Get educated to maximize your Farm Bill benefits

Ohio State University Extension — Hancock County and the U.S. Department of Agriculture (USDA) Farm Service Agency (FSA) in Ohio are partnering to provide an educational Farm Bill meeting at the Hancock County Agriculture Service Center on Feb. 6, beginning at 6:30 p.m.

The purpose of the meeting is to assist producers in the decision-making process related to enrollment in commodity programs of the Federal Farm Bill.

Signed into law Dec. 20, 2018, the 2018 Farm Bill reauthorized many of the programs Ohio’s agricultural producers have leaned on in the past for conservation implementation, marketing80x80.jpg assistance loans, farm income support, dairy margin protection, crop insurance and many other programs.

New to the 2018 Farm Bill were provisions to ramp up defense and prevention of animal diseases threatening the nation’s livestock herds; increased funding for trade programs utilized by state and national commodity groups; and several provisions related to new and beginning farmers, soil health and good farming practices.

The 2018 Farm Bill strengthened the federal dairy program by increasing coverage options under the Dairy Margin Coverage (DMC) Program and reducing producer paid premiums.

The 2014 Farm Bill authorized two commodity programs: the Agricultural Risk Coverage Program (ARC) and the Price Loss Coverage Program (PLC). The ARC program was available at the county and individual yield levels designated as ARC-Individual (ARC-IC) and ARC-County (ARC-Co).

Producers in 2014 were given a one-time election into a program or automatically defaulted into PLC. According to FSA, the majority of Ohio’s producers elected ARC-Co for corn, soybeans and wheat.

Producers indicated through cross-sectional surveys that there were several programs when making program elections between 2014 and 2015, but the most frequent response was expected relative payments between the programs at the date of election.

The ARC program sets a historical benchmark using an Olympic average of revenues from the five prior years and then triggers when the current year revenue falls below 86% of that historical benchmark.

High prices witnessed early in the decade propped up the historical benchmarks for corn and soybeans, making it likely that ARC-Co would trigger relatively large payment during the first couple years and then relatively small payments or nothing during the last couple of years.

For all Ohio counties, that pattern was realized as prices declined throughout the period. In Hancock and surrounding counties, PLC paid out more than ARC-Co during the last Farm Bill. Soybean prices did not fall low enough in any year to trigger a PLC payment.

However, wheat prices fell below the $5.50 per bushel reference price every year except for 2014 at $5.99 per bushel, creating a higher relative payment for PLC over the five-year period.

It is likely Ohio producers were confident in ARC-Co for corn and soybeans and chose the same program for wheat.

The 2018 Farm Bill reauthorized the same two programs for crop producers: ARC for current revenue caused either by low yields or low prices compared to a historical benchmark and PLC for current prices below a set reference price. However, changes were made that producers need to be aware of in relation to ARC and PLC:

1. Historical yields for ARC-Co are trend adjusted similar to crop insurance, but ARC-IC historical yields are those reported.
2. County yield data is first received from the Risk Management Agency using crop insurance yields instead of the National Agricultural Statistics Service Survey Yields.
3. Reference price escalators exist for PLC, but higher commodity prices are needed to increase the reference price. Higher reference prices increase the probability of the current price falling below and triggering a payment.

Many producers get confused with the acronyms used in Farm Bill discussions. The Feb. 6 meeting will clarify the terminology and review changes to the ARC/PLC programs as well as important dates and deadlines.

Participants will also learn about decision tools and calculators available to help assess which Farm Bill program best fits the needs of their farms under current market conditions and outlook. Farmers with prevented plantings in 2019 add a new wrinkle in program selection, which will also be discussed.

Enrollment for 2019 Farm Programs is currently open with the deadline set as March 15, 2020. Enrollment for the 2020 crop year closes June 30, 2020. Producers can enroll for both 2019 and 2020 during the same visit to a FSA county office.

Producers will have the opportunity to elect to either ARC or PLC for the 2019 to 2023 crop years, with the option to change their program election in 2021, 2022, and 2023.

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