



FARM PROGRAM DECISION TOOL

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DEVELOPMENT & OUTREACH COALITION

- University of Illinois
- Watts & Associates
- The Ohio State University
- Michigan State University
- Delaware State University
- University of Arkansas-Pine Bluff
- North Carolina A&T University
- Montana State University

DECISION ASSISTANCE

Farm Bill Toolbox on farmdoc:

<http://farmbilltoolbox.farmdoc.illinois.edu/>

Web-based decision tool,
Agriculture Policy Analysis System
(APAS):

<http://fsa.usapas.com/>

FARM BILL DECISIONS

One-time, irrevocable per FSA farm:

Deadline (February 27)

- 1) Update payment yields
- 2) Retain or reallocate base acres

Deadline (March 31)

3) Program Election decision:

- ✓ Agriculture Risk Coverage, County Option (ARC-CO)
 - ✓ Agriculture Risk Coverage, Individual Farm Coverage Option (ARC-IC)
 - ✓ Price Loss Coverage (PLC)
- (+ Supplemental Cover Option (SCO) in crop insurance)

STEP FIVE: CONSIDER ARC-IC

- ✓ 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

STEP FIVE: CONSIDER ARC-IC

- ✓ 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

ARC-IC: 2014 CALCULATIONS

Corn: McLean County, Illinois			
Year	Yield	Price	Rev.
2009	186.0	\$3.70*	\$688
2010	169.5	\$5.18	\$878
2011	159.6	\$6.22	\$993
2012	109.5	\$6.89	\$755
2013	188.0	\$4.50	\$846
Olympic Average Rev.			\$826

Soybeans: McLean County, IL			
Year	Yield	Price	Rev.
2009	54.0	\$9.59	\$518
2010	58.5	\$11.30	\$661
2011	56.0	\$12.50	\$700
2012	52.3	\$14.40	\$753
2013	55.0	\$12.70	\$699
Olympic Average Rev.			\$687

*the \$3.55 MYA is replaced with the reference price

Used in the Olympic average calculation

ARC-IC: 2014 CALCULATIONS

McLean County, IL 100 base acres 2014 Plantings: 60 corn 40 soybeans	2014 MYA Corn = \$3.50 2014 Yield Corn = 200 bu. 2014 MYA Soybeans = \$10.00 2014 Yield Soybeans = 56 bu.
Benchmark Revenue	$\$770 = (0.6 \times \$826) + (0.4 \times \$687)$
Guarantee	$\$662 = 86\%$ of the Benchmark
Actual Revenue	$\$644 = (0.6 \times \$700) + (0.4 \times \$560)$
Payment Rate (difference)	\$18.46
Max. Payment (10% of Benchmark)	\$77
Payment	$\$1,200 = \$18 \times 65\%$ of 100 total base acres

CONSIDER ARC-IC: BUILD YOUR OWN FARM

Randolph Co., Indiana Example Farm

	Corn	Soybeans	Total
2014 Planted	894	797	1,691
APH	144.9	43.7	
Base Acres	1,099	592	
Payment Yields	133.4	34.8	

Year	Corn		Soybeans	
	Planted	Yield	Planted	Yield
2008	994	178.5	697	41
2009	794	162.1	897	47
2010	1,194	89	497	48.7
2011	1,216.45	178.6	474.55	41.4
2012	1,216.45	129.3	474.55	40.7
2013	1,194	140.8	497	46.2