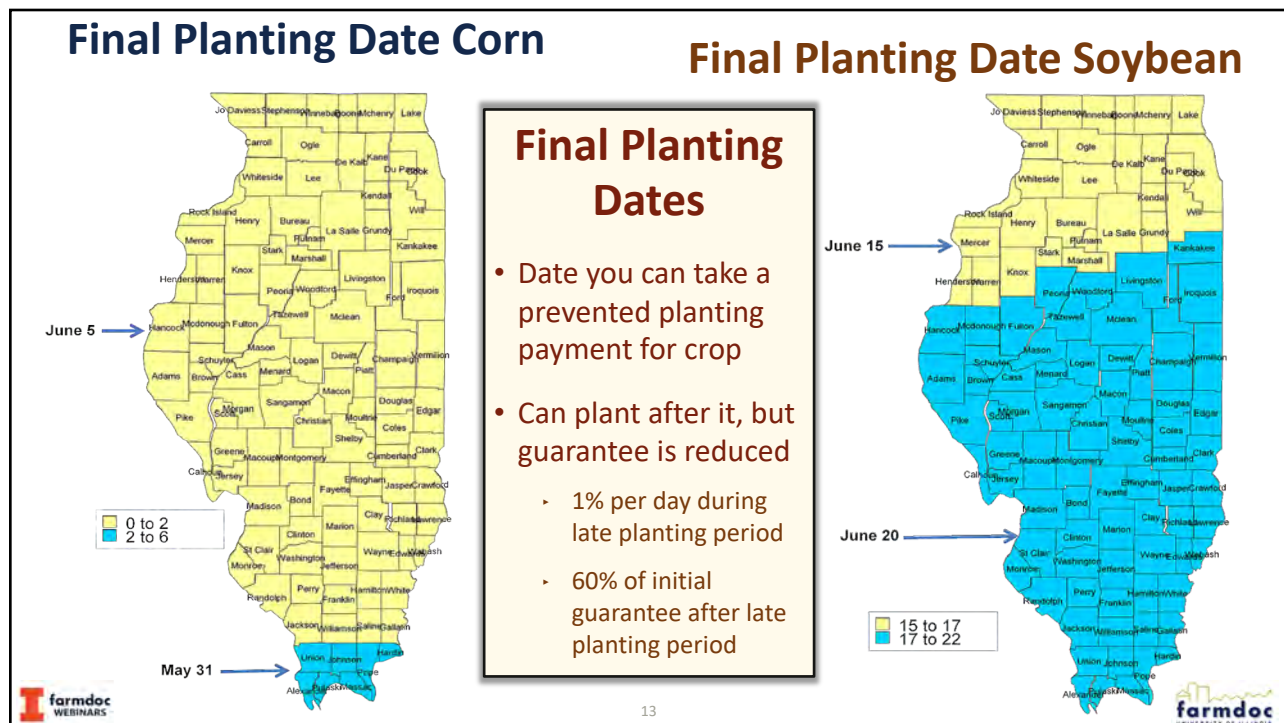
Poll: In your area, how much of the soybeans will be prevent plant

- ☐ Not much
- ☐ Less than 20%
- ☐ Between 20% and 50%
- ☐ Over 50%



Prevent Plant / Late Planting Decisions

June 19, 2019



Acres intended for corn

Late Planting period

- June 5: June 6 to June 25 or
- May 31: June 1 to June 20

Following decisions in late planting period:

1. Prevent payment on corn
2. Plant corn
3. Plant soybeans (first plant all intended soybean acres to soybeans)

After late planting period

1. Take 35% corn prevent planting payment/plant soybeans after late planting period

Acres intended for soybeans

Late Planting period

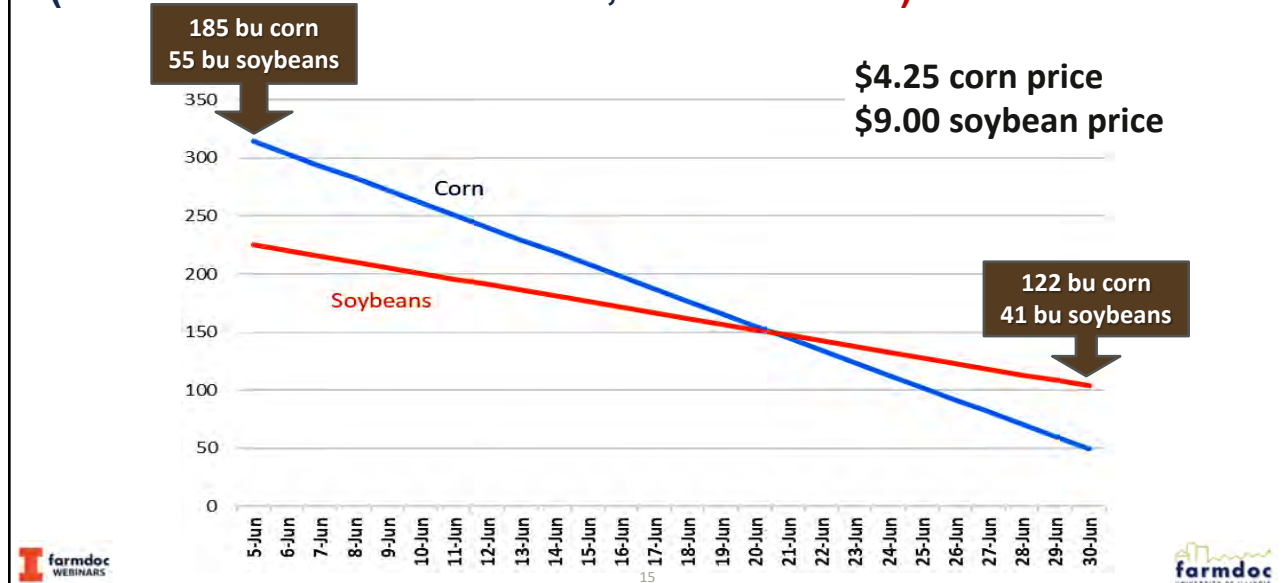
- June 15: June 16 to July 10 (north) or
- June 20: June 21 to July 15 (central/south)

Following decisions in late planting period:

1. Prevent planting payment on soybeans
2. Plant soybeans
3. Plant corn (if all intended soybean acres are planted)

14

Net Returns: Corn and Soybeans (No land and overhead cost, **No Insurance**)



Be careful planting soybeans on a corn prevent plant acre

Corn 85% RP at 220 bushel TA-APH

- Prevent planting payment at 55% prevent plant factor (60% was available)
- **\$411 per acre** = .55 prevent plant factor x .85 cl x \$4.00 projected price x 220 TA-APH
- \$371 net return = \$411 - \$40 costs (weed control and crop insurance premium)

Soybean return

\$425	Crop revenue (50 yield x \$8.50 price)
\$77	Insurance payment (65 TA-APH, 85% RP, \$9.00 harvest price)
\$50	MFP
-\$260	Costs
<hr/>	
\$292	Soybean return

Prevent Plant / Late Planting Decisions

June 19, 2019

Full Season and Double Crop Soybean Yields, Southern Illinois

	Year							Avg
	2012	2013	2014	2015	2016	2017	2018	
	Bu per acre							
Full season	41	49	55	52	56	53	54	51
Double crop	17	32	44	34	51	38	50	38
Double-crop as a % of full season	41%	65%	80%	65%	91%	72%	93%	73%

Source: Illinois Farm Business Farm Management

FarmdocDaily, June 6, 2019 based on Nafziger
72% of maximum yield on June 20



Situation

- 50 TA-APH, 80% RP policy
- Prevent planting payment
 - $.60 \times .80 \times 55 \text{ TA-APH} \times 9.54 \text{ projected price}$
 - $= \$229$
- Prevent plant net return
 - $\$189 = \$229 \text{ PP payment} - \40 payment



85% RP, 505 TA-APH, Full Cost to Incur (\$260)

Prevent Plant Soybeans

- \$189 net return
- Certain payment
- No impact on APH

Plant Soybeans

Will impact APH

Break-even under full costs

\$449 revenue (\$189 PP + \$260 soybean costs)

- \$50 MFP

\$399 in revenue from crop sales or crop insurance

50 bu per acre yield: \$8.00 break-even cash price

38 bu per acre yield: \$10.50 break-even cash price

Net Returns from Planting Soybeans for Different Yields and Prices, June 21 (1 day after FPD)

Harvest Price	Cash Price	Actual Yield							
		25	30	35	40	45	50	55	60
\$ / bu.	\$ / bu.	\$ per acre							
8.00	7.70	158	156	154	152	150	170	208	246
8.50	8.20	158	156	154	152	155	195	236	276
9.00	8.70	158	156	154	152	177	220	263	306
9.50	9.20	158	156	154	154	200	245	291	336
10.00	9.70	176	174	172	174	222	270	318	366
10.50	10.20	196	194	192	194	245	295	346	396
11.00	10.70	216	214	212	214	267	320	373	426

Net return from prevent plant = \$189 per acre

From Planting Decision Model available from farmdoc

Prevent Plant / Late Planting Decisions

June 19, 2019

Net Returns from planting Soybeans	Harvest Price	Cash Price	Actual Yield							
			25	30	35	40	45	50	55	60
	\$ / bu.	\$ / bu.	\$ per acre							
June 21 (1 day after FPD)	8.00	7.70	158	156	154	152	150	170	208	246
	8.50	8.20	158	156	154	152	155	195	236	276
	9.00	8.70	158	156	154	152	177	220	263	306
	9.50	9.20	158	156	154	154	200	245	291	336
	10.00	9.70	176	174	172	174	222	270	318	366
	10.50	10.20	196	194	192	194	245	295	346	396
	11.00	10.70	216	214	212	214	267	320	373	426
June 27 (7 day after FPD)	8.00	7.70	135	133	131	129	132	170	208	246
	8.50	8.20	135	133	131	129	155	195	236	276
	9.00	8.70	135	133	131	134	177	220	263	306
	9.50	9.20	135	133	131	154	200	245	291	336
	10.00	9.70	152	150	148	174	222	270	318	366
	10.50	10.20	171	169	167	194	245	295	346	396
	11.00	10.70	189	187	185	214	267	320	373	426

For Soybean Decisions

(Compare net returns from prevent plant to insurance guarantee)

\$129 net return from prevent planting

Cash price guarantee

\$9.54 projected price - \$.40 basis = \$9.14 cash price

Yield guarantee

50 TA-APH x .80 coverage level x (1-.07) 7

← Goes down 1% per day
during late planting period

Cash insurance guarantee (built in \$.40 basis)

\$9.14 x 37 = \$338

Net return at minimum

\$338 cash insurance guarantee + \$50 MFP - \$260 net costs = **\$128**

Cover Crop: Crop insurance and MFP considerations



Poll: Do you expect prevent plant acres to be planted to cover crops

- ☐ Not many acres
- ☐ Less than 50%
- ☐ Over 50%



Summary of crop insurance

- **100%** of prevent planting payment will be received if cover crop is **not harvested, hayed, or grazed**
- Can use soybeans as a cover crop on a corn prevent planting acre
Note: There can be adjusting requirements
- Can **not** use soybeans as a cover crop on a soybean prevent plant acre



If cover crop is planted **before** Final Planting Date (crop insurance)

100% of prevent planting payment if:

- hayed or grazed before final planting date
- hayed or grazed on or after November 1
- No haying or grazing

35% of prevent planting payment if

- hayed or grazed between Final Planting Date and November 1

No payment if

- harvested



If cover crop is planted **during** Late Planting Period (crop insurance)

100% of prevent planting payment if:

- no haying or grazing
- hayed and grazed on or after November 1

No prevent planting payment if:

- hayed or grazed before November 1
- harvested

If cover crop is planted **after** Late Planting Period (crop insurance)

All of prevent plant payment

- no haying or grazing
- hay and graze on or after **November 1**

35% of prevent planting payment if

- hayed or grazed before November 1
- harvested

Crop insurance discussion

- Some discussion of relaxing haying and grazing requirements for the cover crop.
- Relaxing the rules has **not** happened



Market facilitation program

- Can get a **minimal** Market Facilitation Program payment if the cover crop has the “potential to be harvested” (USDA press release, June 10, 2019)
 - No definition of minimal
 - No definition of “potential to be harvested”
- Does not change the crop insurance rules



Policy Discussion



Poll: What do you expect the per acre MFP payment to be in your county?

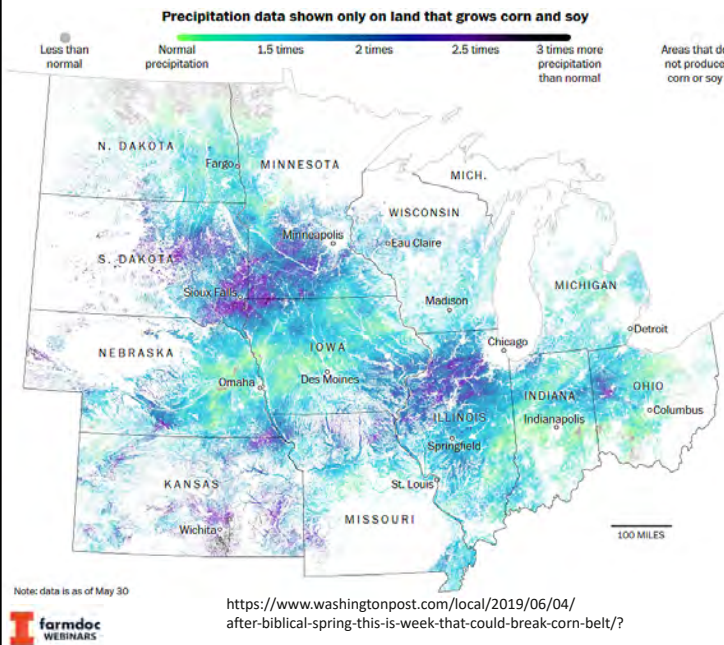
- ☐ Less than \$20 per acre
- ☐ Between \$20 and \$40 per acre
- ☐ Between \$40 and \$60 per acre
- ☐ Between \$60 and \$80 per acre
- ☐ Over \$80 per acre



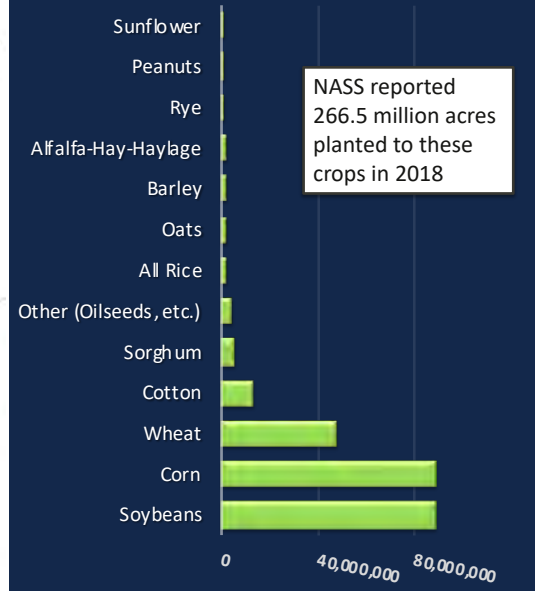
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June 19, 2019

INTRODUCTION: WHERE WE STAND.

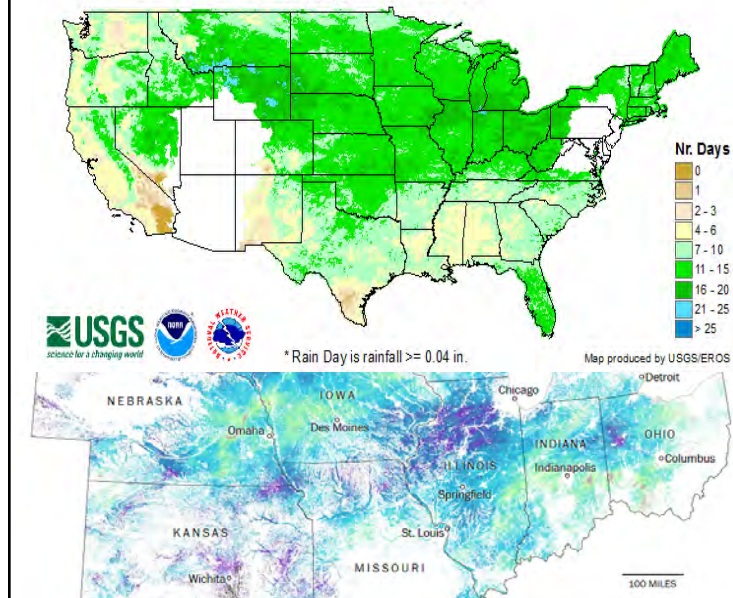


2018 Planted Acres (NASS)

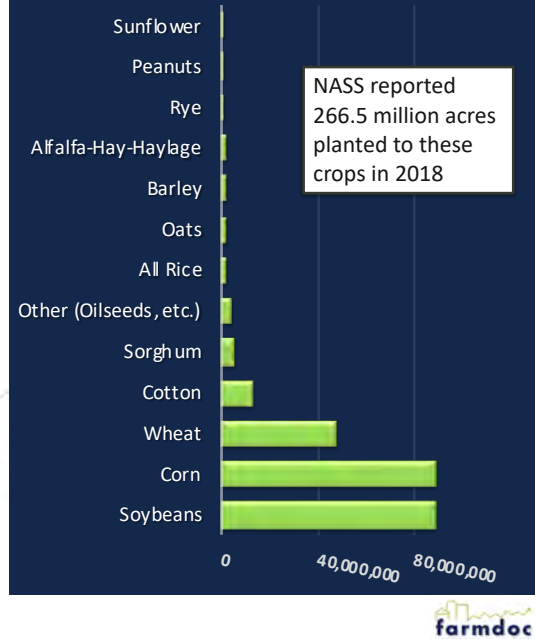


INTRODUCTION: WHERE WE STAND.

Number of Rain Days*
in past 30 days, as of 15 Jun. 2019



2018 Planted Acres (NASS)



MFP: Where the “M” (still) Stands for Mystery.

- Announced May 23rd; latest update June 10th: Must plant a crop for harvest (e.g., to be marketed) to be eligible.
- One county rate (TBD) for all acres planted in the county, regardless of crop; \$14.5b for all Title I commodities and alfalfa.
- Potential for “minimal” MFP for those that plant a cover crop (for harvest or forage?); must comply with crop insurance requirements.
- Payments will be made in three tranches: summer 2019; Nov. 2019; early 2020.



OFFICE OF THE SECRETARY

For an additional amount for the “Office of the Secretary”, \$3,005,442,000, which shall remain available until December 31, 2020, for necessary expenses related to losses of crops (including milk, on-farm stored commodities, crops prevented from planting in 2019, and harvested adulterated wine grapes), trees, bushes, and vines, as a consequence of Hurricanes Michael and Florence, other hurricanes, floods, tornadoes, typhoons, volcanic activity, snowstorms, and wildfires occurring in calendar years 2018 and 2019 under such terms and conditions as determined by the Secretary: *Provided*, That the Secretary may provide assistance for such losses in the form of block grants to eligible states and territories and such assistance may include compensation to producers, as determined by the Secretary, for forest restoration and poultry and livestock losses: *Provided further*, That of the amounts provided under this heading, tree assistance payments may be made under section 1501(e) of the Agricultural Act of 2014 (7 U.S.C. 9081(e)) to eligible orchardists or nursery tree growers (as defined in such section) of pecan trees with a tree mortality rate that exceeds 7.5 percent (adjusted for normal mortality) and is less than 15 percent (adjusted for normal mortality), to be available until expended, for losses incurred during the period beginning January 1, 2018, and ending December 31, 2018: *Provided further*, That in the case of producers impacted by volcanic activity that resulted in the loss of crop land, or access to crop land, the Secretary shall consider all measures available, as appropriate, to bring replacement land into production: *Provided further*, That of the amounts provided under this heading, not more than \$7,000,000 shall be available to make payments to agricultural producers whose Whole Farm Revenue Protection indemnity payments were reduced following 2018 crop year losses due to assistance received through state-legislated agriculture disaster assistance programs: *Provided further*, That the total amount of payments received under this heading and applicable policies of crop insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) or the Noninsured Crop Disaster Assistance Program (NAP) under section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333) shall not exceed 90 percent of the loss as determined by the Secretary: *Provided further*, That the total amount of payments received under this heading for producers who did not obtain a policy or plan of insurance for an insurable commodity for the applicable crop year under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) for the crop incurring the losses or did not file the required paperwork and pay the service fee by the applicable State filing deadline for a noninsurable commodity for the applicable crop year under NAP for the crop incurring the losses shall not exceed 70 percent of the loss as determined by the Secretary: *Provided further*, That in the case of a crop under this heading for which the Federal Crop Insurance Corporation offers a revenue insurance policy under section 508 of the Federal Crop Insurance Act (7 U.S.C. 1508), the Secretary shall use the greater of the projected price or the harvest price for such crop to determine the expected value of such crop: *Provided further*, That producers receiving payments under this heading, as determined by the Secretary, shall be required to purchase crop insurance where crop insurance is available for the next two available crop years, excluding tree insurance policies, and producers receiving payments under this heading shall be required to purchase coverage under NAP where crop insurance is not available in the next two available crop years, as

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June 19, 2019

Prevent Plant & Ad Hoc Disaster.

Calendar Year 2018 and 2019 Disasters...

Hurricanes Michael and Florence, floods, snowstorms, tornadoes, typhoons, volcanoes, wildfires.

\$3.005 billion available.

✓ Block grants to states for forest restoration, poultry and livestock losses.

✓ Tree assistance payments for pecans.
✓ Replacement costs of land lost to volcano.
✓ \$7m for WFRP (specific states).

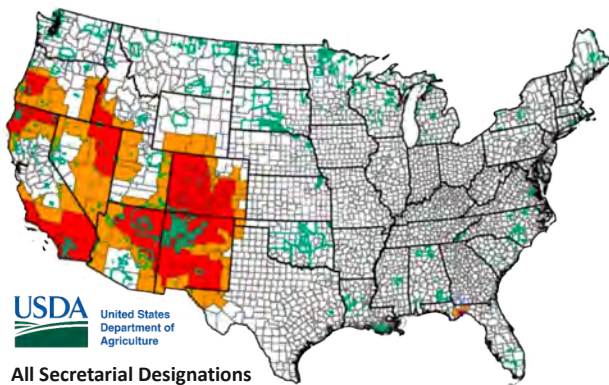
✓ Crop insurance and NAP: up to 90% of 2018 & 2019 losses as determined.
✓ Up to 70% of the loss for uninsured.
✓ Revenue can use harvest price.



Breaking Down Secretarial Disaster

Secretarial Disaster Designations – CY 2019

Primary and Contiguous Counties Designated for 2019 Disaster Losses



USDA
United States
Department of
Agriculture

All Secretarial Designations
as of April 10, 2019
Total All Crop Approved
Designations

■ Tribal Lands
■ Primary Counties 89
■ Contiguous Counties 88

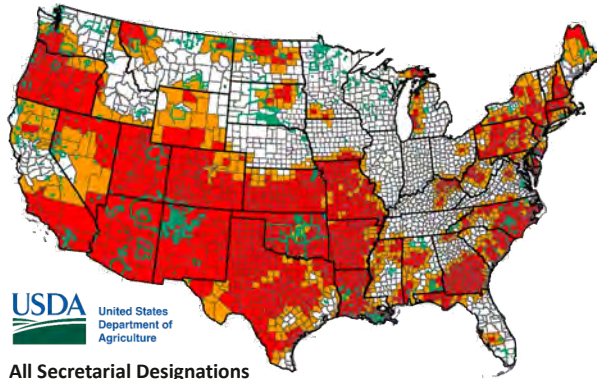


- Requested by Governor (or representative), Tribal leader or FSA State Exec. Dir.
- Expedited for drought (D2 for eight consecutive weeks, or higher for any time, during growing season).
- For all other disasters: must have 30% production loss of at least one crop, or determination based on survey of producers that other lending institutions will not be able to provide emergency financing.

Breaking Down Secretarial Disaster

Secretarial Disaster Designations – CY 2018

Primary and Contiguous Counties Designated for 2018 Disaster Losses



All Secretarial Designations
as of April 3, 2019

Total All Crop Approved
Designations

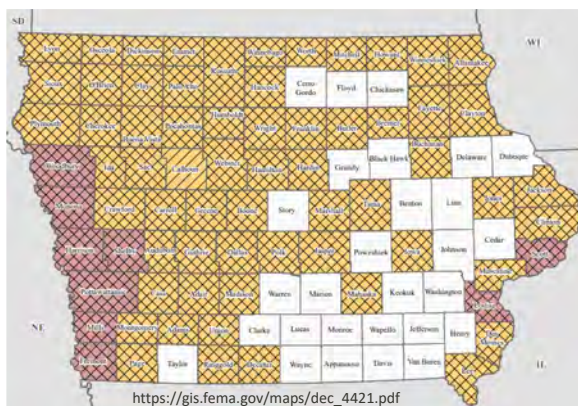
- Tribal Lands
- Primary Counties 1098
- Contiguous Counties 662



- 5-step process beginning with request to Secretary.
- FSA assembles loss information, reviewed by county and state emergency boards;
- Submitted to FSA national, reviewed and submitted to Secretary.
- Eligible disasters: damaging weather or other natural events causing severe production losses (e.g., storms, blizzards, extreme cold or heat, wind, fire, drought, flooding, excessive rain, etc.).

Breaking Down Disaster; Presidential

FEMA-4421-DR, Iowa Disaster Declaration as of 06/11/2019



Designated Counties

No Designation

Public Assistance (Categories A and B)

Individual Assistance and Public Assistance (Categories A - G)

Public Assistance (Categories A - G)



<https://www.fema.gov/disasters>

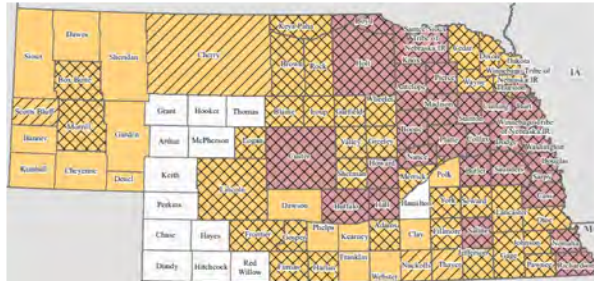


- FEMA (Stafford Act); Governor requests declaration by President.
- Emergency: within 30 days; situation is beyond capability of the State; assistance includes emergency work (e.g. debris removal) and other.
- Major Disaster: for any natural event (e.g., hurricane, drought, flood, etc.); severe damage beyond State's capability; assistance includes emergency work (e.g., debris removal), repair and replacement.



Breaking Down Disaster; Presidential

FEMA-4420-DR, Nebraska Disaster Declaration as of 06/04/2019



Designated Counties

No Designation

Public Assistance

Public Assistance (Categories A and B)

Individual Assistance and Public Assistance (Categories A and B)

Individual Assistance and Public Assistance (Categories A - G)

Public Assistance (Categories A - G)

https://gis.fema.gov/maps/dec_4420.pdf



<https://www.fema.gov/disasters>

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Thank you and Questions

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