

2014 Farm Bill and Insurance Decision Aid Developed by the NAAFP

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National Association for Agriculture and Food Policy
(NAAFP)

Crop Insurance and the 2014 Farm Bill
Louisville, KY
October 9, 2014

AFPC

Food and Agricultural
Policy Research Institute

 **FAPRI**

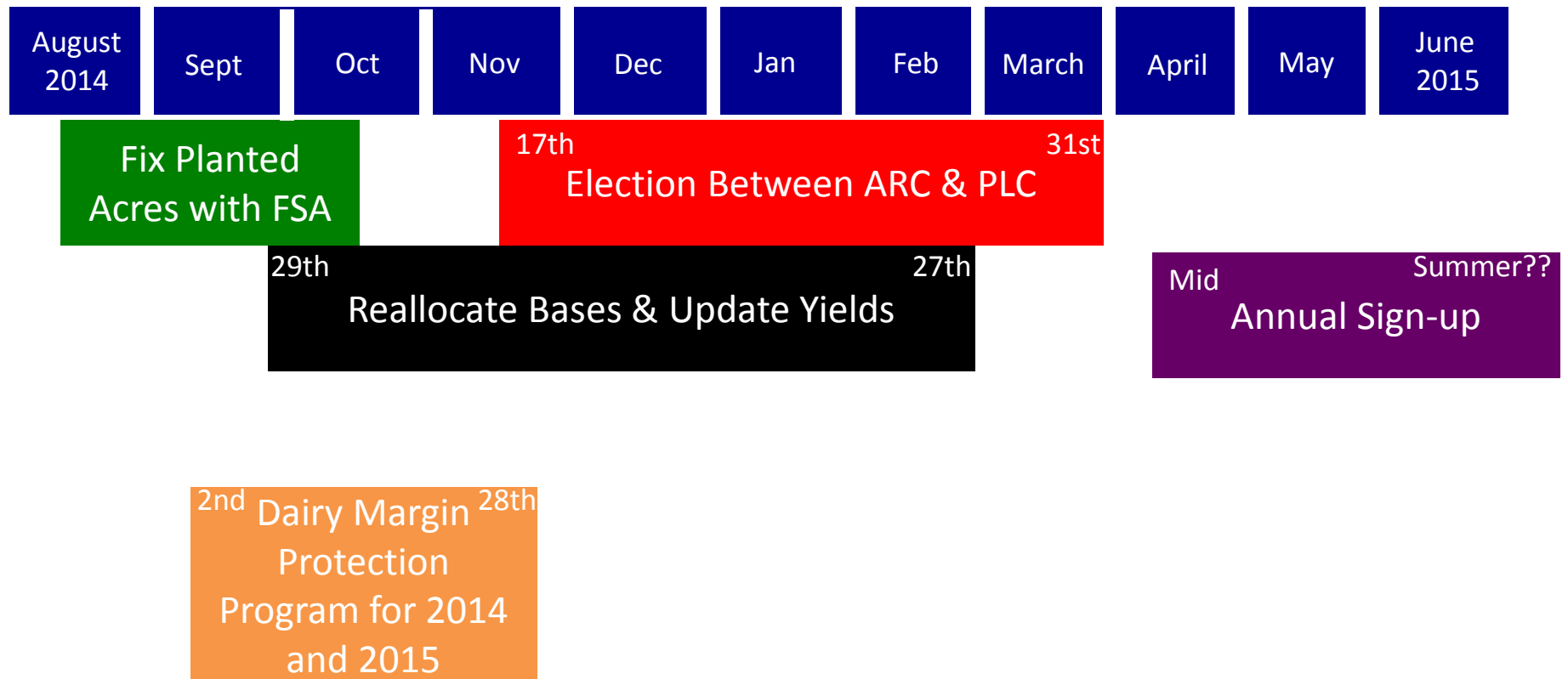
Discussion of NAAFP Decision Aid

- National Association of Agriculture and Policy (NAAFP) has been working on the decision aid for more about 2 years
 - AFPC at Texas A&M
 - FAPRI at University of Missouri-Columbia
- Applied for and received funding from USDA-FSA to develop nation-wide decision aid
- Available at: <https://USDA.afpc.tamu.edu>
- And at: www.afpc.tamu.edu

A Few Things to Think About

- All of the decisions required in the farm bill add to the producer's ability to tailor the bill to fit their operations – not just add to complication
- There will be plenty of time to gather needed info, analyze options, and make sign-up decisions – no reason to panic

FSA Announced Sign-Up Timeline



Overview of NAAFP Farm Bill Decision Aid

- Register as a producer or a multi-client user
 - Email address and password protect your data
 - Email address allows us to contact user when FSA changes rules and when new price projections are available
- Enter data for all of the farmer's FSA Numbers
 - All Crops and their Practices by Type
 - Types not critical to FSA but important to RMA for SCO, STAX, and Insurance Decisions
- Types of Analyses
 - Yield update
 - Base reallocation
 - ARC-IC, ARC-CO, PLC, SCO,
 - STAX and SCO for cotton
 - Insurance options (Y, RP, RP-HPE, CAT, None)

Why Enter Crop Types?

RMA User-Specified Type

FSA – “All Wheat”

Winter Wheat (Type 11)

Spring Wheat, exc. Durum (Type 12)

Durum Wheat (Type 15)

“Wheat is Wheat” for FSA

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graph LR; A[Winter Wheat (Type 11)] --> D["Wheat is Wheat" for FSA]; B[Spring Wheat, exc. Durum (Type 12)] --> D; C[Durum Wheat (Type 15)] --> D;
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- The number of Types more complex for double crop opportunities such as soybeans or for Chick Peas and Lentils

Overview of NAAFP Farm Bill Decision Aid

- Producers' data are stored in the decision aid
 - Data accessed by a user name and password
 - Data secured behind Texas A&M firewall
- Producers can enter their data now and run
 - Yield Update Decision
 - Next analyze the interaction between Base Reallocation and PLC, ARC-CO, ARC-IC Election
 - This decision should be tested with multiple price scenarios
 - Before final election, farmers can re-run the analysis for March price outlook
 - Run Insurance Analysis annually for next 5 years

Information Needed for the NAAFP Decision Aid

- Information available from two primary sources
 - FSA Reported Commodity Crop History Summary (letter from FSA to producers, August 2014)
 - FSA farm number
 - Base Acres and CCP Yield for covered crops
 - Crop Insurance Actual Production Report
 - Historical yields and planted acres
 - Ten years of yields preferred but 2008-2013 is essential

FSA Crop History Summary

Reported Commodity Crop History Summary

Producer A

Ward, North Dakota		Farm Number 11		Operator Producer B		
2014 Commodity	2014 Base Acres	2014 CC Yield	2014 Commodity	2014 Base Acres	2014 CC Yield	
Barley	27.00	43.00	Canola	62.50	1073.00	
Wheat	263.50	30.00				
Crop		History				
		2008	2009	2010	2011	2012
Canola	Planted	38.10	0.00	0.00	0.00	32.60
Canola	Prevented	0.00	0.00	0.00	0.00	0.00
Canola	Double	0.00	0.00	0.00	0.00	0.00
Canola	Subsequent	0.00	0.00	0.00	0.00	0.00
Com	Planted					133.90
Com	Prevented					9.00
Com	Double					0.00
Com	Subsequent					0.00
Peas	Planted	0.00	38.12	0.00	0.00	0.00
Peas	Prevented	0.00	0.00	0.00	0.00	0.00
Peas	Double	0.00	0.00	0.00	0.00	0.00
Peas	Subsequent	0.00	0.00	0.00	0.00	0.00
Soybeans	Planted	0.00	131.54	0.00	0.00	129.50
Soybeans	Prevented	0.00	0.00	0.00	0.00	0.00
Soybeans	Double	0.00	0.00	0.00	0.00	0.00
Soybeans	Subsequent	0.00	0.00	0.00	0.00	0.00
Wheat	Planted	131.50	0.00	169.66	125.20	106.10
Wheat	Prevented	0.00	0.00	0.00	44.40	0.00
Wheat	Double	0.00	0.00	0.00	0.00	0.00
Wheat	Subsequent	0.00	0.00	0.00	0.00	0.00

Insurance Yield & Acreage Report

Insured's Name:						Agency Name:						Agency Code:		Crop Year:		Policy Number:		State and County Name:					
Insured's Identification Type and Number: []SSN []EIN []RAN						Insured's Street or Mailing Address:						Insured's Telephone Number:											
Agent's Name:						Agent's Street or Mailing Address:						Agent Code:		Agent's Telephone Number:									
Required: FIELD REVIEW _____ INSPECTION _____						Required: FIELD REVIEW _____ INSPECTION _____						Required: FIELD REVIEW _____ INSPECTION _____											
Name of Crop/Practice/Type T-Yield Map Area/Other Characteristics:						Unit Number:		Name of Crop/Practice/Type T-Yield Map Area/Other Characteristics:						Unit Number:		Name of Crop/Practice/Type T-Yield Map Area/Other Characteristics:						Unit Number:	
**FSA Farm/Tract/Field Number:				Legal Description: Section/Township/Range/Other Land Identifiers (e.g., Spanish Land Grants, Metes and Bounds, etc.):				**FSA Farm/Tract/Field Number:				Legal Description: Section/Township/Range/Other Land Identifiers (e.g., Spanish Land Grants, Metes and Bounds, etc.):				**FSA Farm/Tract/Field Number:				Legal Description: Section/Township/Range/Other Land Identifiers (e.g., Spanish Land Grants, Metes and Bounds, etc.):			
Area Classification:						Area Classification:						Area Classification:											
Land Other County: []YES []NO				Other:		Land Other County: []YES []NO				Other:		Land Other County: []YES []NO				Other:							
Other Person(s) Sharing Crop:						Other Person(s) Sharing Crop:						Other Person(s) Sharing Crop:											
Farm Name:						Farm Name:						Farm Name:											
Remarks:		New Producer [] I certify I have not produced the insured crop in the county for more than two years.		Added Land/New Crop/Practice/Type/TMA [] Cropland Acres:		Remarks:		New Producer [] I certify I have not produced the insured crop in the county for more than two years.		Added Land/New Crop/Practice/Type/TMA [] Cropland Acres:		Remarks:		New Producer [] I certify I have not produced the insured crop in the county for more than two years.		Added Land/New Crop/Practice/Type/TMA [] Cropland Acres:							
Processor Number/Name:		Number Trees or Vines:		% Share:		Processor Number/Name:		Number Trees or Vines:		% Share:		Processor Number/Name:		Number Trees or Vines:		% Share:							
Crop Year of History	Total Production	Acres	Yields	YA Yield	Yield Descriptors	Crop Year of History	Total Production	Acres	Yields	YA Yield	Yield Descriptors	Crop Year of History	Total Production	Acres	Yields	YA Yield	Yield Descriptors						
Prior Yield:		Preliminary Yield:		Yield Total:		Prior Yield:		Preliminary Yield:		Yield Total:		Prior Yield:		Preliminary Yield:		Yield Total:							
T Yield:		Average Yield:		Rate Yield		T Yield:		Average Yield:		Rate Yield		T Yield:		Average Yield:		Rate Yield							
Yield Indicator:						Yield Indicator:						Yield Indicator:											
Approved Yield:				Record Type*:		Approved Yield:				Record Type*:		Approved Yield:				Record Type*:							
Insurability	Acres		Production			Insurability	Acres		Production			Insurability	Acres		Production								
Insured						Insured						Insured											
Uninsurable						Uninsurable						Uninsurable											
Uninsured						Uninsured						Uninsured											
Total						Total						Total											

NAAFP Information Sheet for Iowa Farm

Crop Information Worksheet for an Iowa Cash Grain Farm

FSA Number	1	1
Crop Name	CORN	SOYBEAN
CC Payment Yield*	154	47.3
Base Acres*	880	470
APH Yield	210	52
Harvest Time Basis	-0.10	0.0

Current Insurance		
Y, RP, RP-HPE**	Revenue Protection	Revenue Protection
Coverage Level	80%	80%
Enterprise/Optional	Optional	Optional

Planted Acres in		
2014	880	470
2015	880	470
2016	880	470
2017	880	470
2018	880	470

Historical Data***	Yield	Plt Acre+	PP Acre+	Yield	Plt Acre+	PP Acre+
2003	179.1	750		43.1	600	
2004	152.5	600		49.8	750	
2005	171.1	750		35.2	600	
2006	191.3	800		47.9	550	
2007	188.7	700		50.8	650	
2008	172.4	800		49.0	550	
2009	180.9	550		51.0	800	
2010	163.4	800		46.9	500	
2011	176.1	750		46.5	600	
2012	152.5	750		43.1	600	
2013	167.2	880		45.4	470	

Historical Data
needed for risk
analysis

Data needed for risk
analysis, yield
update, and base
reallocation

Accessibility and Training

- Accessible by smart phones, tablets, iPads, anything that can access the internet
- Helpdesk 7am to 7pm weekdays @ 888-890-5663
- **Four Regional Training Meetings**
 - NAAFP Sponsored Meetings
 - Atlanta October 27th
 - Salt Lake City November 10th
 - University of Illinois Sponsored Meetings
 - Indianapolis November 17th
 - Omaha December 10th
- For: FSA, Extension, Insurance, Lenders, Farmers
 - Farm bill provisions, demonstrate decision aids, hands on

Farm Bill Education

- Podcasts on the AFPC website
 - Describe farm program provisions
 - Demonstrate Decision Aid
- Over next two weeks 10 policy educators travel to Texas A&M
- Prepare educational materials and Pod Casts to highlight regional differences of the farm program for producers in their regions

First Step Is to Register



Welcome to the new *NAAFP Decision Aids*. Although the look and feel have changed, all your data are still available from the previous site. Many features are being actively developed; over the next several weeks, you can expect to see several additional changes, including revised FSA payment analysis, expected SCO payments, and a rebranded user interface.

Login

Email Address

Password

[Forgot Password?](#)

Login

Register

Welcome to the [NAAFP](#) Decision Aids. This suite of integrated tools can help you make the choices required for participation in 2014 Farm Bill and for choices available under crop insurance.

To get started, you'll need to

Register



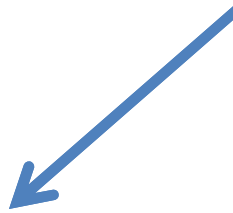
Disclaimer

This software is intended for educational use. It was developed solely to provide information so producers could better understand the economic implications of their choices under the 2014 Farm Bill. The Decision Aids use the most current NASS, FSA, and RMA information, and these values will be updated from time to time. The Decision Aid answers may differ from those of USDA agencies and insurance providers.

Producer vs. Multi Client User



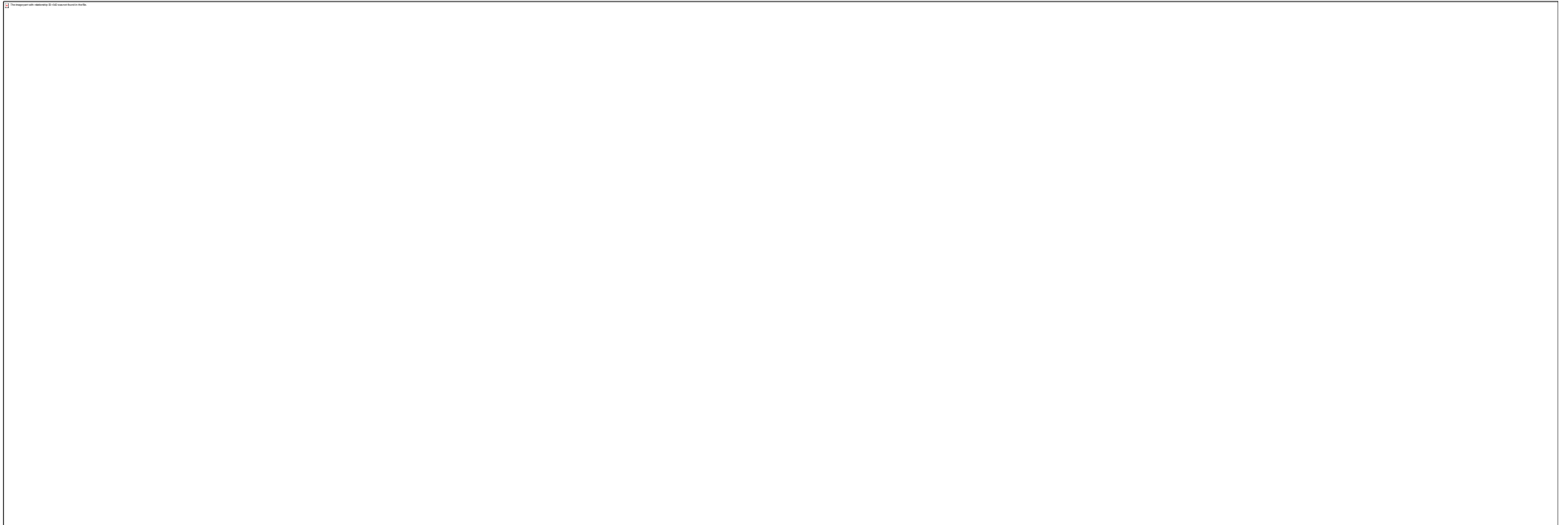
Create Client Records & Switch Clients



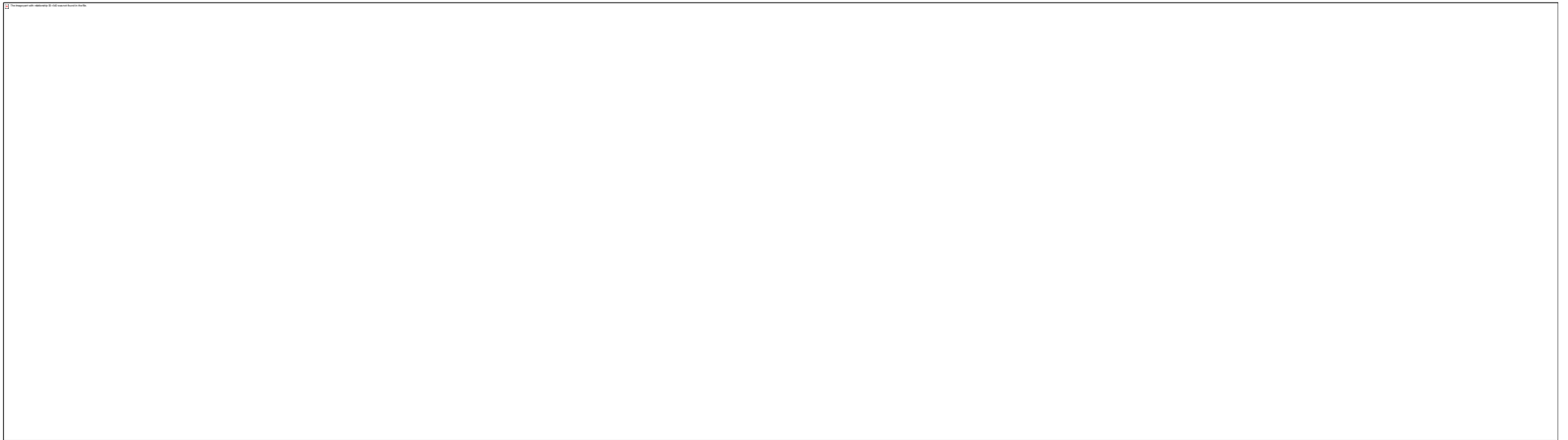
Farm with Two Crops and One FSA Number



Yield Update Analyzer



Results for Yield Update



Select the Base, PLC, ARC Analyzer



Base Reallocation Options Calculated Directly, Next Analyze their Impacts on Payments by Program



Three Choices for Testing Alternative Price Scenarios

Select:
FAPRI, USDA
projections
or enter your
own prices

Your Price Outlook

Please enter the expected annual commodity prices that you want to use in your analysis. below before you can proceed. FAPRI and USDA price projections are provided for your c

Grain Corn				
	FAPRI	USDA	in \$/bu	
2014	3.5000	3.5000	<input type="text"/>	<input type="text"/>

Soybeans				
	FAPRI	USDA	in \$/bu	
2014	9.9200	10.0000	<input type="text"/>	<input type="text"/>

Monthly
updates of
FAPRI prices
will be
provided

Output for Base Reallocation, PLC, ARC-I, and ARC-C





Output for Base Reallocation, PLC, ARC-I, and ARC-C

FSA # 1 



Crops

[Grain Corn](#) [Soybeans](#)

The following table shows expected payments or net indemnities if you make the same choices across all crops in

FSA Program	Reallocate Base	2014	2015	2016	2017	2018	Sum
ARC-IC	N/A						◀ Show Details
Expected Payment		\$52,914	\$49,479	\$37,153	\$15,050	\$7,725	\$162,322
ARC-CO	Yes	\$52,548	\$50,115	\$36,429	\$13,681	\$10,057	\$162,830
ARC-CO	No	\$57,715	\$52,180	\$38,019	\$13,633	\$10,554	\$172,102
PLC 	Yes	\$43,935	\$35,499	\$25,256	\$19,102	\$15,915	\$139,706
PLC 	No	\$52,193	\$39,242	\$28,759	\$22,099	\$18,531	\$160,824
SCO Expected Net Indemnity	N/A	\$0	\$2,488	\$2,614	\$2,725	\$2,791	\$10,619
PLC + SCO	Yes	\$43,935	\$37,987	\$27,870	\$21,827	\$18,705	\$150,325
PLC + SCO	No	\$52,193	\$41,731	\$31,373	\$24,824	\$21,322	\$171,443

Grain Corn

FSA Program	Reallocate Base	2014	2015	2016	2017	2018	Sum
ARC-CO	Yes						◀ Show Details
Expected Payment		\$38,113	\$30,598	\$22,421	\$7,125	\$6,306	\$104,563
ARC-CO	No						◀ Show Details
Expected Payment		\$47,073	\$37,791	\$27,692	\$8,800	\$7,789	\$129,144
PLC	Yes						◀ Show Details
Expected Payment 		\$39,775	\$26,254	\$20,367	\$16,101	\$13,655	\$116,153
PLC	No						◀ Show Details
Expected Payment 		\$49,126	\$32,426	\$25,155	\$19,887	\$16,865	\$143,459
SCO	N/A						
Expected Net Indemnity		\$0	\$1,983	\$2,071	\$2,148	\$2,200	\$8,403
PLC + SCO	Yes						
Expected Payment + Net Indemnity		\$39,775	\$28,238	\$22,438	\$18,250	\$15,855	\$124,555
PLC + SCO	No						
Expected Payment + Net Indemnity		\$49,126	\$34,410	\$27,226	\$22,035	\$19,065	\$151,861

Unfold Details to See Risk of Payments for PLC and ACR

Grain Corn

FSA Program	Reallocate Base	2014	2015	2016	2017	2018	Sum
ARC-CO	Yes						
							▼ Hide Details
Expected Payment		\$38,113	\$30,598	\$22,421	\$7,125	\$6,306	\$104,563
Probability of Payment		78%	68%	52%	22%	17%	
25% of Payments		≤ \$12,334	≤ \$0	≤ \$0	≤ \$0	≤ \$0	
25% of Payments		≥ \$53,595	≥ \$54,715	≥ \$50,074	≥ \$0	≥ \$0	
5% of Payments		≥ \$53,595	≥ \$55,088	≥ \$56,030	≥ \$46,030	≥ \$47,872	
ARC-CO	No						
							◀ Show Details
Expected Payment		\$47,073	\$37,791	\$27,692	\$8,800	\$7,789	\$129,144

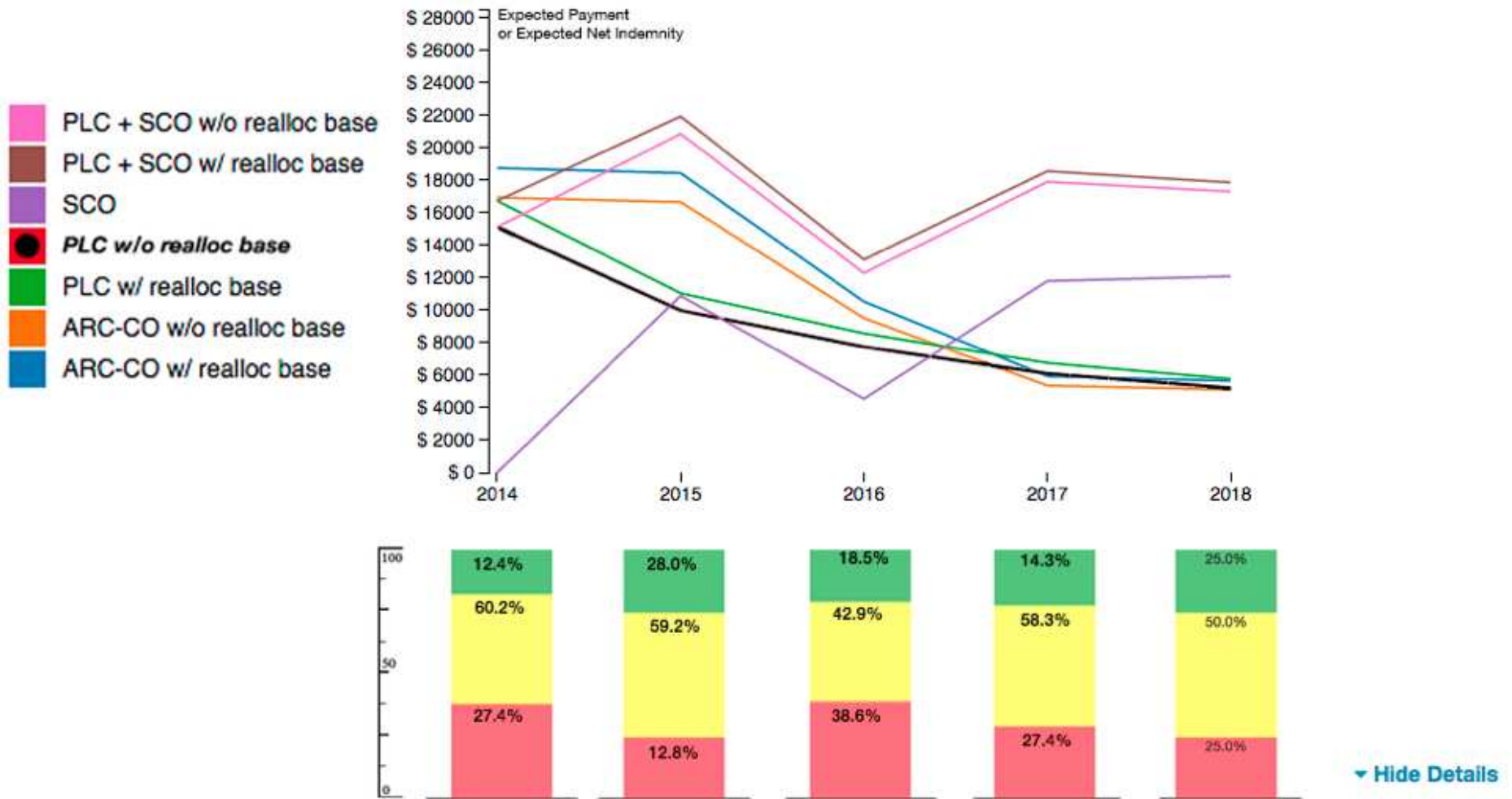
Summary

- Decision Aid available on AFPC website since June 20th
 - More than 4,550 users
- Features all 21 covered commodities in all states
- New version to be release today
- Can Expect the following changes
 - STAX and SCO for cotton shortly
 - Monthly updates of price projections by FAPRI
 - USDA price projections updates as available
 - Tool will be updated as FSA revises rules
 - Full Insurance Analyzer next week
 - New output format in a few days
 - Here is a sample of what to expect

Grain Corn

FSA Program	Reallocate Base	2014	2015	2016	2017	2018	Sum
ARC-CO	Yes						Show Details
Expected Payment		\$18,762	\$18,455	\$10,537	\$5,943	\$5,660	\$59,358
ARC-CO	No						Show Details
Expected Payment		\$16,946	\$16,669	\$9,518	\$5,368	\$5,113	\$53,613
PLC	Yes						Hide Details
Expected Payment 		\$16,745	\$11,055	\$8,580	\$6,763	\$5,778	\$48,921
Probability of Payment		64%	50%	42%	35%	31%	
25% of Payments		≤ \$0	≤ \$0	≤ \$0	≤ \$0	≤ \$0	
25% of Payments		≥ \$29,909	≥ \$19,802	≥ \$14,234	≥ \$9,173	≥ \$5,879	
5% of Payments		≥ \$52,284	≥ \$44,161	≥ \$39,701	≥ \$35,516	≥ \$33,177	
PLC	No						Show Details
Expected Payment 		\$15,125	\$9,985	\$7,750	\$6,109	\$5,218	\$44,187
SCO	N/A						
Expected Net Indemnity		\$0	\$10,891	\$4,551	\$11,808	\$12,094	\$39,344
PLC + SCO	Yes						
Expected Payment + Net Indemnity		\$16,745	\$21,946	\$13,131	\$18,571	\$17,872	\$88,266
PLC + SCO	No						
Expected Payment + Net Indemnity		\$15,125	\$20,876	\$12,301	\$17,917	\$17,313	\$83,531

Grain Corn



Expected Payment	\$16,745	\$11,055	\$8,580	\$6,763	\$5,778	\$48,921
Probability of Payment	64%	50%	42%	35%	31%	
25% of Payments	≤ \$0	≤ \$0	≤ \$0	≤ \$0	≤ \$0	
25% of Payments	≥ \$29,909	≥ \$19,802	≥ \$14,234	≥ \$9,173	≥ \$5,879	

Questions??

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Visit our Website
WWW.AFPC.TAMU.EDU
for Podcasts on the
farm program and
the Decision Aid

