



## IFES 2019: What Did We Learn from Delayed Planting: Farm Management Implications

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*This is a presentation summary from the 2019 Illinois Farm Economics Summit (IFES) which occurred December 16-20, 2019. A complete collection of presentations including PowerPoint Slides (PPT) and printable summaries (PDF) are available [here](#).*

In 2019, much of the Illinois corn crop was planted in June, with many acres planted after final planting dates for crop insurance. Because planting occurred after final planting dates, farmers could have taken prevent plant payments on corn policies. While being eligible, most farmers did not take prevent plant payments, and instead planted corn.

We evaluate the decision to plant or take prevent plant payments given the information that was available in June, and the information that is available now in December 2019. After the fact, we conclude that taking the prevent plant would have yielded higher returns than planting corn in many situations in Illinois.

Two factors made the situation difficult to evaluate this year. First, there was a great deal of policy uncertainty. In May, a new round of Market Facilitation Program (MFP) payments were announced, with the announcement that acres needed to be planted to receive MFP payments. The existence of this payment caused an incentive to plant. In the end, an additional top off of 15% for prevent plant payments on Revenue Protection (RP) policies resulted from a disaster aid package. This top off, plus a \$15 MFP payment on prevent plant acres with cover crops planted on them, caused additional disaster assistance to be roughly equal between planted and prevent plant acres. If the additional assistance on prevent plant acres were known when prevent plant decisions were being made, prevent planting would have looked more economically attractive.

Second, future contracts during June were suggesting that corn prices would average near \$4.50 at harvest. Corn prices have fallen and are now below \$4.00 per bushel. Most analyses during June were using corn prices over \$4.00. Prevent plant would have been evaluated as the preferred alternative if below \$4.00 corn prices were used in the analysis.

A major lesson of this season is that prevent plant should have been used on more farms. If prevent plant becomes an issue in the future, we suggest that the default decision should be to take a prevent plant payment once the final plant date has been reached for corn if:

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- a) An RP, RP with harvest price exclusion, or Yield Protection policy with a high coverage level has been chosen
- b) There is not expected to be an MFP or similar programs only targeted at planted acres,
- c) Harvest prices are not expected to be higher than projected prices by \$.50 per bushel.

### **Additional Resources**

The slides for this presentation can be found at:

<https://farmdoc.illinois.edu/ifes/2019-archive>

For current farm management information:

<http://www.farmdoc.illinois.edu/manage/index.asp>

Hungerford, A., S. Arita and R. Johansson. "[Examining USDA 2019 Acreage and Yield Estimates.](#)" *farmdoc daily* (9):185, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, October 3, 2019.

Schnitkey, G., C. Zulauf, K. Swanson and R. Batts. "[Prevented Planting Decision for Corn in the Midwest.](#)" *farmdoc daily* (9):88, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, May 14, 2019.

Schnitkey, G., N. Paulson, J. Coppess and C. Zulauf. "[Perspectives on 2019 Corn and Soybean Acres: Impact of Prevent Plant.](#)" *farmdoc daily* (9):151, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, August 15, 2019.

Swanson, K., G. Schnitkey, C. Zulauf, R. Batts and J. Coppess. "[The Advisability of Planting Corn Declines Rapidly with Later Planting Dates.](#)" *farmdoc daily* (9):102, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, June 4, 2019.