

News Column

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FARM PROGRAM DECISIONS

Hindsight is 2020. How many times do you think you're going to hear that this year?

Here it is though, 2020, and farmers need to make a decision regarding the 2019 crop year,...and sign up for commodity programs outlined in the 2018 Farm Bill. Believe it or not, we actually do get to use a little hindsight to make this decision.

The reason hindsight works is because part of the 2019 crop has already been sold, and farm program payments are based, at least in part, on market year average prices. Thus, having a good portion of the crop already sold takes some of the guesswork out of signing up for the farm program for the 2019 crop year. Knowing local county average yields also takes out guesswork.

Before you read any farther, I want to tell you up front that you might as well move on to something more interesting if you aren't a farmer or landowner who already has a basic understanding of the 2014 Farm Bill. This farm bill is a lot like the last one, and I can't explain either of them in enough detail for a novice to understand in the space allotted to me today.

Since you're still with me, let's cover the basics. The first thing you need to know is that you have until March 15 to choose one of the farm program options, and enroll. If you don't sign up, you won't receive a 2019 farm program payment.

There is more to signing up than just showing up at the Farm Service Agency office and signing your name. You need to choose one of the program options, either Agricultural Risk Coverage (ARC) or Price Loss Coverage (PLC). And, you might also be able to update your

program yields.

Those with a good understand of the program options will realize I'm leaving out a couple of options, but that is intentional. The vast majority of (probably all) Riley County producers will choose either ARC or PLC and don't need to bother learning about ARC Individual and SCO (Supplemental Coverage Option), so I'm not going to bother you with them.

What's the difference between ARC and PLC? In simple terms, ARC is a low revenue program and PLC is a low price program. PLC kicks in when the national marketing year average price is below a pre-set reference price. ARC considers both price and the county yield, with the ARC benchmark set by the previous five year average prices and yields.

When we signed up for the 2014 Farm Bill we were coming off several years of good prices and good yields, setting the ARC benchmark at a high level and making it attractive to sign up for ARC coverage. This time the ARC benchmark will be set using five years of low prices, making it less likely that ARC will pay.

What should you do? First, contact the FSA Office and request a copy of your 156EZ, showing your farm's base acres and program yields. Then, gather yield data for the years 2013 through 2017 so you can attempt to update program yields for your farm.

The next step is to either call me to make an appointment so we can run your numbers through one of the farm program decision tools, or go online and run the numbers yourself. Texas and Illinois both have farm program decision tools that you can find online. Many of you are capable of running the numbers on your own, but I'm happy to help,...even if you are capable.

This year you will make a program choice for the 2019 and 2020 crop years. You will choose options on a crop by crop basis, choosing either ARC or PLC for each crop. You don't have to put everything in ARC or everything in PLC. After this initial sign-up period you will

need to choose programs again and sign up annually for the remaining three years of the program.

Currently, we think if you have wheat and grain sorghum base acres you will most likely receive the highest payment by signing up for PLC (Price Loss Coverage) for those two crops. If you have soybean base acres, ARC (Agricultural Risk Coverage) will likely be your best choice. And, if you have corn base acres it's kind of a toss-up.

Now, even though I've just give you a general blueprint for what I think you will choose to do, I personally won't sign up any of the McClure family's farms until I have run the numbers on every farm. I still won't be guaranteed to get it right, but I want to make the best educated guess possible.

If you want me to run some numbers for you too, give me a call.

If you have questions, you can reach me at the Riley County Extension Office at 785/537-6350. Or, you can send e-mail to gmcclure@ksu.edu.

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