

# DECISIONS UNDER 2014 FARM BILL

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UNIVERSITY OF  
**MARYLAND**  
EXTENSION  
*Solutions in your community*



**USDA** United States Department of Agriculture  
Risk Management Agency

*"This institution is an equal  
opportunity provider."*



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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.



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


	2009	2010	2011	2012	2013	Olympic average
Yield	97.6	45.1	50.4	106.2	106.7	84.7

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

Benchmark revenue  $126.4 \times 4.80 = 407.23$   
 Revenue guarantee 86% of benchmark =  $.86 \times 406.20 = 350.22$

Estimated 2014 corn yield: 115 b/acre  
 USDA estimated 2014/15 MYA corn price: 3.65-4.35




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

- Benchmark revenue  $126.4 \times 4.80 = 407.23$
- Revenue guarantee 86% of benchmark =  $.86 \times 607.80 = 350.22$ .
- Estimated 2014 corn yield: 115 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	419.75	0	40.72	0
4.00	460.0	0	40.72	0
4.35	500.25	0	40.72	0




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

- How low would county yields need to be to trigger a county ARC payment this year?
- County revenue guarantee: 350.22
- Price = 3.65: Yields need to be below 94.95
- Price = 4.00 Yields need to be below 87.55
- Price = 4.35 Yields need to be below 80.51




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### How do things look for this year (2014) in Frederick 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.




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### Frederick 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	45.1	50.4	106.2	106.7	115.0	87.8
	2010	2011	2012	2013	2014	Olympic average
ARC price	3.70	6.22	6.89	4.50	4.00	4.90

Benchmark rises from \$407.23 to 430.64.  
Guarantee rises from \$350.22 to 370.35




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