

# **2014 Farm Bill Decision Aid**

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**James Richardson**  
**Regents Professor**  
**AgriLife Senior Faculty Fellow**  
**Co-Director, AFPC**

**Arkansas**  
**February 4-6, 2015**

**AFPC**

# **Main Message to Producers and Land Owners: Time is Running Out**

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- 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
- Three dates to remember
  - February 27 Yield Update and Base Reallocation
    - Land owner makes this decision
  - March 31 ARC and PLC Election
    - Producers make this decision
  - June 1 begin sign-up for 2015 program



# Time is Running Out: Base & Yield

| February |     |     |        |     |                    |           |
|----------|-----|-----|--------|-----|--------------------|-----------|
| Sun      | Mon | Tue | Wed    | Thu | Fri                | Sat       |
| 1        | 2   | 3   | X<br>4 | 5   | 6                  | 7         |
| 8        | 9   | 10  | 11     | 12  | 13                 | 14        |
| 15       | 16  | 17  | 18     | 19  | 20                 | 21        |
| 22       | 23  | 24  | 25     | 26  | Base & Yield<br>27 | SCO<br>28 |

Phases of the moon: 3:☉ 11:☾ 18:☀ 25:☾

Holidays and Observances: 14: Valentine's Day, 16: Presidents' Day

# Time is Running Out: ARC or PLC

March

Sun

Mon

Tue

Wed

Thu

Fri

Sat

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PLC or ARC

31

Phases of the moon: 5:○ 13:● 20:● 27:●

# Farm Bill Education Materials

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- Podcasts on the AFPC website (**[www.afpc.tamu.edu](http://www.afpc.tamu.edu)**)
  - Describe farm program provisions
  - Demonstrate and Explain All Aspects for Decision Aid
- Prepared educational materials and Pod Casts to highlight regional differences of the farm program for producers in their regions
- Formulas for ARC and PLC are very complicated when you include risk in the decision
- AFPC/NAAFP Decision Aid does everything for you, no need to work the formulas

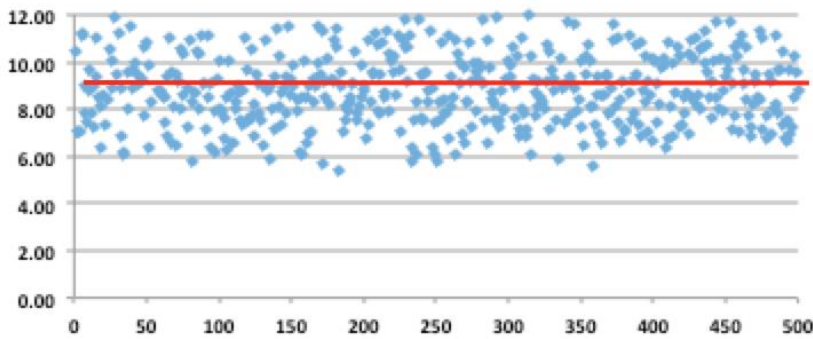


# Marketing Year Average Price Distributions

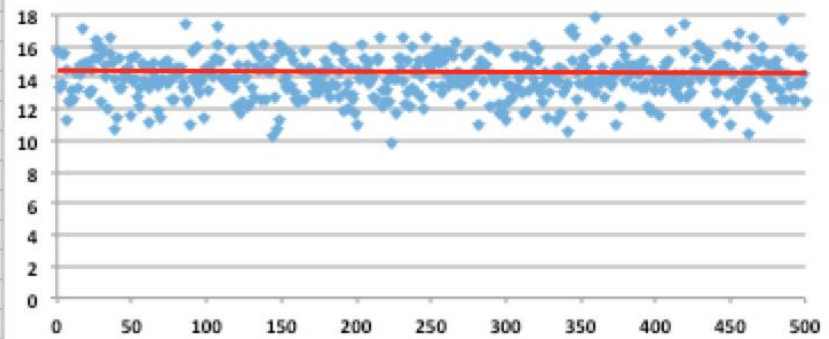
| Soybeans     |      |
|--------------|------|
| Avg Price    | 9.00 |
| Ref Price    | 8.4  |
| Average      | 0.40 |
| No. of Zeros | 309  |
| P(=zero)     | 0.62 |
| P(payment)   | 0.38 |

| Rice         |       |
|--------------|-------|
| Avg Price    | 14.00 |
| Ref Price    | 14.00 |
| Average      | 0.53  |
| No. of Zeros | 254   |
| P(=zero)     | 0.51  |
| P(payment)   | 0.49  |

Soybeans



Rice



Soybean

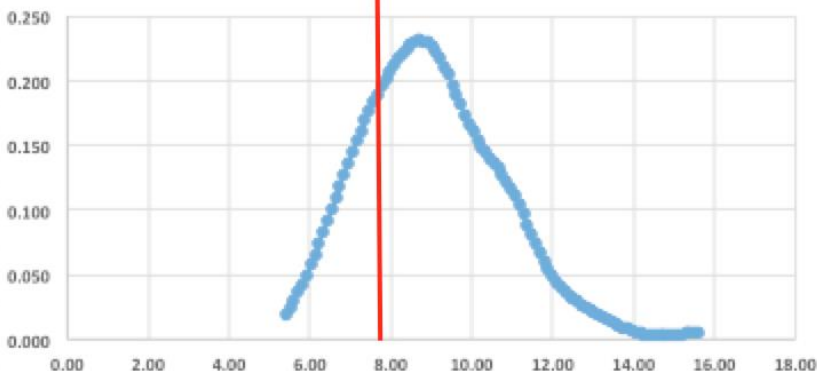
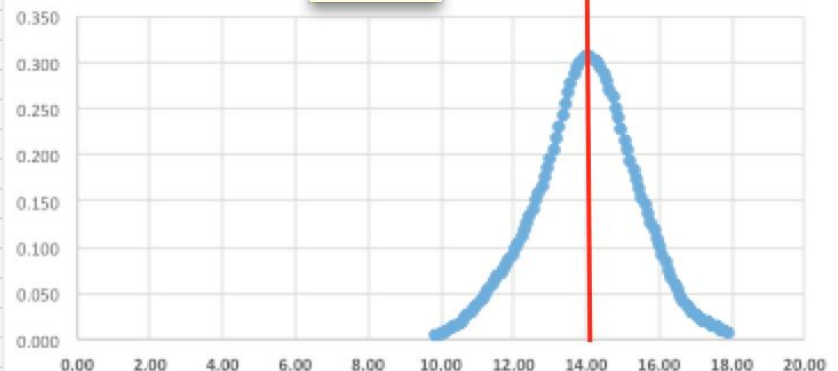


Chart Area

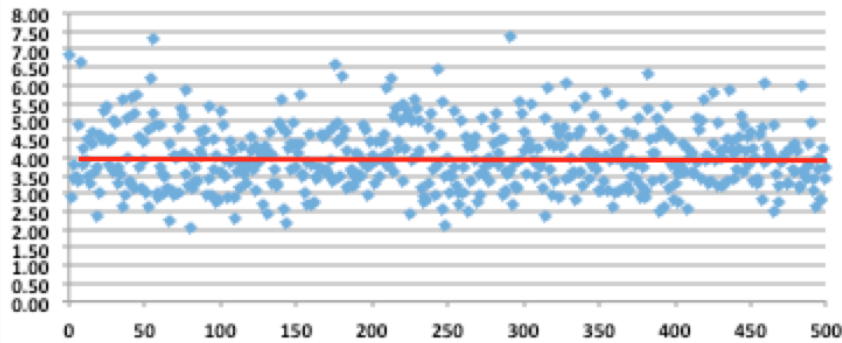


# Marketing Year Average Price Distributions

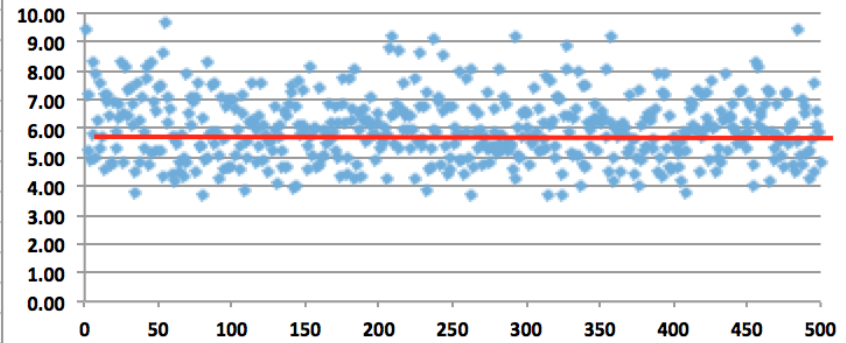
|              | Corn |
|--------------|------|
| MYA          | 4.00 |
| Ref Price    | 3.70 |
| Average      | 0.21 |
| No. of Zeros | 299  |
| P(=zero)     | 0.60 |
| P(payment)   | 0.40 |

|              | Wheat |
|--------------|-------|
| MYA          | 6.00  |
| Ref Price    | 5.50  |
| Average      | 0.24  |
| No. of Zeros | 319   |
| P(=zero)     | 0.64  |
| P(payment)   | 0.36  |

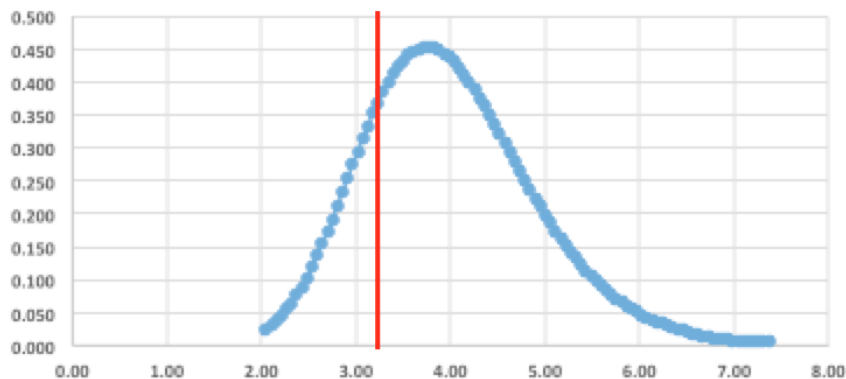
Corn



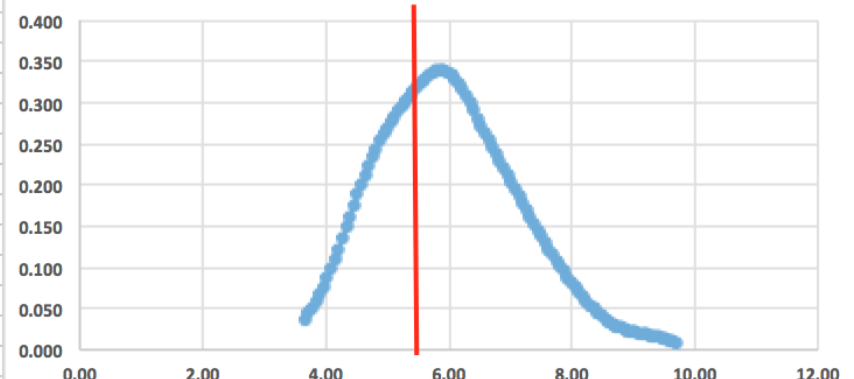
Wheat



Corn



Wheat



# Probabilities of PLC Payments

| Covered Commodity | Assuming a Marketing Year<br>Avg Price of: | Probability of PLC Payment |
|-------------------|--|----------------------------|
| Corn              | \$4.00/bu                                  | 40%                        |
| Grain Sorghum     | \$4.00/bu                                  | 52%                        |
| Wheat             | \$6.00/bu                                  | 36%                        |
| Soybeans          | \$9.00/bu                                  | 38%                        |
| Rice              | \$14.00/cwt                                | 49%                        |
| Peanuts           | \$550/ton                                  | 40%                        |



# 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)



# Using the 2014 Farm Bill Decision Aid

## Create an Account

### 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 Aid uses 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.

The Decision Aid allows users to save their information as a service to the user. Users who do not want their data saved can delete it at any time. After signup is completed, FAPRI and AFPC researchers may aggregate the results of all decision aid users to evaluate the effectiveness of various program options at mitigating risk. No individual user's data will be disclosed.

Your Name

Email Address

Password

Confirm Password

Account Type

☐

Producer/Farmer

☒

Multi-client User

Terms and Disclaimer

☒

I understand and agree to the terms and d



# 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 monthly
  - First Yield Update Decision
  - Next analyze the interaction 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 Farm Bill Decision Aid

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- 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



# Farm Bill Decision Aid Input Sheet

Data Entry Sheet for Each Crop/Insurance Tract  
WWW.AFPC.TAMU.EDU

## 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 <sup>?</sup>             |                       | Description          |  |
| <input type="text"/>               |                       | <input type="text"/> |  |
| FSA # <sup>?</sup>                 | Crop <sup>?</sup>     |                      |  |
| <input type="text"/>               | <input type="text"/>  |                      |  |
| Administrative State <sup>?</sup>  | Type                  |                      |  |
| <input type="text"/>               | <input type="text"/>  |                      |  |
| Administrative County <sup>?</sup> | Practice <sup>?</sup> |                      |  |
| <input type="text"/>               | <input type="text"/>  |                      |  |

|   |   |                                  |
|---|---|----------------------------------|
| <b>Yields &amp; Base</b>                                    | <b>Crop Insurance</b>                                   | <b>Future Acres</b> <sup>?</sup> |
| Counter Cyclical Yield <sup>?</sup><br><input type="text"/> | Rate Yield <sup>?</sup><br><input type="text"/>         | 2014<br><input type="text"/>     |
| 2013 Base Acres <sup>?</sup><br><input type="text"/>        | Approved APH Yield <sup>?</sup><br><input type="text"/> | 2015<br><input type="text"/>     |
|   |   | 2016<br><input type="text"/>     |
| <b>Basis</b>  | <b>2014 Insurance Policy</b>                            | 2017<br><input type="text"/>     |
| Harvest Time Basis <sup>?</sup><br><input type="text"/>     | Insurance<br><input type="text"/>                       | 2018<br><input type="text"/>     |
|   | Coverage <sup>?</sup><br><input type="text"/>           |                                  |
|   | Unit Structure <sup>?</sup><br><input type="text"/>     |                                  |


| Historical Production | Yields/Planted Acre | Planted Acres | Prevented Planted Acres |
|-----------------------|---------------------|---------------|-------------------------|
| 2003 Recommended      |                     |               |                         |
| 2004 Recommended      |                     |               |                         |
| 2005 Recommended      |                     |               |                         |
| 2006 Recommended      |                     |               |                         |
| 2007 Recommended      |                     |               |                         |
| <b>2008 Required</b>  |                     |               |                         |
| <b>2009 Required</b>  |                     |               |                         |
| <b>2010 Required</b>  |                     |               |                         |
| <b>2011 Required</b>  |                     |               |                         |
| <b>2012 Required</b>  |                     |               |                         |
| 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  button, with links to podcasts, definitions 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**

# Demo Decision Aid

James Richardson

[jwrichardson@tamu.edu](mailto:jwrichardson@tamu.edu)

979-845-5913

Visit our Website  
[WWW.AFPC.TAMU.EDU](http://WWW.AFPC.TAMU.EDU)

for Podcasts on the  
farm program and  
the Decision Aid



# Questions

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James Richardson

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