Farm bill: What you need to know

By KEVIN JAREK

The new farm bill requires you to go through an updating and selection process. Choices are for the 2014-2018 crop years and are irrevocable—so, choose wisely. While I cannot hope to cover all of the details associated with the decisions you must make, hopefully the following will help serve as a general guide to get you started.

5 steps to consider
We can break this down into a five-step process:

- Update base acres by Feb. 27
- Update payment yields by Feb. 27
- Select program by March 31
- Consider supplemental coverage option by March 15
- Enroll for 2014 (and 2015) by summer 2015

Base acres
Updating your base acres and updating your payment yields are the responsibility of the landowner. Your total base acres will not change; we simply need to determine if you are going to keep your old allocation, or if you will reallocate your base acres using 2009-2012 actual planted acres.

You may update or keep yields for each crop separately. Choose the option that gives you the highest yield for each crop. The website at fsa.usda.gov can assist with this as well. In the event of a year where you had a very low yield, a county substitute yield, commonly referred to as a “plug yield,” may be used. Substitute yields are available at fsa.usda.gov/Internet/FSA_File/plc_subyields_web.xls.

Select programs and enroll
The program selection is the decision of the person operating/running the land. If this happens to be the landowner, there’s no problem. However, if there is a shared arrangement where the landowner “shares in the risk” associated with the growing crop with the person running/operating it, then both parties need to agree on the program option together.

Option 1: Price Loss Coverage. This program establishes a price floor (“reference price”). Essentially this is the Counter-Cyclical Payments program with higher prices. Payments will be based on national marketing year average price, your payment yield and base acres. If the national price is less than the reference price, PLC payment is made on the difference. This program can be selected for a single crop.

Option 2: PLC + Supplemental Coverage Option. This adds SCO insurance to cover part of your regular crop insurance deductible. The maximum total coverage is 86%, and the SCO premium is 65% subsidized.

Option 3: Agriculture Risk Coverage—County. This program establishes a revenue floor at 86% of county benchmark. Essentially, this is a new and improved ACRE program. The county benchmark is based on a five-year rolling average for county yield and a five-year rolling average of marketing year average price. The PLC reference price will be used if it is higher than your marketing year average, and 70% of county transition yield will be used if it is higher than actual county yield.

Option 4: ARC Individual. This option is generally not recommended for Wisconsin farmers.

Final thoughts
Make sure you take care of the first two items before the Feb 27 deadline. Your program selection will be based on what you expect to happen with prices in each of the commodities over the next few years. If you believe prices are going to be in the stable-moderate range, ARC-CO may be your best option. However, if you believe prices are going to decrease or be really low, you may find PLC your best option. If you do not choose a program or meet the deadlines, you will be enrolled in PLC and not be eligible for a 2014 payment. If there is one, you will have to wait for 2015.

A calendar of upcoming state meetings and educational programs about ARC/PLC can be found at fsa.usda.gov/StateOffApp/State/StateHome/Subject-Aid commodity-funding. For more information, visit farmbillinfo@box.farmdoc.illinois.edu. Contact is the Outagamie County Extension crops and soils and horticulture agent.