

Navigation ▾

## Margin Protection Program (MPP) for Dairy Producers

Tool Release Date: August 28, 2014



The program is effective September 2, 2014. Producers may enroll beginning September 2, 2014. In the decision process the U.S. Department of Agriculture, the University of Illinois, the National Coalition for Producer Education, and the National Program on Dairy Markets and Policy are working to develop a web-based decision support tool for the Livestock Gross Margin-Dairy (LGM-Dairy) insurance program. DMaP has a 30-year history of providing decision aids and producer outreach initiatives related to the dairy industry and dairy farm income. DMaP has taken the lead role in developing the MPP and LGM-Dairy decision tool.

# University of Illinois Consortium

1. Outreach
2. ARC / PLC
3. Dairy
4. NAP tool

[www.farmdoc.illinois.edu/farmbilltoolbox](http://www.farmdoc.illinois.edu/farmbilltoolbox)



# Partners

- **ARC / PLC**
  - University of Illinois
  - Watts & Associates
  - The Ohio State University
- **NAP**
  - Michigan State
- **Dairy**
  - Program on Dairy Markets (Cornel, MSU, Wisconsin, Illinois)
- **Outreach**
  - Montana State
  - Delaware State
  - University of Arkansas at Pine Bluff
  - North Carolina Agricultural and Technical State University

# Commodity Program Decisions

Each FSA farm:

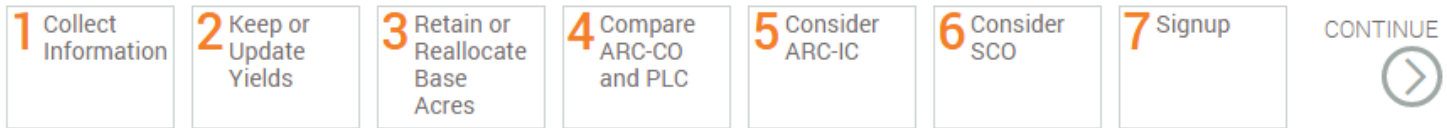
1. Programs yields (current or updated)
2. Base acres (Retain or reallocated)
3. For each FSA farm/crop, which program will be used to make payments:
  - Price Loss Coverage (PLC)
  - Agriculture Risk Coverage – County level (ARC – County)
  - Agriculture Risk Coverage – Individual level (ARC – Individual)
    - \* ARC-individual applies to all crops and all farms in a state
    - \* **SCO not available with ARC**

Decision 1 and 2: Now till February 28th

Decision 3: November 17 to March 31 (wait till later)

# ARC-PLC Decision Steps

The following 7 steps are designed to help guide you through the decisions required for each FSA farm.



[www.farmbilltoolbox.farmdoc.Illinois.edu](http://www.farmbilltoolbox.farmdoc.Illinois.edu)

1. Collect information for each FSA farm
2. Determine to keep or update yields
3. Determine to keep or reallocate acres
4. Decide PLC or ARC-County for each crop
5. Will ARC-IC be considered?
6. Will SCO be considered (only if choose PLC)?
7. More info and iterate back
8. Complete forms / other issues



[USDA Home](#)

[Farm Bill Home](#)

[Sample Farm](#)

[Custom Farm](#)

## Sample Farms

APAS analysis done on the typical farm in your county

## Custom Farms

Build the specifics of your particular farm into the APAS analysis

[Update Payment Yield](#)

[Reallocate Base Acres](#)

## Dairy

[Farm Doc Daily](#)

Anything you would need to know for the 2014 Farm Bill



# Update Yields

Payment Yield Update ×

**Minimum Yield Lookup**

State:  County:  Crop:  **Minimum Yield:** 121.2 bushels/acre

**Historical yields per planted acre**

Please enter yields in bushels/acre.

2008	2009	2010	2011	2012
<input type="text" value="175"/>	<input type="text" value="186"/>	<input type="text" value="268"/>	<input type="text" value="172"/>	<input type="text" value="121.2"/>

**Updated Payment Yield:** 166 bushels/acre **Plugged Yield:**

# Determine to Keep or Update Yields

## Program Yield Updating

	Year					Updated Yields	Current Yields	"Max" Method
	2008	2009	2010	2011	2012			
Corn	168.7	176.4	165.7	150.5	88.2	139.3	137.3	Updated
Soybeans	50.0	50.0	58.0	46.4	44.3	44.8	40.9	Updated
Wheat	61.9	66.0	62.0	69.0	68.7	59.0	48.8	Updated

Do not enter 0 if crop is not planted

- **Crop by crop decision**
- **Choice:**
  - **Current Yield: (FSA letter) or**
  - **Updated yield: 90% of 2008-2012 yields, plug yields for low yields**
- **Choose highest yield**
- **Only impacts PLC payments**
- **Consider updating even if not use PLC, yields could "hang around"**
- **Only reason not to choose highest is if its an updated yield and documentation is difficult to come by**

# Base Acre Updating

### Base Acre Reallocation

Please add the relevant crops on your farm to the calculation.

Add a crop  
 **Add to calculation**

Please enter the acreage for each crop.

Crop	Base Acres	Planted Acres				Base Acres	
	Existing	2009	2010	2011	2012	Reallocated	
Corn	<input type="text" value="41"/>	<input type="text" value="45"/>	<input type="text" value="45"/>	<input type="text" value="45"/>	<input type="text" value="45"/>	45	<b>Delete</b>
Soybeans	<input type="text" value="41"/>	<input type="text" value="45"/>	<input type="text" value="45"/>	<input type="text" value="45"/>	<input type="text" value="45"/>	45	<b>Delete</b>
Wheat	<input type="text" value="18"/>	<input type="text" value="10"/>	<input type="text" value="10"/>	<input type="text" value="10"/>	<input type="text" value="10"/>	10	<b>Delete</b>

**Calculate Reallocated Base**      Total base acres: 100      Generic base acres: 0



# Keep or Reallocate Base Acres Across Crops

- Choices: 1) Current base acres (letter from FSA)  
 2) Updated based on 2009 to 2012 plantings  
 (Does not change total base acres)

## Base Acre Updating

	Planted Acres by Year				09-12 Average	Reallocated Base	Current Base
	2009	2010	2011	2012			
Corn	75	75	75	75	75.0%	75.0	55.0
Soybeans	25	25	25	25	25.0%	25.0	43.0
Wheat	0	0	0	0	0.0%	<u>0.0</u>	<u>2.0</u>
Total	100	100	100	100		100.0	100.0

**Pick allocation with most acres in corn**



## Agriculture Policy Analysis System (APAS)

### APAS Sample Farm

Five Minute Review of Analytics for Your County

Quick program payment comparison using data for your state and county

### APAS Custom Farm

Build Your Own Farm

Enter your own farm's information for detailed program and risk management analysis

### NAP Crops

Coming Soon

### Dairy



Start Here for Program & Tool Explanation

Payment Yield Update  
Quick Calculator

Base Acre Reallocation  
Quick Calculator

APAS FAQ  
Coming Soon

YouTube Channel  
Coming Soon

Select a Sample Farm

Select Sample Farm

Cropped Acre Usage

Sample Farm

Expected Program Payments

Safety Net

Corn

Cotton

Peanuts

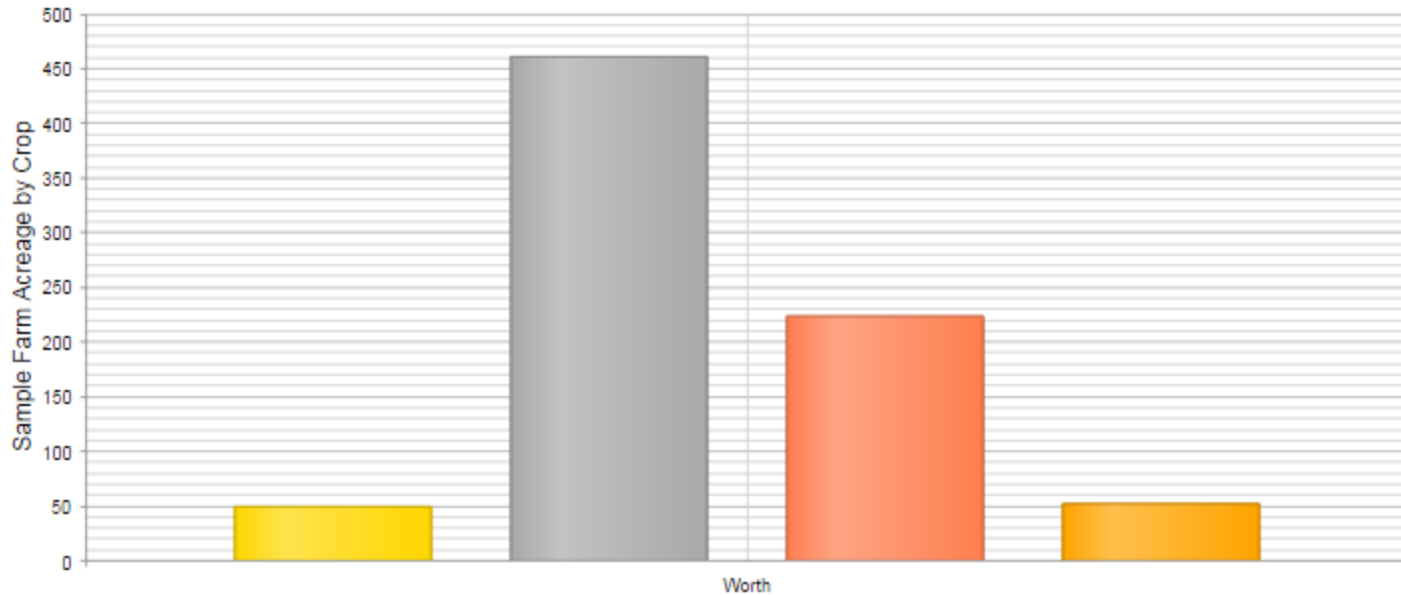
Wheat

Chart

Reset

APAS 2.0 Sample Farm Worth County Georgia

■ Corn ■ Cotton ■ Peanuts ■ Wheat



Sample farms are constructed using the top four crops having a minimum 2,500 acres in a given county, with acreage values scaled using their pro rata share of commodity acres and 2013 prices to approximate an annual revenue of \$500,000 for the whole farm.

Select a Sample Farm

Select Sample Farm

Cropped Acre Usage

Sample Farm

Expected Program Payments

Safety Net

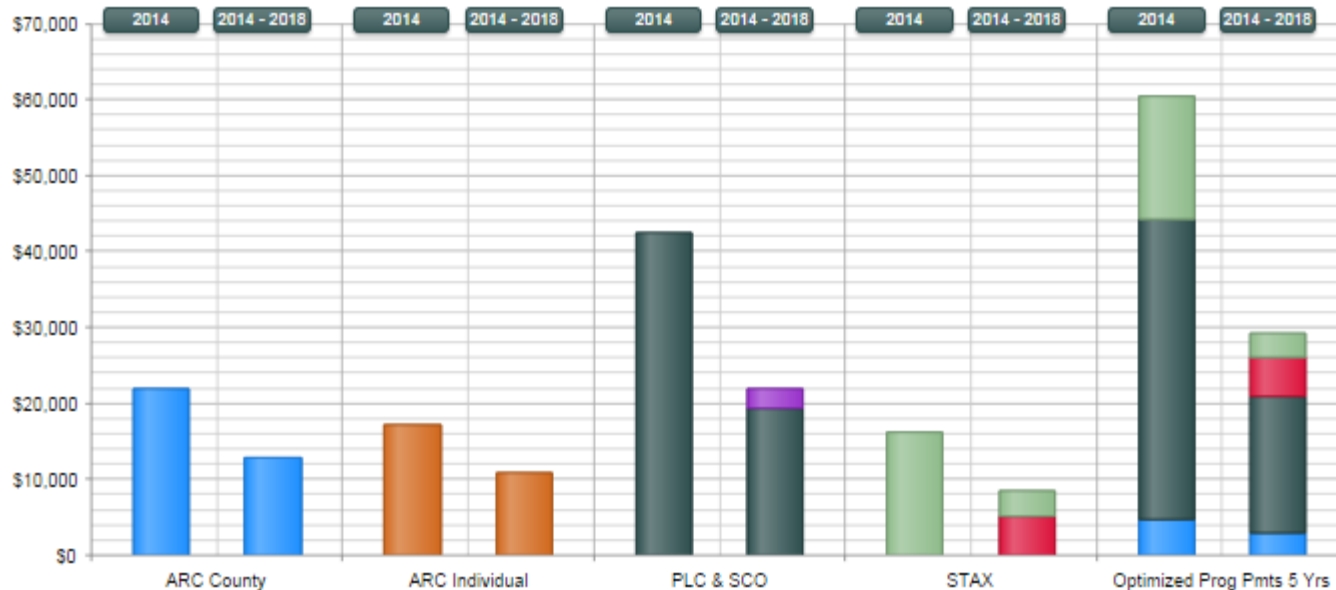
Expected Sample Farm Program Payments

Expected Program Payments per Acre by Crop

All Crops

Show Prices

Expected Program Payments For Worth County Georgia Sample Farm



Expected program payments are estimated average annual payments for the sample farm using the different programs, including program selections optimized over different planning horizons.

Select a Sample Farm

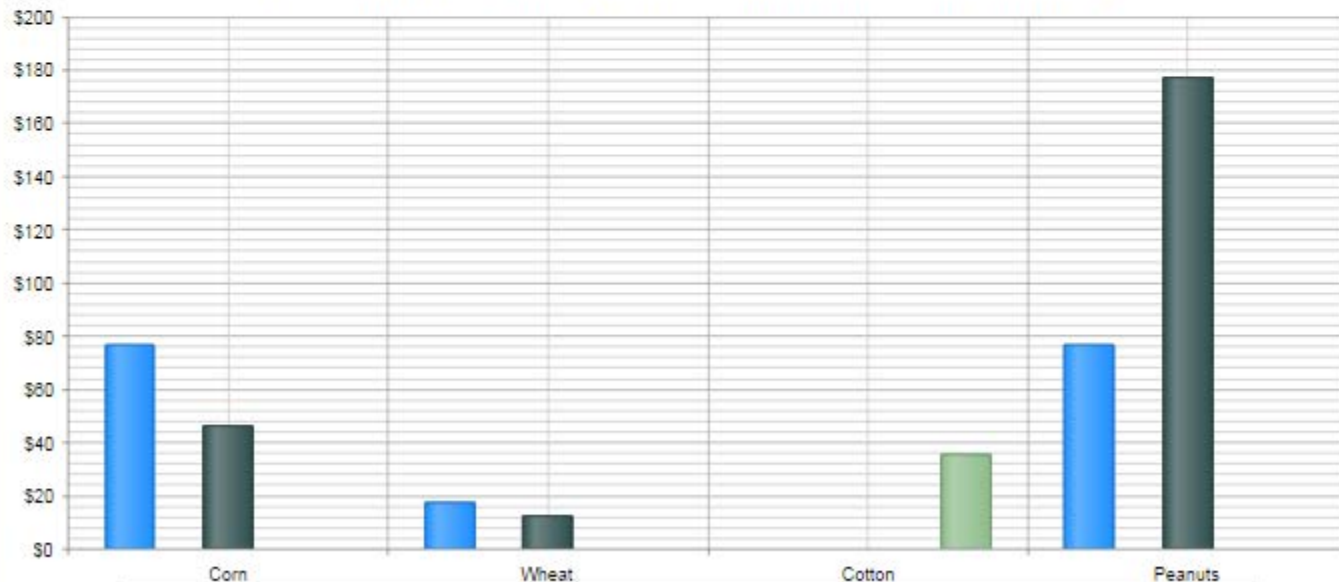
Georgia Worth CBO Prices 70 Percent Cove

Select Sample Farm Cropped Acre Usage Sample Farm Expected Program Payments Safety Net

Expected Sample Farm Program Payments Expected Program Payments per Acre by Crop

1 Year Horizon

Expected Crop Program Payments By Acre For Worth County Georgia Sample Farm



Expected program payments are estimated average annual payments for the sample farm using the different programs, including program selections optimized over different planning horizons.

Select a Sample Farm

Georgia

Worth

CBO Prices

70 Percent Cove

Select Sample Farm

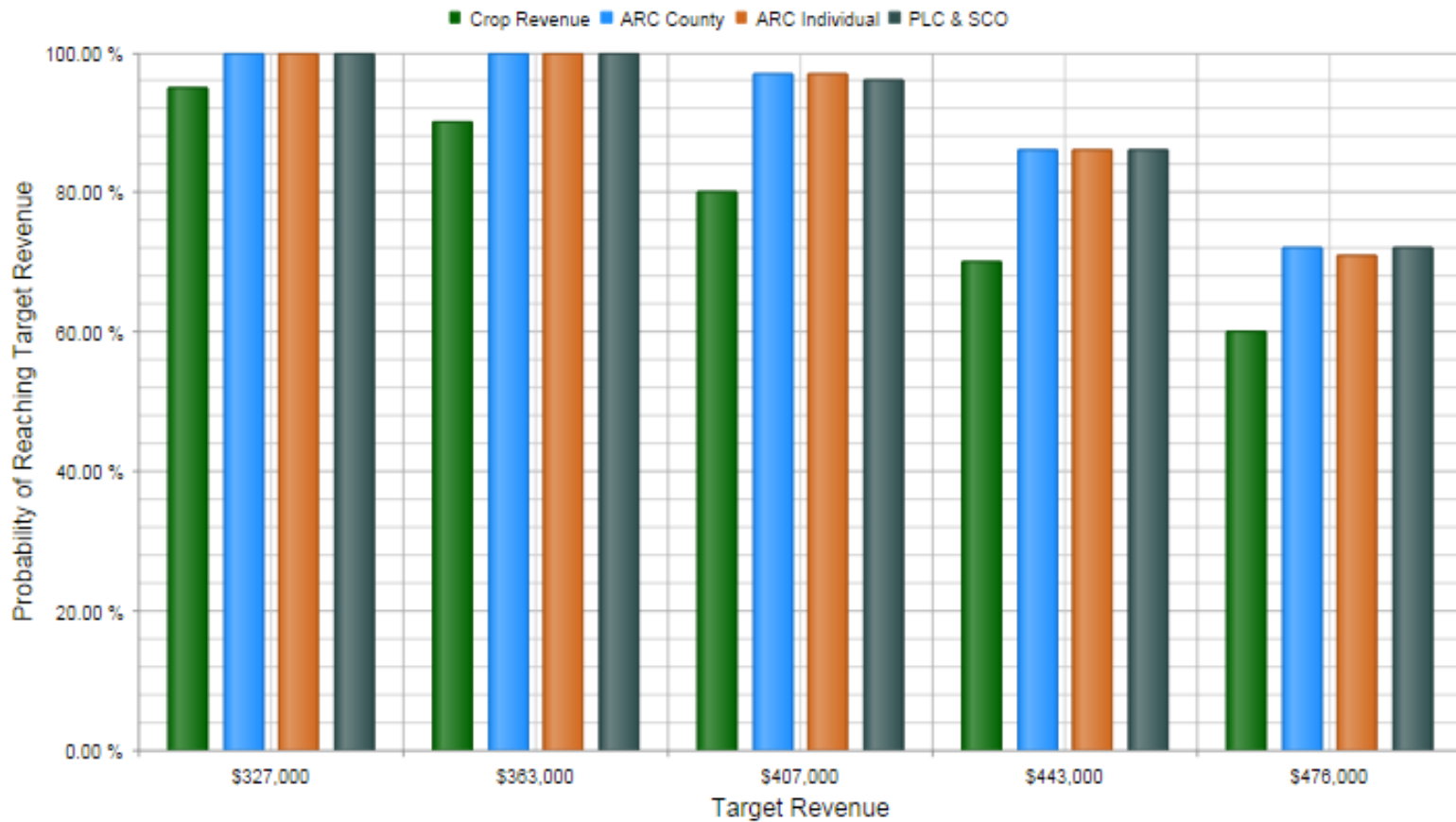
Cropped Acre Usage

Sample Farm

Expected Program Payments

Safety Net

Safety Net Comparison For Worth County Georgia Sample Farm



Safety Net chart values reflect the simulated probability that the sample farm will meet or exceed the target revenue in a given year.



# Program Decision

## Three choices:

- PLC (Price Loss Coverage) – can have SCO
  - Target price (now reference price) program
- ARC-County – can not have SCO
  - Agricultural Risk Coverage
  - County level revenue program
- ARC-IC – ARC individual – can not have SCO
  - Farm Level revenue program
  - All crops together in guarantee calculations
  - Not be used much, explain why latter

Except for ARC-IC, all program by FSA farm/crop, ARC-IC is per farm

# Suggestions for Program Decisions

- Rank order expected payments
- Know for each crop, break points between PLC / ARC – County



**1** Farm Location

**2** Add Crops

**3** Scenario Selection

**4** FARM Analytics

State

Minnesota ▼

County

Renville ▼

Farm Base Acres

100

Payment Entities

1 ▼

Next

**1** Farm Location

**2** Add Crops

**3** Scenario Selection

**4** FARM Analytics

**a** Crop Info  
Add Crop Information

**b** Program Inputs  
Base Acres and Payment Yields

**c** Yield Series  
Enter Yield History

**d** Price Series  
Select a Price Series

Previous

Next

Finish

Crop Entry Name

Crop

Type

Practice

Expected Yield (Rate Yield where applicable)

Planted Acres (2014)

How many optional units would you be eligible to insure for this crop?

Add Crop Entry

Crop Entry Name	Type	Practice	Expected Yield	Planted Acres	Units		
corn	Grain	Non-Irrigated	180	50	1	Edit	Delete

**Soybeans: 50 Acres**

Crop Entry Name	Type	Practice	Expected Yield	Planted Acres	Units		
bean	Commodity	Non-Irrigated	50	50	1	Edit	Delete

**1** Farm Location

**2** Add Crops

**3** Scenario Selection

**4** FARM Analytics

**a** Crop Info  
Add Crop Information

**b** Program Inputs  
Base Acres and Payment Yields

**c** Yield Series  
Enter Yield History

**d** Price Series  
Select a Price Series

**Farm Base Acres: 100**

**Corn**

Base Acres:

50

Payment Yield:

150

**Soybeans**

Base Acres:

50

Payment Yield:

50

**Base Acre Reallocation Calculator**

Previous

Next

Finish

**1** Farm Location

**2** Add Crops

**3** Scenario Selection

**4** FARM Analytics

**a** Crop Info  
Add Crop Information

**b** Program Inputs  
Base Acres and Payment Yields

**c** Yield Series  
Enter Yield History

**d** Price Series  
Select a Price Series

### Yield History (optional)

The yields entered from 2008-2012 are used to calculate the updated payment yield.  
The yields entered from 2009-2013 are used in estimated the ARC-Individual payments.

#### Corn (Bushels/acre)

2008	2009	2010	2011	2012	2013
171	179	182	143	172	189

Current Payment Yield:  
150

Updated Payment Yield:  
NA

#### Soybeans (Bushels/acre)

2008	2009	2010	2011	2012	2013
44	45	52	37	46	46

Current Payment Yield:  
50

Updated Payment Yield:  
40.32

Previous

Next

Finish

**1** Farm Location

**2** Add Crops

**3** Scenario Selection

**4** FARM Analytics

**a** Crop Info  
Add Crop Information

**b** Program Inputs  
Base Acres and Payment Yields

**c** Yield Series  
Enter Yield History

**d** Price Series  
Select a Price Series

### Price Series

These prices are the 12-month market year average. They are used to estimate program payments. Please select a published price series or create your own.

#### Corn (\$/bu.)

Price Series	2014	2015	2016	2017	2018
May 2014 CBO Projected Prices	3.90	4.00	4.19	4.35	4.45

#### Soybeans (\$/bu.)

Price Series	2014	2015	2016	2017	2018
May 2014 CBO Projected Prices	11.06	10.02	10.06	10.87	11.11

Previous

Next

Finish

## Scenario 1

### Corn

ARC County ▼

Crop: Corn

Type: Grain

Practice: Non-Irrigated

Revenue Protection ▼

0.85 ▼

### Soybeans

ARC County ▼

Crop: Soybeans

Type: Commodity

Practice: Non-Irrigated

Revenue Protection ▼

0.85 ▼

## Scenario 2

### Corn

Price Loss Coverage ▼

Crop: Corn

Type: Grain

Practice: Non-Irrigated

Revenue Protection ▼

0.85 ▼

SCO - Supplemental Cc ▼

### Soybeans

Price Loss Coverage ▼

Crop: Soybeans

Type: Commodity

Practice: Non-Irrigated

Revenue Protection ▼

0.85 ▼

SCO - Supplemental Cc ▼

## Scenario 3

### Corn

ARC Individual ▼

Crop: Corn

Type: Grain

Practice: Non-Irrigated

Revenue Protection ▼

0.85 ▼

### Soybeans

ARC Individual ▼

Crop: Soybeans

Type: Commodity

Practice: Non-Irrigated

Revenue Protection ▼

0.85 ▼

Corn	Grain	Non-Irrigated	50	ARC County	RP	0.85	-	-
Soybeans	Commodity	Non-Irrigated	50	ARC County	RP	0.85	-	-

Please review your scenario selections. If you are satisfied, please click 'Run Scenarios' to see your results.

**Run Scenarios**

Program Payments

Safety Net

All Crops

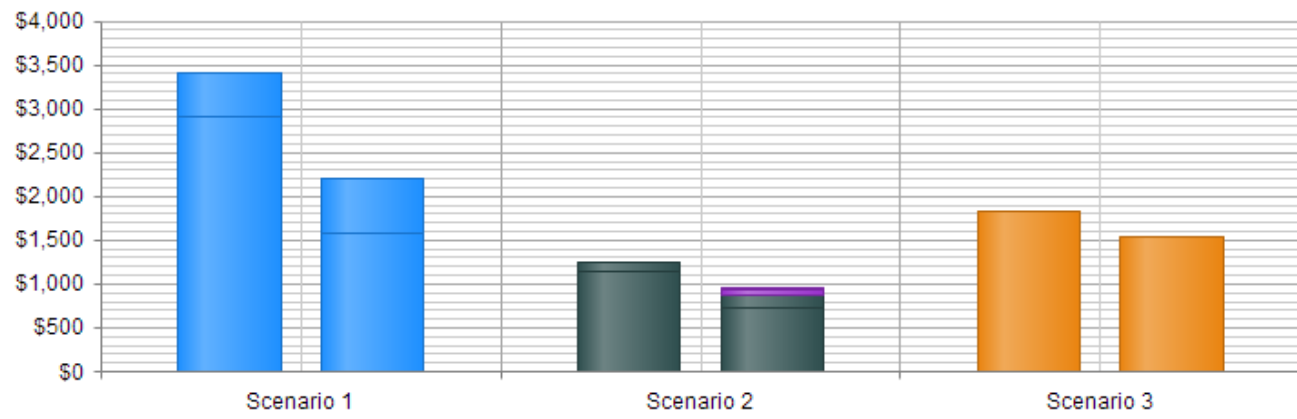
Title I

Additional Insurance

Crop Revenue + MPC I

Redraw Chart

Expected Program Payments



Expected program payments are estimated average annual payments for the custom built farm using the different programs, including program selections optimized over different planning horizons.

# Thank you and Questions

---