



.....STRAIGHT FROM THE HORSES MOUTH

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Just to add a little more confusion and uncertainty on our farmer's decisions on the Farm Bill I have just learned, as I write this column, that Agriculture Secretary Tom Vilsack has officially provided farm owners and producers one additional week to choose between Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC), the safety-net programs established by the 2014 Farm Bill. They now have until April 7, 2015 to make these elections and/or change their minds on earlier decisions. The new deadline also applies to update yield history or reallocate base acres. Because it is of such great importance and these decisions must hold through the entirety of the bill, this additional week will give producers a little more time to have those final conversations, review their data, visit their local Farm Service Agency offices, and make or change their decisions. It is also worthy to note that producers who have an appointment at their local FSA offices scheduled by April 7 will still be able to solidify their decisions even if their actual appointment is after April 7.

Many producers have used the FSA online tools, such as www.fsa.usda.gov/arc-plc, which allow producers to explore how RC or PLC coverage will affect their operation. Many others have used the Texas A&M model which is found at <https://usda.afpc.tamu.edu/en> and of course there was one from Illinois and another from OSU & KSU collaboration. I have obtained information that may be of interest to those who ran the Texas A&M decision tool. It indicates that if you ran the Texas A&M model, in many cases it recommended PLC more highly than other tools. Based on the letter that was sent to users on Tuesday (3/24/15), it appears they have adjusted their price estimates up, possibly causing a reduction in possible PLC payment and shifting some of the decisions more towards ARC-CO. Anyone who used the A&M decision tool may want to rerun the program to make sure, and if they want to revise their choice must do so before the new deadline.

No matter, what we must understand that that still is a close call and other factors besides the price will impact the results. For example, if your county has had more than one disaster yield over the past five years, then the Olympic average county yield will be set low, making it easier for the current year's yield to be above the Olympic average county yield and eliminate the ARC-CO payment. A farm that has a FSA CC yield that is above the county average will increase the size of any PLC payment, if it triggers. The high CC yield does no good under PLC, unless the price is below the reference price.

Those who have studied this thing thoroughly have been saying for months that there will likely be no 2014 PLC payments on wheat or soybeans. The same applies to ARC-CO wheat payments unless there is a below average county yield and if your county yields were well above average for corn and soybeans, it is likely that there will be no ARC-CO payments on corn and soybeans in 2014. It looks like if the price estimates for soybeans in Nebraska hold it will eliminate any 2014 PLC payments, but for corn it is close call and could go either way. There are so many factors that play into this.

Now for you that have grain sorghum base you may want to make note that the difference between February FAPRI and current price forecasts are not materially different on corn and beans, but there may be an exception with milo. Sorghum has continued to generate a NASS price that is around 30 cents over the corn price during the past two months. The price estimates have not factored in the 30 cent over basis, because economists don't expect this premium to last, and especially over the next four years. If on March 30, NASS is still showing a 30 cent premium for sorghum, then the price estimates for 2014 will likely be adjusted. If the premium holds, it could however eliminate the 2014 sorghum PLC payment. Most likely because of the \$3.95 reference price, sorghum has the best chance at a significant PLC payment over the life of the Farm Bill, because it is doubtful that milo premium will last. I still find a good grain sorghum base intriguing.

Nobody is encouraging farmers to change their commodity program decision with each new price forecast. There are so many factors that have gone into your decision, and they are likely still valid over the life of the Farm Bill. Economists have always said this decision is a close call and because it is mostly based on a price forecast; it is a "Crap Shoot". Most farmers will not gain any new insights by re-running any of the tools, but farmers will drive themselves crazy changing their minds with every new price forecast. It seems to me that price forecasts are usually wrong, we just don't know the direction of the error! I usually default to error on the conservative side, but that is just me. Most people I know have made their decision and will stick with it, but there are still some big questions and likely will always be! No sense in worrying!!

LB 106 & 175: There is a lot of discussion going on about these two bills. LB 106 adopts the Livestock Operation Siting and Expansion Act. It balances local control, livestock development and economic opportunities for livestock producers and county boards working through approval for new or expanding livestock operations at the county level. LB 175 establishes a grant program to assist designated Livestock Friendly counties with efforts to grow the local livestock industry. It may be of interest to you that HSUS is in Nebraska trying to derail these public policy initiatives which focus on growing livestock agriculture in Nebraska. HSUS is putting pressure on our Nebraska lawmakers to oppose these agriculture-related measures and neither of the bills relate to animal care. That should tell you something! If you are interested in growing the livestock industry in Nebraska you may want to show your support as I believe they take action on these bills soon! I believe by now you know their agenda – no livestock!! We do not need Animal Rights groups telling us what we should do! We must curtail these attempts by HSUS to inject its radical agenda into our legislative process and urge our Senators to do the same!

The preceding information comes from the research and personal observations of the writer which may or may not reflect the views of UNL or UNL Extension. For more further information on these or other topics contact D. A. Lienemann, UNL Extension Educator for Webster County in Red Cloud, (402) 746-3417 or email to: dlienemann2@unl.edu or go to the website at: <http://www.webster.unl.edu/home>