

DECISIONS UNDER 2014 FARM BILL

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DEPARTMENT OF
AGRICULTURAL AND
RESOURCE ECONOMICS

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Important Caveat

- This presentation does not include information about many important administrative details (deadlines, necessary documentation, timing of payments, for example). Your local FSA (Farm Service Agency) office is the best source for information about these details.
- Many of those details are now in the final stages of preparation, and will be announced soon.

How do things look for this year (2014) in Charles County for corn

	2009	2010	2011	2012	2013	Olympic average
Yield	111	59.3	83.2	52.2	124	84.5

	2009	2010	2011	2012	2013	Olympic average
ARC price	3.70	3.70	6.22	6.89	4.50	4.80

Benchmark revenue $84.5 \times 4.80 = 406.20$

Revenue guarantee 86% of benchmark = $.86 \times 406.20 = 349.33$

Estimated 2014 corn yield: 130 b/acre

USDA estimated 2014/15 MYA corn price: 3.65-4.35



How do things look for this year (2014) in Charles County for corn

- Benchmark revenue $84.5 \times 4.80 = 406.20$
- Revenue guarantee 86% of benchmark = $.86 \times 406.20 = 349.33$.
- Estimated 2014 corn yield: 130 b/acre
 - Nationally, USDA estimates an increase in corn yields from 146 bushels/planted acre in 2013 to 151.3 bushels per planted acre in 2014.
- USDA estimated 2014/15 MYA corn price: 3.65-4.35

Price	2014 county rev	Short of guarantee	10% benchmark	Payment per .85 base acre
3.65	474.5	0	40.62	0
4.00	520.0	0	40.62	0
4.35	565.5	0	40.62	0



How do things look for this year (2014) in Charles County for corn

- How low would county yields need to be to trigger a county ARC payment this year?
- County revenue guarantee: 349.33.
- Price = 3.65: Yields need to be below 95.7
- Price = 4.00 Yields need to be below 87.3
- Price = 4.35 Yields need to be below 80.3



How do things look for this year (2014) in Charles County for corn

Price	ARC-CO Payment per .85 base acre	PLC payment per .85 base acre
3.65	0	.05 x program yield
4.00	0	0
4.35	0	0

Example: If corn program yield for your farm is 120 bushels per acre, PLC would pay \$6 x .85 x corn base acres for 2014.

Charles County Example

- Does this example prove that it doesn't matter? That government payments will be close to zero no matter what?
- NO. This is only for current crop. What happens next year?

	2010	2011	2012	2013	2014	Olympic average
Yield	59.3	83.2	52.2	124	130	88.8

	2010	2011	2012	2013	2014	Olympic average
ARC price	3.70	6.22	6.89	4.50	4.00	4.90

Benchmark rises from \$406 to \$435.

Guarantee rises from \$349 to \$375.