

New Farm Bill, New Safety Net

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Integrated Crop Management Conference

CCA Credit: 1 CM
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Ag Decision Maker

Agenda

- Overview of Farm Bill programs
- Update, Elect, Enroll
- Update : Base Reallocation & Yield Update
- Elect: PLC, ARC-CO, ARC-IC
- Price Expectations
- Risk Profile

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Farm Programs

Repealed:

- Direct Payments
- Counter-Cyclical Payments
- Supplemental Revenue Assistance Program (SURE)
- Avg. Crop Revenue Election Program (ACRE)

New:

- Agricultural Risk Coverage-County (ARC-CO)
- Agricultural Risk Coverage-Individual (ARC-IC)
- Price Loss Coverage (PLC)
- Supplemental Coverage Option (SCO)

Farm Programs

Repealed:

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- Supplemental Revenue Assistance Program (SURE)
- Avg. Crop Revenue Election Program (ACRE)

New:

- Agricultural Risk Coverage-County (ARC-CO)
- Agricultural Risk Coverage-Individual (ARC-IC)
- Price Loss Coverage (PLC)
- Supplemental Coverage Option (SCO)

FSA

RMA

ARC/PLC Program

Covered Commodities for ARC/PLC

Barley	Canola	Corn
Crambe	Flaxseed	Garbanzo, Large
Garbanzo, Small	Grain Sorghum	Lentils
Mustard Seed	Oats	Peanuts
Peas, Dry	Rapeseed	Rice, Long Grain
Rice, Medium Grain	Safflowers	Sesame Seed
Soybeans	Sunflower Seed	Wheat

New Farm Programs

Programs	By FARM	By CROP
PLC offers price protection	✓	✓
ARC-CO offers revenue protection at the county level	✓	✓
ARC-IC offers revenue protection at an individual farm level across all farms enrolled and covered commodities planted	✓	✗

ARC PLC Decisions: The 3 Step Process



1 UPDATE

The land owner can *“reallocate”* base acres and/or *“update”* Payment Yields by FSA farm number.

2 ELECTION

Once Base Acres and Yields are determined for that farm, then all current producers *Elect* ARC or PLC

3 ENROLLMENT

Once Election has been completed then *Enrollment* by a producer occurs annually.

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Source: Johnson, ISU Extension, August 2014

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Timeline of Decisions

September 9, 2014 – February 27, 2015:

- (1) *Maintain* or *Reallocate* Historic Base Acres. Total base acres remain unchanged.
- (2) *Retain* or *Update* farm's payment yields

November 17, 2014 - March 31, 2015:

- (3) *Elect* ARC-CO, ARC-IC or PLC for life of Farm Bill
If no election, then PLC for 2015 through 2018; no program in 2014.

Early 2015 - March 15, 2015:

- (4) For acreage NOT under ARC, *Buy* SCO with crop insurance for 2015

Mid-April 2015 – Summer 2015

- (5) *Enroll* in elected program for 2014 & 2015 simultaneously

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Update Decision

“Update” Decision

1. *Retain or Update* Farm’s Payment Yields
2. *Maintain or Reallocate* Base Acres

- One-time choice (irrevocable) by FSA farm number
- Requires landowner’s signature or Power of Attorney Form 211

Payment Yield Update

If PLC payments triggered:

Higher Yield = Higher Payment

Payment Yield Update

The owner can choose to:

1. Retain Current Counter-Cyclical Yields
- OR
2. Update Yields: *simple average of years planted in 2008-2012 X 90%*

Payment Yield Update (cont.)

A Substitute Yield can be used when:

1. Farm yield is below the substitute yield in any year, 2008 through 2012

OR

2. The crop was planted in a year and the owner does not have yield records available.

Payment Yield Update (cont.)

Substitute Yield:

75% of the 2008 through 2012 simple county average yield per planted acre for the covered commodity

Available at: www.fsa.usda.gov/arc-plc

Yield Update Example 1: Fayette Co.

5 Year average of Planted acreage

Farm #2566		Current Corn Yield: 142 bu/a						
Crop	2008	2009	2010	2011	2012			
Corn	151	165	155	180	119			

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Source: Iowa State FSA Office
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Yield Update Example 1: Fayette Co.

5 Year average of Planted acreage

Farm #2566		Current Corn Yield: 142 bu/a						
Crop	2008	2009	2010	2011	2012			
Corn	151	165	155	180	119			
Avg. CO Yield (75%)	122	122	122	122	122			

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Source: Iowa State FSA Office
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Yield Update Example 1: Fayette Co.

5 Year average of Planted acreage

Farm #2566		Current Corn Yield: 142 bu/a						
Crop	2008	2009	2010	2011	2012	Total	Avg. Yield	PLC Yield (90%)
Corn	151	165	155	180	449	773	155	139 bu/a
Avg. CO Yield (75%)	122	122	122	122	122			

Current 142 bu > Updated 139 bu : **Retain**

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Source: Iowa State FSA Office
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Payment Yield Update Tools

- Iowa State University:
<http://www.extension.iastate.edu/agdm/info/farmbill.html>
- University of Illinois: <http://fsa.usapas.com/>
- Texas A&M: <https://usda.afpc.tamu.edu/>

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ISU Update Tool

Ag Decision Maker

Recent Updates
Information Files
Decision Tools
Teaching Activities
Voiced Media
Outlook & Profitability

Homepage

Crops

Livestock

Whole Farm

New Business Development

Renewable Energy

Stay up-to-date with AgDM

2014 Farm Bill Information

Crops | Livestock | Meeting Details | Web Casts | More Information

ISU Extension and Outreach Resources

- Ag Decision Maker Blog - Farm Bill Postings
- Useful links and Resources

Crops

Information Files

New Safety Net: PLC, ARC-CO, ARC-IC -- A1-32		
2014 Farm Bill Analyzer: Data and Methods -- A1-33		
Base Acreage Reallocation and Payment Yield Update -- A1-35		
New Safety Net: SCO -- A1-44		

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ISU Tool – Example 1

2. Retain old program yields or update yields for Price Loss Coverage (PLC) program

Payment Yields for PLC

	Corn	Soybeans	Oats	Wheat
2008 actual farm yield per planted acre	151			
2009 actual farm yield per planted acre	165			
2010 actual farm yield per planted acre	155			
2011 actual farm yield per planted acre	180			
2012 actual farm yield per planted acre	119			
2008 actual farm yield or plug	151.0			
2009 actual farm yield or plug	165.0			
2010 actual farm yield or plug	155.0			
2011 actual farm yield or plug	180.0			
2012 actual farm yield or plug	122.0			
90% of 2008-2012 average	139.1			
Current CCP payment yields	142.0			
Updated payment yields for PLC	139.1			
Use updated payment yields for PLC?	<input type="checkbox"/> Corn:Yes	<input type="checkbox"/> Soy:Yes	<input type="checkbox"/> Oats:Yes	<input type="checkbox"/> Wheat:Yes
Payment Yields for PLC	142.0	0.0	0.0	0.0

Substitute county yield (75%)
for Fayette County

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Yield Update Example 2: Fayette Co.

4 Year average of Planted acreage

Farm #2567		Current Corn Yield: 132 bu/a						
Crop	2008	2009	2010	2011	2012	Total	Avg. Yield	PLC Yield (90%)
Corn	Zero Plant	Planted No Evidence	175	185	176	658	165	148 bu/a
	Avg. CO Yield (75%)	122	122	122	122	122		

Current 132 bu < Updated 148 bu : **Update** yields

ISU Tool – Example 2

2. Retain old program yields or update yields for Price Loss Coverage (PLC) program

	Payment Yields for PLC			
	Corn	Soybeans	Oats	Wheat
2008 actual farm yield per planted acre	NP			
2009 actual farm yield per planted acre	ND			
2010 actual farm yield per planted acre	175			
2011 actual farm yield per planted acre	185			
2012 actual farm yield per planted acre	176			
2008 actual farm yield or plug	122.0			
2009 actual farm yield or plug	175.0			
2010 actual farm yield or plug	185.0			
2011 actual farm yield or plug	176.0			
2012 actual farm yield or plug	148.1			
90% of 2008-2012 average	132.0			
Current CCP payment yields	148.1			
Updated payment yields for PLC				
Use updated payment yields for PLC?	<input checked="" type="checkbox"/> Corn:Yes	<input type="checkbox"/> Soy:Yes	<input type="checkbox"/> Oats:Yes	<input type="checkbox"/> Wheat:Yes
Payment Yields for PLC	148.1	0.0	0.0	0.0

No plug for NP

Payment Yield Update (cont.)

- Operators or owners can provide “Yields” for the years the crop was planted on the farm, 2008-12.
- Yields are “Certified” to the FSA County Office at the “FARM” level
- FSA County Offices are NOT accepting production records and/or calculating yields for producers
- Upon certifying yields, the OWNER makes the decision on whether to update or retain and is responsible for having the records available

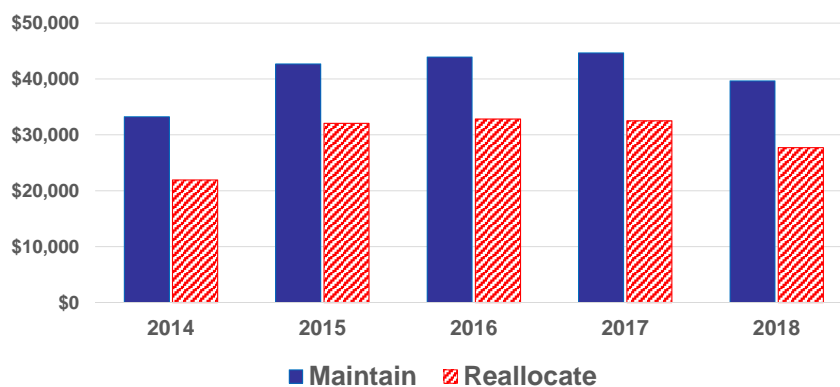
Payment Yield Update (cont.)

- Yields: “self-certified”
- Subject to spot-check and OWNER responsible for providing records to verify accuracy of yields
- Acceptable records for a spot-check would include:
 1. RMA data, specific year yields used in APH records
 2. Production Evidence, sold or commercial storage
 3. On-Farm storage records
 4. FSA Loan Records

Base Acre Reallocation

Maintain or Reallocate Base Acres?

Expected Payments for **Example Farm** in Boone County in low revenue years using USDA projected prices
 CORN: PLC+RP80%+SCO and BEANS: ARC-CO+YP80%



Base Reallocation Decision

An Owner can choose to:

1. Maintain Current (2014) Base Acres

OR

2. Reallocate Base Acres according to Planting History of covered commodities, 2009 through 2012

- No new base acres

Base Reallocation - Example

Farm #2566

Cropland: 160.0 base acres

Corn Base: 70.0 acres

Soybean Base: 70.0 acres

Oats Base: 20.0 acres

CROP HISTORY				
CROP	2009	2010	2011	2012
Corn	80	70	80	70
Soybeans	70	80	70	80
Oats	0	0	0	0

ISU Tool – Example

Name of farm or producer: Note: enter your data in shaded cells.
 FSA code and farm number:

County (choose from list)

1. Base acreage reallocation for ARC-CO and PLC

	Payment Acres			
	Corn	Soybeans	Oats	Wheat
2009 planted & considered planted acres	80	70		
2010 planted & considered planted acres	70	80		
2011 planted & considered planted acres	80	70		
2012 planted & considered planted acres	70	80		
2009-2012 Average	75.00	75.00	0.00	0.00
Reallocation Percentage	50.00%	50.00%	0.00%	0.00%
2014 Base acres	70	70	20	
2014-2018 Reallocated base acres	80	80	0	0
Use updated bases? <input checked="" type="checkbox"/> Yes	TRUE	TRUE	TRUE	TRUE
Base acres to use 2014-2018	80.00	80.00	0.00	0.00
Payment Acres for ARC-CO and PLC	68.00	68.00	0.00	0.00

Total
160a
160a

Program Election

Election Decision

One-time opportunity for “**All Current Producers**” to

- *collectively,*
- *unanimously,* and
- *irrevocably*

elect programs on each FSA Farm Number

Election Decision (cont.)

- Current: person or legal entity meeting the “definition” of producer on the day that person or legal entity is signing any form or performing any action required
- Producer: A person or legal entity with a *share in a crop on cropland and shares in the risk of producing the crop on the farm*

Cash rent owners cannot Elect

Election Decision (cont.)

- An election will not be approved unless all current producers on a farm, at the time of election, have signed CCC-857.
- County Committees might invalidate an election if not all election requirements are satisfied

Election Decision (cont.)

Failure to make an election by March 31 2015 will cause:

- the farm to be deemed as having a PLC election starting in 2015 through 2018
- and NO payments for 2014

Price Loss Coverage (PLC)

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Price Loss Coverage

Payments made when the effective price is less than the reference price for a covered commodity.

- Effective Price is the higher of Marketing year Average Price (MYA) for the crop or the National Loan Rate for the crop.
- Payments made on 85% of base acres
- Payments made regardless of planting

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Source: Iowa State FSA Office
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Reference Price/National Loan Rate

The Reference Price & National Loan Rate for each crop was set by statute and remains the same for life of Farm Bill.

Crop	Reference Price	National Loan Rate	Max PLC Rate
Corn	\$3.70	\$1.95	\$1.75
Soybeans	\$8.40	\$5.00	\$3.40
Oats	\$2.40	\$1.39	\$1.00
Wheat	\$5.50	\$2.94	\$2.56
Grain Sorghum	\$3.95	\$1.95	\$2.00
Barley	\$4.95	\$1.95	\$3.00

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Source: Iowa State FSA Office
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PLC Example

Farm #1:

- Corn Base: 100 acres
- PLC Yield: 142 bu/a
- Reference price for Corn: \$3.70/bu
- Marketing year average price: \$3.50/bu
- PLC payment rate: \$0.20/bu (\$3.70 - \$3.50).
- PLC payment:
 $\$0.20/\text{bu} \times 142 \text{ bu/a} \times 100 \text{ acres} \times 85\% = \$2,414$
- Max Payment = $\$1.75 \times 142 \times 100 \times 85\% = \$22,123$

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Source: Iowa State FSA Office
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Agricultural Risk Coverage at County Level (ARC-CO)

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ARC-CO Program

Payments made when the ARC-CO Actual Revenue is *less than* the ARC-CO Guarantee for a covered commodity.

County "Yield" data is used, not individual farm data

- ARC-CO Guarantee = 86% Benchmark Revenue
- Max payment = 10% Benchmark Revenue
- Payments made on 85% of base acres
- Payments are made regardless of planting

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Source: Iowa State FSA Office
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ARC-CO Benchmark Revenue Calculation

ARC-CO Benchmark Revenue calculated by multiplying:

- 5 Year Olympic Average Yield: higher of :
 - County Yield for the crop
 - 70% of the county transitional yield (70%T)
- 5 Year Olympic Average Price: higher of :
 - Market Year Average (MYA) price
 - Reference Price for the covered commodity.

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Source: Iowa State FSA Office
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ARC-CO Example – Step 1 / 7

Farm #1:
Corn Base: 100 acres
County: Boone
70% of Corn T-Yields in Boone County: 122.5 bu/a

CORN	2009	2010	2011	2012	2013	Olympic Average
County Yield	184	162	182	147	154	
70% of T-Yield	122.5	122.5	122.5	122.5	122.5	
MYA Price						
Reference Price						

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Source: Iowa State FSA Office
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ARC-CO Example – Step 1

Farm #1:

Corn Base: 100 acres

County: Boone

70% of Corn T-Yields in Boone County: 122.5 bu/a

CORN	2009	2010	2011	2012	2013	Olympic Average
County Yield	184	162	182	147	154	
70% of T-Yield	122.5	122.5	122.5	122.5	122.5	
MYA Price						
Reference Price						

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Source: Iowa State FSA Office
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ARC-CO Example – Step 1

Farm #1:

Corn Base: 100 acres

County: Boone

70% of Corn T-Yields in Boone County: 122.5 bu/a

CORN	2009	2010	2011	2012	2013	Olympic Average
County Yield	184	162	182	147	154	166
70% of T-Yield	122.5	122.5	122.5	122.5	122.5	
MYA Price						
Reference Price						

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Source: Iowa State FSA Office
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ARC-CO Example – Step 1

Farm #1:

Corn Base: 100 acres

County: Boone

70% of Corn T-Yields in Boone County: 122.5 bu/a

CORN	2009	2010	2011	2012	2013	Olympic Average
County Yield	184	162	182	147	154	166
70% of T-Yield	122.5	122.5	122.5	122.5	122.5	
MYA Price	\$3.55	\$5.18	\$6.22	\$6.89	\$4.46	
Reference Price	\$3.70	\$3.70	\$3.70	\$3.70	\$3.70	

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Source: Iowa State FSA Office

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ARC-CO Example – Step 1

Farm #1:

Corn Base: 100 acres

County: Boone

70% of Corn T-Yields in Boone County: 122.5 bu/a

CORN	2009	2010	2011	2012	2013	Olympic Average
County Yield	184	162	182	147	154	166
70% of T-Yield	122.5	122.5	122.5	122.5	122.5	
MYA Price	\$3.55	\$5.18	\$6.22	\$6.89	\$4.46	\$5.29
Reference Price	\$3.70	\$3.70	\$3.70	\$3.70	\$3.70	

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Source: Iowa State FSA Office

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ARC-CO Example (cont.)

Step 2. Corn ARC-CO Benchmark Revenue Calculation:

Benchmark Yield = 166/bu

Benchmark Price = \$5.29

Benchmark Revenue = \$878 (166 X \$5.29)

Step 3: Corn ARC-CO Guarantee Calculation:

Benchmark Revenue (\$878) X 86% = \$755

Step 4: Corn ARC-CO Actual Revenue in 2014:

2014 Boone County yield: 160 bu/a

2014 MYA Price: \$3.50/bu

Actual Revenue: \$560 (160 X \$3.50)

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Source: Iowa State FSA Office
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ARC-CO Example (cont.)

Step 5. Corn ARC-CO Revenue Loss Calculation:

Benchmark Revenue (\$878) X 86% = \$755

Actual Revenue= \$560

Revenue Loss= **\$195**

Step 6: Maximum Payment:

10% Benchmark Revenue = **\$87.81 (<\$195)**

Step 7: ARC-CO Payment:

\$87.81/acre X 100 base acres X 85 % = \$7,464

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Source: Iowa State FSA Office
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Agricultural Risk Coverage at Individual Level (ARC-IC)

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ARC-IC Program

Payments are made when the ARC-IC Actual Revenue is less than the ARC-IC Guarantee for ALL covered commodities on ALL farms enrolled in ARC-IC in the state for the producer.

- ARC-IC Guarantee = 86% ARC-IC Benchmark Revenue
- Max Payment = 10% ARC-IC Benchmark Revenue
- Payments made on 65% of base acres

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Source: Iowa State FSA Office
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ARC-IC Program (cont.)

Participation in ARC-IC requires:

- Election & Enrollment
- Planting of covered commodities that will be used to calculate Revenues across ALL covered commodities planted.
- Production reports of covered commodities for the current and previous 5 years

ARC-IC Program (cont.)

ARC-IC benchmarks, guarantees and actual revenues are calculated at the farm level and WEIGHTED to the producer's share of the covered commodities planted across all enrolled ARC-IC farm(s).

- Weighting to the producer share, is the "Producer Bucket Concept"
- ARC-IC Benchmark Revenues:
5 Year Olympic Average of the "Revenues"

ARC-IC Example

Farm # 2 (only one farm enrolled in ARC-IC)

Corn Base: 100 acres

Soybean Base: 50 acres

2014 Planted Acres:

Corn: 110 acres

Soybeans: 50 acres

Producer share is 100% of both crops planted

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Source: Iowa State FSA Office
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ARC-IC Example – Step 1 / 8

Step 1: Percentage of covered commodities planted for each crop is the P&CP acres divided by the total acres of covered commodities on the ARC-IC farm:

CROP	PLANTED ACRES	% Of Covered Commodity Planted	Calculations
Corn	110	68.75%	(110 / 160)
Soybeans	50	31.25%	(50 / 160)
Total	160		

NOTE: These percentages are used in “weighting” the producer’s revenues

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Source: Iowa State FSA Office
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ARC-IC Example – Step 2

Step 2: Calculate Benchmark Revenues for each covered commodity planted.

ARC-IC Example – Step 2

Corn	2009	2010	2011	2012	2013	5-Year Olympic Average Revenue	% Covered Commodity planted	Weighted 5-year Olympic Average
Farm Yield	186	162	182	147	154			
70% of T	122.5	122.5	122.5	122.5	122.5			
MYA	3.55	5.18	6.22	6.89	4.46			
Reference Price	3.70	3.70	3.70	3.70	3.70			
Revenue	688.20	839.16	1132.04	1012.83	686.84	846.73	68.75%	582
Soybean	2009	2010	2011	2012	2013	5-Year Olympic Average Revenue	% Covered Commodity planted	Weighted 5-year Olympic Average
Farm Yield	52	47	50	45	41			
70% of T	32.6	32.6	32.6	32.6	32.6			
MYA	9.59	11.30	12.50	14.40	13.00			
Reference Price	8.40	8.40	8.40	8.40	8.40			
Revenue	498.68	531.10	625.00	648.00	533.00	563.03	31.25%	176

ARC-IC Example (cont.)

Step 6: ARC-IC Payment Rate Calculation:

ARC-IC Guarantee= \$652 (\$758.08 X 86%)
 ARC-IC Actual Revenue= \$583
\$ 69 revenue loss

Step 7: Maximum payment:

10% ARC-IC Benchmark Revenue = **\$75.81**

Step 8: ARC-IC Payment for Farm#2:

Total Base Acres 150 X 65% X \$69 = \$6,727

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Source: Iowa State FSA Office
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New Farm Programs

Program	Trigger	Trigger Value	Payment based on:
PLC	Marketing Year Average Price	Effective Price < \$3.70 corn \$8.40 bean	85% Base Acres by crop and farm #
ARC-CO	County Revenue	86% (5-yr OA County Yields x 5-yr OA MYA Price)	85% Base Acres by crop and farm #
ARC-IC	Total Farm Revenue	86% 5-yr OA Farm Revenue	65% Base Acres summed across farms under ARC-IC

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Supplemental Coverage Option (SCO)

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SCO

- Endorsement to Crop Insurance Contract to cover part of the deductible
- Crop CANNOT be enrolled in ARC
- Buy from insurance agent
- Producer Premium: 65% subsidy
- Maximum Supplemental Protection \$ =
(86% - COMBO coverage level)
X underlying liability

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SCO (cont.)

- Payments triggered when:
 1. county yield < 86% normal county yields (YP)
 2. county revenue < 86% normal county revenue (RP, RPHPE)
- Actual payment depends on Area Performance (not farm performance):
Actual / Normal Yield or Revenue

Is this too complex?

Consider:

- Calculations for 5 years instead of 1
- Farm and County Yield Projections
- MYA, Projected, Harvest Price Projections
- SCO depends on type and level of coverage of COMBO product
- Reallocate or use FSA base acres?
- Maximize payments or minimize risks?

ISU Farm Bill Analyzer (Excel file)

- Designed for Iowa corn and soybean farmers
- **Identify the optimal combination of program(s) for 2014-2018**
- 18 data points by crop and 6 data points for whole farm (42 total)
- 3 sets of Price Projections: USDA, FAPRI, futures-based
- Futures prices update automatically when file is opened

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ISU Farm Bill Analyzer (cont.)

- 3 Volatility scenarios (high, average, low)
- COMBO insurance and coverage level
- Can manually adjust yield and price projections
- 2 sets of reports of expected payments:
 - Calculated across 500 simulations in each year.
 - Calculated across the bottom 10% of simulated crop revenues in each year (loss years)

<http://www.extension.iastate.edu/agdm/info/farmbill.html>

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ISU Farm Bill Analyzer - Example

Farm #4 in Boone County

After reallocation:

- 100 corn base acres
- 100 soybean base acres

Updated PLC payment yields:

- 147.5 bu/a corn
- 44.3 bu/a soybean

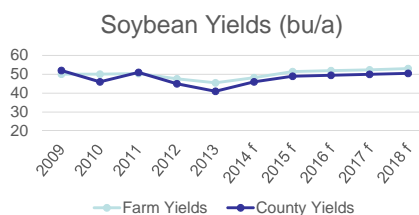
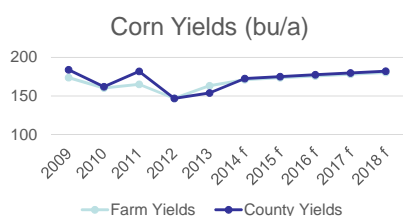
Alfalfa is also planted (not covered)

ISU Farm Bill Analyzer - Example

- The land owner plans to plant 100 acres to corn and 100 acres to soybeans in 2014-2018
- Will consider buying Revenue Protection at the 85% coverage level for corn and at the 80% coverage level for soybeans.

ISU Farm Bill Analyzer – Example (cont.)

3. Enter actual farm yields per planted acre		
	Actual Farm Yields per Planted Acre	
	Corn	Soybeans
2008 actual farm yield per planted acre	173.1	47.7
2009 actual farm yield per planted acre	173.9	50.1
2010 actual farm yield per planted acre	160.5	50.1
2011 actual farm yield per planted acre	165.2	50.4
2012 actual farm yield per planted acre	147.0	47.6
2013 actual farm yield per planted acre	163.3	45.5
2014 actual farm yield per planted acre	175.0	52.0

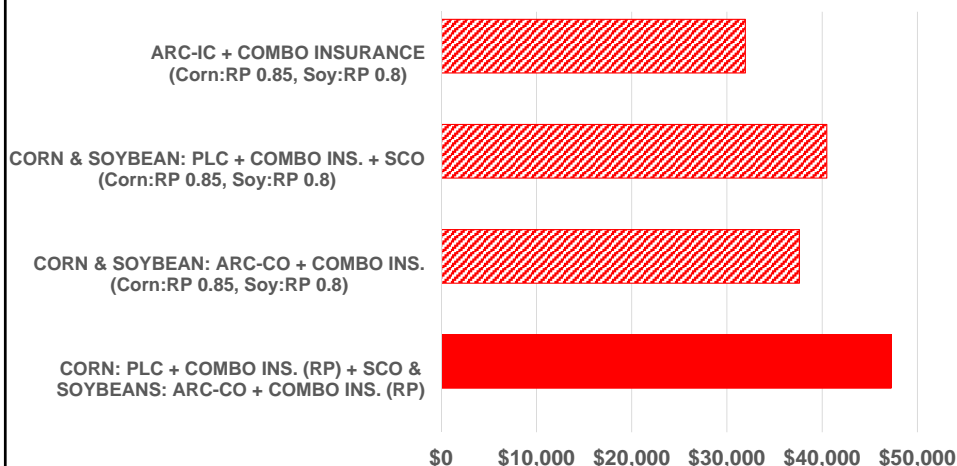


ISU Farm Bill Analyzer – Example (cont.)

1. Choose a set of Marketing Year Average (MYA) Price Projections:		USDA
2. Choose a price volatility scenario for each crop for 2014-2018		
	Volatility Scenario	
	Corn	Soybeans
Expected price volatility in 2014-2018	Average	Average

	USDA Projected Prices (Nov 10 2014)	
	CORN	SOYBEANS
2014	\$3.50	\$10.00
2015	\$3.30	\$8.85
2016	\$3.35	\$8.90
2017	\$3.45	\$9.05
2018	\$3.60	\$9.25

NPV Expected Payments under USDA price projections

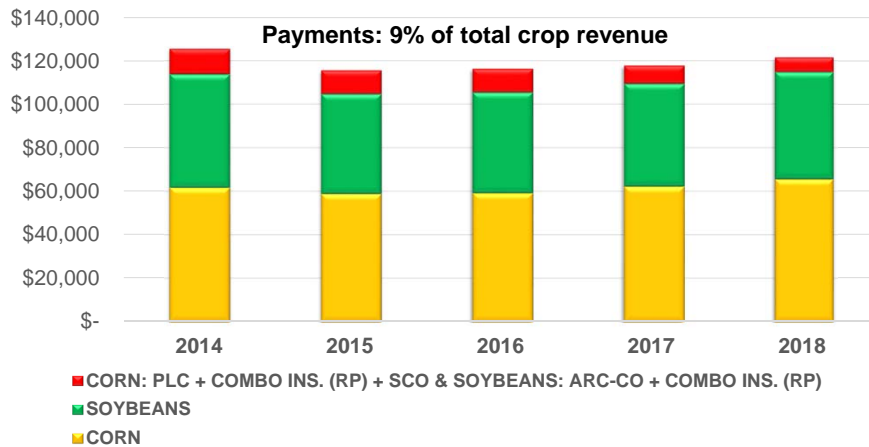


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ISU Analyzer – Projected Revenue with USDA Price Projections



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ISU Farm Bill Analyzer – Futures Prices

1. Choose a set of Marketing Year Average (MYA) Price Projections:	Futures Market
2. Choose a price volatility scenario for each crop for 2014-2018	
	Volatility Scenario
	Corn Soybeans
Expected price volatility in 2014-2018	Average Average

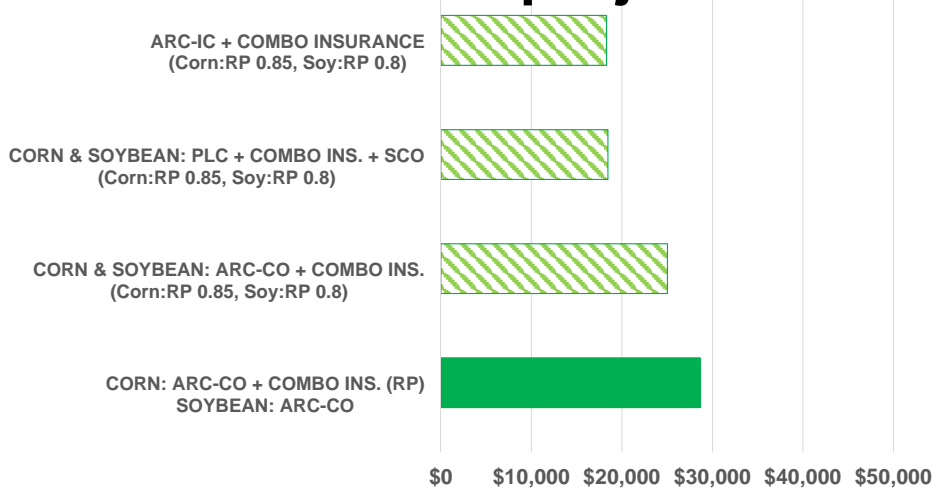
FUTURES CONTRACTS (Dec 3 2014)		
	CORN	SOYBEANS
2014	\$3.84	\$10.05
2015	\$4.17	\$9.93
2016	\$4.26	\$9.86
2017	\$4.17	\$9.87
2018	\$4.26	\$10.06

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NPV Expected Payments under Futures-based projections



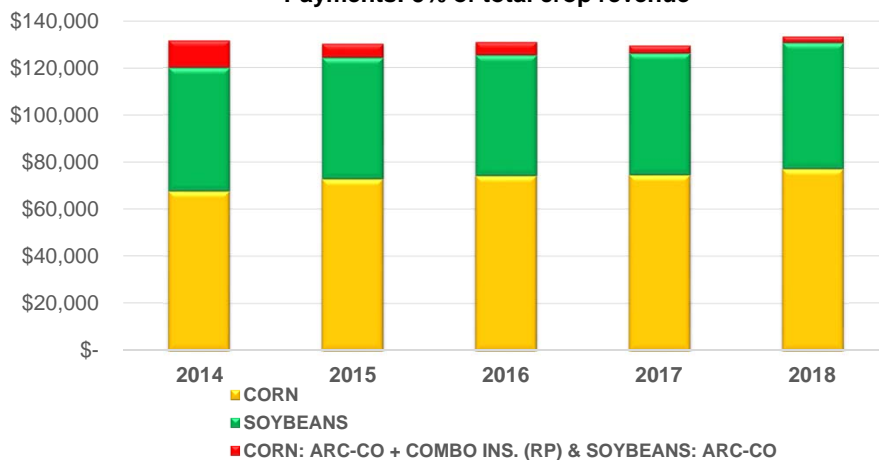
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ISU Analyzer – Projected Revenue with Futures-based Projections

Payments: 5% of total crop revenue



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ISU Farm Bill Analyzer - Examples

Price expectations affect program election:

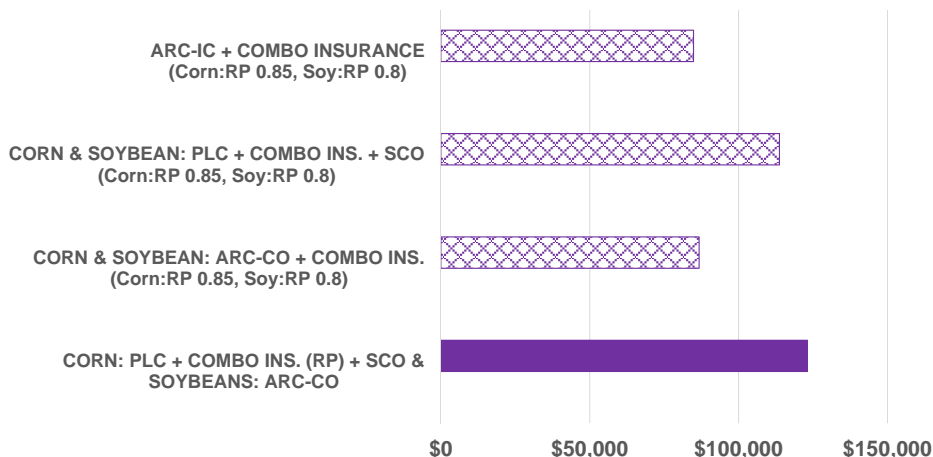
	USDA Prices	FUTURES-BASED Prices
CORN	PLC + RP 85% + SCO	ARC-CO + RP 85%
SOYBEAN	ARC-CO + RP 80%	ARC-CO ONLY

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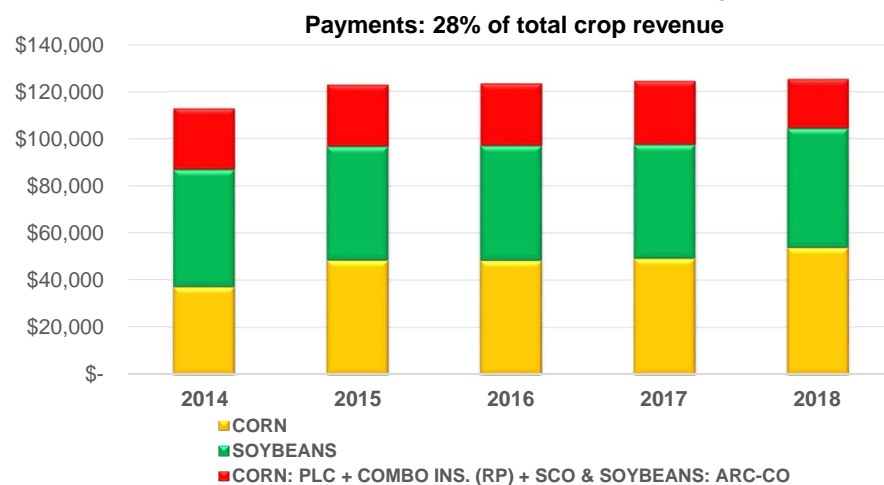
NPV Expected Payments in Loss Years, futures-based projections



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ISU Analyzer – Projected Revenue in Loss Years, Futures-based Projections



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ISU Farm Bill Analyzer - Examples

Producer's **Risk Profile** also affects program election (same expected yields and prices):


	Maximize Expected Payments	Minimize Risk
CORN	ARC-CO + RP 85%	PLC + RP 85% + SCO
SOYBEANS	ARC-CO ONLY	ARC-CO ONLY

Conclusion

Program choices are dependent on:

- **production system** in each farm
- producer's **expectations about future yields**
- producer's **expectations about future prices**
- producer's **risk profile**

No quick rule of thumb




Farm Management

- Region 1: Melissa O'Rourke
- Region 2: Shane Ellis
- Region 3: Kelvin Leibold
- Region 4: Kristen Schulte
- Region 5: Tim Eggers
- Region 6: Steve Johnson
- Region 7: Ryan Drollette
- Region 8: Charles Brown

Click on image or text links above.

Contact your Field Specialist for more details



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Thank you for your attention

Questions?
Comments?

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