



# Farm Policy Update

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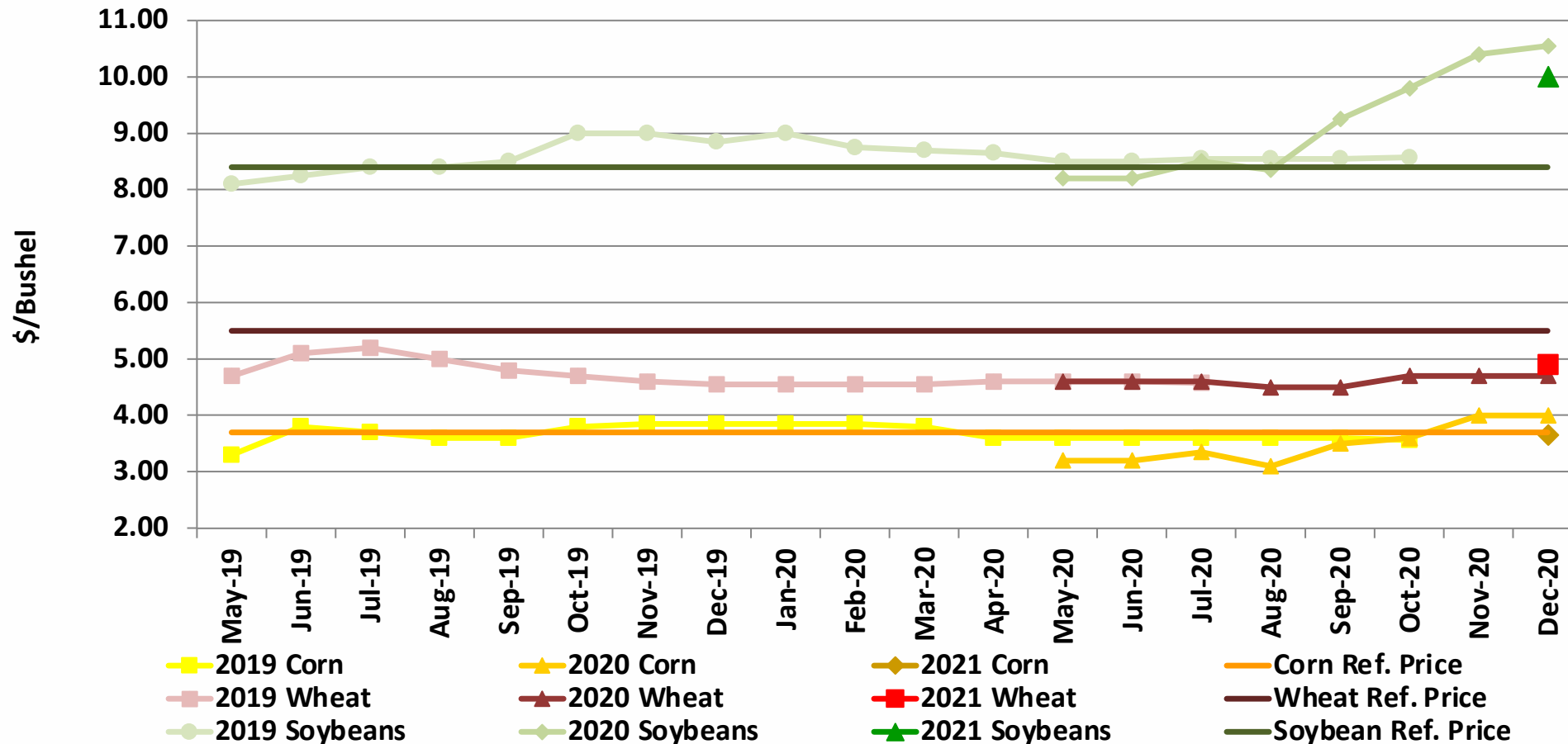
# Farm Program Decisions for 2021

- **Opportunity to change ARC v. PLC election**
  - **Decision is now annual**
  - **Decision is forward-looking**
    - **2019-2020 decision was backward-looking at 2019 production results and favored ARC-IC where relevant**
    - **Difficult to predict production losses ahead of production year (except for wheat – during production year)**
    - **Price projections are available but also uncertain**
- **Interaction with crop insurance and marketing decisions**
  - **RP, RP-HPE, and YP available up to 85% coverage levels**
  - **SCO (county-based coverage from 86% down to insurance coverage level) not available if enrolled in ARC**
  - **ECO (county-based coverage from 90% or 95% down to 86%) now available**
  - **Marketing decisions impacted by protection in farm program and crop insurance (and any ad hoc assistance)**



# Farm Bill Decisions and Outlook

## Prices and Projections





# Price Loss Coverage (PLC) 2019 Crop Payment Rates

Commodity	Effective Reference Price	Marketing Loan Rate	Marketing Year Average Price*	PLC Payment Rate	PLC Payment Yield**	PLC Payment per Paid Acre***	PLC Payment per Base Acre***
Corn	\$3.70	\$2.20	\$3.56	\$0.14	150	\$20.98	17.83
Grain Sorghum	3.95	2.20	3.34	0.61	77	47.04	39.98
Soybeans	8.40	6.20	8.57	0.00	45	0.00	0.00
Wheat	5.50	3.38	4.58	0.92	41	37.60	31.96

\* Price data from USDA-FSA and USDA-NASS as of October 2020. \*\* Average PLC payment yield in Nebraska (before yield update). \*\*\* Payment per paid acre and payment per base acre (accounting for 85% paid acre factor) subject to budget sequestration and payment limits.



# Price Loss Coverage (PLC) Projected 2020 Crop Payment Rates

Commodity	Effective Reference Price	Marketing Loan Rate	Marketing Year Average Price*	PLC Payment Rate	PLC Payment Yield**	PLC Payment per Paid Acre***	PLC Payment per Base Acre***
Corn	\$3.70	\$2.20	\$4.00	\$0.00	150	\$0.00	\$0.00
Grain Sorghum	3.95	2.20	4.40	0.00	77	0.00	0.00
Soybeans	8.40	6.20	10.55	0.00	45	0.00	0.00
Wheat	5.50	3.38	4.70	0.80	41	32.69	27.79

\* Price forecast from USDA-WAOB as of December 2020 for illustration only. \*\* Average PLC payment yield in Nebraska (before yield update). \*\*\* Payment per paid acre and payment per base acre (accounting for 85% paid acre factor) subject to budget sequestration and payment limits.



# Price Loss Coverage (PLC) Projected 2021 Crop Payment Rates

Commodity	Effective Reference Price	Marketing Loan Rate	Marketing Year Average Price*	PLC Payment Rate	PLC Payment Yield**	PLC Payment per Paid Acre***	PLC Payment per Base Acre***
Corn	\$3.70	\$2.20	\$3.65	\$0.05	150	\$7.49	\$6.37
Grain Sorghum	3.95	2.20	3.80	0.15	77	11.57	9.83
Soybeans	8.40	6.20	10.00	0.00	45	0.00	0.00
Wheat	5.50	3.38	4.90	0.60	41	24.52	20.84

\* Price forecast from USDA-OCE as of November 2020 for illustration only. \*\* Average PLC payment yield in Nebraska (before yield update). \*\*\* Payment per paid acre and payment per base acre (accounting for 85% paid acre factor) subject to budget sequestration and payment limits.



# Price Loss Coverage (PLC) 2019-2021 Crop Payment Rates

Commodity	Effective Reference Price	Marketing Year Average Price and Resulting PLC Payment Rate*			PLC Payment Yield**	PLC Payment per Base Acre***		
		2019	2020	2021		2019	2020	2021
Corn	\$3.70	\$3.65 0.05	\$4.00 0.00	\$3.65 0.05	150	\$17.83	\$0.00	\$6.37
Grain Sorghum	3.95	3.80 0.15	4.40 0.00	3.80 0.15	77	39.98	0.00	9.83
Soybeans	8.40	10.00 0.00	10.55 0.00	10.00 0.00	45	0.00	0.00	0.00
Wheat	5.50	4.90 0.60	4.70 0.80	4.90 0.60	41	37.60	27.79	20.84

\* Prices, price forecasts, and PLC payment rates from USDA-NASS, USDA-FSA, USDA-WAOB, and USDA-OCE as of December 2020 for illustration only. \*\* Average PLC payment yield in Nebraska (before yield update). \*\*\* Payment per base acre (accounting for 85% paid acre factor) subject to budget sequestration and payment limits.



# Agricultural Risk Coverage (ARC) 2019 Crop Payment Rates

Commodity	Benchmark Price	Marketing Year Average Price*	Change in Price from Benchmark	Change in Yield from Benchmark to Trigger ARC	County/ Practices Triggering ARC-CO	ARC-CO Payment/ Base Acre Across All Counties/ Practices**
Corn	\$3.70	\$3.56	-4%	-11%	6%	\$1.85
Grain Sorghum	3.95	3.34	-16%	+2%	54%	17.33
Soybeans	9.63	8.57	-11%	-3%	24%	6.52
Wheat	5.50	4.58	-19%	+6%	32%	7.37

\* Price data from USDA-WAOB as of October 2020 for illustration only. \*\* Payment per base acre (accounting for 85% paid acre factor) subject to budget sequestration and payment limits.





# Agricultural Risk Coverage (ARC) Projected 2020 Crop Payment Rates

Commodity	Benchmark Price	Marketing Year Average Price*	Change in Price from Benchmark	Change in Yield from Benchmark to Trigger ARC	County/ Practices Triggering ARC-CO	ARC-CO Payment/ Base Acre Across All Counties/ Practices**
Corn	\$3.70	\$4.00	+8%	-20%	N/A	N/A
Grain Sorghum	3.95	4.40	+11%	-23%	N/A	N/A
Soybeans	9.25	10.55	+14%	-25%	N/A	N/A
Wheat	5.50	4.70	-15%	+1%	N/A	N/A

\* Price forecast from USDA-WAOB as of November 2020 for illustration only. \*\* Payment per base acre (accounting for 85% paid acre factor) subject to budget sequestration and payment limits.



# Agricultural Risk Coverage (ARC) Projected 2021 Crop Payment Rates

Commodity	Benchmark Price	Marketing Year Average Price*	Change in Price from Benchmark	Change in Yield from Benchmark to Trigger ARC	County/ Practices Triggering ARC-CO	ARC-CO Payment/ Base Acre Across All Counties/ Practices**
Corn	\$3.70	\$3.65	-1%	-13%	N/A	N/A
Grain Sorghum	3.95	3.80	-4%	-11%	N/A	N/A
Soybeans	9.25	10.00	+8%	-20%	N/A	N/A
Wheat	5.50	4.90	-11%	-3%	N/A	N/A

\* Price projections from USDA-OCE as of November 2020 for illustration only. \*\* Payment per base acre (accounting for 85% paid acre factor) subject to budget sequestration and payment limits.



# ARC-CO/PLC Decision Tools

[www.fsa.usda.gov/programs-and-services/arcplc\\_program/index](http://www.fsa.usda.gov/programs-and-services/arcplc_program/index)

The screenshot shows the USDA Farm Service Agency website. The header includes the USDA logo, the text "United States Department of Agriculture Farm Service Agency", and a search bar. Navigation links include "Home", "Programs and Services", "State Offices", "Online Services", and "Newsroom". The main heading is "ARC/PLC Program" over a background image of a cornfield. Below the heading is a breadcrumb trail: "Home > Programs and Services > ARC/PLC Program". The main content area contains introductory text: "The Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs were authorized by the 2014 and 2018 Farm Bills." There are two columns of text. The left column is titled "Agriculture Loss Coverage-County (ARC-CO)" and describes the program's purpose. The right column is titled "Price Loss Coverage (PLC)" and describes the payment structure.

The screenshot shows the "About the Program" section. It features three main navigation buttons: "What's Changed" (with a question mark icon), "Resources" (with an information icon and highlighted in dark blue), and "Program Data" (with a database icon). Below these buttons are several links: "Program Definitions", "Frequently Asked Questions", and "Web Tools". Under "Web Tools", there are two paragraphs of text. The first paragraph mentions the Agricultural and Food Policy Center (AFPC) at Texas A&M University and the Food and Agricultural Policy Institute (FAPRI) at the University of Missouri, with a link to <https://www.afpc.tamu.edu/tools/farbill/2018/>. The second paragraph mentions the National Coalition for Producer Education (NCPE), led by the University of Illinois, with a link to [fd-tools.ncsa.illinois.edu](http://fd-tools.ncsa.illinois.edu).



# ARC-CO/PLC Decision Tools

[www.afpc.tamu.edu/tools/farm/farmbill/2018/](http://www.afpc.tamu.edu/tools/farm/farmbill/2018/)

[fd-tools.ncsa.illinois.edu/](http://fd-tools.ncsa.illinois.edu/)



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## 2018 Farm Bill Decision Aid

To retrieve your saved farms, you must first

[Login](#)



LOGIN REGISTER

Please login with your account to access the payment calculator. If you don't have an account yet, use the 'REGISTER' button to create one. If you are having trouble receiving the verification email in your inbox, please check your spam/junk folder.

### Welcome to the Gardner Program Payment Calculator

The Gardner Program Payment Calculator provides farmers, researchers and policymakers with a web-based analysis tool for farm program payments. The Payment Calculator will help improve the understanding of farm programs authorized by Congress in the Agricultural Improvement Act of 2018 (the farm bill), as well assist farmers with program decisions. The initial version of this tool will generate estimated program payments for individual farms from the Agriculture Risk Coverage, County (ARC-CO) and the Price Loss Coverage (PLC) farm programs in a web-based dashboard using county level historical data and modeled price and yield forecasts

Funding for this project has been provided by the Gardner Agriculture Policy Program and by a cooperative agreement with the Office of the Chief Economist at the U.S. Department of Agriculture; it is operated in conjunction with the farmdoc project in the Dept. of Agricultural & Consumer Economics (ACE) and powered by the National Center for Supercomputing Applications (NCSA) at the University of Illinois at Urbana-Champaign.

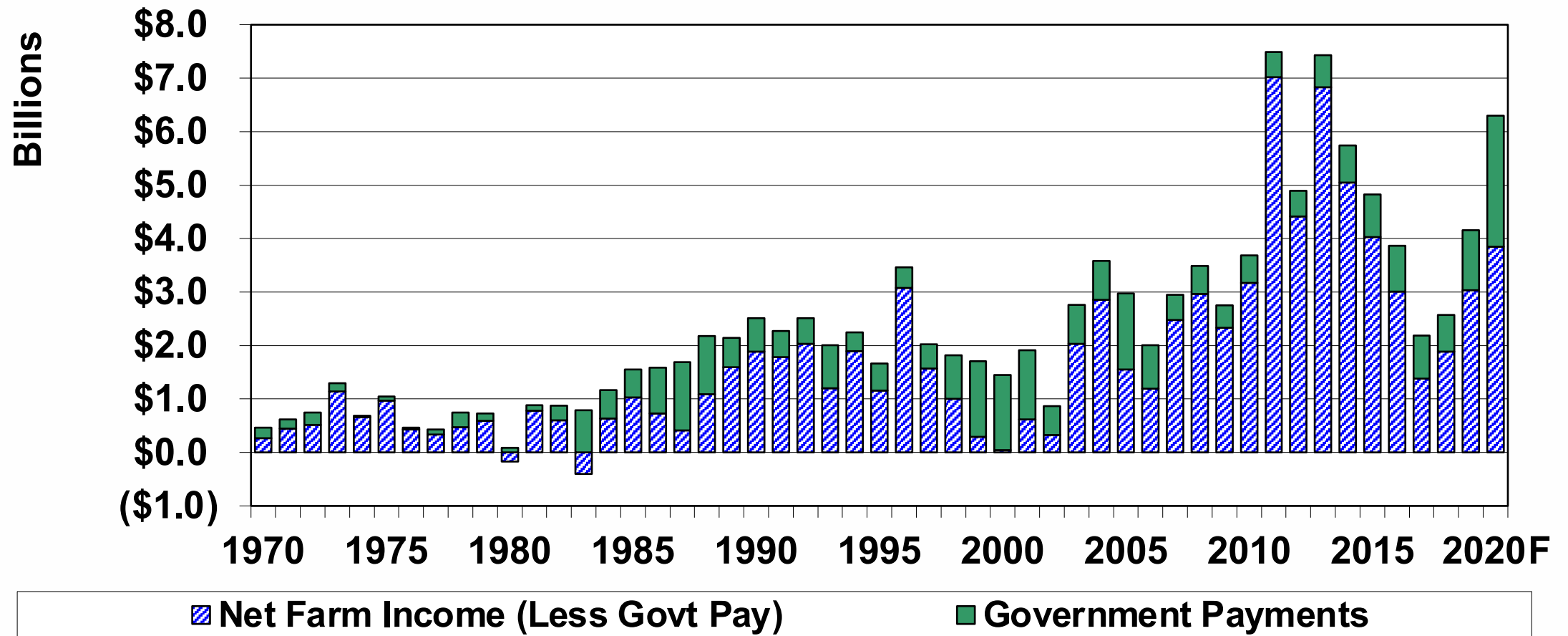
### How does the simulation work?

State	Illinois	
County	Champaign	
Crop	Corn	Reference Price \$ 3.7
Forecast Model	Forecast	
PLC Payment Yield*	105 bushels/acre	
ARC Trend Yield*	1.73 bushels/acre	
ARC/PLC Program Inputs		
ARC Coverage Level	86 %	
ARC Coverage Range	10 %	
Payment Acres	85 %	
<a href="#">RUN MODEL</a>		



# Farm Income and Farm Policy

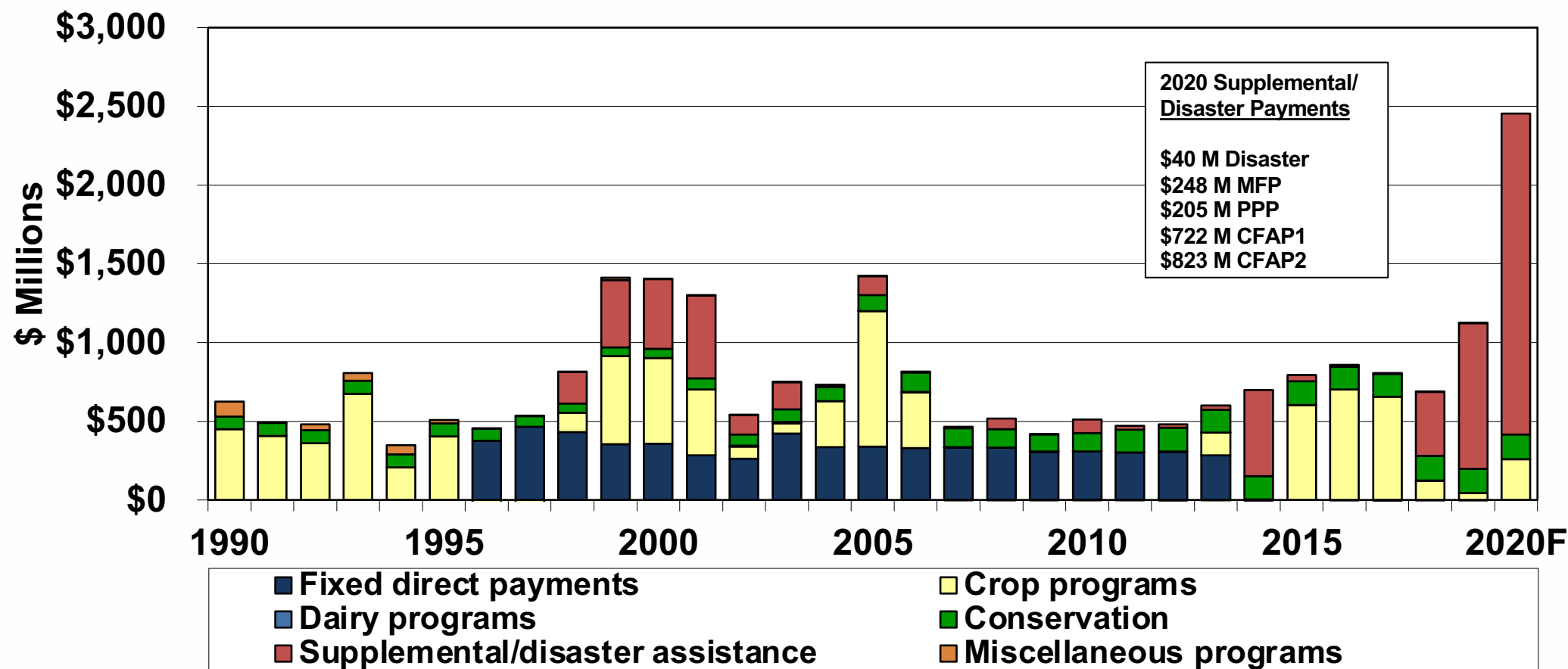
## Nebraska Net Farm Income and Government Payments





# Farm Income and Farm Policy

## Nebraska Government Payments





# Agriculture Committee Leadership

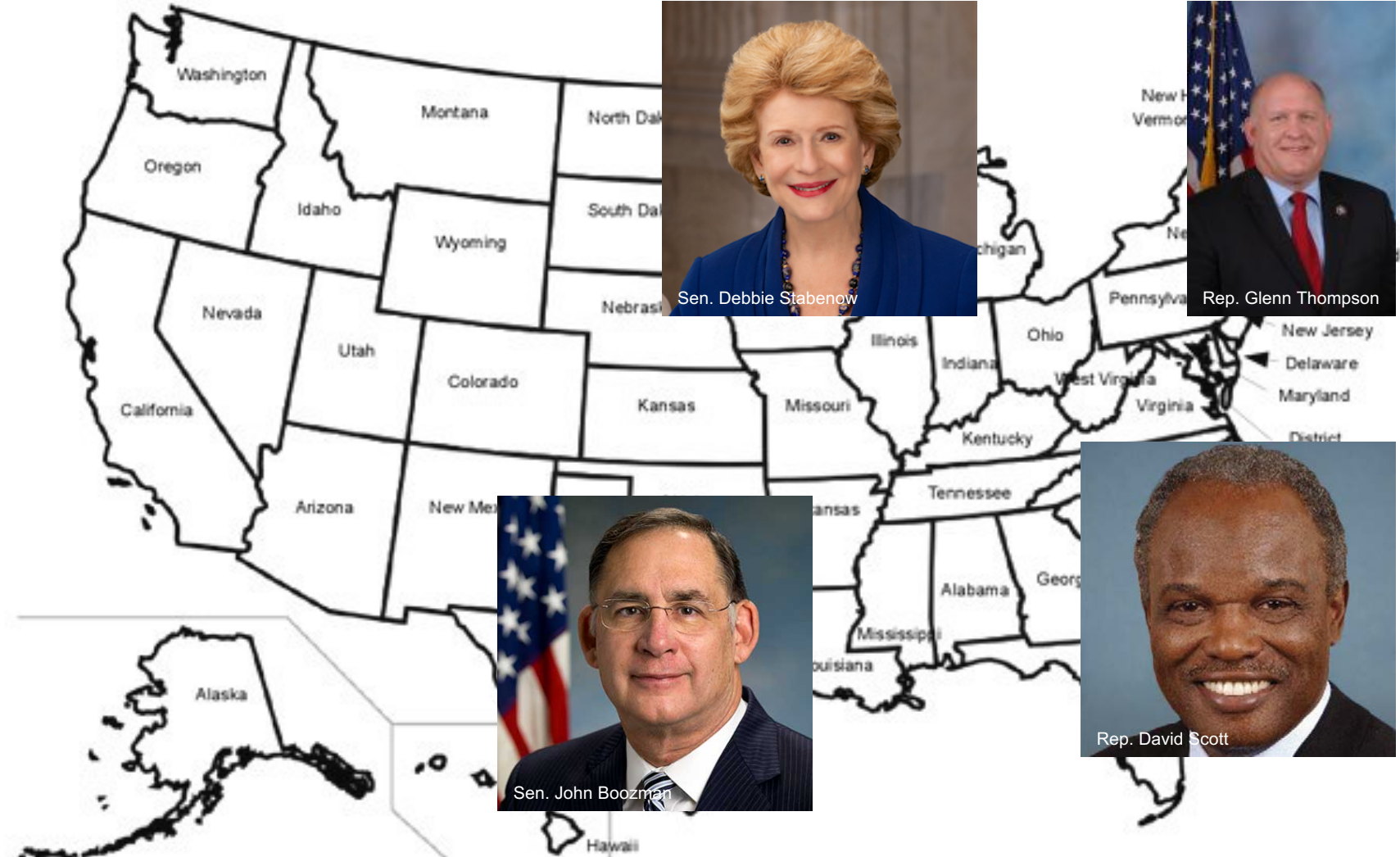
## 117<sup>th</sup> Congress, 2021-2023

### Senate Ag Leadership

- **John Boozman, R-AR**
- **Debbie Stabenow, D-MI**

### House Ag Leadership

- **David Scott, Chair, D-GA**
- **Glenn Thompson, Ranking Member, R-PA**



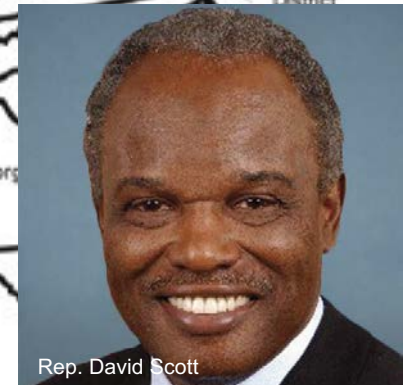
Sen. Debbie Stabenow



Rep. Glenn Thompson



Sen. John Boozman



Rep. David Scott



# USDA

- **Secretary of Agriculture nominee Tom Vilsack**
- **Identified policy priorities**
  - **Racial equity**
  - **Crisis management**
    - **Hunger**
    - **Opioids**
    - **COVID pandemic**
  - **Climate change**







# Ag Policy Questions and Directions

- **Farm programs**
  - **Ad hoc assistance vs. legislated programs**
  - **WTO commitments**
  - **2023 Farm Bill debate**
- **Environment**
  - **Climate**
  - **Renewable energy**
  - **Regulatory policy**
- **Taxes**
- **Immigration**
- **Trade**
  - **China**
  - **Negotiations**
  - **WTO**



# Management Issues for 2021

- **2021 ARC v. PLC enrollment decisions**
- **2021 income and cash flow projections**
  - **Higher prices?**
  - **Lower government payments**
- **Risk management decisions**
  - **Proactive marketing decisions vs. ad hoc assistance**
  - **New and enhanced insurance tools – LRP, ECO**
  - **Role for producer education - managing a complex farm income safety net**



**NORTH CENTRAL  
EXTENSION  
RISK  
MANAGEMENT  
EDUCATION**