NAAFP Farm Bill Decision Aid Training

James W. Richardson
Regents Professor and Co-Director of AFPC

Nebraska Innovation Conference Center
Lincoln, Nebraska

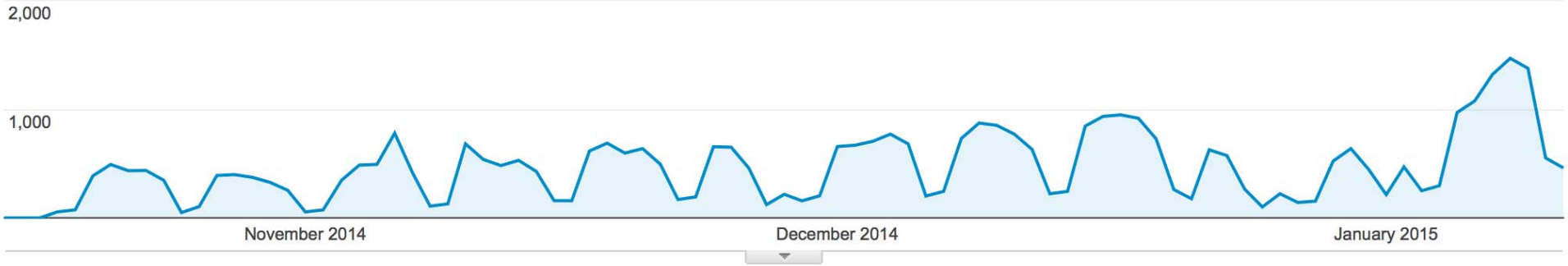
January 14, 2015

NAAFP Decision Aid

- National Association of Agriculture and Food Policy (NAAFP) has been working on the decision aid for more about 2 years. NAAFP is led by
  - AFPC at Texas A&M
  - FAPRI at University of Missouri-Columbia
- Applied for and received funding from USDA-FSA to develop a nation-wide decision aid
- **Available at: https://USDA.afpc.tamu.edu**
- **And at: www.afpc.tamu.edu**

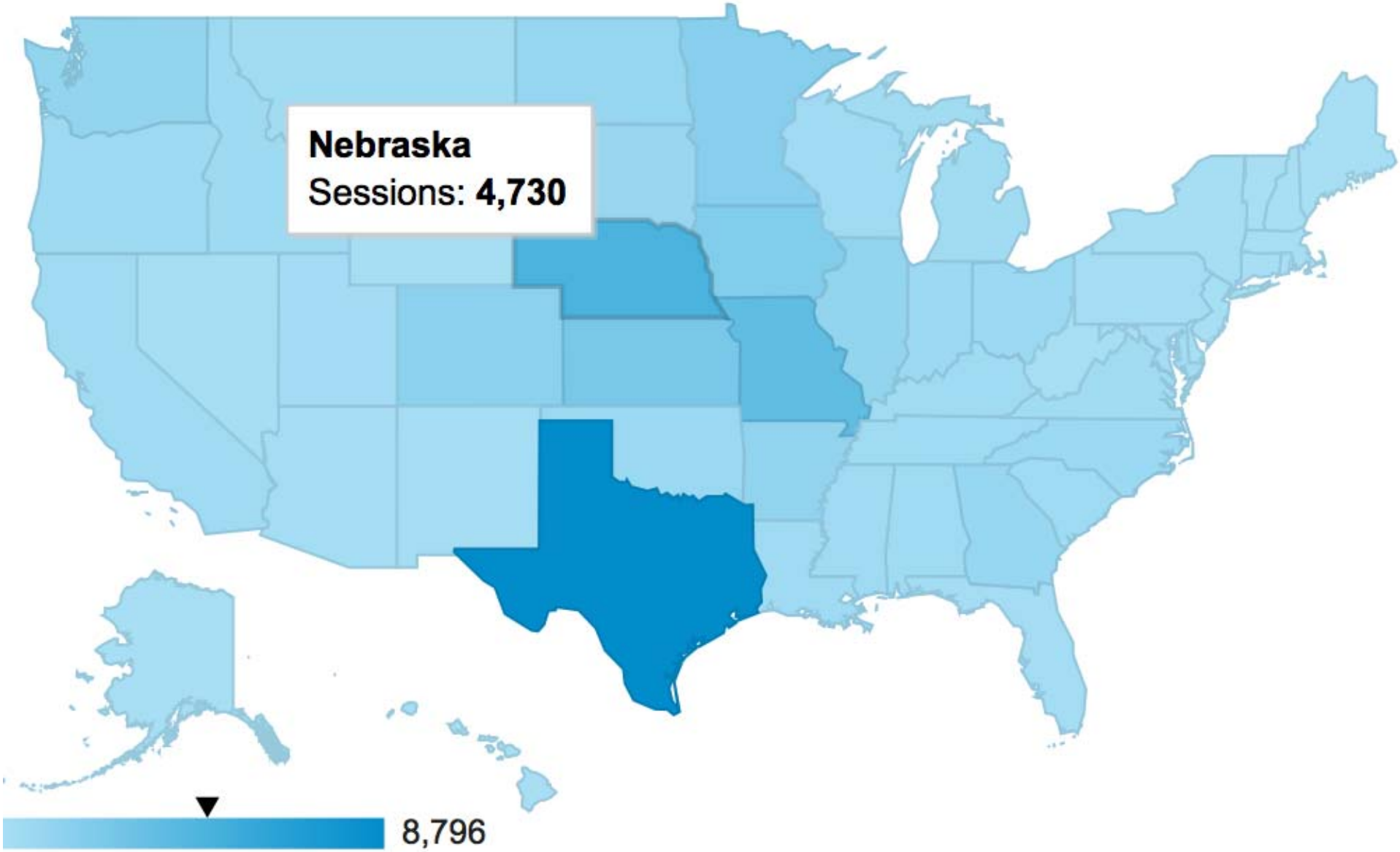
NAAFP Decision Aid

- Monitored Usage since October 15th
- Usage drops off on weekends and holidays
- Significant increased usage first week of 2015

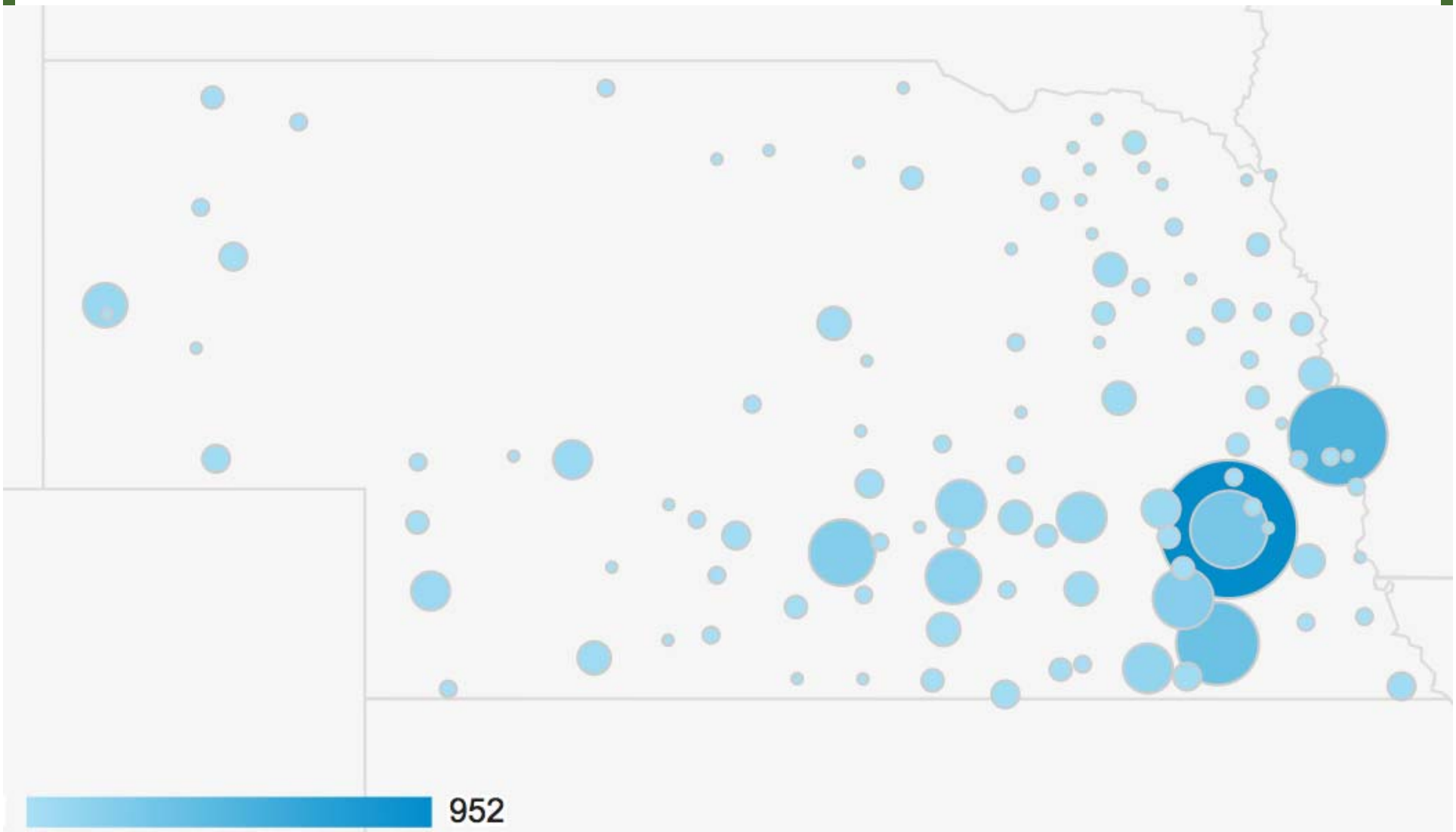


Sessions	Users	Pageviews
41,007	17,121	810,271

NAAFP Decision Aid Use To Date

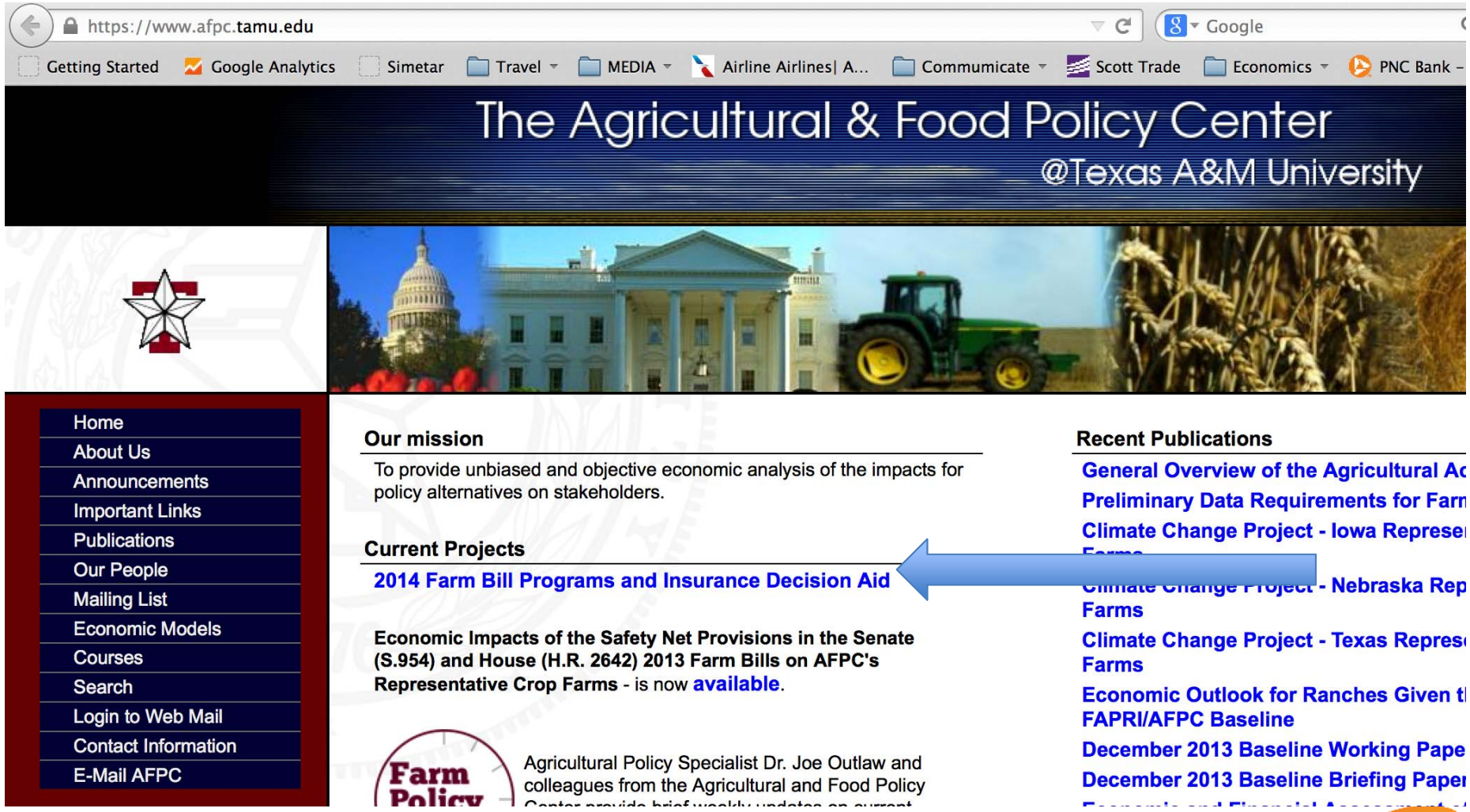


NAAFP Decision Aid Use To Date



City	Sessions	% New Sessions	New Users	Bounce Rate	Pages / Session
	4,730 % of Total: 11.53% (41,007)	38.16% Avg for View: 40.50% (-5.77%)	1,805 % of Total: 10.87% (16,607)	22.56% Avg for View: 26.55% (-15.02%)	21.40 Avg for View: 19.76 (8.33%)
1. Lincoln	1,226 (25.92%)	34.58%	424 (23.49%)	18.76%	22.61
2. Omaha	499 (10.55%)	43.69%	218 (12.08%)	25.45%	15.96
3. Beatrice	340 (7.19%)	23.53%	80 (4.43%)	14.41%	33.22
4. Kearney	200 (4.23%)	49.50%	99 (5.48%)	34.00%	19.64
5. Wilber	193 (4.08%)	22.80%	44 (2.44%)	16.06%	41.39
6. Hastings	156 (3.30%)	33.33%	52 (2.88%)	16.03%	24.22
7. Grand Island	129 (2.73%)	34.88%	45 (2.49%)	31.01%	15.60
8. Fairbury	121 (2.56%)	24.79%	30 (1.66%)	10.74%	26.45
9. York	112 (2.37%)	48.21%	54 (2.99%)	17.86%	19.94
10. Scottsbluff	86 (1.82%)	47.67%	41 (2.27%)	17.44%	22.79

WWW.AFPC.TAMU.EDU



A Few Things We Tell Producers and Land Owners

- All of the decisions required for the 2014 farm bill add to the producer's ability to tailor the bill to fit their operations – not just add to complication
- There will be plenty of time to gather needed info, analyze options, and make sign-up decisions – no reason to panic
- Three dates to remember and they are getting closer:
  - February 27 Yield Update and Base Reallocation
  - March 31 ARC and PLC Election
  - June 1 begin sign-up for 2015 program

Farm Bill Education Materials

- Podcasts on the AFPC website (**www.afpc.tamu.edu**)
  - Describe farm program provisions
  - Demonstrate and Explain All Aspects for Decision Aid
- Prepare educational materials and Pod Casts to highlight regional differences of the farm program for producers in their regions
- **NAAFP education package** for the farm bill will be ready in a few weeks
  - Educational materials developed by 12 policy experts

22 Pod Casts www.afpc.tamu.edu

Farm Policy Minute

Agricultural Policy Specialist Dr. Joe Outlaw and colleagues from the Agricultural and Food Policy Center provide brief weekly updates on current agricultural policy issues. See the list of podcasts available now.

11 - Explaining How To Input Data Into The Decision Aid, Part 1

1080i (319 MB)
720p (195 MB)
480p (101 MB)
audio only (8 MB)
YouTube

12 - Explaining How To Input Data Into The Decision Aid, Part 2

1080i (260 MB)
720p (158 MB)
480p (82 MB)
audio only (7 MB)
YouTube

13 - Incorporating Risk In Farm Bill Decisions

1080i (202 MB)
720p (122 MB)
480p (64 MB)
audio only (5 MB)
YouTube

Using the NAAFP Farm Bill Decision Aid

- Register as a producer or a multi-client user
  - Email address and password protect your data
  - Email address allows us to contact user when FSA changes rules and when new price projections are available
- Enter data for all FSA numbers and Insurance Tracts
  - All Crops and their Practices by Type
  - Types not critical to FSA but important to RMA for SCO, STAX, and Insurance Decisions
- Types of Analyses by the Decision Aid
  - Yield update
  - Base reallocation
  - ARC-IC, ARC-CO, PLC, SCO
  - STAX and SCO for cotton
  - Insurance options (Y, RP, RP-HPE, CAT, None)

Overview of NAAFP Farm Bill Decision Aid

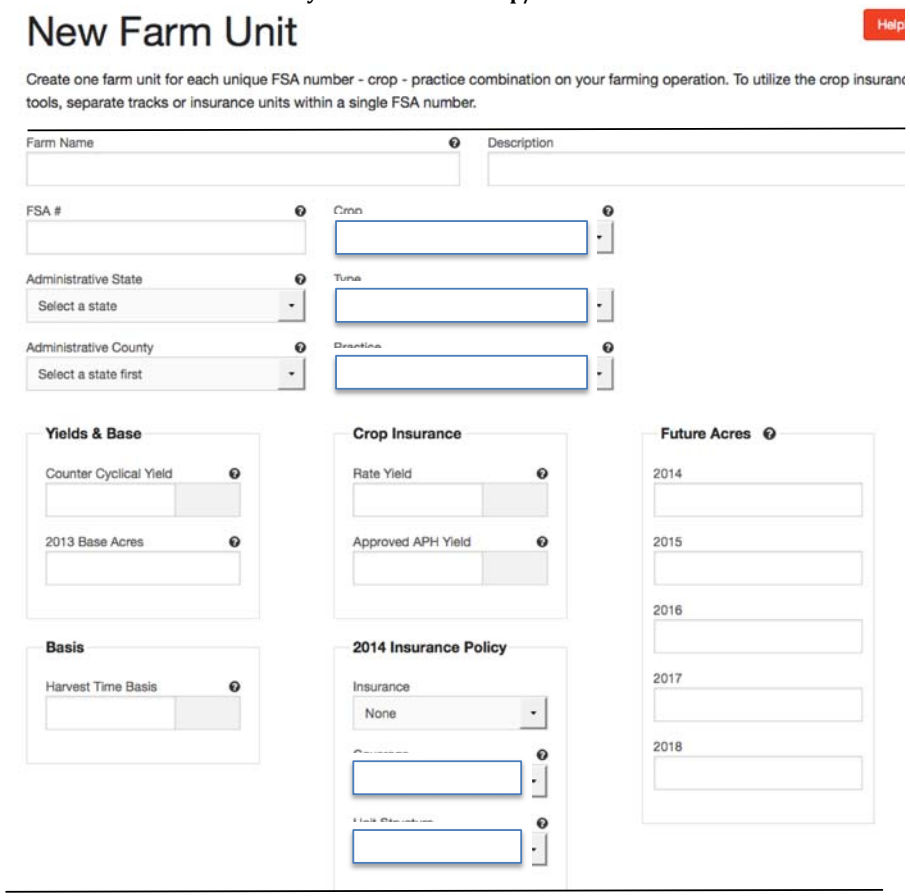
- Producers' data are stored in the decision aid
  - Data accessed by a user name and password
  - Secured behind Texas A&M firewall, along with student grades and records
- Users run and re-run analysis as prices are updated by FAPRI & USDA
  - First Yield Update Decision
  - Next analyze the <u>interaction</u> between Base Reallocation and PLC and ARC-CO Election
    - Before final election, farmers can re-run the analysis for March price outlook
  - Last run the Insurance Analysis

Information Needed for the NAAFP Decision Aid

- Information available from two primary sources
  - FSA Reported Commodity Crop History Summary (letter from FSA to producers, August 2014)
    - FSA farm number
    - Base Acres and CCP Yield for covered crops
  - Crop Insurance Actual Production Report
    - Historical yields and planted acres
    - Ten years of yields preferred but 2008-2012 are essential

NAAFP Information Sheet

Data Entry Sheet for Each Crop/Insurance Tract



Historical Production	Yields/Planted Acre	Planted Acres	Prevented Planted Acres
2003 Recommended			
2004 Recommended			
2005 Recommended			
2006 Recommended			
2007 Recommended			
2008 Required			
2009 Required			
2010 Required			
2011 Required			
2012 Required			
2013 Recommended			

Accessibility and Help

- Accessible by smart phones, tablets, iPads, anything that can access the internet

Need Help?

There are multiple ways to get help. Many pages have a built in Help! button, with links to podcasts, defintions for terms.

Contact Us

If you're still having trouble or have questions, comments, or bug reports

Email

info@afpc.tamu.edu

Have Questions ? | Report a bug

Telephone

toll-free, weekdays 7am - 7pm CST

1-844-229-7373

Risk is Key to the Farm Program Decision

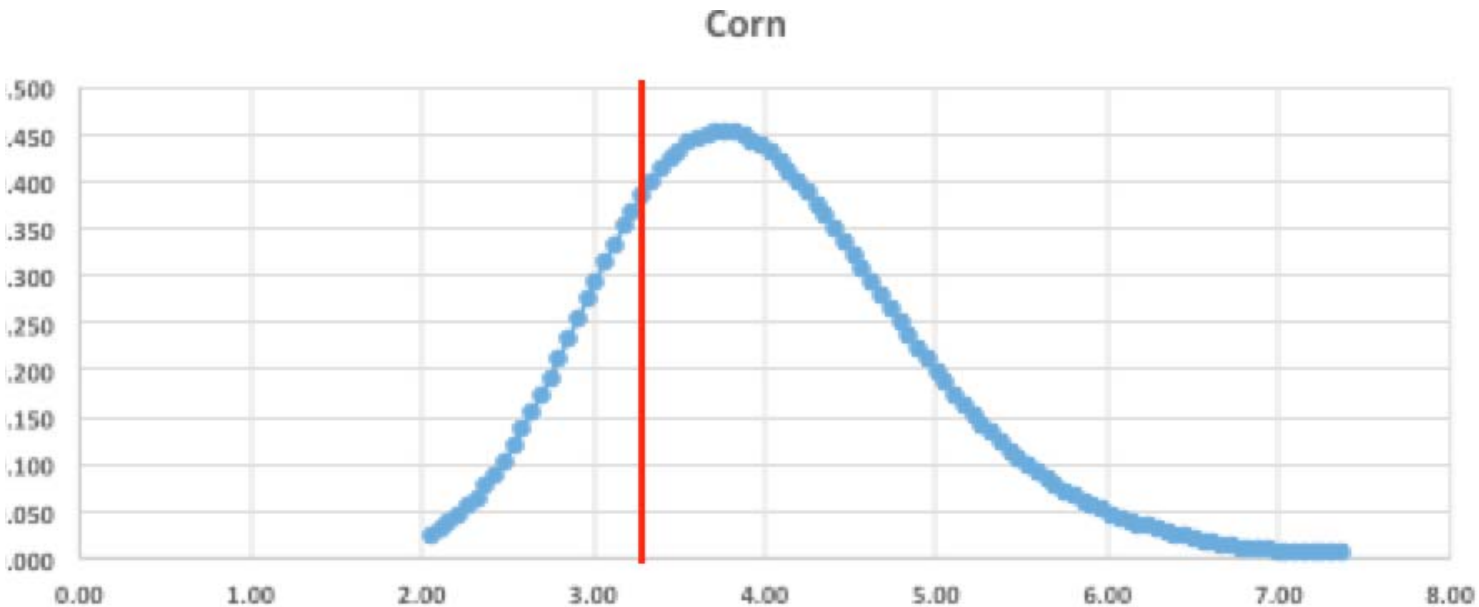
- Price and yield risk is present because we do not know what crop prices and yields will be for the next 5 years
- Decision aids that ignore risk are worthless
- Our Decision Aid explicitly includes price and yield risk
  - 2014 county yield pretty well known, but 2015-2018 yields risky
  - 2015-18 marketing year prices risky
- Decision Aid uses 1982-2013 prices and yields to simulate risky values
  - Users enter their expected average annual prices
  - We simulate 500 possible outcomes for 2014-2018 around the user's average annual prices
  - PLC payments reported even if user price exceeds reference price

County Yield Risk is Also Key to Farm Program Decision

- The Decision Aid has all NASS and FSA yields for all crops in every county
  - Data used to simulate county yield risk for ARC-CO and ARC-IC
  - Simulate 500 county yields for each year 2014-2018
  - If user enters 2014 county yield it is used as a fixed value as NASS has not released county average yields for all crops in all counties
- Personal crop yields should be entered if available
  - Actual yields used by the crop insurance module
  - Insurance module shows provides a more detailed comparison between ARC and PLC with alternative insurance options
  - First time insurance and farm programs have intefaced

Price Loss Coverage (PLC)

- Covers Losses in Income Due to Covered Commodity Price Declines Below Established Reference Price
- *PLC Payment Rate* = Reference Price – Max{National Average Marketing Year Price or Marketing Loan Rate}
- PLC Payment = *PLC Payment Rate* * Payment Yield * Base Acres * 0.85



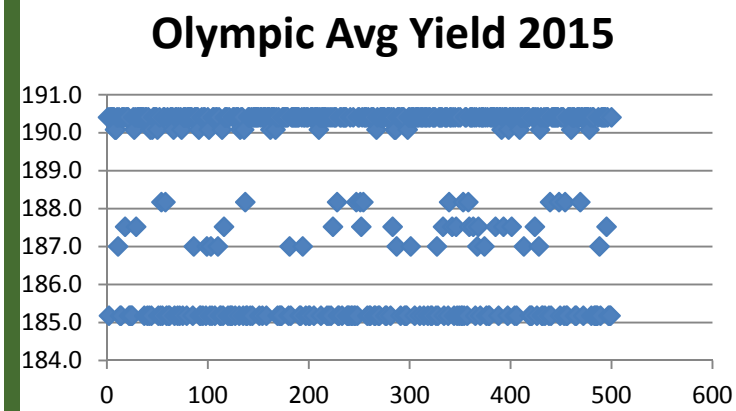
- Price distribution assuming a $4/bu average price leads to a 40% chance of a PLC payment

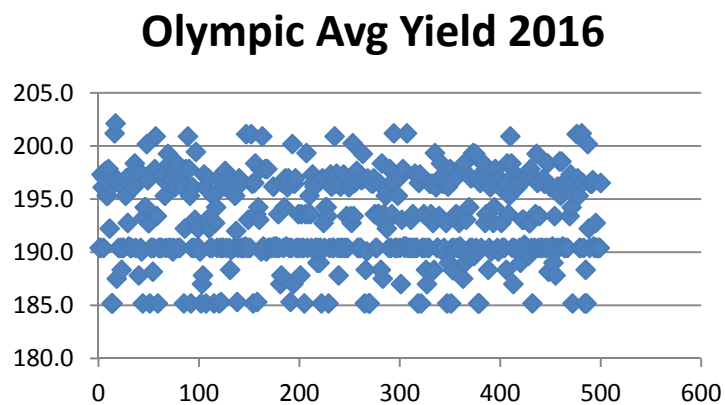
Agriculture Risk Coverage (ARC-CO)

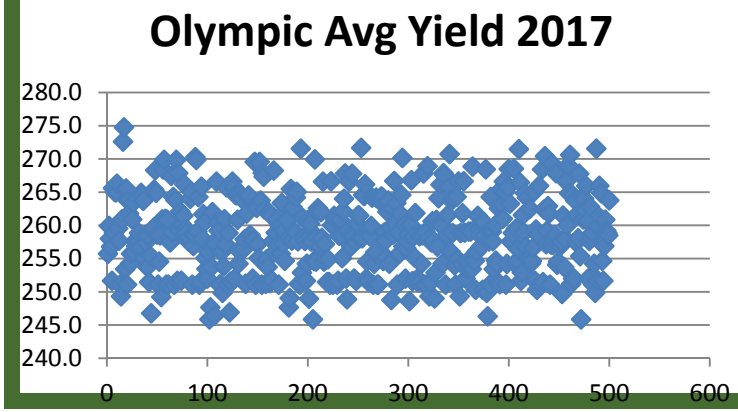
- Payments when actual revenue for the covered commodity < ARC revenue guarantee, where:
  - *Actual County Revenue* = Actual county yield per planted acre * Max of {National Marketing Year Price or Marketing Loan Rate}
  - *ARC Revenue Benchmark* = (5 Year U.S. Olympic average marketing year price) * (5 Year Olympic average county)
    - 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* = 0.86 * *ARC Revenue Benchmark*
- *ARC Payment* = Minimum of [(*ARC Revenue Guarantee – Actual County Revenue*) **OR** 10% of the *ARC Revenue Benchmark*] * Base Acres * 0.85
- No yield risk in year one's calculation but that does not last
  - Olympic average starts with 2009-2013, but then moves to 2010-2014, 2011-2015, 2012-2016, 2013-2017 with more and more risky yields

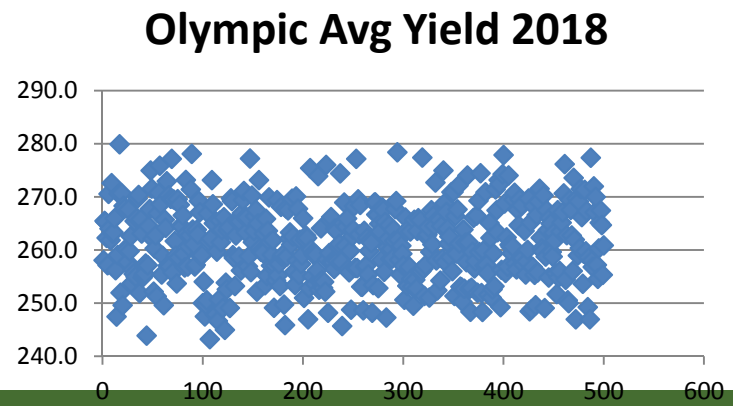
Yield Risk is Key to Decision

Simulated Dawson County irrigated corn yields for 2014-2017 and calculated 5-year Olympic Average yields used in the ARC benchmark. Used the formulas in the Decision Aid to simulate the yields so this is what you get in your analyses. Scatter plots show the variability (risk) of the 5-year Olympic Average yield increases 300% over the life of the farm bill.









Summary

- Decision Aid available on AFPC and USDA websites
  - More than 40,000 user sessions
- Features all 21 covered commodities in all states
- Can Expect the following enhancements
  - Monthly updates of price projections by FAPRI
  - USDA price projection updates as available
  - Tool will be updated as FSA revises rules
    - Users will be notified by their email addresses
  - Print buttons have been added to two results screens, more will follow
    - Pod cast no. 23 covers a summary of the steps to print screens without print buttons for different browsers

Demo Decision Aid

James Richardson
jwrichardson@tamu.edu
979-845-5913

Visit out Website
WWW.AFPC.TAMU.EDU
for Podcasts on the farm program and the Decision Aid

First Step is to Register

USDA Logo

United States Department of Agriculture
Farm Service Agency

AFPC Texas A&M University | Decision Aids | FAPRI University of Missouri

Home | About Us | Login

Signed out successfully. X

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

Forgot Password?

Login

Register

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

To get started, you'll need to Register

Terms and 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.

Producer vs. Multi Client User

Home | About Us | Login

Create an Account

Help!

Terms and 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.

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.

Your Name

Salt lake City Test Farm

Email Address

slcdemo@test.com

Password

••••••••

Confirm Password

••••••••

Account Type

○ Producer/Farmer ◉ Multi-client User

Terms and Disclaimer

☑ I understand and agree to the terms and disclaimer.

Next

Create Client Records & Switch Clients

Home Clients About Us Salt Lake City Demo

Your Farm Units

FSA #	Farm Name	Crop Practice	

New Farm Unit

Available Tools

Help!

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.

Click here to start entering data for the first crop/farm

Blank Data Entry Sheet

New 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

FSA #

Crop
Select a crop

Administrative State
Select a state

Type
Select a crop and state first

Administrative County
Select a state first

Practice
Select a crop and type first

Yields & Base

Counter Cyclical Yield

2013 Base Acres

Crop Insurance

Rate Yield

Approved APH Yield

Future Acres

2014

2015

2016

2017

2018

Basis

Harvest Time Basis

2014 Insurance Policy

Insurance
None

Coverage
N/A

Unit Structure
N/A

Save and enter yields

Data Entry Sheet for Corn

Edit Farm Unit

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

Farm Name: Home Place

Description:

FSA #: 2462

Crop: Corn

Administrative State: Nebraska

Type: Grain Corn

Administrative County: Dawson

Practice: Irrigated

Yields & Base

Counter Cyclical Yield: 173.00 bu/ac

2013 Base Acres: 475.00

Crop Insurance

Rate Yield: 202.00 bu/ac

Approved APH Yield: 203.00 bu/ac

Future Acres

2014: 667.0

2015: 667.0

2016: 667.0

2017: 667.0

2018: 667.0

Basis

Harvest Time Basis: 0.0 $/bu

2014 Insurance Policy

Insurance: Revenue Protection

Coverage: 70%

Unit Structure: Optional

Delete

Yields

Save

Lots of Help Screens for Example Help on Edit Screen

Help: Farm Unit

You should create one farm unit for each unique FSA#-crop-practice combination on your operation. The user can enter the data for the whole farm unit or their share of each crop. However the FSA forms only show the whole farm and do not seperate out share rents.

If you wish to utilize the crop insurance tools (including SCO), you will need to enter separate tracts or insurance units within a single FSA #. Base acres will need to be assigned by tract even though tracts will not be treated individually for FSA Programs.

A detailed description of the data required and a printable data collection form are available here. The data required to use the tool can be found from the following sources:

- FSA Form 156EZ
- Crop Insurance records
  - Approved APH Production and Yield Report
  - Production and Yield Reporting Form
- FSA's 'Reported Commodity Crop History Summary'

Additionally, podcasts and video instructions are available.

Price Basis

Basis is used to calculate expected market receipts for selling your crop. Here, the basis is defined as the typical difference between the price you receive for your crop (taking into account your normal marketing plan) minus the harvest-time futures price for the relevant futures contract used to calculate your crop insurance indemnities. If you do not know which futures contract to use in calculating this number, contact your area Extension Economist.

Historical Yields for Home Place Corn Irrigated FSA # 2462

Help!

Enter yields for 10 or more years to get the full benefit of the insurance analysis capabilities of the decision aid. Yield risk for the crop will not be representative of actual variability if only yields for 2008-2012 are entered.

Year	Actual Yield / Planted Acre	Planted Acres	Prevented Planted Acres	
2003	196.0	667.0	0.0	Delete
2004	185.0	667.0	0.0	Delete
2005	194.0	667.0	0.0	Delete
2006	203.0	667.0	0.0	Delete
2007	205.0	667.0	0.0	Delete
2008	195.0	667.0	0.0	Delete
2009	230.0	667.0	0.0	Delete
2010	175.0	667.0	0.0	Delete
2011	206.0	667.0	0.0	Delete
2012	210.0	667.0	0.0	Delete
2013	220.0	667.0	0.0	Delete
				Add Farm Yield

Home Screen after Entering 4 Units

Nebraska Example's Farm Units

FSA #	Farm Name	Crop Practice	
2462	Home Place	Winter Wheat Irrigated	Edit Yields
2462	Home Place	Winter Oats Irrigated	Edit Yields
2462	Home Place	Grain Corn Irrigated	Edit Yields
2462	Home Place	Commodity Soybeans Irrigated	Edit Yields

New Farm Unit

Available Tools

Help!

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.

Can re-edit farm data and yields anytime

Also You can add more crops or insurance entities by clicking on the New Farm Unit button

Yield Update Analyzer

Nebraska Example's Farm Units

FSA #	Farm Name	Crop Practice	
2462	Home Place	Winter Wheat Irrigated	Edit Yields
2462	Home Place	Winter Oats Irrigated	Edit Yields
2462	Home Place	Grain Corn Irrigated	Edit Yields
2462	Home Place	Commodity Soybeans Irrigated	Edit Yields

New Farm Unit

Available To

Help!

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.

Verify Your Data

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# 2462

Crop	Farm	2013 CC Yield	2008	2009	2010	2011	2012
Wheat	Home Place	39.0					
Soybeans	Home Place	56.0	54.0	75.0	67.0	74.0	71.0
Grain Corn	Home Place	173.0	195.0	230.0	175.0	206.0	210.0
Oats	Home Place	47.0					

Whole Farm Yields

FSA #	Crop	2008	2009	2010	2011	2012
2462	Wheat					
2462	Soybeans	54.0	75.0	67.0	74.0	71.0
2462	Grain Corn	195.0	230.0	175.0	206.0	210.0
2462	Oats					

Information is correct

Land Owner Reports the yields in Red Circle to FSA for Yield Update Consideration

Yield Update Analyzer Results

Yield Update Decision Aid

Print | Download | 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.

Nebraska FSA# 2462
Wheat

2013 CC Yield	39
PLC Yield can be updated to	0

Nebraska FSA# 2462
Soybeans

2013 CC Yield	56
PLC Yield can be updated to	61

Nebraska FSA# 2462
Corn

2013 CC Yield	173
PLC Yield can be updated to	183

Nebraska FSA# 2462
Oats

2013 CC Yield	47
PLC Yield can be updated to	0

The Farm Bill formula for updating yield is used to calculate the updated yield.

Decision Aid assumes higher yield is used for Base Reallocation and ARC/PLC Analysis

Base Acre Reallocation, ARC-CO, ARC-IC, and PLC Analyzer

Nebraska Example's Farm Units

FSA #	Farm Name	Crop Practice	
2462	Home Place	Winter Wheat Irrigated	Edit Yields
2462	Home Place	Winter Oats Irrigated	Edit Yields
2462	Home Place	Grain Corn Irrigated	Edit Yields
2462	Home Place	Commodity Soybeans Irrigated	Edit Yields

New Farm Unit

Available Tools

Help!

Yield Update

This tool calculates va[illegible]or PLC yields using yield histories f[illegible]ur 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.

Your Data

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.

- There is no official ARC-CO historical yield data from FSA for Oats in Dawson County, Nebraska. We will use historical yield data from other sources, but you should re-run this analysis at a later date when official ARC-CO historical yields are available for this case.

Nebraska FSA # 2462

Planted Acres History

	2009	2010	2011	2012
Grain Corn	667.0	667.0	667.0	667.0
Oats	0.0	0.0	0.0	0.0
Soybeans	333.0	333.0	333.0	333.0
Wheat	0.0	0.0	0.0	0.0

Prevented Planting History

	2009	2010	2011	2012
Grain Corn	0.0	0.0	0.0	0.0
Oats	0.0	0.0	0.0	0.0
Soybeans	0.0	0.0	0.0	0.0
Wheat	0.0	0.0	0.0	0.0

Base Acres

	Current Base	Potential Reallocated Base
Grain Corn	475.0	667.0
Oats	135.0	0.0
Soybeans	165.0	333.0
Wheat	225.0	0.0

Verify Data

Your Price Outlook

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.

Grain Corn

	FAPRI	USDA	in $/bu
2014	3.4974	3.5000	3.4974
2015	3.7883	3.4000	3.7883
2016	3.9058	3.5000	3.9058
2017	3.9155	3.5000	3.9155
2018	3.9823	3.5000	3.9823

Oats

	FAPRI	USDA	in $/bu
2014	3.2576	3.2500	3.2576
2015	3.1536	2.7000	3.1536
2016	3.1904	2.4000	3.1904
2017	3.1904	2.3000	3.1904
2018	3.2281	2.3000	3.2281

Soybeans

	FAPRI	USDA	in $/bu
2014	9.9992	10.0000	9.9992
2015	8.7782	8.5000	8.7782
2016	9.1503	8.5500	9.1503
2017	9.4953	8.8000	9.4953
2018	9.8298	9.1000	9.8298

Wheat

	FAPRI	USDA	in $/bu
2014	6.0074	5.9000	6.0074
2015	5.0533	5.0000	5.0533
2016	5.1535	4.6500	5.1535
2017	5.3852	4.7500	5.3852
2018	5.6347	4.8000	5.6347

Specify 2014 County Yields

Your County Yield Outlook

If you want the analysis to assume a particular 2014 yield is realized with certainty, enter it below. Leave it blank to simulate the yield over numerous possible realizations, with an average realization equal to the value in the *Projected 2014* column.

	2009	2010	2011	2012	2013	Projected 2014	Your 2014 (optional)	2014 Yield Calculation	Change from 2013
Oats in Dawson, Nebraska (bu/ac)	73	73	67	54		67		Simulated	-
Grain corn in Dawson, Nebraska (bu/ac)	196	173	178	181	192	187		Simulated	-2.4 %
Soybeans in Dawson, Nebraska (bu/ac)	64	61	60	61	60	62		Simulated	4.0 %
Wheat in Dawson, Nebraska (bu/ac)	53	47	45	44	28	51		Simulated	80.9 %

FAPRI Prices provided as of 2014-12
USDA Prices provided as of 2014-12

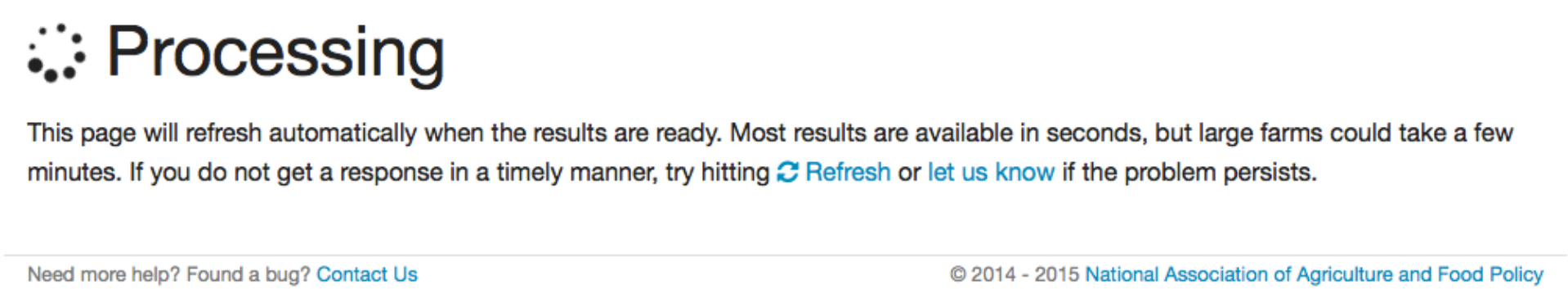
Analyze Program Options

When you enter a 2014 county yield estimate, it becomes the fixed yield for 2014 when analyzing ARC

Simulating Your Farm Data

The Decision Aid simulates your farm data for:

- All FSA Farm Units and Insurance Tracts,
- For five years 2014-2018,
- Across all Combinations of Policies and Reallocating Base Acres,
- And Repeats the 5 Year Planning Horizon 500 Draws
- In a manner of seconds
- No slow down in processing with 150 simultaneous users



Three Ways to Analyze Options

Analysis Output

Farm-by-Farm Choices

FSA # 2462

Base Reallocation | Risk Chart, Same Choice for All Crops | Per Crop Analysis

Base Reallocation Considerations

Need help interpreting this information? Try our YouTube video

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

		ARC-CO		PLC		PLC + SCO	
Crop	Reallocate Base	Yes	No	Yes	No	Yes	No
Grain Corn		$136,466	$97,183	$136,489	$97,200	$155,432	$116,143
Oats		$0	$2,844	$0	$980	$0	$980
Soybeans		$43,611	$21,609	$22,053	$10,927	$30,065	$18,939
Wheat		$0	$7,163	$0	$15,593	$0	$15,593

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

	Reallocate Base		No Reallocation	
Crop	Program	Expected Payment	Program	Expected Payment
Grain Corn	PLC + SCO	$155,432	PLC + SCO	$116,143
Oats	ARC-CO	$0	ARC-CO	$2,844
Soybeans	ARC-CO	$43,611	ARC-CO	$21,609
Wheat	ARC-CO	$0	PLC	$15,593
	Total	$199,043	Total	$156,189

Analysis Output

Farm-by-Farm Choices

FSA # 2462

Base Reallocation | Risk Chart, Same Choice for All Crops | Per Crop Analysis

Base Reallocation Considerations

Need help interpreting this information? Try our YouTube video

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

		ARC-CO		PLC		PLC + SCO	
Crop	Reallocate Base	Yes	No	Yes	No	Yes	No
Grain Corn		$136,466	$97,183	$136,489	$97,200	$155,432	$116,143
Oats		$0	$2,844	$0	$980	$0	$980
Soybeans		$43,611	$21,609	$22,053	$10,927	$30,065	$18,939
Wheat		$0	$7,163	$0	$15,593	$0	$15,593

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

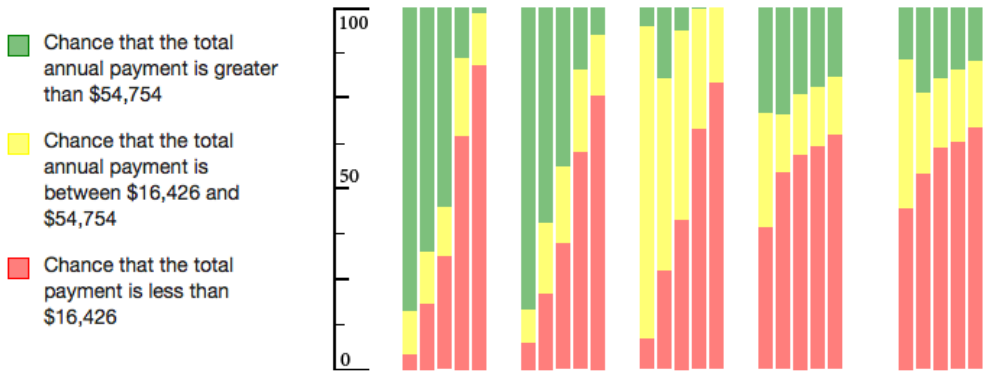
	Reallocate Base		No Reallocation	
Crop	Program	Expected Payment	Program	Expected Payment
Grain Corn	PLC + SCO	$155,432	PLC + SCO	$116,143
Oats	ARC-CO	$0	ARC-CO	$2,844
Soybeans	ARC-CO	$43,611	ARC-CO	$21,609
Wheat	ARC-CO	$0	PLC	$15,593
	Total	$199,043	Total	$156,189

Base Reallocation | Risk Chart, Same Choice for All Crops | Per Crop Analysis

The following chart shows annual expected payments for each year (2014-2018) if you make the same choices acro
FSA # 2462.

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

Program	ARC-IC	ARC-CO	ARC-CO	PLC + SCO	PLC + SCO
Reallocate Base?	N/A	Yes	No	Yes	No



The following table shows expected payments or SCO net indemnities if you make the same choices across all crop

FSA Program	Reallocate Base	2014	2015	2016	2017	2018	Sum
ARC-IC	N/A						Show Details
Expected Payment		$58,188	$48,992	$40,047	$17,339	$7,023	$171,589
ARC-CO	Yes	$59,077	$50,760	$38,942	$19,729	$11,568	$180,077
ARC-CO	No	$41,267	$36,248	$28,039	$14,381	$8,864	$128,799
PLC ⚠	Yes	$35,869	$37,707	$30,653	$28,935	$25,379	$158,543
PLC ⚠	No	$25,583	$30,256	$25,283	$23,323	$20,256	$124,700
SCO Expected Net Indemnity	N/A	$0	$6,490	$6,710	$6,797	$6,957	$26,955
PLC + SCO	Yes	$35,869	$44,197	$37,364	$35,732	$32,336	$185,497
PLC + SCO	No	$25,583	$36,746	$31,993	$30,120	$27,213	$151,655

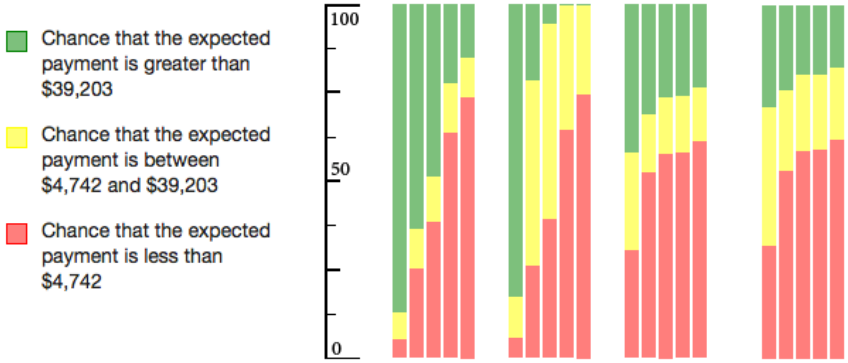
Base Reallocation | Risk Chart, Same Choice for All Crops | Per Crop Analysis

Grain Corn | Oats | Soybeans | Wheat

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, G

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



Grain Corn

FSA Program	Reallocate Base	2014	2015	2016	2017	2018	Sum
ARC-CO	Yes						Show Details
Expected Payment		$49,502	$36,642	$27,980	$13,398	$8,944	$136,466
ARC-CO	No						Show Details
Expected Payment		$35,253	$26,094	$19,926	$9,541	$6,369	$97,183
PLC	Yes						Show Details
Expected Payment ⚠		$35,762	$29,492	$24,789	$24,418	$22,028	$136,489
PLC	No						Show Details
Expected Payment ⚠		$25,467	$21,002	$17,654	$17,389	$15,687	$97,200
SCO	N/A						

Details Behind StopLights

Grain Corn

FSA Program	Reallocate Base	2014	2015	2016	2017	2018	Sum
ARC-CO	Yes						▾ Hide Details
Expected Payment		$49,502	$36,642	$27,980	$13,398	$8,944	$136,466
Probability of Payment		95%	76%	62%	38%	27%	
25% of Payments		≤ $55,050	≤ $3,475	≤ $0	≤ $0	≤ $0	
25% of Payments		≥ $55,050	≥ $54,813	≥ $51,032	≥ $30,750	≥ $7,435	
5% of Payments		≥ $55,050	≥ $55,050	≥ $55,410	≥ $48,634	≥ $46,143	
ARC-CO	No						◂ Show Details
Expected Payment		$35,253	$26,094	$19,926	$9,541	$6,369	$97,183
PLC	Yes						▾ Hide Details
Expected Payment ⚠		$35,762	$29,492	$24,789	$24,418	$22,028	$136,489
Probability of Payment		73%	50%	45%	44%	41%	
25% of Payments		≤ $0	≤ $0	≤ $0	≤ $0	≤ $0	
25% of Payments		≥ $60,337	≥ $52,938	≥ $42,727	≥ $41,905	≥ $36,420	
5% of Payments		≥ $99,914	≥ $116,894	≥ $108,568	≥ $107,914	≥ $103,302	

Insurance Analyzer

Nebraska Example's Farm Units

FSA #	Farm Name	Crop Practice	
2462	Home Place	Winter Wheat Irrigated	Edit Yields
2462	Home Place	Winter Oats Irrigated	Edit Yields
2462	Home Place	Grain Corn Irrigated	Edit Yields
2462	Home Place	Commodity Soybeans Irrigated	Edit Yields

New Farm Unit

Available Tools

Hel

Yield Update

This tool calculates values for PLC yiel using yield histories for your units listec on the left.

Base Acre Reallocation & PLC/ARC Decision Aid

This tool helps you decide whether to reallocate your base acres and whether 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.

Crop Insurance Interaction with Base Reallocation, PLC, and ARC

Home Clients About Us Montana Wheat

Annual Insurance Decision Aid

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

- Crop insurance policy type (**Yield Protection (YP)** ?, **Revenue Protection (RP)** ?, or **Revenue Protection with Harvest Price Exclusion (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 upland cotton)
- FSA program choice (**PLC** ? or **ARC** ?)

This tool relies on previously-entered data about your RMA units for each state-county-crop-practice combination. If you have not yet entered data, create a farm unit from the home screen.

Get Started

Need more help? Found a bug? Contact Us

Crop Insurance Module

Annual Insurance Decision Aid

Select a Crop

Your data reflect the following state-county-crop-practice combinations. Please choose the combination you wish to use for the analysis.

- Irrigated Wheat in Dawson County, NE (to run an insurance analysis, please specify a Rate Yield for all relevant farm units)
- Irrigated Grain Corn in Dawson County, NE
- Irrigated Soybeans in Dawson County, NE
- Irrigated Oats in Dawson County, NE (insurance analysis not available) (to run an insurance analysis, please specify a Rate Yield for all relevant farm units)

Crops eligible for insurance are in blue. Select one at a time to analyze ARC vs. PLC with details for crop insurance interaction.

Crop Insurance Module

FSA #	Unit Name	CC Yield	APH
2462	Home Place	173	203.0000

Projected Prices

or Grain Corn, RMA sets a 2014 projected price of 4.62(
nalysis, enter your price below.

Projected Price

4.62

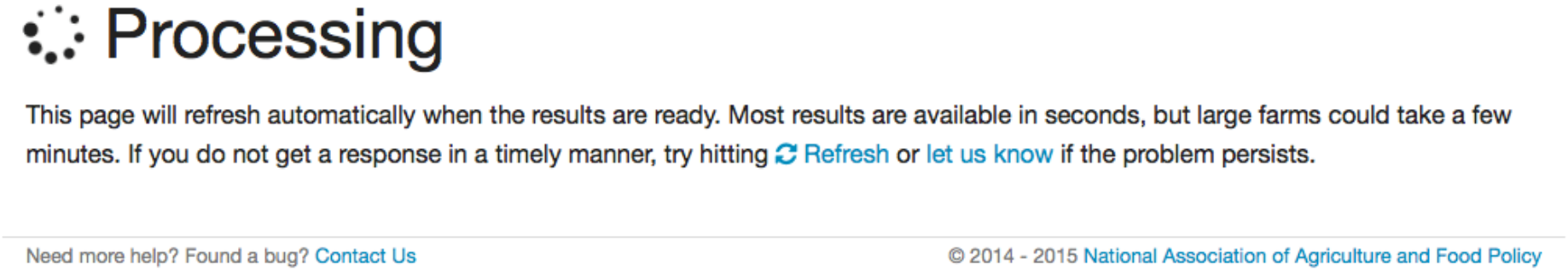
our Price Outlook

pecify your outlook for national marketing year average

Grain Corn

	FAPRI	USDA	in $/bu
2014	3.4974	3.5000	3.4974
2015	3.7883	3.4000	3.7883
2016	3.9058	3.5000	3.9058
2017	3.9155	3.5000	3.9155
2018	3.9823	3.5000	3.9823

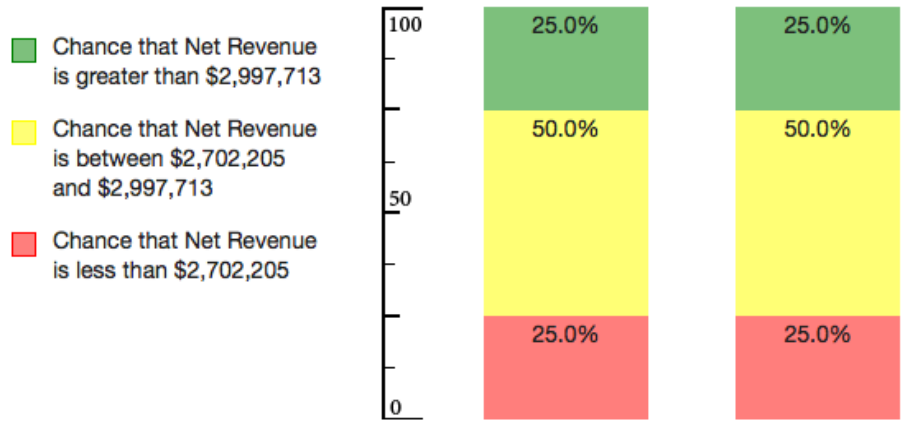
Crop Insurance Module



The Decision Aid simulates the 5 year life of the farm bill using random prices and yields to test 390 different insurance and farm program options for the crop. The simulation will take 5 to 30 seconds.

Results

The chart below characterizes the probabilities of realizing various levels of net revenue for market receipts plus crop insurance and shallow loss (SCO) indemnities, minus crop insura FSA program (PLC or ARC) payments.



	Reference Scenario	Alternative Scenario
Average Net Revenue	$2,857,274	$2,857,274
FSA Program	ARC-C	ARC-C
Policy Type	RP	RP
Coverage Level	70%	70%
Unit Structure	Optional	Optional
Shallow Loss Option	None	None

Crop Insurance Module

Good Option Combinations

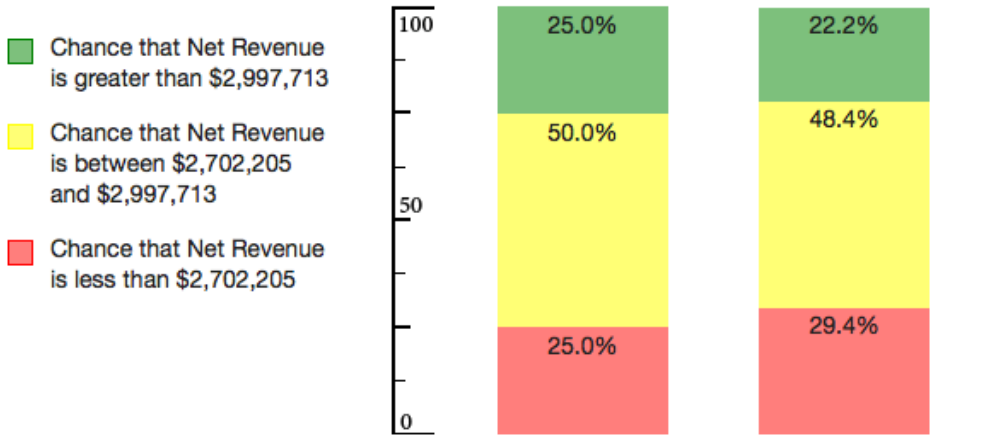
The following option combinations result in net revenue distributions with characteristic
producers.

FSA Program	Policy Type	Coverage %	Unit Structure	Shallow Loss Protection
ARC-C	RP-HPE	85%	Optional	None
PLC	RP-HPE	85%	Optional	SCO
PLC	RP-HPE	85%	Optional	None
ARC-C	RP-HPE	80%	Optional	None
PLC	RP-HPE	80%	Optional	SCO

Change Prices Choose another Crop

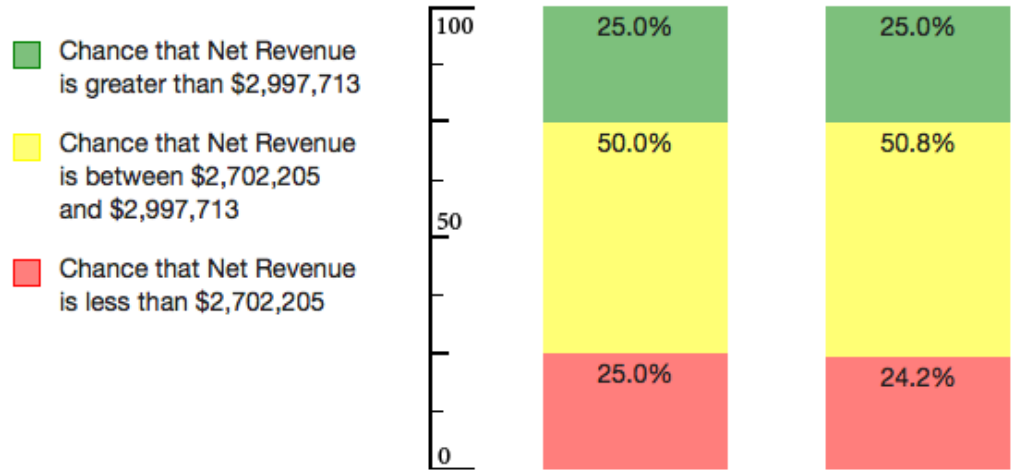
Decision Aid indicates the 5 best combinations of insurance and farm program options.

Experiment with different program options and insurance levels using the drop down menus.



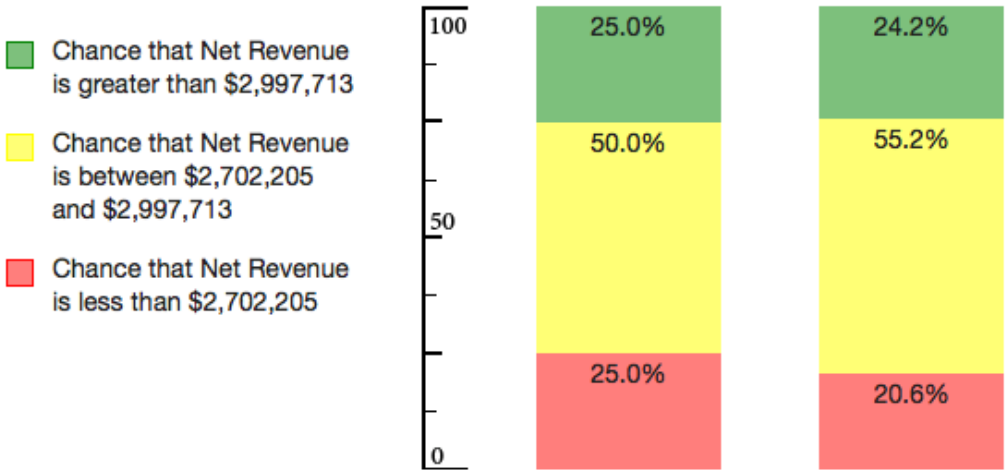
	Reference Scenario	Alternative Scenario
Average Net Revenue	$2,857,274	$2,835,157
FSA Program	ARC-C	PLC
Policy Type	RP	RP
Coverage Level	70%	70%
Unit Structure	Optional	Optional
Shallow Loss Option	None	None

	Reference Scenario	Alternative Scenario



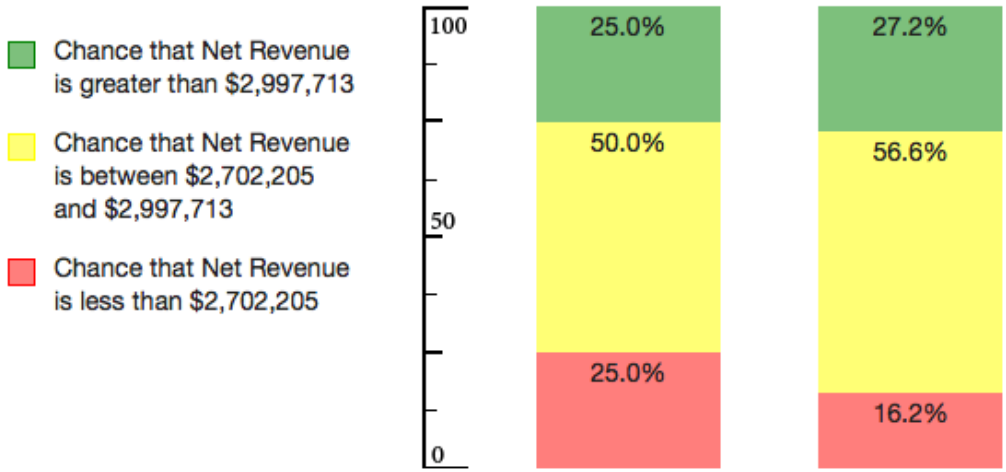
Average Net Revenue	$2,857,274	$2,865,512
FSA Program	ARC-C	PLC
Policy Type	RP	RP
Coverage Level	70%	70%
Unit Structure	Optional	Optional
Shallow Loss Option	None	SCO
Avg. SCO Premium per acre	N/A	$8.668

	Reference Scenario	Alternative Scenario



Average Net Revenue	$2,857,274	$2,874,465
FSA Program	ARC-C	PLC
Policy Type	RP	RP
Coverage Level	70%	85%
Unit Structure	Optional	Optional
Shallow Loss Option	None	SCO
Avg. SCO Premium per acre	N/A	$1.175

	Reference Scenario	Alternative Scenario



Average Net Revenue	$2,857,274	$2,893,925
FSA Program	ARC-C	ARC-C
Policy Type	RP	RP
Coverage Level	70%	85%
Unit Structure	Optional	Optional
Shallow Loss Option	None	None
Avg. SCO Premium per acre	N/A	$0

Reference Prices for PLC

- Wheat - $5.50/bu
- Corn - $3.70/bu
- Grain Sorghum - $3.95/bu
- Barley - $4.95/bu
- Oats - $2.40/bu
- Long Grain Rice - $14.00/cwt
- Medium Grain Rice - $14.00/cwt
- Soybeans - $8.40/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
Grain Rice - $6.50/cwt
Medium Grain Rice - $6.50/cwt
Soybeans - $5.00/bu
Other Oilseeds - $10.09/bu
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 Long $0.52/lb

Base Reallocation

- One time base reallocation
  - Two choices
    - Reallocate (cannot increase base acres for a farm)
    - Retain existing base acres
  - Reallocate 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

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

Payment Limitations

- $125,000 per person payment limits for (ARC, PLC, LDPs and marketing loan gains) combined
- Peanuts maintain a separate $125,000 payment limit
- No limit on marketing loan forfeitures
- $900,000 3 year average adjusted gross income (AGI) on commodity and conservation programs
- Actively Engaged Provisions
  - Directs the USDA Secretary to conduct a rulemaking to define the term “significant contribution of active personal management” and determine if a limit on the number of individuals in an entity qualifying using “management” is necessary.
  - Potential changes will not apply to individuals or to entities that are made up solely of family members.