

Farm Bill Details and Decisions

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The 2014 Farm Bill

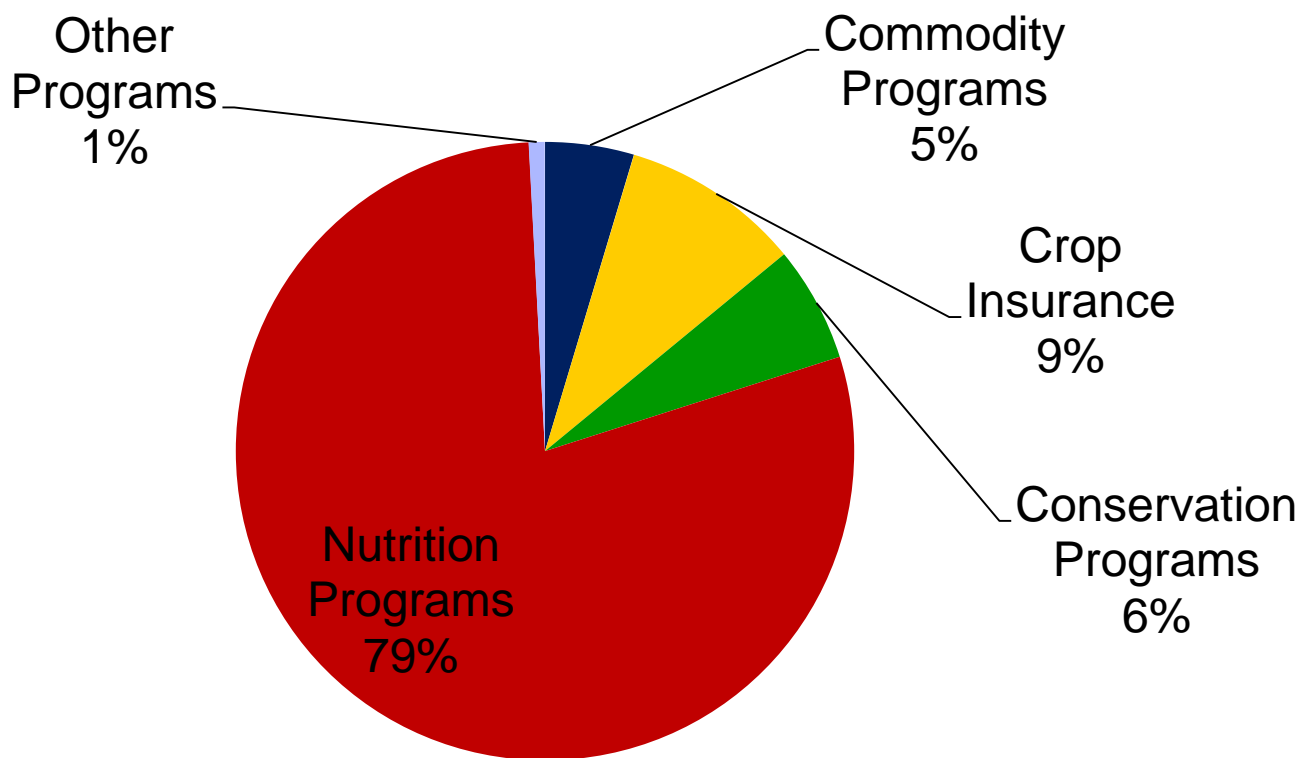
More than Just the Farm

- ◆ Commodities
- ◆ Conservation
- ◆ Trade
- ◆ Nutrition
- ◆ Credit
- ◆ Rural Development
- ◆ Research, Extension, and Related Matters
- ◆ Forestry
- ◆ Energy
- ◆ Horticulture
- ◆ Crop Insurance
- ◆ Miscellaneous



Farm Bill Budget

Projected Spending, FY2014-2023



* HR 2642, the "Agricultural Act of 2014" as reported out of Conference on January 27, 2014 passed the House on January 29, 2014 by a 251-166 vote, passed the Senate on February 4, 2014 by a 68-32 vote, and was signed by the President on February 7, 2014.

Farm Bill Budget

Area	Original 2014-2023 Baseline	Senate Proposal (S954)	House Proposal (HR1947/ 3102)	Agricultural Act of 2014 (HR2642)*	
	(\$ billions)	(change in \$ billions)	(change in \$ billions)	(change in \$ billions)	(\$ billions)
Commodities	\$58.8	-\$17.4	-\$18.7	-\$14.3	\$44.5
Crop Insurance	\$84.1	+\$5.0	+\$8.9	+\$5.7	\$89.8
Conservation	\$61.6	-\$3.5	-\$4.8	-\$4.0	\$57.6
Nutrition (SNAP)	\$764	-\$3.9	-\$39.0	-\$8.0	\$756
Other Titles	\$4.0	+\$1.9	+1.7	+\$4.1	\$8.1
Total	\$973	-\$17.9	-\$51.9	-\$16.5	\$956

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Farm Bill Directions

- ◆ Farm income safety net has evolved over time
 - Price support and supply control
 - Income support tied to price and revenue
 - Risk management
- ◆ Future program components
 - Crop insurance as the foundation
 - Revenue safety net or price safety net
 - Underlying marketing loan
 - Supplemental crop insurance
 - Disaster assistance
 - No direct payments

Farm Bill Details and Decisions

- ◆ Commodity programs
 - ARC-IC vs. ARC-CO vs. PLC
 - Base acreage update
 - Payment yield update
 - Dairy margin protection
- ◆ Crop insurance
 - SCO
 - STAX
- ◆ Disaster assistance
- ◆ Conservation
 - CRP enrollment/expiration
 - Voluntary programs
 - Conservation compliance for crop insurance
 - Sodsaver provisions for the Northern Plains states
- ◆ Other programs
 - Rural development
 - Horticulture/specialty crops
 - Beginning farmer programs


Farm Income Safety Net Commodity Program Decisions


- ◆ Base acreage update
 - Option to reallocate base acreage based on 2009-2012 planted/prevented planted acreage
 - not to exceed total existing base acres
 - not to exceed actual cropland acres on the farm
- ◆ Payment yield update
 - Option to update payment yields to 90% of 2008-2012 yield on a crop-by-crop basis
 - Affects payments only under PLC
- ◆ ARC-IC vs. ARC-CO vs. PLC
 - One-time decision for 2014-2018 for all producers on a farm (FSA farm)
 - ARC-IC covers participant share of all farms enrolled in ARC-IC
 - ARC-CO or PLC elected on a crop-by-crop basis for each farm


Base Acreage Update (Reallocation)

- ◆ Farm's cotton base is now called "Generic Base."
- ◆ Farm's other program crop bases can be retained or reallocated in a one-time election
 - Retain base acres as of September 30, 2013, or
 - Reallocate base acres excluding generic base acres
- ◆ Reallocation
 - Based on the proportion of 2009-2012 average of acres planted and prevented planted of covered commodities
 - Not to exceed 2013 total base excluding generic base

Base Reallocation: Nebraska Example

- 500 acre farm with 400 base acres in 2013
 - 200 acres corn base
 - 100 acres soybean base
 - 100 acres wheat base

400 acres of total crop base
- 2009-2012 program crop average acres
 - 250 corn acres (50%)
 - 250 soybean acres (50%)

Total of 500 acres > 400 base acres
- Reallocated bases
 - 200 acres corn base (50%)
 - 200 acres soybean base (50%)

400 acres of total crop base
- Landowner can decide to update (reallocate) base or retain existing base

Payment Yield Update

- ◆ Farm's program payment yields can be retained or updated in a one-time election
 - Retain program payment yields under the 2008 Farm Bill (as were in effect for the CCP program) or update payment yields
 - Update program payment yields to 90% of the average yields from 2008-2012
- ◆ Payment yields only apply to the PLC program, but option to update may be available to all program participants, regardless of ARC v PLC decision
 - Potential applicability to any program benefits in 2019 and beyond
- ◆ Landowner can decide to update payment yields or retain current payment yields on crop-by-crop basis

Farm Bill Safety Net

Price Safety Net

- ◆ Price Loss Coverage – PLC
 - Following House PLC proposal
 - Adaptation of current CCP program
 - Protects deep (and shallow?) losses below legislated reference (target) prices
 - Parameters
 - Corn = \$3.70/bushel
 - Soybeans = \$8.40/bushel
 - Sorghum = \$3.95/bushel
 - Wheat = \$5.50/bushel
 - Payment yields equal to existing CCP yields or updated payment yields
 - Payment on 85% of existing or updated base acres
 - Impact
 - Provides income support and risk management when price is near or below reference price
 - Protection level set at fixed reference price, creating potential long-term distortion of production/marketing decisions

Calculating Program Payments

Price Loss Coverage

Price Loss Coverage Payment Rate

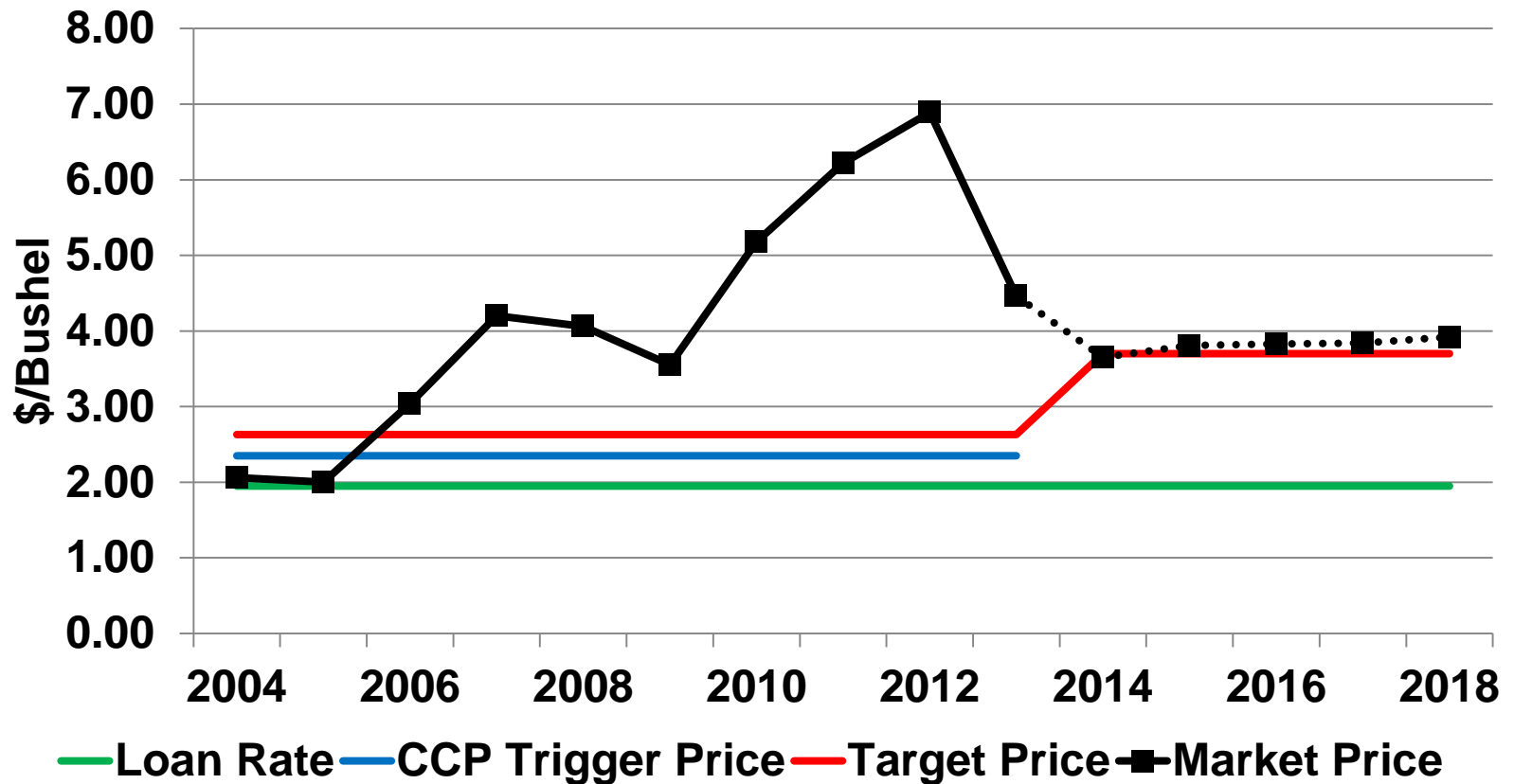
$$\text{MAX of [(} \frac{\text{reference price}}{\text{reference price}} \text{ - MAX of \{ } \frac{\text{national marketing year average price}}{\text{national marketing year average price}} \text{ or } \frac{\text{loan rate}}{\text{loan rate}} \text{ \}) or 0] = } \frac{\text{PLC rate}}{\text{PLC rate}}$$

Price Loss Coverage Payment

$$\frac{\text{PLC rate}}{\text{PLC rate}} \times \frac{\text{payment yield}}{\text{payment yield}} \times \frac{\text{base acres}}{\text{base acres}} \times 85\% = \frac{\text{PLC payment}}{\text{PLC payment}}$$

Farm Income Safety Net

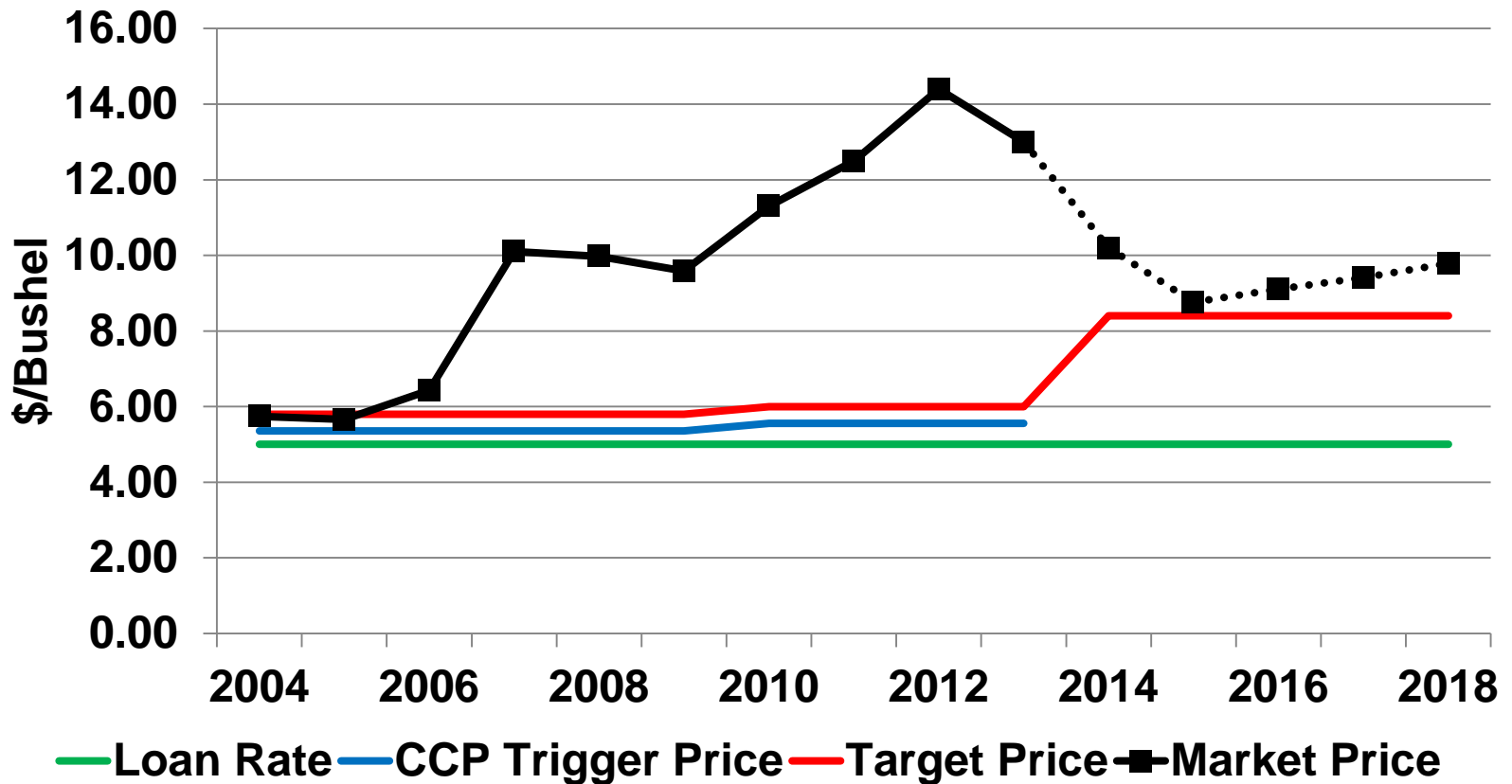
Corn Prices and PLC/CCP/ML*



* Estimated national marketing year average price for 2013 and 2014 projected from USDA-WAOB as of January 12, 2015. Projected prices for 2015-2018 from FAPRI estimates as of January 2015.

Farm Income Safety Net

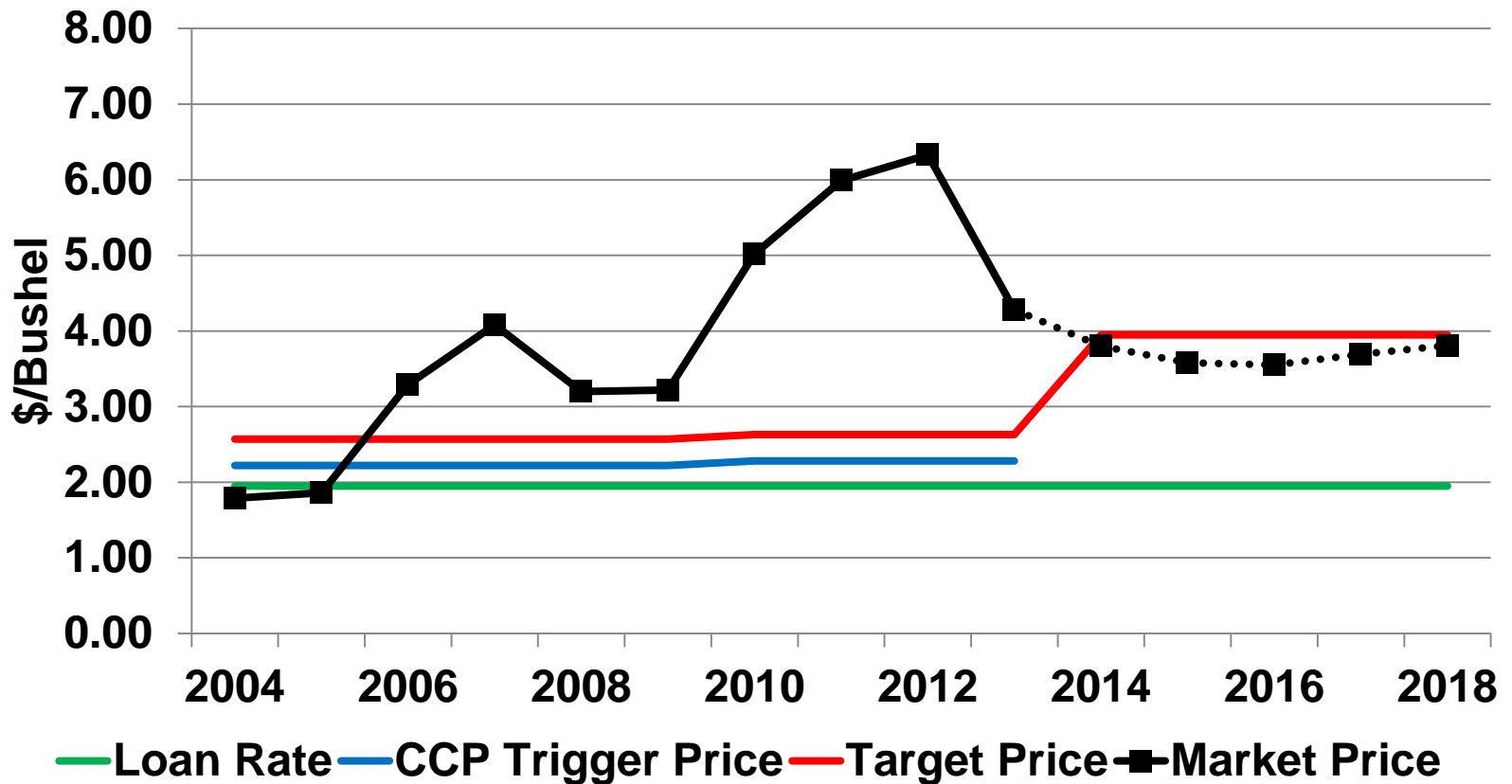
Soybean Prices and PLC/CCP/ML*



* Estimated national marketing year average price for 2013 and 2014 projected from USDA-WAOB as of January 12, 2015. Projected prices for 2015-2018 from FAPRI estimates as of January 2015.

Farm Income Safety Net

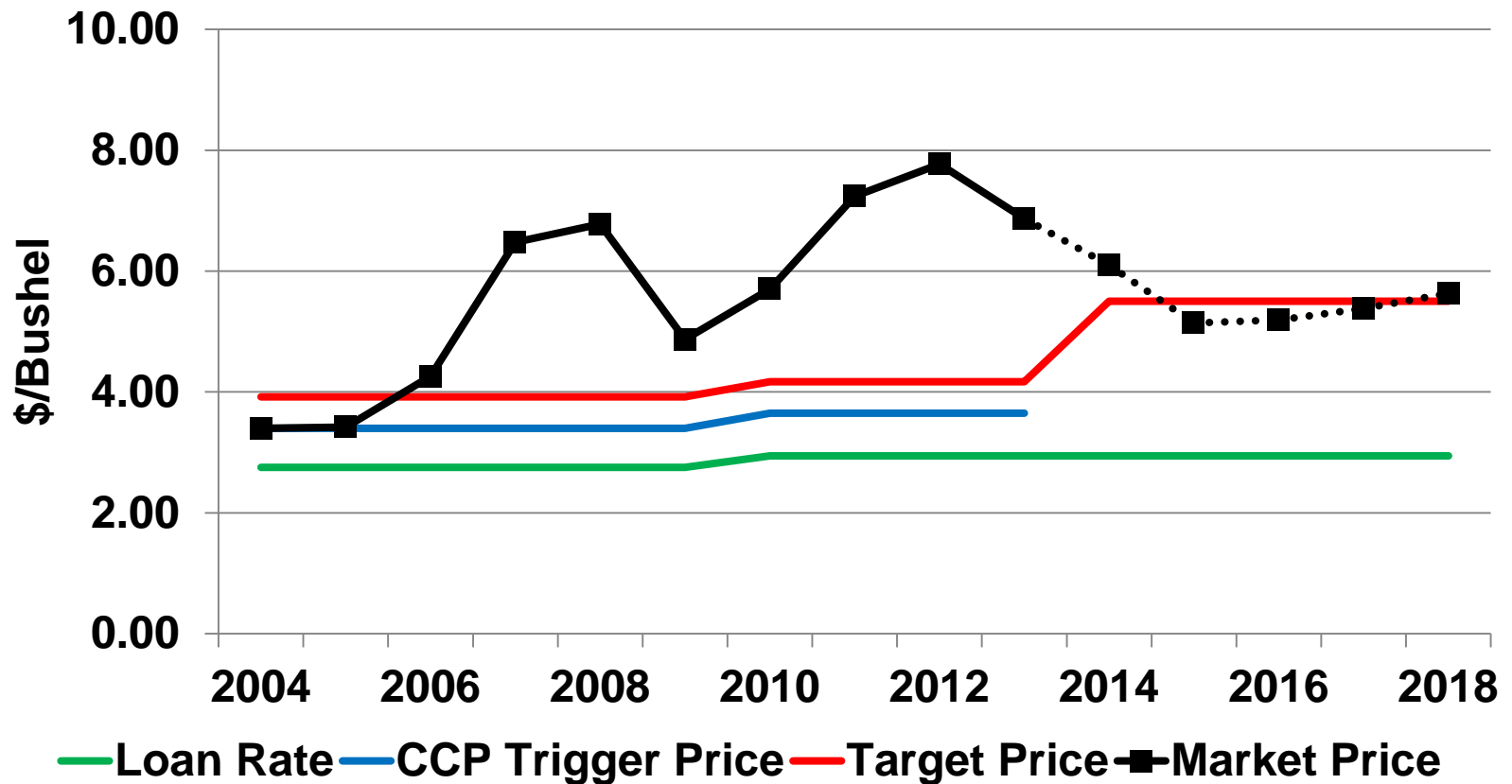
Sorghum Prices and PLC/CCP/ML*



* Estimated national marketing year average price for 2013 and 2014 projected from USDA-WAOB as of January 12, 2015. Projected prices for 2015-2018 from FAPRI estimates as of January 2015.

Farm Income Safety Net

Wheat Prices and PLC/CCP/ML*



* Estimated national marketing year average price for 2013 and 2014 projected from USDA-WAOB as of January 12, 2015. Projected prices for 2015-2018 from FAPRI estimates as of January 2015.

Farm Bill Safety Net

Revenue Safety Net

- ◆ Agriculture Risk Coverage - ARC
 - Following Senate ARC proposal
 - Adaptation of current ACRE program for ARC-IC
 - ARC-IC similar to AGR or Whole Farm Plan insurance
 - Protects shallow losses below average revenue at farm (ARC-IC) or county (ARC-CO) level
 - Parameters
 - Protect 86-76% of average revenue
 - ARC participants ineligible for SCO
 - ARC-CO
 - Crop guarantee
 - Average revenue = 5-year Olympic average price * 5-year Olympic average yield
 - Payments on 85% of base acres
 - ARC-IC
 - Whole farm guarantee
 - Average revenue = 5-year Olympic average revenue across all covered crops
 - Payments on 65% of base acres
 - Impact
 - Provides risk management when projected revenue is near or below average revenue
 - Protection level changes gradually with changes in revenue, reducing potential long-term distortion of production/marketing decisions

Calculating Program Payments

Agriculture Risk Coverage - County

ARC-CO Benchmark Revenue

$$\frac{\text{5-year Olympic average county yield}^*}{\text{5-year Olympic average national marketing year average price}^{**}} \times \frac{\text{5-year Olympic average national marketing year average price}^{**}}{\text{5-year Olympic average national marketing year average price}^{**}} = \frac{\text{ARC-CO benchmark revenue}}{\text{5-year Olympic average national marketing year average price}^{**}}$$

ARC-CO Guarantee

$$\frac{\text{ARC-CO benchmark revenue}}{\text{ARC-CO benchmark revenue}} \times 86\% = \frac{\text{ARC-CO guarantee}}{\text{ARC-CO benchmark revenue}}$$

ARC-CO Actual Revenue

$$\frac{\text{county yield}^*}{\text{county yield}^*} \times \text{MAX of } \left[\frac{\text{national marketing year average price}}{\text{national marketing year average price}} \text{ or } \frac{\text{loan rate}}{\text{loan rate}} \right] = \frac{\text{ARC-CO actual revenue}}{\text{county yield}^*}$$

* County yield per planted acre, minimum yield for each year at county T-yield x 70%

** National marketing year average price, minimum price for each year at reference price

Calculating Program Payments

Agriculture Risk Coverage - County

ARC-CO Payment Rate

$$\text{MAX of [0 or MIN of (\{ \frac{\text{ARC-CO guarantee}}{\text{ARC-CO actual revenue}} - \frac{\text{ARC-CO benchmark revenue}}{\text{ARC-CO benchmark revenue}} \} \text{ or } \{ \frac{\text{ARC-CO benchmark revenue}}{\text{ARC-CO benchmark revenue}} \times 10\% \})] } = \frac{\text{ARC-CO payment rate}}{\text{ARC-CO payment rate}}$$

ARC-CO Payment

$$\frac{\text{ARC-CO payment rate}}{\text{ARC-CO payment rate}} \times \frac{\text{base acres}}{\text{base acres}} \times 85\% = \frac{\text{ARC-CO payment}}{\text{ARC-CO payment}}$$

Calculating Program Payments

Agriculture Risk Coverage - Individual

ARC-IC Historical Revenue

$$\text{MAX of (} \frac{\text{actual yield}}{\text{70\% of county T-yield}} \text{) x MAX of (} \frac{\text{national marketing year average price}}{\text{reference price}} \text{) = } \frac{\text{crop-by-crop historical revenue}}{\text{crop-by-crop historical revenue}}$$

ARC-IC Benchmark

$$\sum_{\text{all crops}} [\text{5-Year Olympic average of (} \frac{\text{crop-by-crop historical revenue}}{\text{crop \% of current total planted acres}} \text{) x } \frac{\text{crop \% of current total planted acres}}{\text{crop \% of current total planted acres}}] = \frac{\text{ARC-IC benchmark revenue}}{\text{ARC-IC benchmark revenue}}$$

ARC-IC Guarantee

$$\frac{\text{ARC-IC benchmark revenue}}{\text{ARC-IC benchmark revenue}} \times 86\% = \frac{\text{ARC-IC guarantee}}{\text{ARC-IC guarantee}}$$

Calculating Program Payments

Agriculture Risk Coverage - Individual

ARC-IC Actual Revenue

$$\sum_{\text{all crops}} \left[\frac{\text{actual yield}}{\text{actual yield}} \times \text{MAX of } \left(\frac{\text{national marketing year average price}}{\text{national marketing year average price}} \text{ or } \frac{\text{loan rate}}{\text{loan rate}} \right) \times \frac{\text{crop \% of current total planted acres}}{\text{crop \% of current total planted acres}} \right] = \frac{\text{ARC-IC actual revenue}}{\text{ARC-IC actual revenue}}$$

ARC-IC Payment Rate

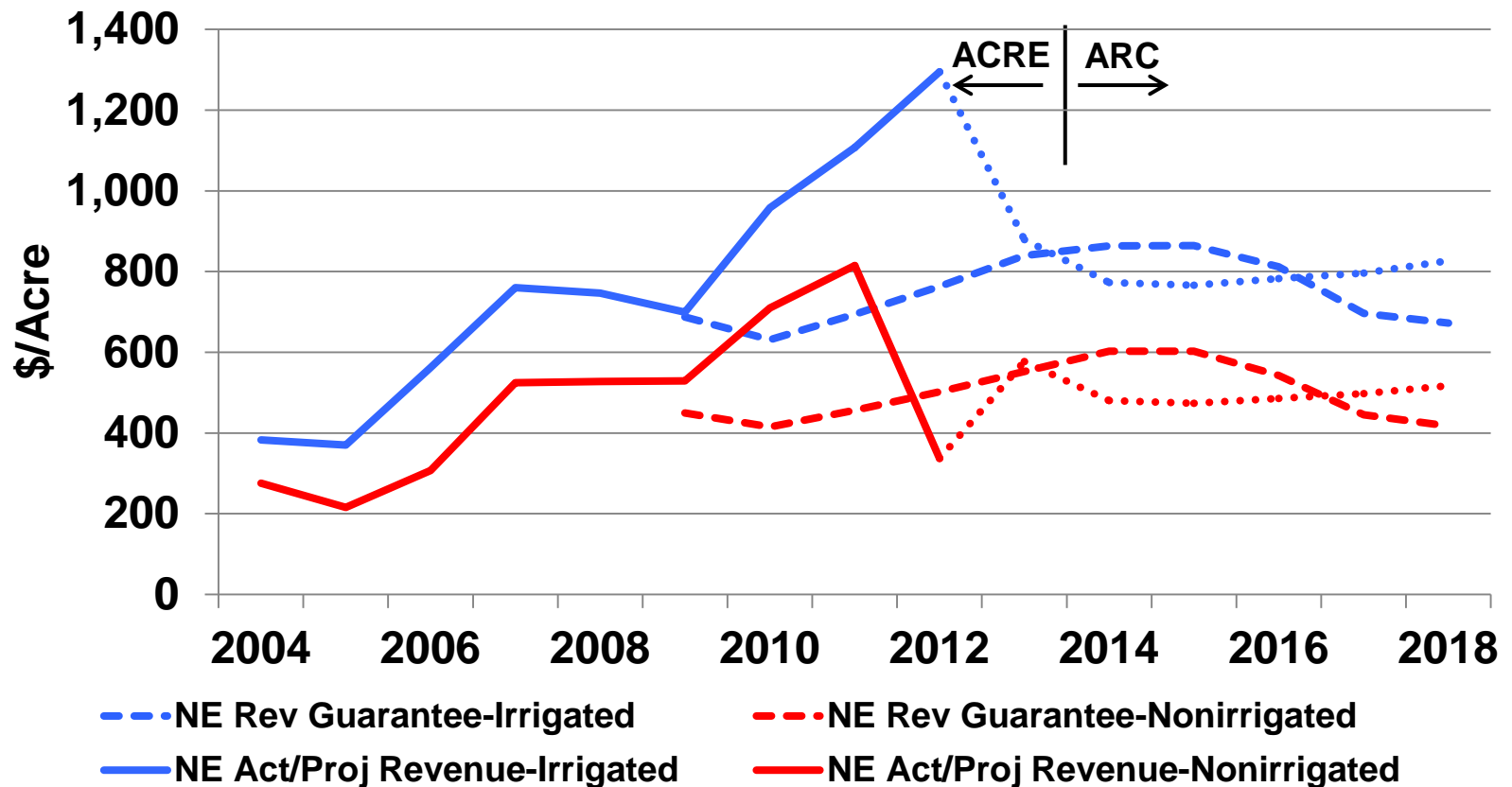
$$\text{MAX of } [0 \text{ or MIN of } \left\{ \frac{\text{ARC-IC guarantee}}{\text{ARC-IC guarantee}} - \frac{\text{ARC-IC actual revenue}}{\text{ARC-IC actual revenue}} \right\} \text{ or } \left\{ \frac{\text{ARC-IC benchmark revenue}}{\text{ARC-IC benchmark revenue}} \times 10\% \right\}] = \frac{\text{ARC-IC payment rate}}{\text{ARC-IC payment rate}}$$

ARC-IC Payment

$$\frac{\text{ARC-IC payment rate}}{\text{ARC-IC payment rate}} \times \frac{\text{base acres}}{\text{base acres}} \times 65\% = \frac{\text{ARC-IC payment}}{\text{ARC-IC payment}}$$

Farm Income Safety Net

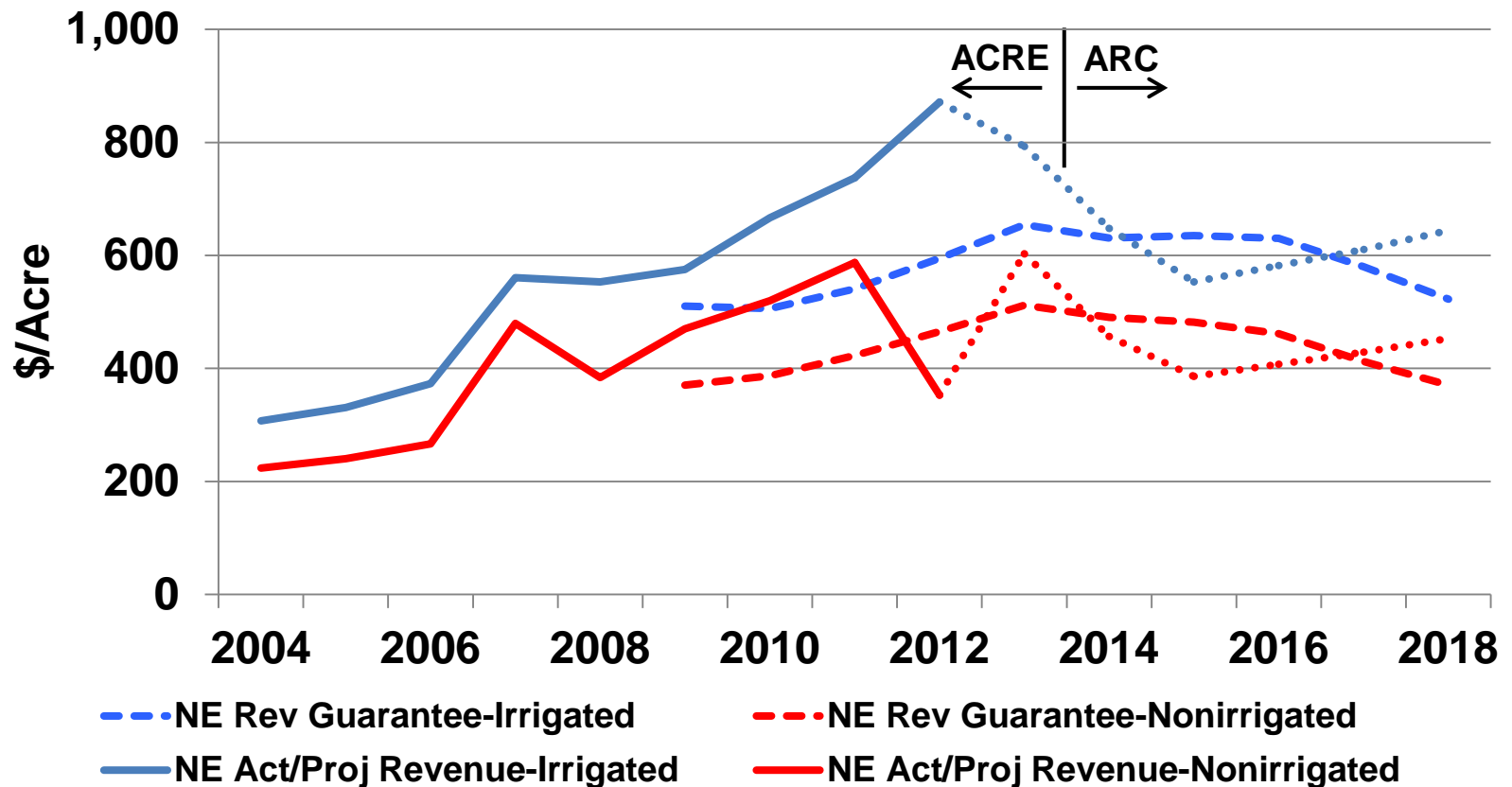
Nebraska Corn Revenue and ACRE/ARC*



* Estimated revenue for 2013 from USDA-WAOB prices and USDA-NASS yields as of January 12, 2015. Projected revenue for 2014 based on estimated yields and USDA-WAOB prices as of January 12, 2015. Projected revenue for 2015-2018 based on trend yields and FAPRI price estimates as of December 2014. Projected ARC guarantee for 2014-2018 shown at state level for illustration purposes only.

Farm Income Safety Net

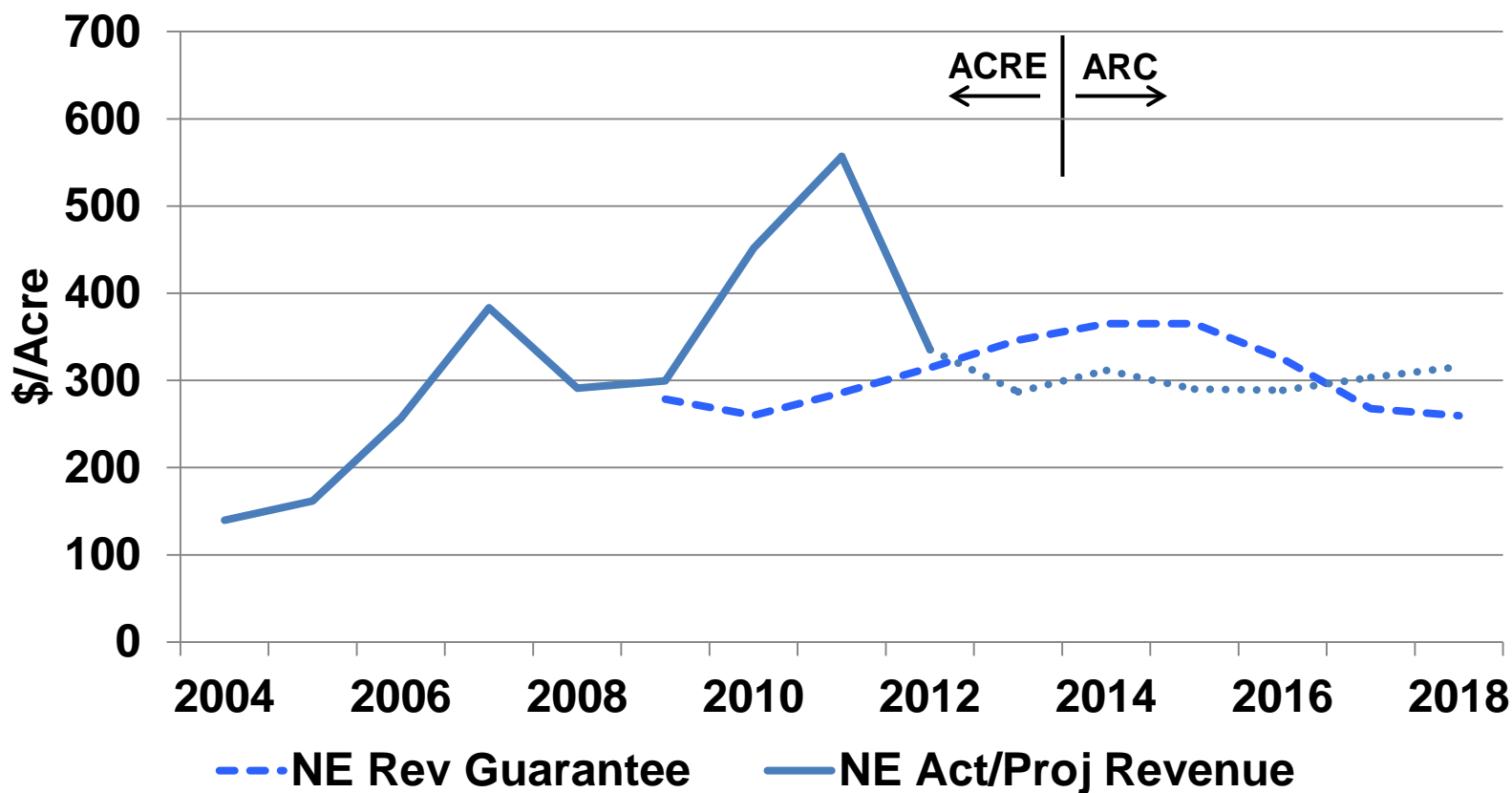
Nebraska Soybean Revenue and ACRE/ARC*



* Estimated revenue for 2013 from USDA-WAOB prices and USDA-NASS yields as of January 12, 2015. Projected revenue for 2014 based on estimated yields and USDA-WAOB prices as of January 12, 2015. Projected revenue for 2015-2018 based on trend yields and FAPRI price estimates as of December 2014. Projected ARC guarantee for 2014-2018 shown at state level for illustration purposes only.

Farm Income Safety Net

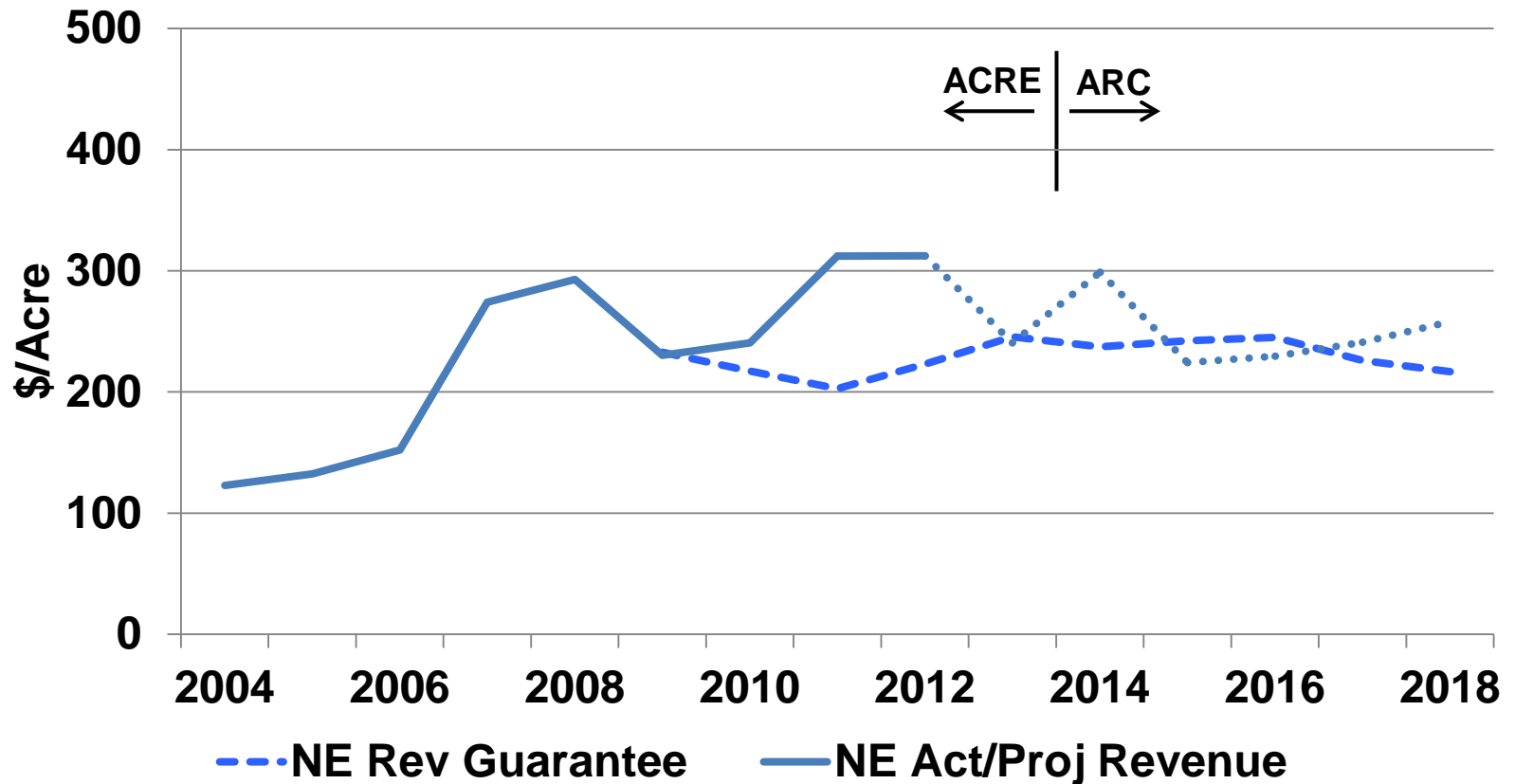
Nebraska Sorghum Revenue and ACRE/ARC*



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Farm Income Safety Net

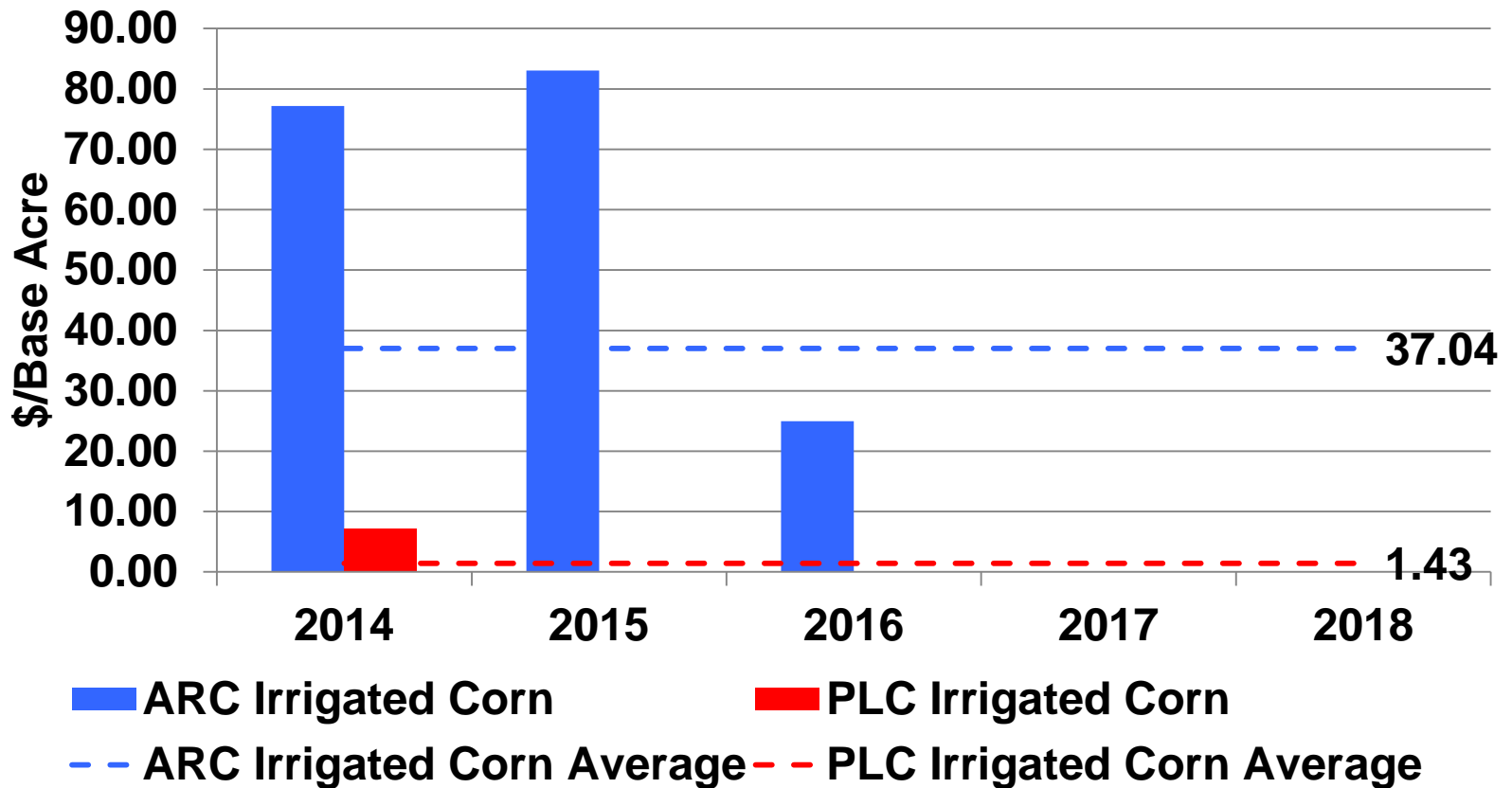
Nebraska Wheat Revenue and ACRE/ARC*



* Estimated revenue for 2013 from USDA-WAOB prices and USDA-NASS yields as of January 12, 2015. Projected revenue for 2014 based on estimated yields and USDA-WAOB prices as of January 12, 2015. Projected revenue for 2015-2018 based on trend yields and FAPRI price estimates as of December 2014. Projected ARC guarantee for 2014-2018 shown at state level for illustration purposes only.

Farm Income Safety Net

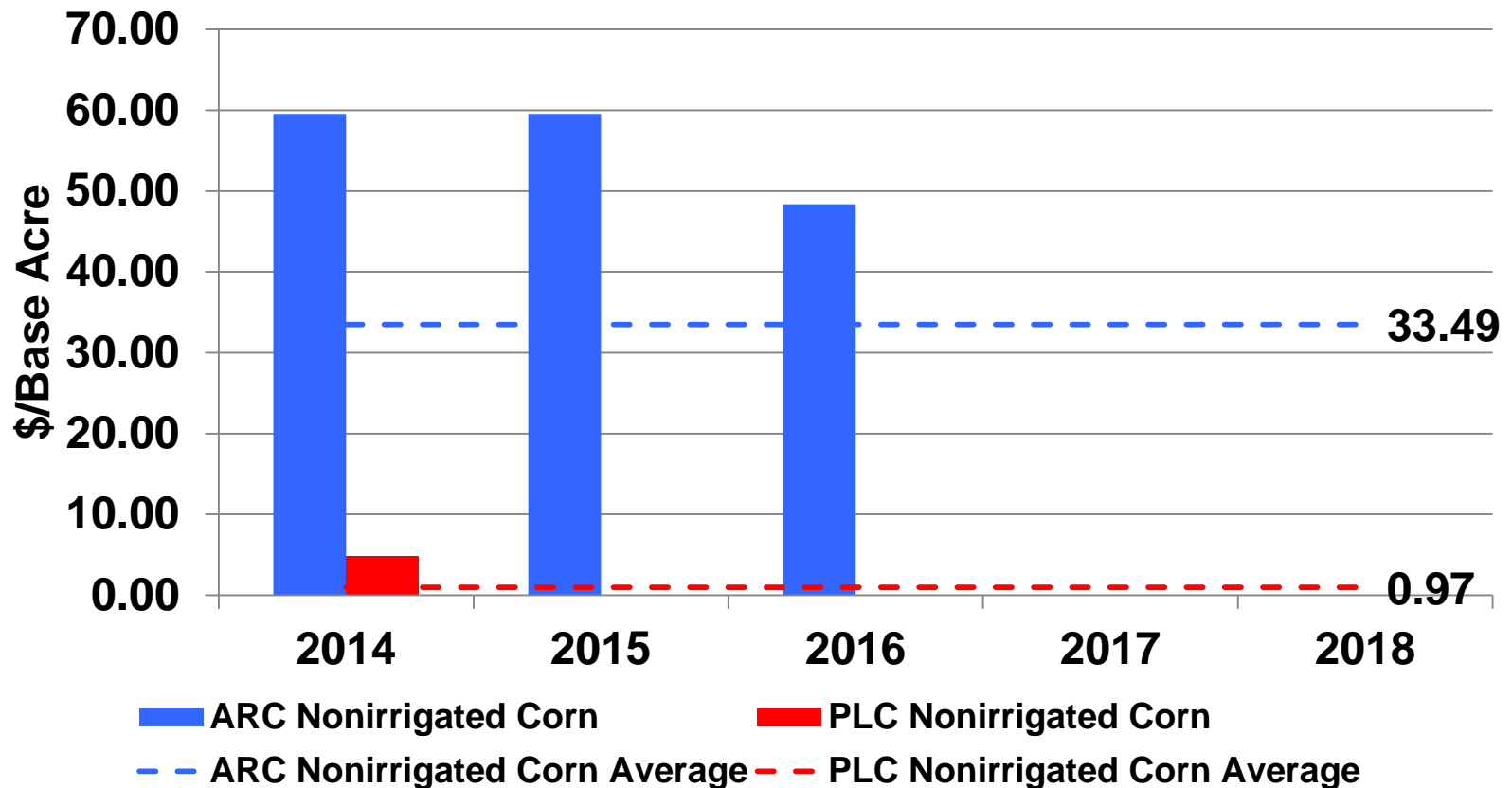
Nebraska Irrigated Corn Program Payments*



* Projected ARC and PLC payments for 2014-2018 based on estimated yields and USDA-WAOB price projections as of January 12, 2015 and FAPRI estimates as of January 2015. Projected ARC payments shown at state level for illustration purposes only.

Farm Income Safety Net

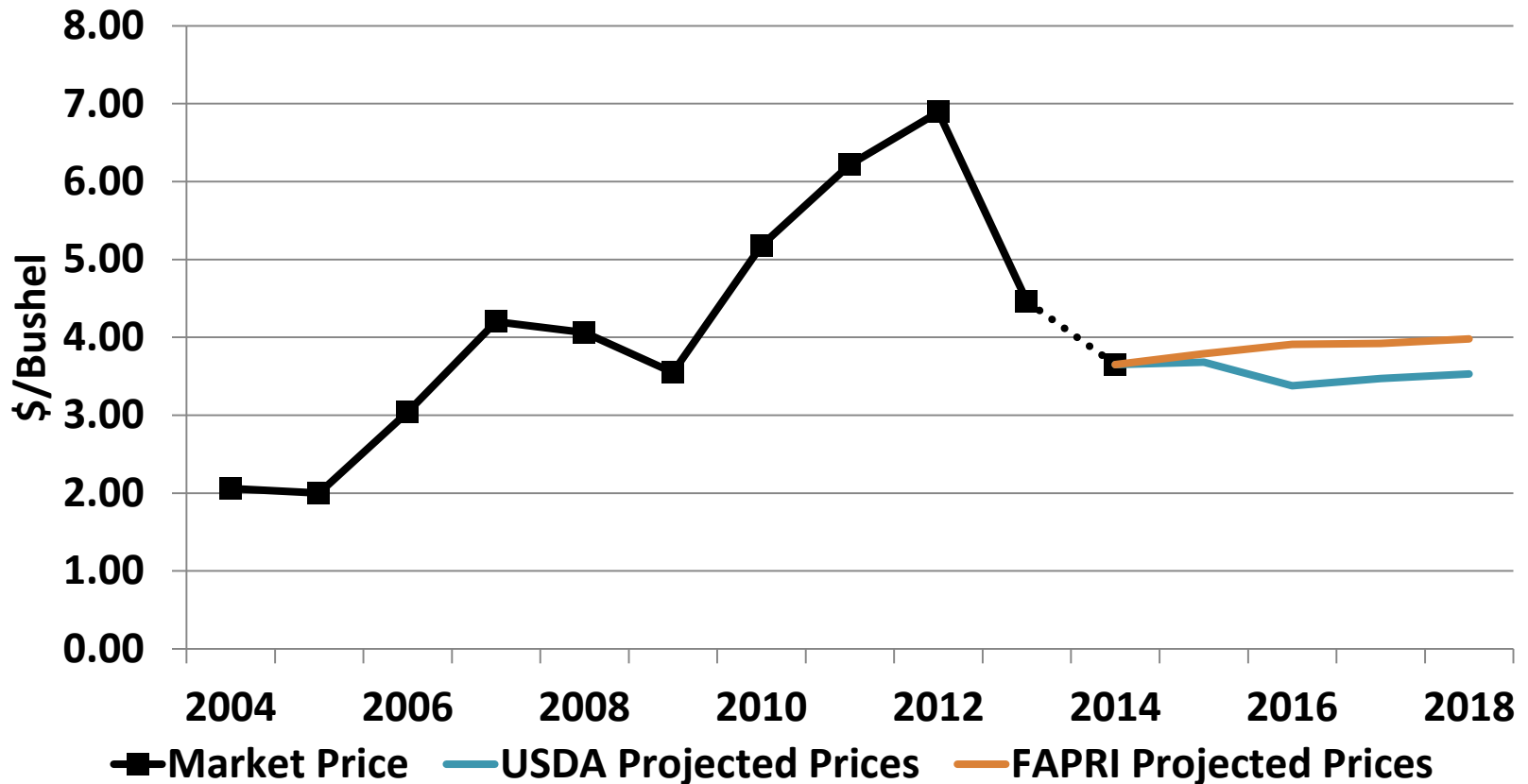
Nebraska Nonirrigated Corn Program Payments*



* Projected ARC and PLC payments for 2014-2018 based on estimated yields and USDA-WAOB price projections as of January 12, 2015 and FAPRI estimates as of January 2015. Projected ARC payments shown at state level for illustration purposes only.

Farm Income Safety Net

Corn Prices Expectations Matter*

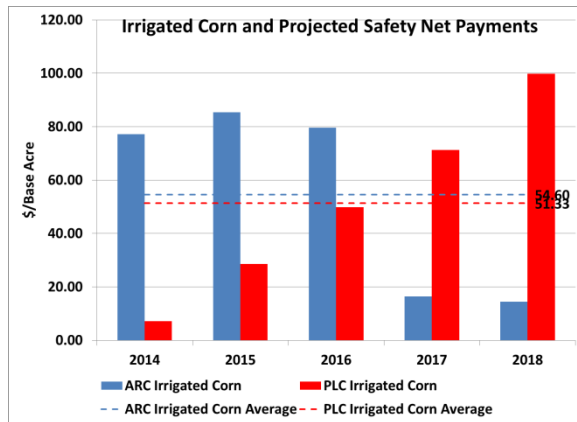


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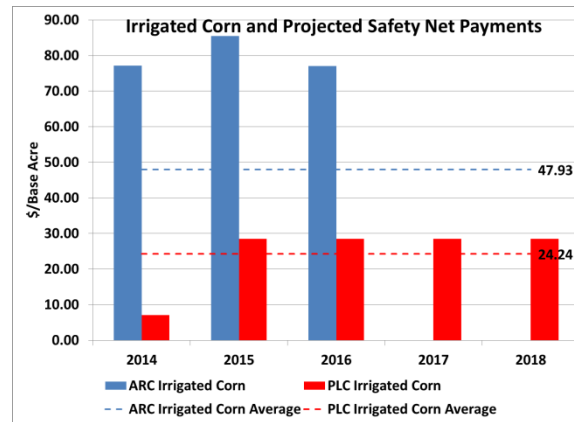
Farm Income Safety Net

Nebraska Irrigated Corn Program Payments*

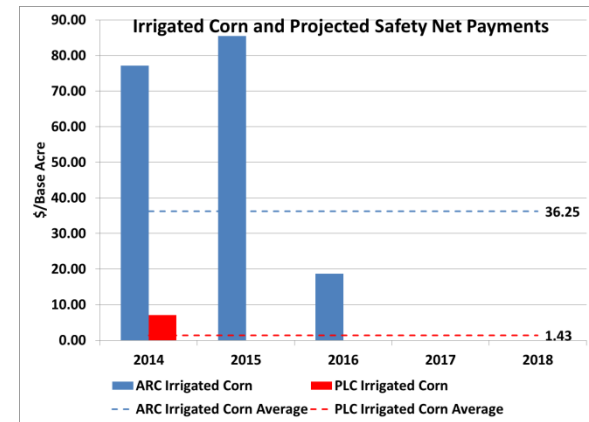
What if Prices Go To \$3



What if Prices Hover At \$3.50



What if Prices Go To \$4

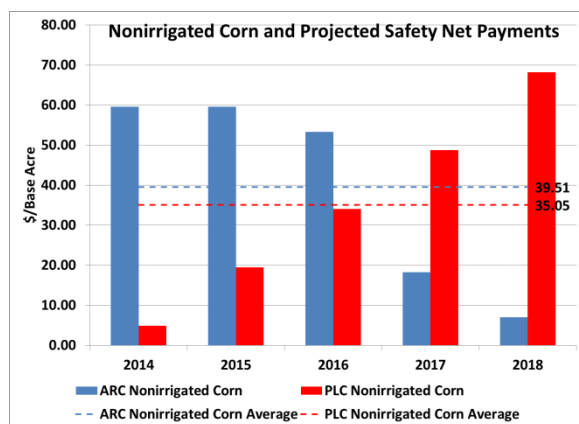


* Projected ARC and PLC payments for 2014-2018 based on estimated yields and USDA-WAOB price projections as of January 12, 2015 and illustrated price projections through 2018. Projected ARC payments shown at state level for illustration purposes only.

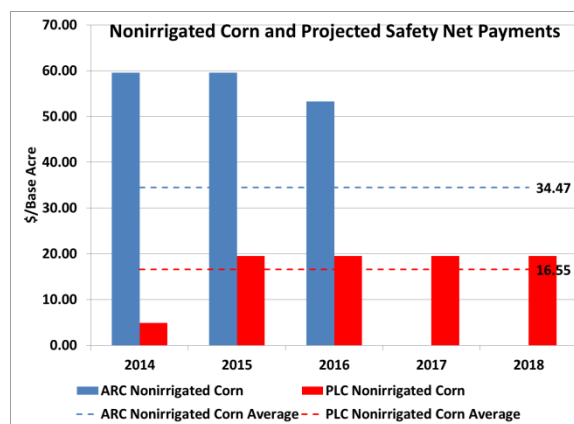
Farm Income Safety Net

Nebraska Nonirrigated Corn Program Payments*

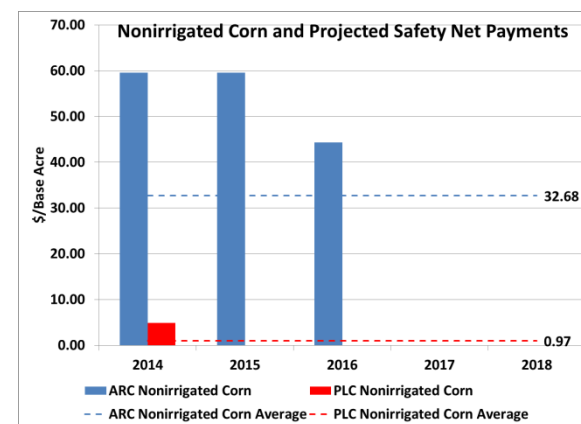
What if Prices Go To \$3



What if Prices Hover At \$3.50



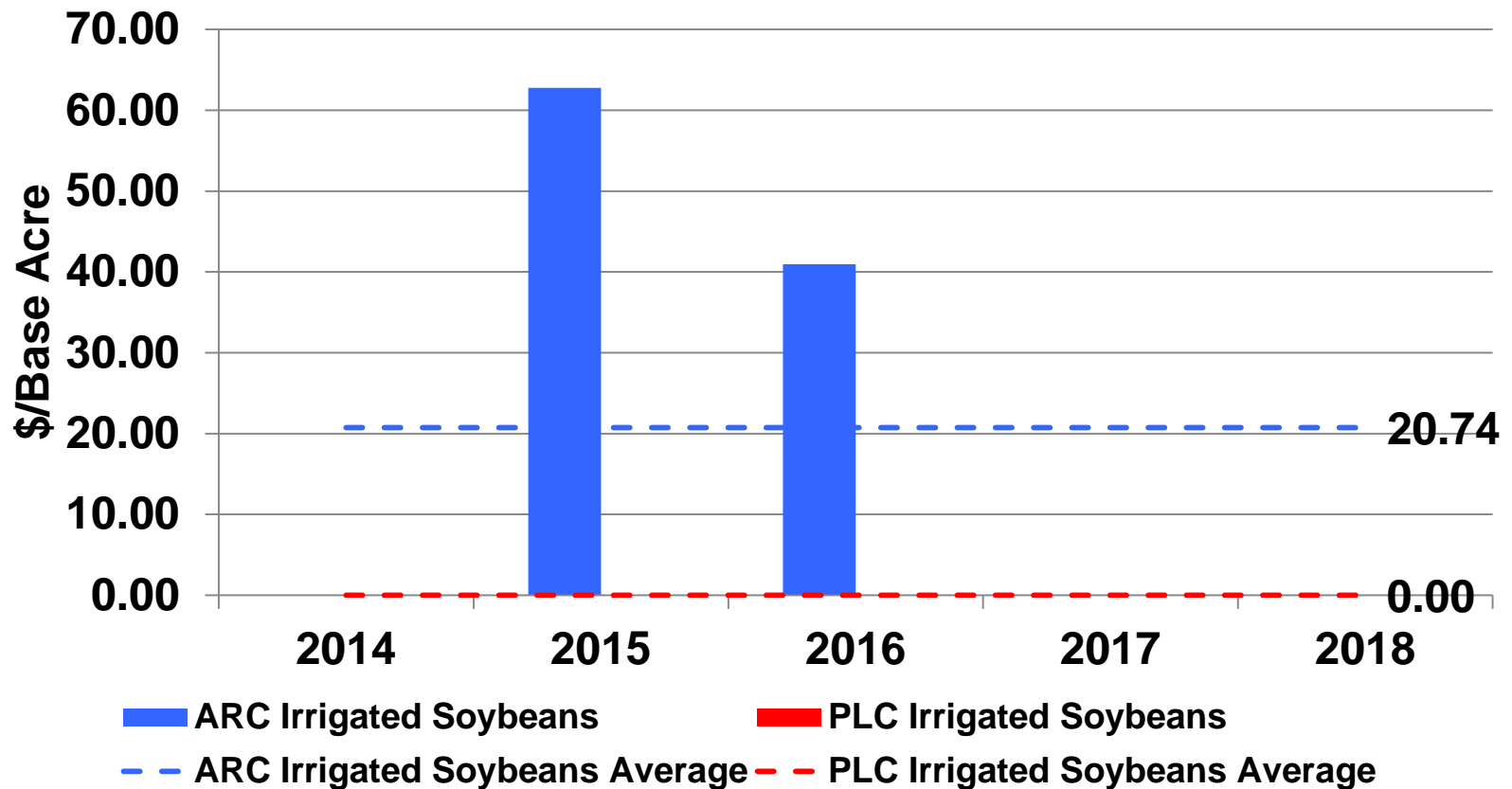
What if Prices Go To \$4



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Farm Income Safety Net

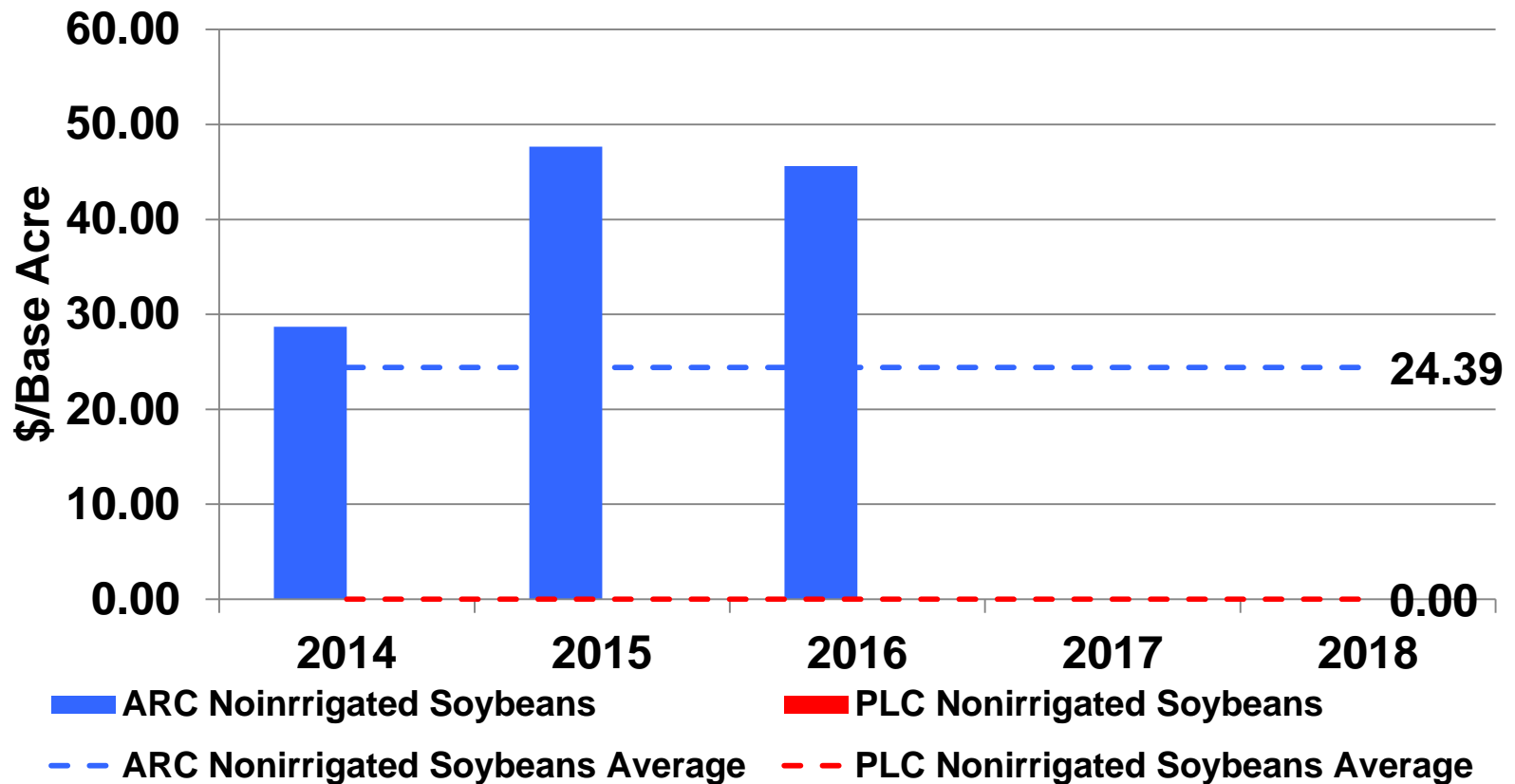
Nebraska Irrigated Soybean Program Payments*



* Projected ARC and PLC payments for 2014-2018 based on estimated yields and USDA-WAOB price projections as of January 12, 2015 and FAPRI estimates as of January 2015. Projected ARC payments shown at state level for illustration purposes only.

Farm Income Safety Net

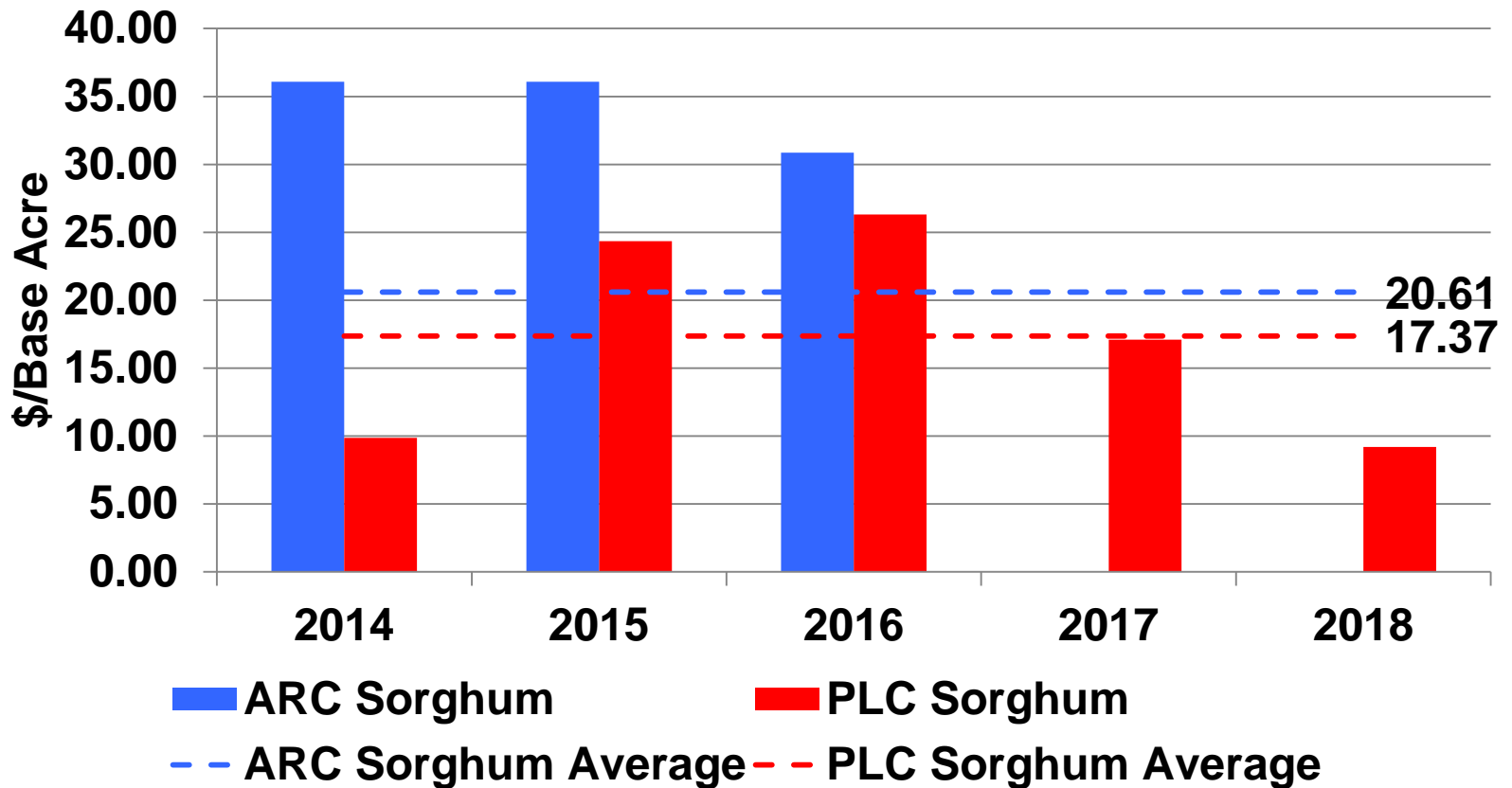
Nebraska Nonirrigated Soybean Program Payments*



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Farm Income Safety Net

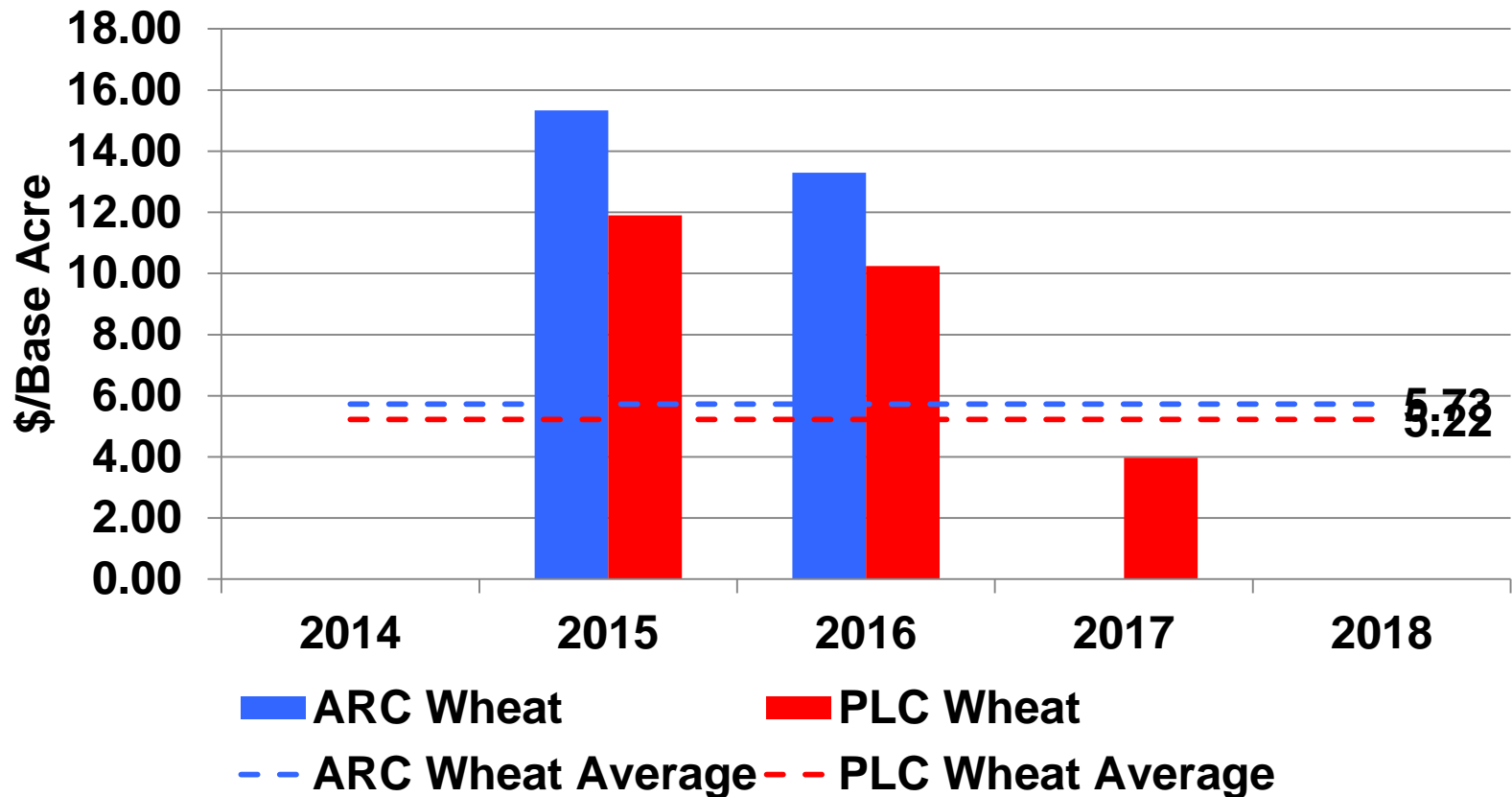
Nebraska Grain Sorghum Program Payments*



* Projected ARC and PLC payments for 2014-2018 based on estimated yields and USDA-WAOB price projections as of January 12, 2015 and FAPRI estimates as of January 2015. Projected ARC payments shown at state level for illustration purposes only.

Farm Income Safety Net

Nebraska Wheat Program Payments*



* Projected ARC and PLC payments for 2014-2018 based on estimated yields and USDA-WAOB price projections as of January 12, 2015 and FAPRI estimates as of January 2015. Projected ARC payments shown at state level for illustration purposes only.

Farm Income Safety Net Comparison

Expected Average ARC and PLC Payments for 2014-2018
Crop Marketing Years for Nebraska*

Commodity	ARC**	PLC
	\$/base acre	
Irrigated Corn	\$37.04	\$1.43
Nonirrigated Corn	33.49	0.97
Irrigated Soybeans	20.74	0.00
Nonirrigated Soybeans	24.39	0.00
Grain Sorghum	20.61	17.37
Wheat	5.73	5.22

* Projected ARC and PLC payments for 2014-2018 based on estimated yields and USDA-WAOB price projections as of January 12, 2015 for 2014 and trend yields and FAPRI estimates as of January 2015 for 2015-2018.

** Projected ARC payments shown at state level for illustration purposes only.

Farm Bill Safety Net

Supplemental Crop Insurance

- ◆ Supplemental Coverage Option - SCO
 - Following Senate and House proposals
 - Adaptation of current area-based insurance – (ARP or AYP, previously GRIP or GRP)
 - Provides area-based supplement to individual coverage to cover part of the deductible
 - Protects losses below allowed coverage level and above individual insurance coverage level
 - Parameters
 - Upper coverage level
 - 86% if in PLC or no program
 - Lower coverage level
 - Individual coverage level
 - 0% if no individual coverage purchased?
 - 65% premium subsidy rate
 - Questions
 - Compatibility with crop insurance?
 - Impact
 - Protection dependent on relationship of individual and area yield and loss history – better for higher correlated farm and county histories
 - Revenue protection similar to ARC for the 76-86% band, but based on current price instead of 5-year average price

Farm Bill Safety Net

Other Crop Insurance Details

- ◆ Policy issues for crop insurance as the foundation of the safety net
 - Payment limits/eligibility tests debated, but not included
 - Conservation compliance included
 - Interaction with commodity programs
- ◆ Other crop insurance language in the farm bill
 - STAX for cotton
 - Permanent approval of enterprise unit subsidy
 - Separate enterprise unit and separate coverage levels available for irrigated and nonirrigated production
 - APH adjustment in years of county yield losses of at least 50%
 - Premium adjustments for CAT
 - Adjustments to crop insurance Sodsaver provisions
 - Beginning farmer premium subsidy increases
 - Organic price provisions
 - Weather index pilot program

Understanding the Farm Income Safety Net Programs

ARC

	ARC-IC	ARC-CO	No ARC?
Exp Revenue			
Avg Revenue			
Revenue	Producer Loss	Producer Loss	Producer Loss
	ARC-IC	ARC-CO	SCO
Crop Ins Guarantee			
Reference Price			
	Crop Ins Guarantee	Crop Ins Guarantee	Crop Ins Guarantee
Loan Rate			

PLC

	PLC	No PLC
Exp Revenue		
Avg Revenue		
Revenue	Producer Loss	Producer Loss
	SCO	SCO
Crop Ins Guarantee		
Reference Price		
	Crop Ins Guar	PLC
		Crop Ins Guarantee
Loan Rate		

Farm Income Safety Net Comparison

Expected Average ARC and PLC/SCO/STAX Payments
for 2014-2018 Crop Marketing Years, FAPRI*

Commodity	ARC**	PLC	SCO**	PLC+SCO/STAX***
	\$/participating acre			
Corn	\$20.91	\$22.24	\$8.94	\$29.39
Soybeans	16.21	12.58	5.09	16.65
Grain Sorghum	8.16	19.62	3.14	22.13
Wheat	9.84	16.27	3.84	19.34
Barley	10.76	30.54	4.10	33.82
Rice	8.44	53.54	12.90	63.86
Peanuts	19.76	60.63	****	****
Upland Cotton	-	-	22.60	18.08

* Estimated ARC, PLC, and SCP payments based on FAPRI projections as of March 2014.

** SCO and STAX net indemnity average for 2015-2018

*** PLC+SCO/STAX payment average for 2014-2018.

**** Peanut net indemnities for SCO not explicitly represented in FAPRI model.

Farm Income Safety Net Comparison

ARC, PLC, SCO, and Buy-Up Crop Insurance

Hayes County, Nebraska

2015 Wheat Enterprise Coverage

Buy-Up Level	SCO Band	Expected ARC-CO	Expected PLC	Expected SCO NI	Expected PLC + SCO	Expected Buy-Up NI	Expected ARC-CO + Buy-Up	Expected PLC + SCO + Buy-Up
85	86-85	\$5.73	\$5.22	\$0.84	\$6.06	\$19.79	\$25.52	\$25.85
80	86-80	\$5.73	\$5.22	\$4.34	\$9.56	\$22.14	\$27.87	\$31.70
75	86-75	\$5.73	\$5.22	\$6.92	\$12.14	\$21.59	\$27.32	\$33.73
70	86-70	\$5.73	\$5.22	\$8.73	\$13.95	\$19.24	\$24.97	\$33.19
65	86-65	\$5.73	\$5.22	\$10.05	\$15.27	\$16.38	\$22.11	\$31.65
60	86-60	\$5.73	\$5.22	\$10.92	\$16.14	\$13.81	\$19.54	\$29.95
55	86-55	\$5.73	\$5.22	\$11.46	\$16.68	\$11.57	\$17.30	\$28.25
50	86-50	\$5.73	\$5.22	\$11.84	\$17.06	\$9.63	\$15.36	\$26.69

* Analysis based on average projected ARC and PLC payments for 2014-2018 based on estimated yields and USDA-WAOB price projections as of January 12, 2015 for 2014 and trend yields and FAPRI estimates as of January 2015 for 2015-2018. Projected ARC and PLC payments shown at state level for illustration purposes only. Analysis of buy-up and SCO coverage based on 2015 crop year insurance premium quotes and assumed loss ratio of 1.0.

Farm Income Safety Net Comparison

ARC, PLC, SCO, and Buy-Up Crop Insurance

Hayes County, Nebraska

2015 Wheat Enterprise Coverage

Buy-Up Level	SCO Band	Expected ARC-CO	Expected PLC	Expected SCO NI	Expected PLC + SCO	Expected Buy-Up NI	Expected ARC-CO + Buy-Up	Expected PLC + SCO + Buy-Up
85	86-85	\$5.73	\$5.22	\$0.84	\$6.06	\$19.79	\$25.52	\$25.85
80	86-80	\$5.73	\$5.22	\$4.34	\$9.56	\$22.14	\$27.87	\$31.70
75	86-75	\$5.73	\$5.22	\$6.92	\$12.14	\$21.59	\$27.32	\$33.73
70	86-70	\$5.73	\$5.22	\$8.73	\$13.95	\$19.24	\$24.97	\$33.19
65	86-65	\$5.73	\$5.22	\$10.05	\$15.27	\$16.38	\$22.11	\$31.65
60	86-60	\$5.73	\$5.22	\$10.92	\$16.14	\$13.81	\$19.54	\$29.95
55	86-55	\$5.73	\$5.22	\$11.46	\$16.68	\$11.57	\$17.30	\$28.25
50	86-50	\$5.73	\$5.22	\$11.84	\$17.06	\$9.63	\$15.36	\$26.69

* Analysis based on average projected ARC and PLC payments for 2014-2018 based on estimated yields and USDA-WAOB price projections as of January 12, 2015 for 2014 and trend yields and FAPRI estimates as of January 2015 for 2015-2018. Projected ARC and PLC payments shown at state level for illustration purposes only. Analysis of buy-up and SCO coverage based on 2015 crop year insurance premium quotes and assumed loss ratio of 1.0.

Farm Income Safety Net Comparison

ARC, PLC, SCO, and Buy-Up Crop Insurance

Hayes County, Nebraska

2015 Wheat Enterprise Coverage

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Farm Bill Decision Aids for Producers and Owners

- ◆ Online Decision/Simulation Tools (linked from fsa.usda.gov ARC/PLC page)
 - National Coalition for Producer Education (NCPE), led by the University of Illinois
 - <http://fsa.usapas.com>
 - National Association of Agricultural and Food Policy (NAAFP) led by the Food and Agricultural Policy Research Institute (FAPRI) at the University of Missouri, and the Agricultural and Food Policy Center (AFPC) at Texas A&M University
 - <https://usda.afpc.tamu.edu>

Eligibility and Payment Limits

- ◆ AGI limit for program eligibility per person or legal entity
 - 3-year average AGI less than or equal to \$900,000
- ◆ Payment limit per person or legal entity
 - \$125,000 for PLC, ARC, and MLG/LDP
 - Loan forfeitures do not apply to MLG
 - Spousal rule can double effective individual limit to \$250,000
 - Equal and separate limit for peanuts
- ◆ Definition of “actively engaged”
 - USDA will define significant contribution of active personal management
 - Family members not subject to new definition
 - Sec. of Ag Vilsack commented that it likely will be end of 2015 before new definition is completed

Conclusions

- ◆ Federal farm income safety net has evolved over time
 - Price support and supply control
 - Income support tied to price and revenue
 - Risk management
- ◆ Farm income safety net is complex
 - Farm programs integrate with, complement, and substitute for crop insurance
 - Decisions
 - Existing base vs. base acreage reallocation based on 2009-2012 planted/prevented planted acreage
 - ARC-IC vs. ARC-CO vs. PLC by farm
 - ARC-CO vs. PLC by crop by farm
 - ARC vs. PLC/SCO
 - SCO vs. buy-up crop insurance
- ◆ Risk management decisions are complex
 - Risk management decisions need to be based on portfolio analysis, not program-by-program decisions
 - Producer decision tools and education are a critical need

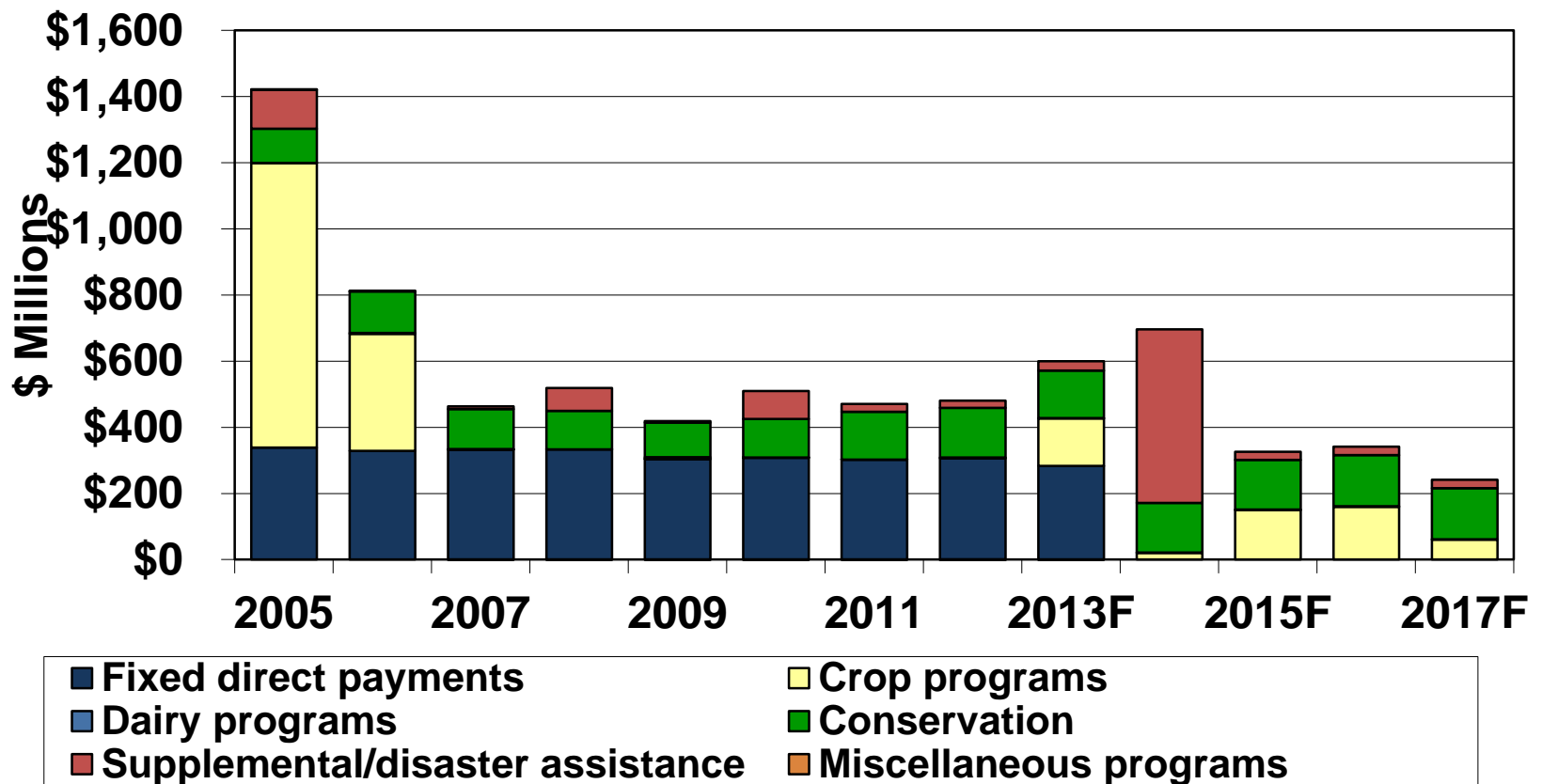
Other Farm Bill Issues

Other Program Highlights

- ◆ Conservation
 - Shrinking CRP program
 - Working lands programs
 - Easement and partnership programs
- ◆ Trade
 - Promotion and development
- ◆ Rural development
 - Broadband development
 - Grant programs
- ◆ Credit
 - Direct and guaranteed loans
 - Ownership and operating loans
- ◆ Energy
 - Biobased products
 - Bioenergy/biomass programs
- ◆ Horticulture/specialty crops
 - Research and block grants
 - Promotion, marketing, and management
 - Organic production
 - Conversion cost-share assistance
 - Crop insurance price coverage
 - Promotion
- ◆ Beginning farmer programs
 - Loan programs
 - Research and education
 - Conservation crop-share assistance
 - Transition Incentive Program for CRP
 - Crop insurance premium subsidy increase
 - Increased emphasis on veterans

Farm Bill Outlook

Government Program Payments in Nebraska



Farm Bill Details and Decisions

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