

# **Last Minute Considerations For Farm Bill Signup**

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# In a Nutshell...

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- The farm bill provides a significant amount of protection from price and/or production disasters for producers – but only after you have incurred a loss
- All of the decisions you get to make allow you to tailor the bill to your operation much better than in the past
- No one... not me ... not your friends can tell you how to sign up ... what is good for one of your farms might be terrible for another
- You have to do an analysis of your situation to be sure you are availing yourself of all that you can

# The Problem...

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- Unless producers are kidding themselves... right now there are very few crops in Texas where expected prices appear to provide a profit this year --- and some get worse in the next few years
- REMEMBER... Your estimated payment is paid on 85% of your base acres (at best)

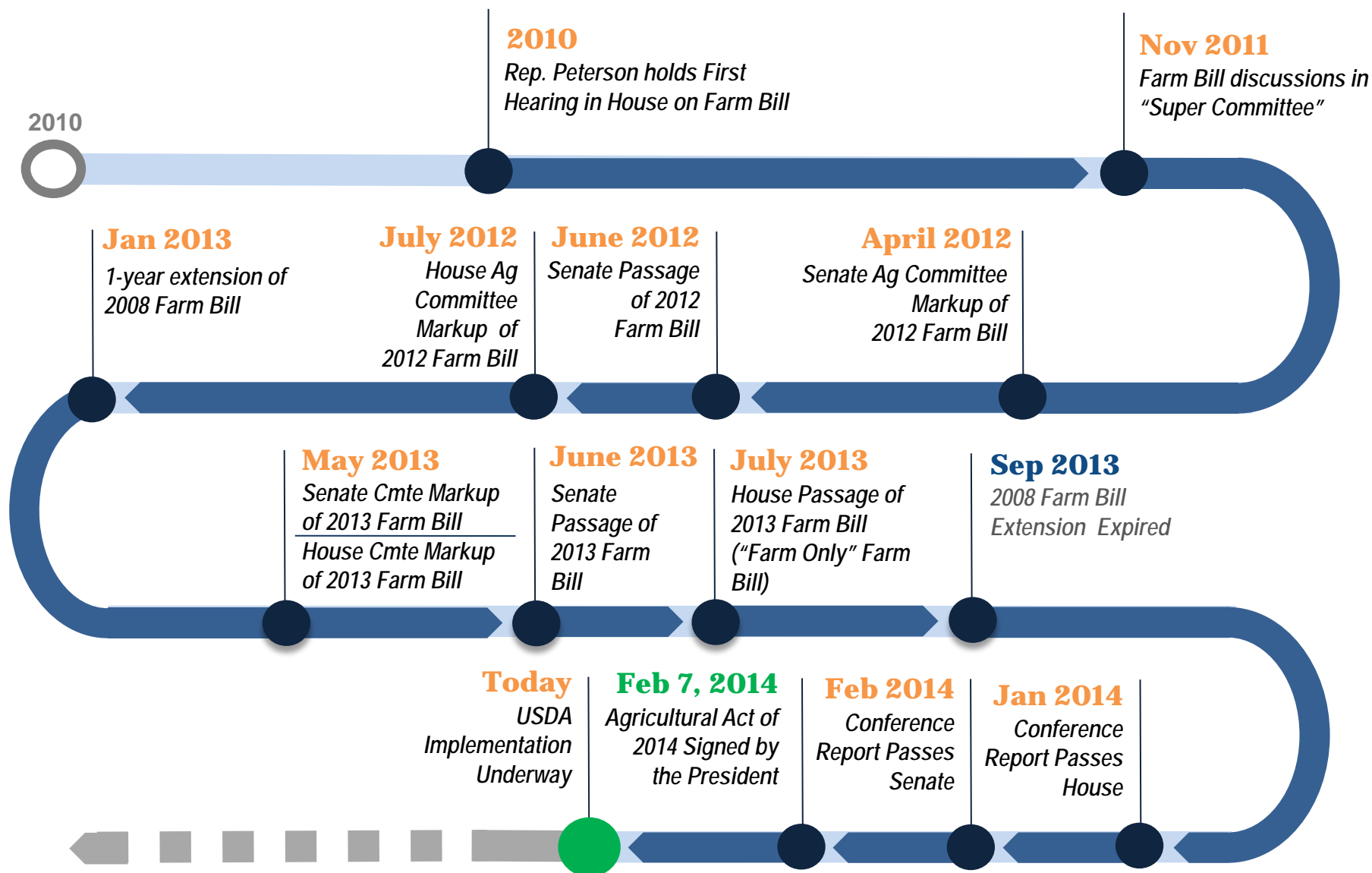
# So... Let's Talk About This

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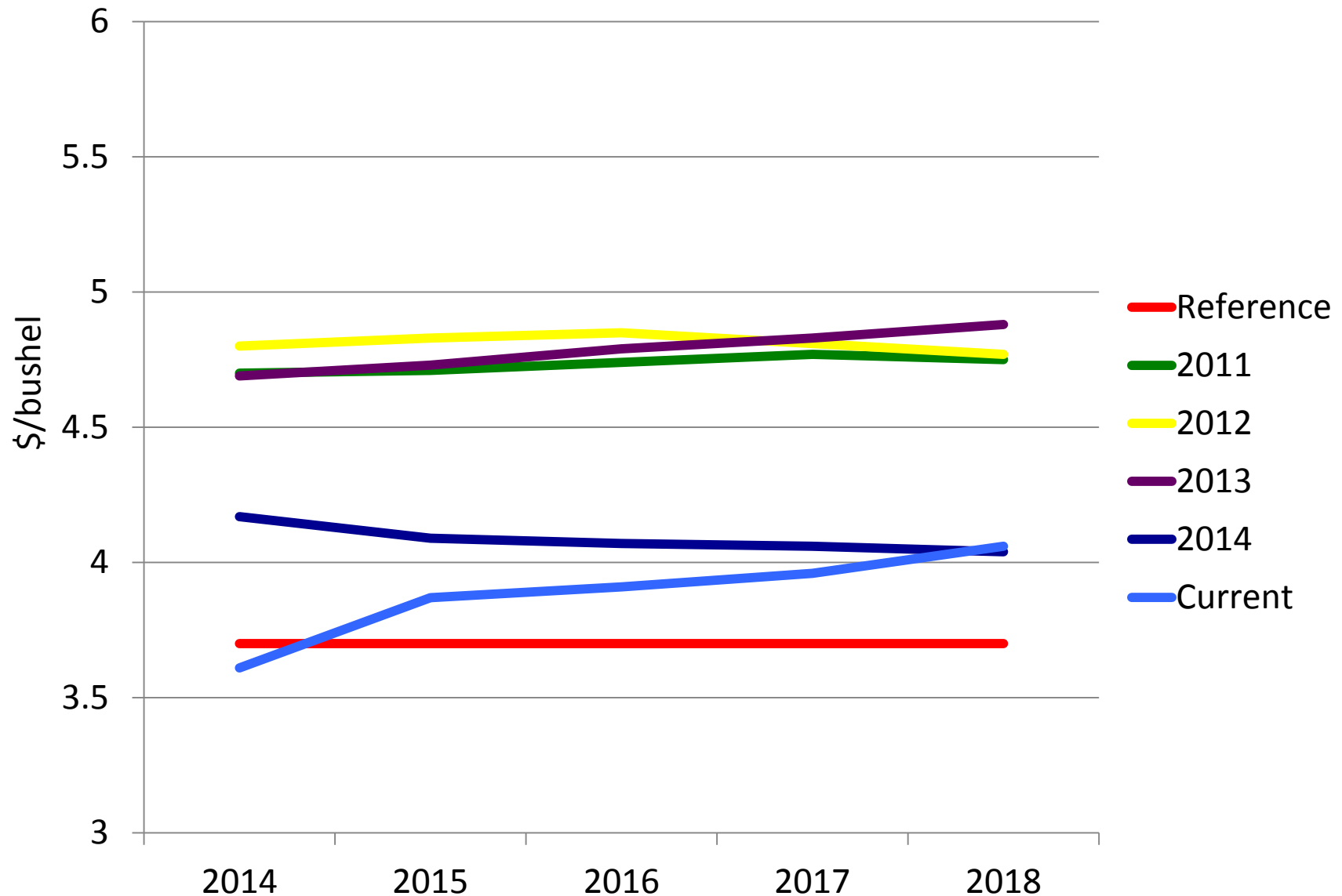
1. Yield update is a no brainer... take advantage of this if you can
  - 90% of the 2008 to 2012 yield/planted acre (Years where crop not planted don't matter)
2. Base reallocation – do you want to have your government safety net tied to what you previously planted or somewhat closer to what you are planting now
  - weighted based on 2009 to 2012 covered crop plantings
  - can't do anything with cotton base it is now generic base
  - operators with generic bases will have plenty to think about
3. ARC or PLC
  - really depends on what you are looking for in a safety net

# Process

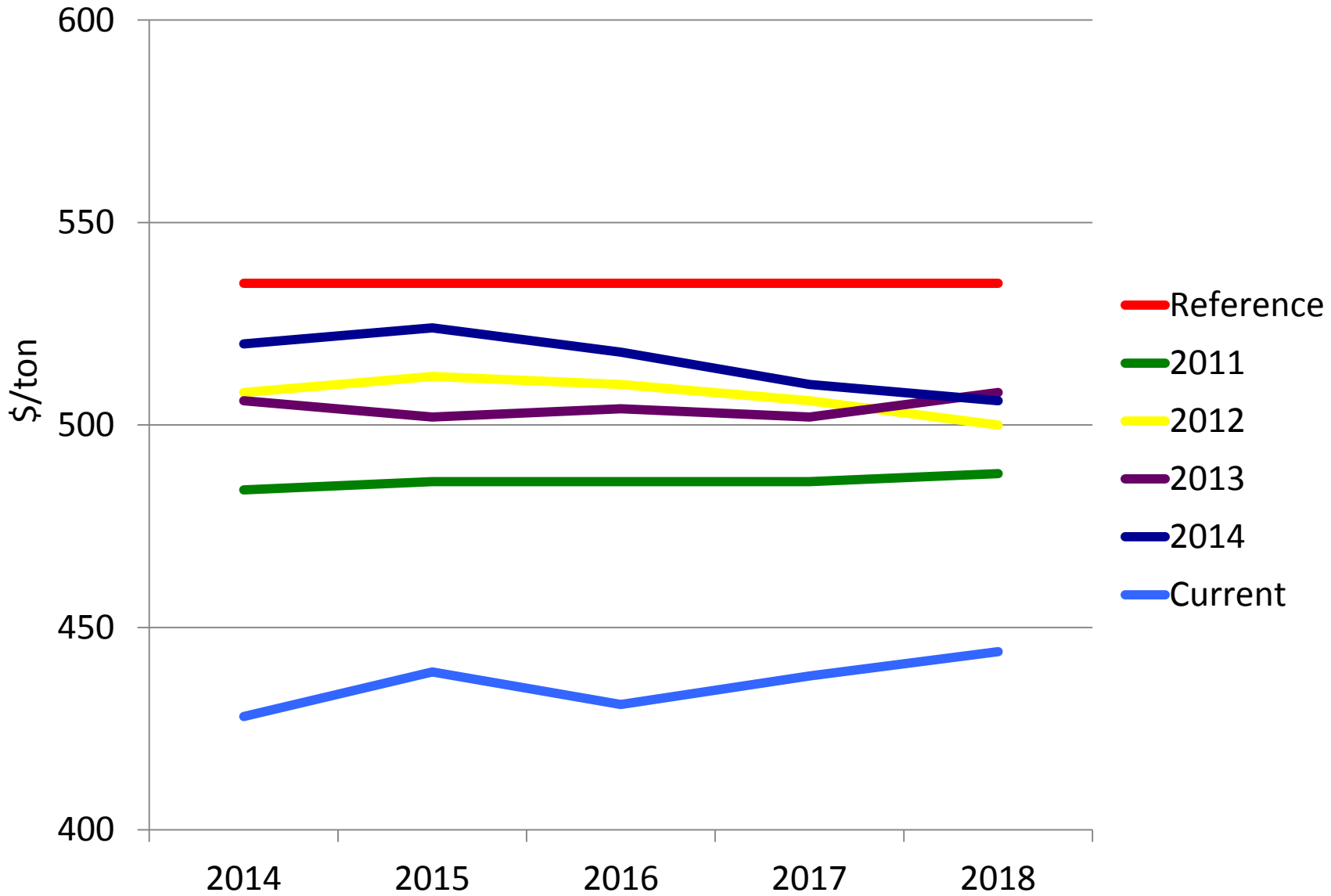
UNITED STATES  
**HOUSE** of  
REPRESENTATIVES



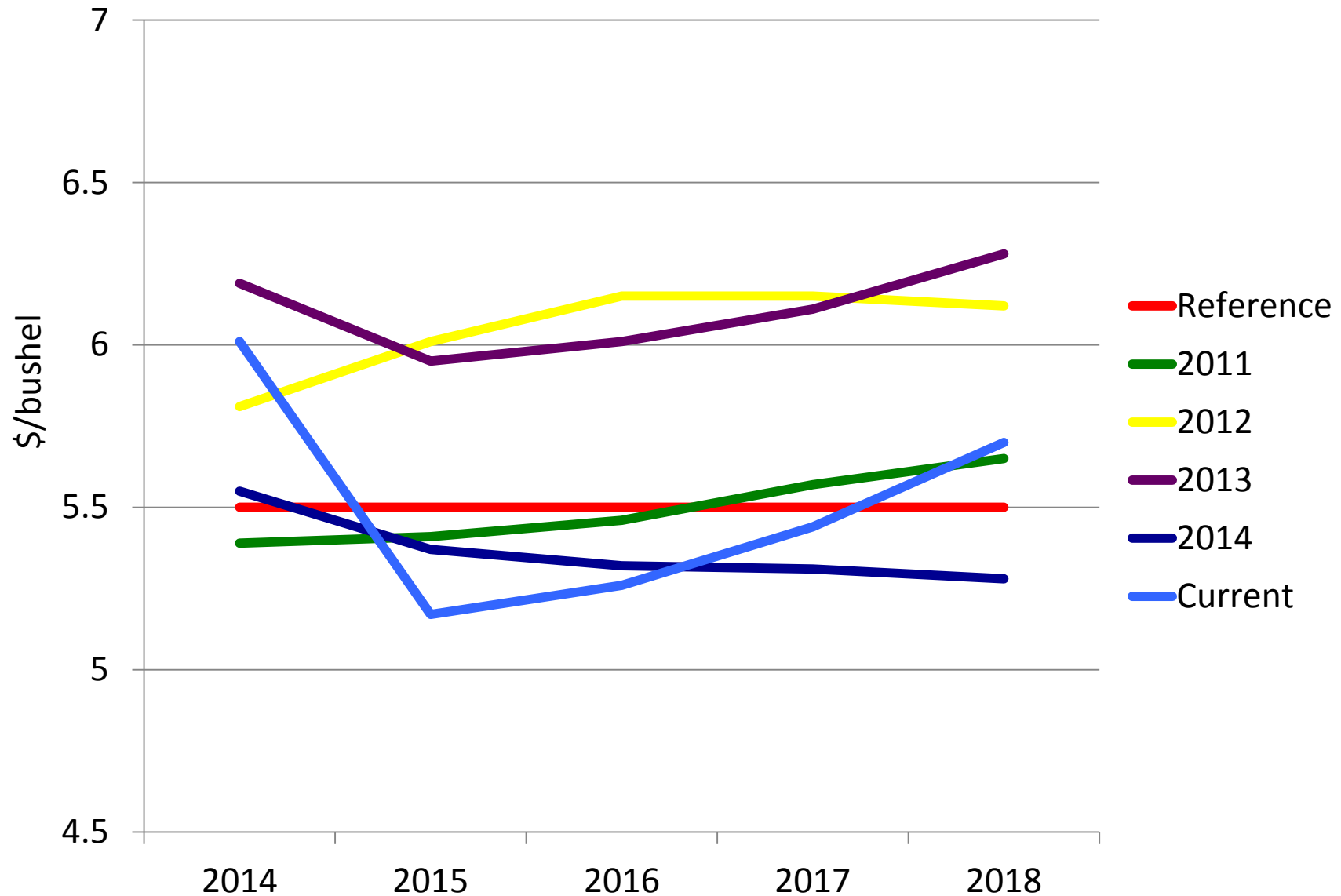
# Annual FAPRI March Baseline Corn Prices



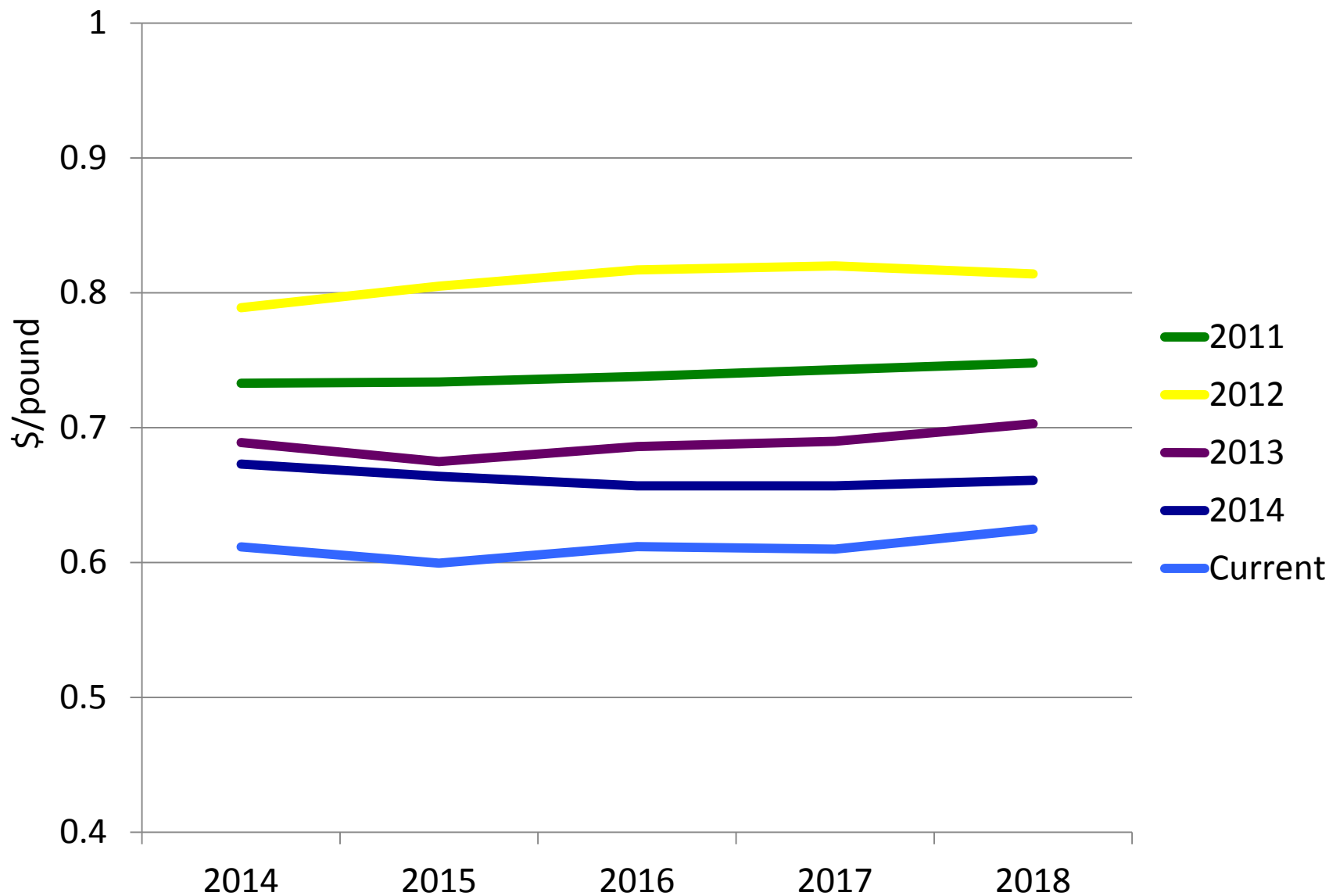
# Annual FAPRI March Baseline Peanut Prices



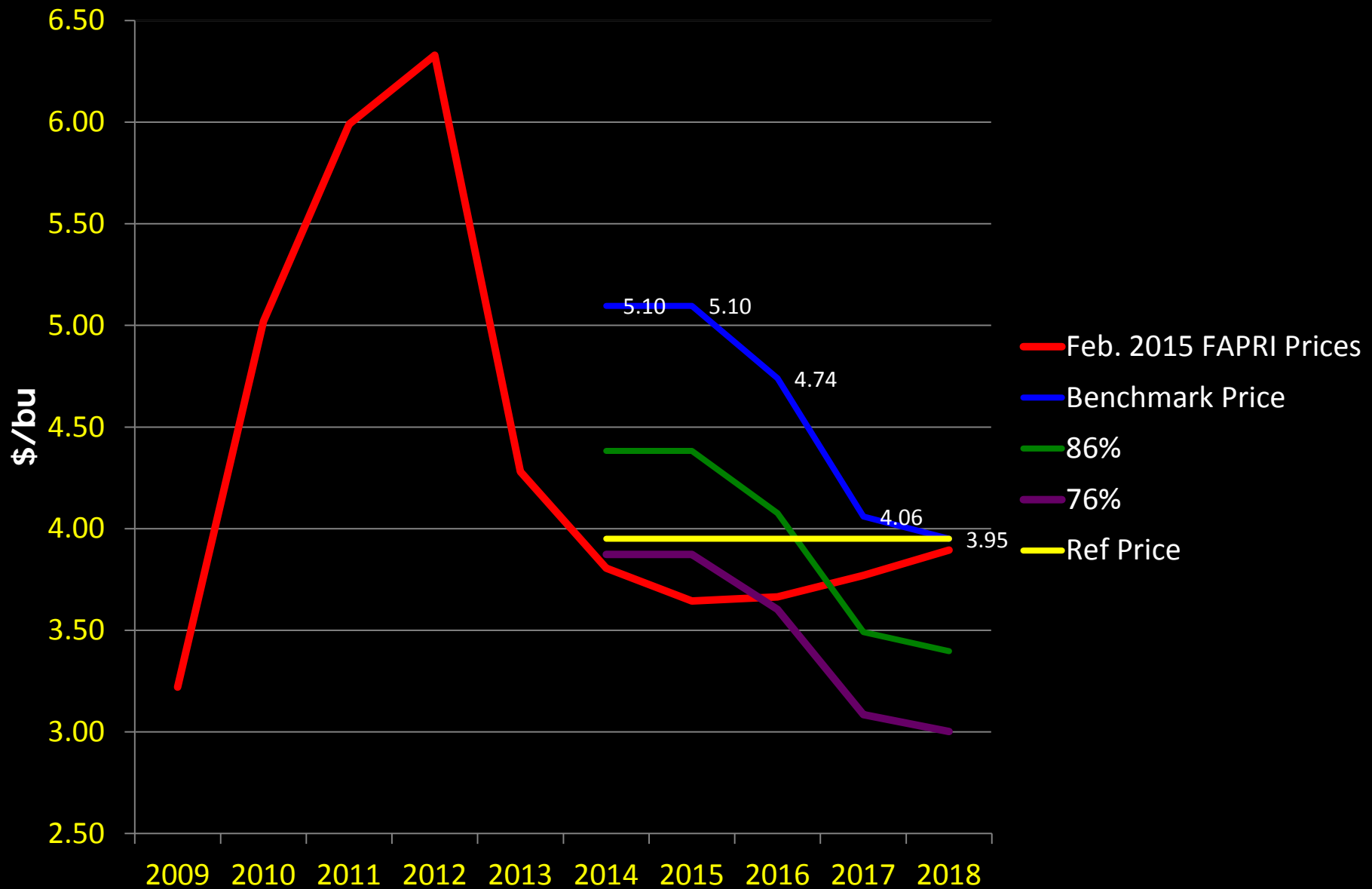
# Annual FAPRI March Baseline Wheat Prices



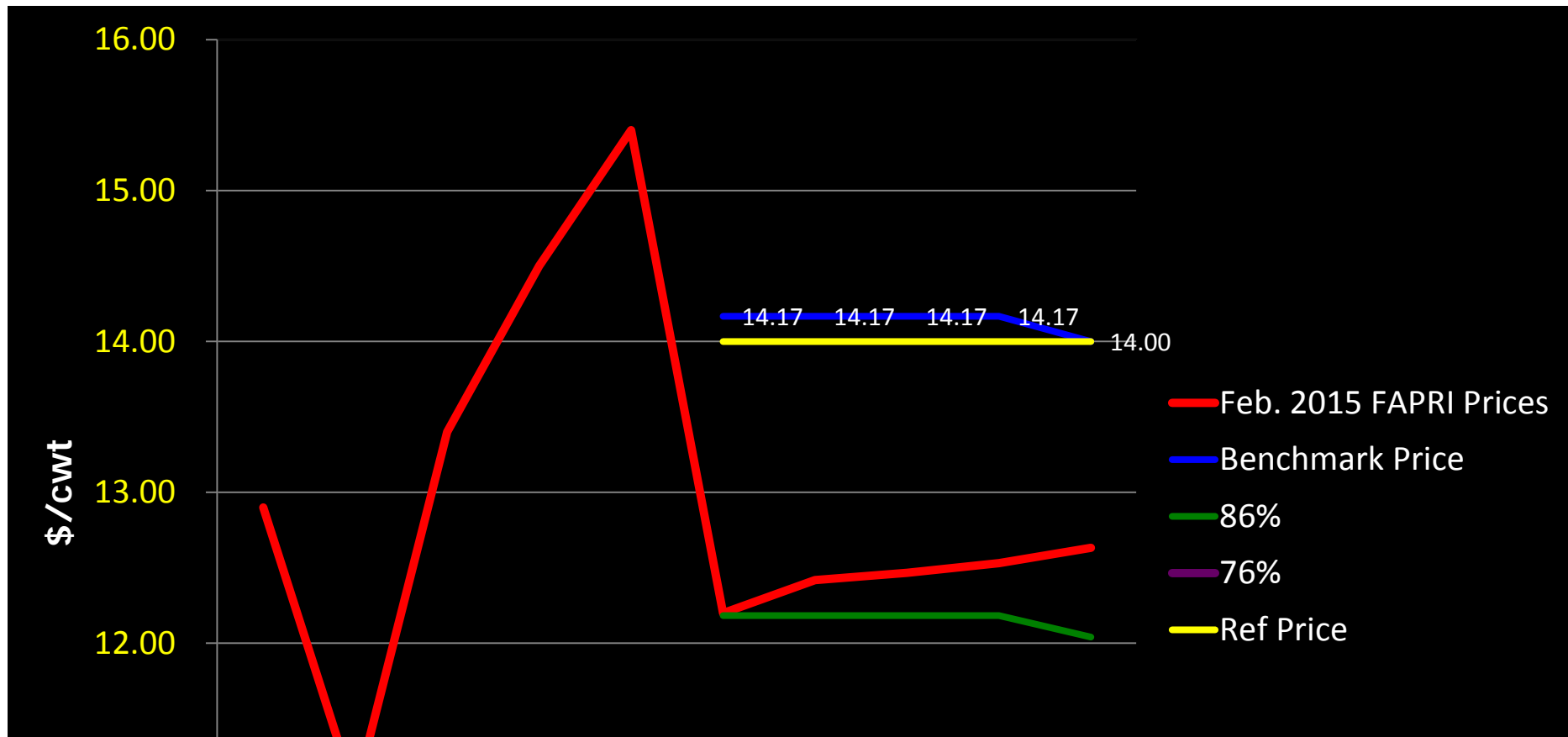
# Annual FAPRI March Baseline Cotton Prices



# Producer Price Outlook a Factor in ARC/PLC Decision (Grain Sorghum Ex.)



# Producer Price Outlook a Factor in ARC/PLC Decision (Long Grain Rice Ex.)



These graphs are updated monthly and can be found at <http://agecoext.tamu.edu/>

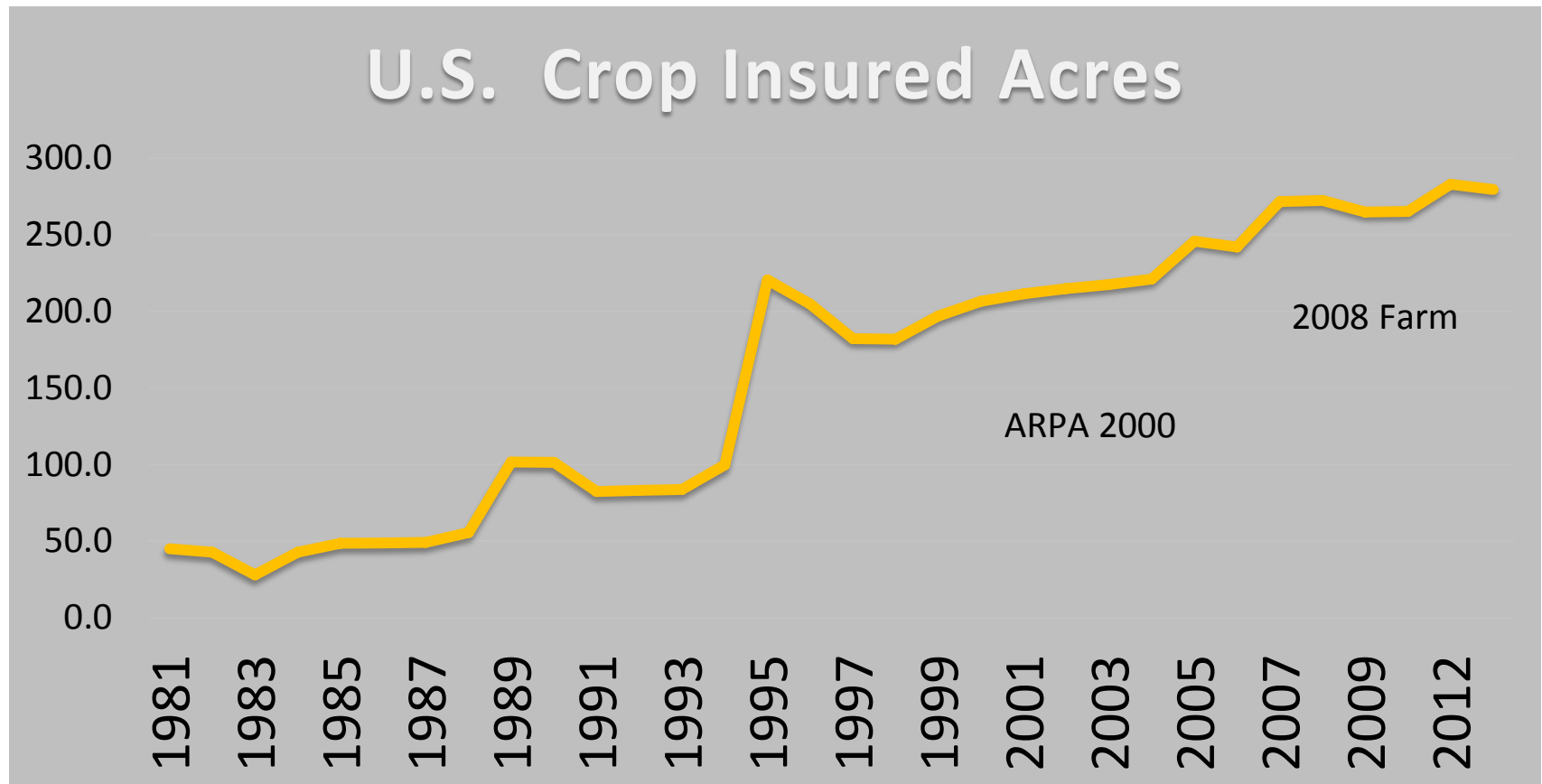
10.00

2009 2010 2011 2012 2013 2014 2015 2016 2017 2018

# Consistent Erosion of Safety Net Assuming Current FAPRI Projections

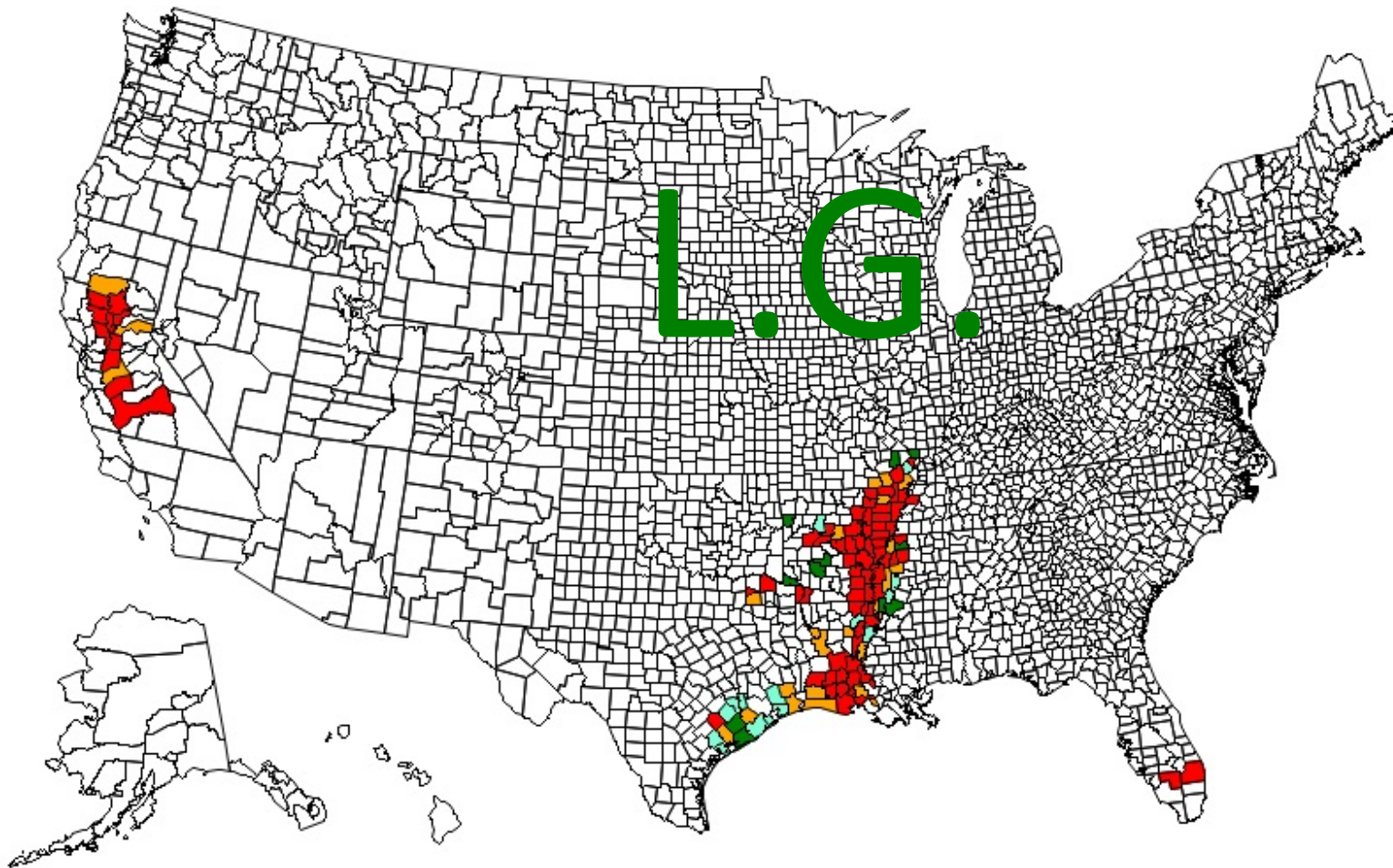
Commodity	Reference Price	2014 Benchmark Price	86% of 2014 Benchmark Price	2018 Benchmark Price	86% of 2018 Benchmark Price
Corn (bu)	\$3.70	\$5.29	\$4.55	\$3.92	\$3.37
Wheat (bu)	\$5.50	\$6.60	\$5.68	\$5.67	\$4.88
Grain Sorghum (bu)	\$3.95	\$5.10	\$4.38	\$3.95	\$3.40
Soybeans (bu)	\$8.40	\$12.27	\$10.55	\$9.84	\$8.46
L.G. Rice (cwt)	\$14.00	\$14.17	\$12.18	\$14.00	\$12.04
Peanuts (ton)	\$535	\$557.33	\$479.31	\$535	\$460.1

# Crop Insurance had grown by five-fold



# Current Rice Coverage Levels

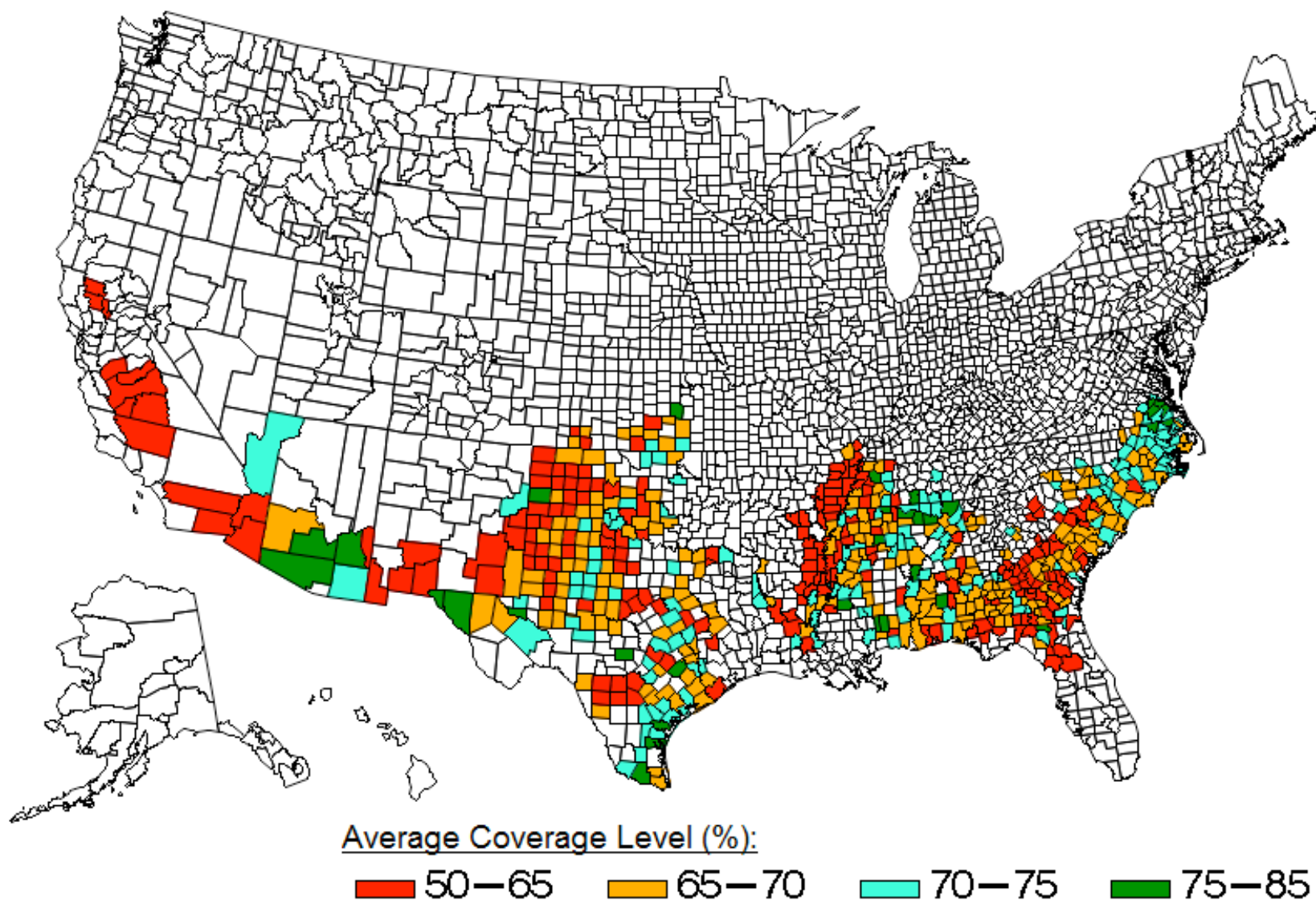
2013 Rice Average Coverage Level



Avg\_cover\_level    ■ 50—65    ■ 65—70    ■ 70—75    ■ 75—85

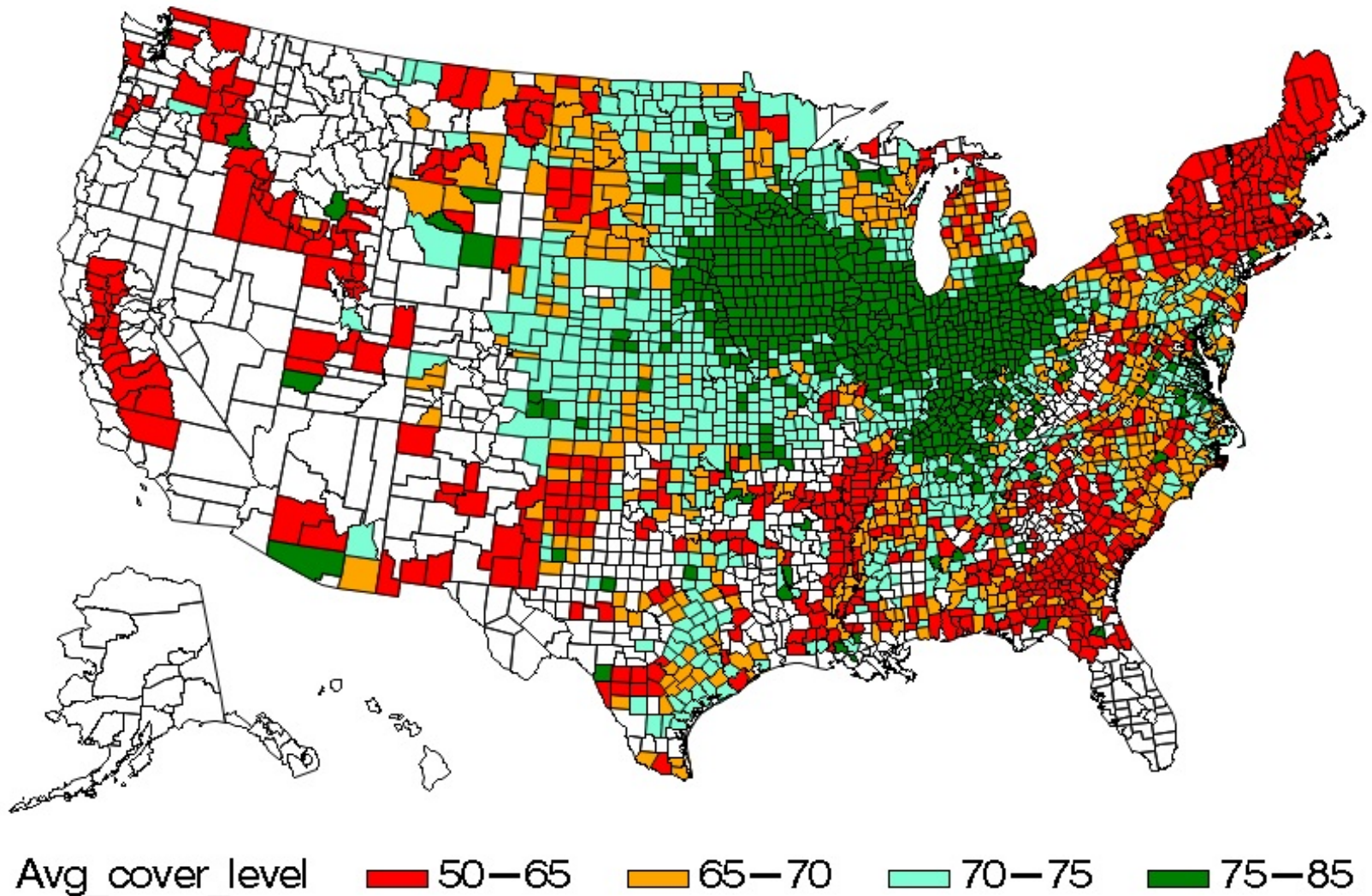
# Current Cotton Coverage Levels

2013 Cotton Average Coverage Level



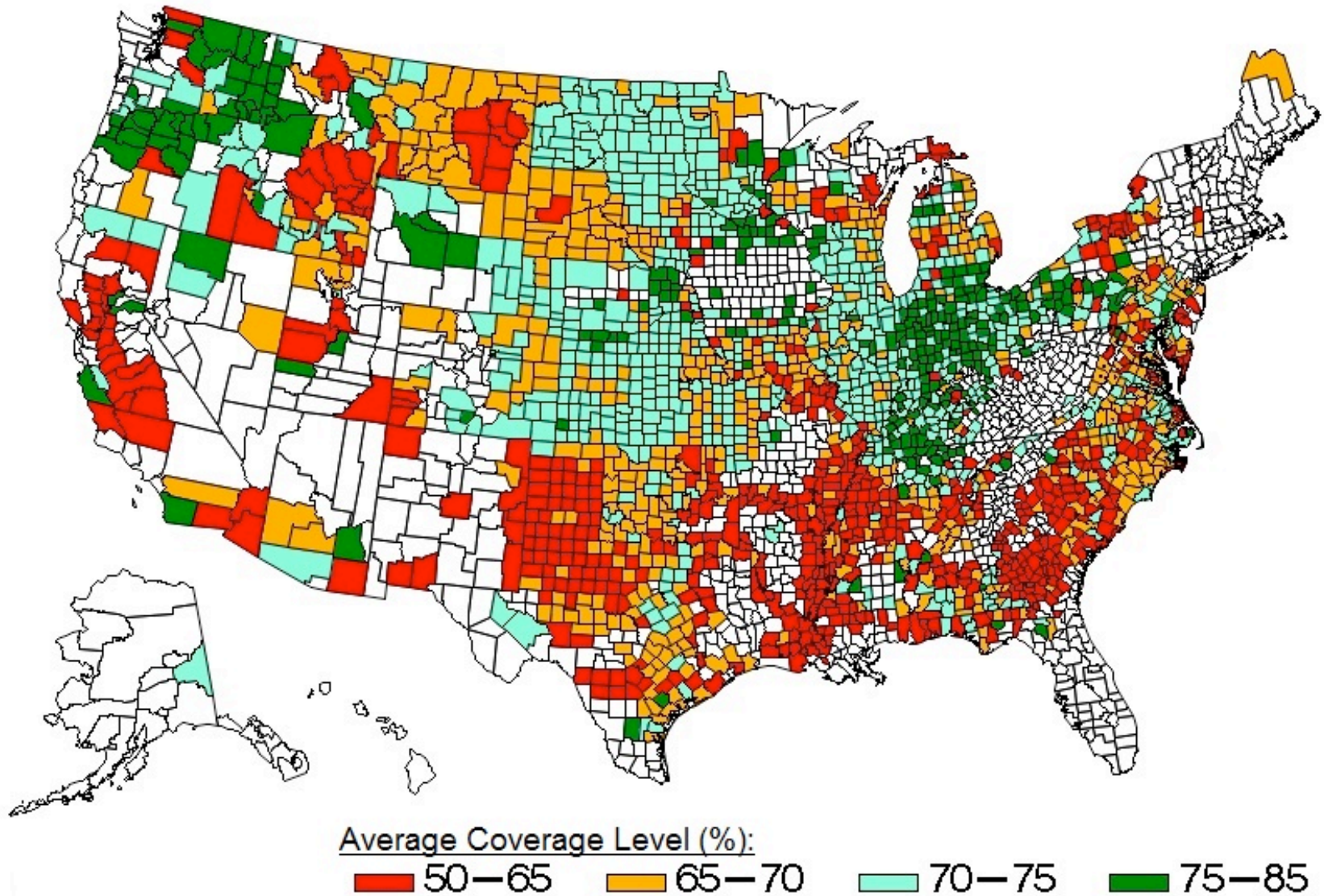
# Current Corn Coverage Levels

2013 Corn Average Coverage Level



# Current Wheat Coverage Levels

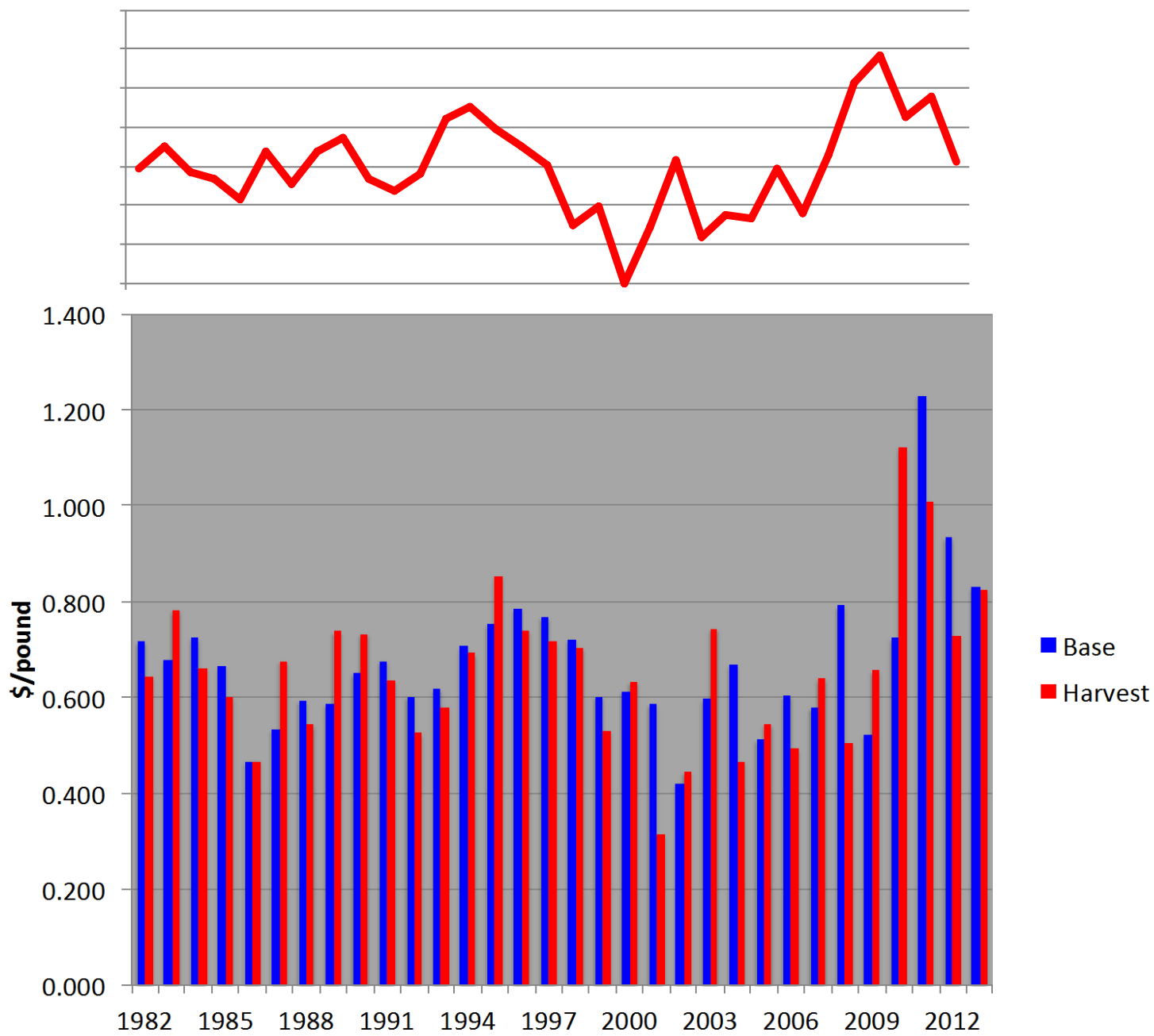
2013 Wheat Average Coverage Level



# Insurance is a Big Wildcard Going Forward

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- SCO and STAX will be useful tools to some
  - 2015 corn, wheat, soybeans, cotton and rice only
- Yield Exclusion may make both less attractive once producers figure out what to do with new APH yields relative to cost
- Remember in addition to above...
  - Enterprise unit by practice
    - 80% govt subsidy up to 70% coverage
  - Revenue insurance for peanuts
  - Separate coverage levels by practice
  - Beginning farmers (provides 10 percentage point discount for all crop insurance premiums)





# Overview of Decision Aid

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- [USDA.AFPC.TAMU.EDU](http://USDA.AFPC.TAMU.EDU)
- 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 or new price projections are available
- Enter data for all of the farmer's FSA Farm Numbers
  - All Crops and their Practices
  - Types not critical to FSA but important to RMA for SCO, STAX, and insurance
- Analyze yield update, base reallocation, ARC-I, ARC-C, PLC, SCO, STAX, and insurance options

# Getting Help

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- If you need help:
  - Help desk staffed from 7:00 a.m. to 7:00 p.m. CST
  - Toll free (844) 229-7373
  - From Texas call (888) 890-5663

# Thanks!!!

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