

Setting up for a Profitable 2021 for Illinois and Midwest Farms

Commodity Title Choices in 2021



Randy Tillman

Nick Paulson

Jonathan Coppess

Agenda

Election Process

by Randy Tillman

Price Loss Coverage (PLC) and Ag Risk Coverage - County level (ARC-CO)

by Jonathan Coppess and Nick Paulson

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United States Department of Agriculture



Farm Service Agency

U.S. DEPARTMENT OF AGRICULTURE



Randy Tillman

**Chief Program Specialist
Illinois State FSA Office**

<https://www.farmers.gov>

Choice by March 15, 2021

- 1. **Agricultural Risk Coverage at county level (ARC-CO)**
- 2. **Price Loss Coverage (PLC)**
- 3. **ARC at the individual farm level by FSA Farm**

By program crop

Stays the same as last decision unless changed

MARCH 2021						
SUN	MON	TUE	WED	THU	FRI	SAT
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

How do I complete the election process?

Email or call your local county office to set up an appointment

Who must sign for the election?

ALL producers on the farm with a share or interest in cropland acres

2021 election decision

- Must be requested by *2021 producers*
- **ALL** signatures must be submitted to FSA by **March 15, 2021**
- Failure to submit will result in 2019/2020 election carried over to 2021

When Can I Sign Up? **NOW!**

Election and Enrollment are integrated into a single process.

Complete form CCC-866 or CCC-862 for Election **and Enrollment.**

Election Period coincides with enrollment period

2021 is from October 1, 2020 to March 15, 2021

2022 is from October 1, 2021 to March 15, 2022

2023 is from October 1, 2022 to March 15, 2023

No late-file provisions for election

Reporting Changes to the County Office

Has there been **ANY** change
in your farming operation?

Report any changes to FSA **immediately**.

This ensures program eligibility and compliance
for all FSA Programs.

Reporting Changes to the County Office

What do I need to provide to FSA?

Update in Ownership? Sold ground or purchased ground?

Current Deed

Update in Land Leased/Operated?

Copy of Lease agreement or owner verification

Update in my Farming Operation?

Example: Joint Ventures, Legal Entities, Trusts, deceased producer, etc.

Contact the County Office to update your Farm Operating Plan



Producer Eligibility / Payment Limitation

Required Forms

CCC-901

Member Information
(if applicable)

CCC-902

Farm Operating Plan

CCC-941

Adjusted Gross Income
Certification and Consent
to Release
(annual certification)

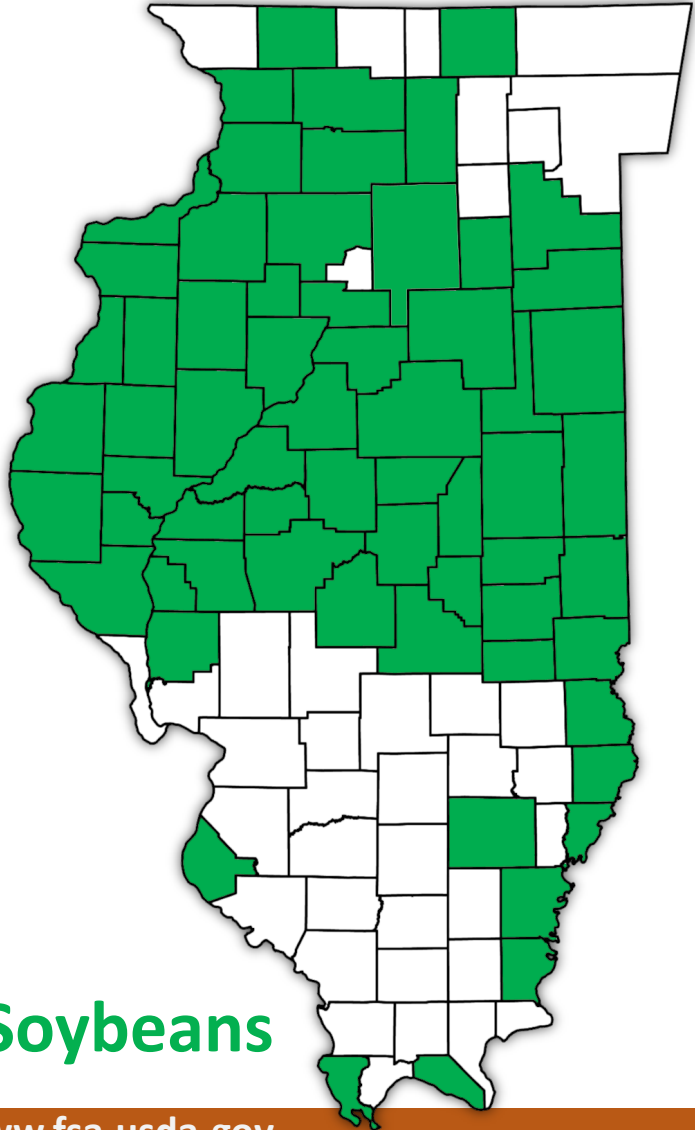
AD-1026

HELC/WC Compliance
Certification

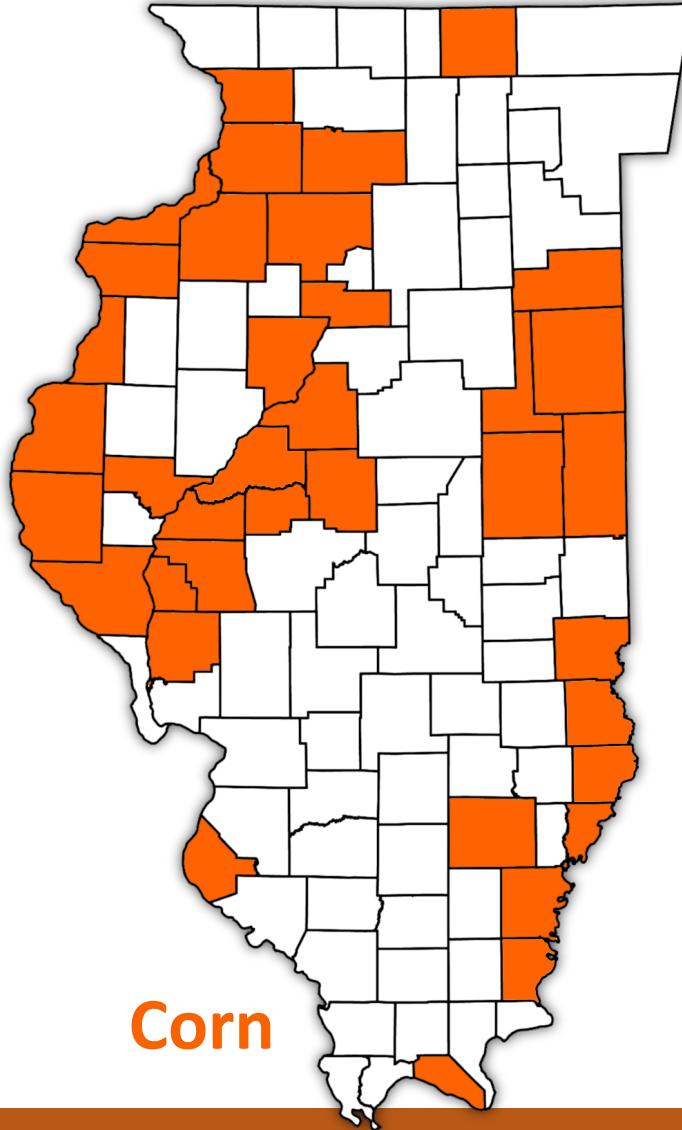
Producer Eligibility / Payment Limitation

- **Payment Limitation**
\$125,000 – per person or legal entity
- **Actively Engaged in Farming**
- **Cash Rent Tenant Rules Apply**
- **\$900,000 - Adjusted Gross Income Limitation**
- **HELIC/WC Compliant**

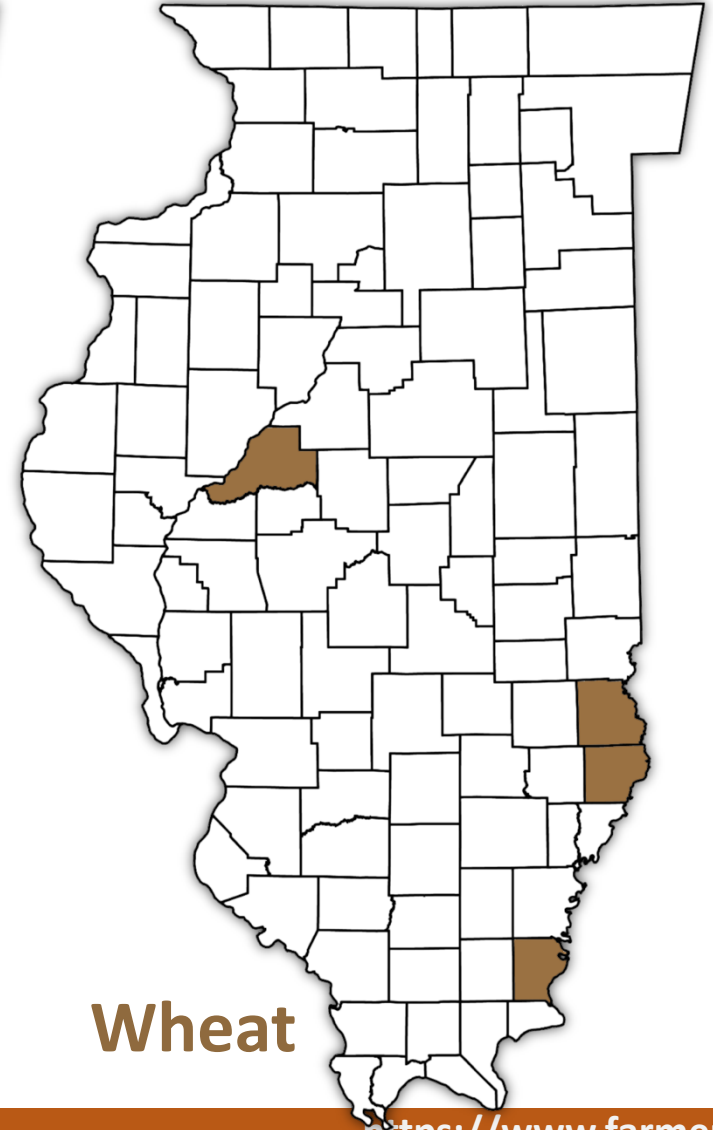
Counties that have irrigated **and** non-irrigated yield series



Soybeans



Corn



Wheat



Where Can I Find Additional Information?



Program Data and Information

<https://www.fsa.usda.gov>



2018 Farm Bill



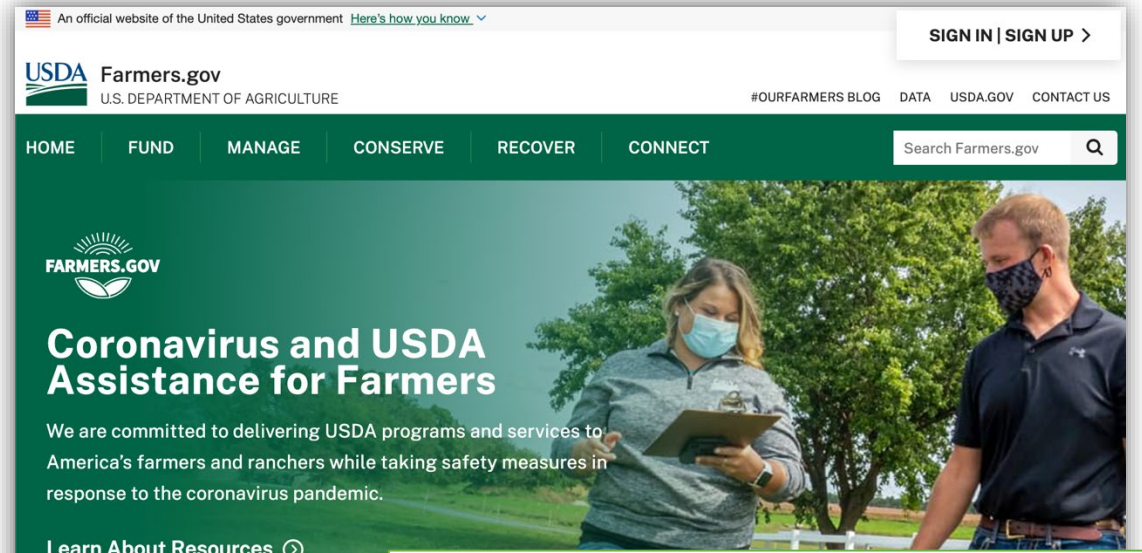
National Program Deadlines



Farmers.gov



Disaster Resource Center



USDA Farmer Focused Resource Center

<https://www.farmers.gov>

- Coronavirus Updates**
 - [Suspension of Debt Collect](#)
 - [Impacts on H-2A](#)
 - [USDA's Coronavirus Page](#)

Quality Loss Adjustment Program

USDA's new Quality Loss Adjustment Program provides financial assistance to crop producers who experienced

Program Deadlines

Feb 12, 2021 [Conservation Reserve Program \(CRP\)](#)



Jonathan W Coppess

Assistant Professor
Director, Gardner Agriculture Policy Program
Fellow, Bock Ag Law/Policy Program



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Nick Paulson

Associate Professor
Director of Graduate Programs

This Year is Different Deadlines...

March 15, 2020

- ARC/PLC election for 2019 **AND** 2020 crop years
- Halfway through 2019 MY
- Had good info on 2019 yields
- 2019 prevent plant and ARC-IC

March 15, 2021

- ARC/PLC election for 2021 crop year only
- 2021 MY still ~6 months away
- 2021 crop year just starting

Price Loss Coverage (PLC)

Corn

\$3.70 reference price

\$4.00 projected price

Soybeans

\$8.40 reference price

\$10.00 projected price

Wheat

\$5.50 reference price

\$4.80 projected price

At current price forecasts,

PLC would not provide support for corn or soybeans.

- Moderate price declines could trigger small PLC payments, less so for soybeans.
- Large price declines would be needed to result in moderate to large PLC payments.

PLC payments for wheat are more likely

Acres in ARC-CO are ineligible for SCO (but can use new ECO program)

A lot can happen between now and the 2021 MY

Ag Risk Coverage – County level (ARC-CO)

Corn

\$3.70 benchmark price

Soybeans

\$8.95 benchmark price

Wheat

\$5.50 benchmark price

Trend benchmark yields, vary by county
Guarantee is **86% of benchmark revenue**

At trend yields, prices would need to fall lower
to trigger ARC-CO compared with PLC

At current price forecasts and trend/expected yields,
ARC-CO would not trigger payments

Ag Risk Coverage – County level (ARC-CO)

Corn

\$3.70 benchmark price

Soybeans

\$8.95 benchmark price

Wheat

\$5.50 benchmark price

Scenarios for payments:

1. Large decline in prices, trend yields
(PLC would also pay, and likely larger payments)
2. Major yield losses in the county, expected price levels
(PLC would not pay)
3. Some combination of both price declines and below trend yields
(PLC may also pay)

Excel Tool for:

ARC-CO/PLC Comparisons

ARC-IC Analysis

- Single FSA farm
- Multi-FSA farm



2018 Farm Bill What-If Tool

Continue

Updated 1/27/2021

This program calculates Agricultural Risk Coverage for County Coverage (ARC-CO) and Price Loss Coverage (PLC) payments. County yields and market year average (MYA) prices are brought in for a user-specified state-county-crop combination. Users then can change 2018 through 2020 county yields and prices to see ARC-CO and PLC payments under those yields and prices.

[For recent updates on this tool and other FAST tools, visit us at www.farmdoc.uiuc.edu.](http://www.farmdoc.uiuc.edu)



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<https://farmdoc.illinois.edu/assets/fast-tools/excel/arccoplpc.xls>

ARC-CO/PLC Comparison: Corn, Champaign Co

Table 1. Payments per Base Acre at Different Yields and Prices

Program Selection		PLC minus ARC-CO		State = Illinois, County = Champaign, Crop = Corn, Year = 2021										
Price Change		\$ 0.25		ARC-CO Benchmark Yield = 223.18, Benchmark Price = \$3.70, Guarantee \$710.16										
Yield Change		15		PLC Yield = 179, Effective Reference Price = \$3.70										
County	Yield	2021 Market Year Average Price												
		\$2.75	\$3.00	\$3.25	\$3.50	\$3.75	\$4.00	\$4.25	\$4.50	\$4.75	\$5.00	\$5.25		
-2021														
	298	145	107	68	30	0	0	0	0	0	0	0	0	0
	283	145	107	68	30	0	0	0	0	0	0	0	0	0
	268	145	107	68	30	0	0	0	0	0	0	0	0	0
	253	133	107	68	30	0	0	0	0	0	0	0	0	0
	238	98	107	68	30	0	0	0	0	0	0	0	0	0
	223	74	72	68	30	0	0	0	0	0	0	0	0	0
	208	74	36	40	30	0	0	0	0	0	0	0	0	0
	193	74	36	-2	2	0	0	0	0	0	0	0	0	0
	178	74	36	-2	-40	-36	0	0	0	0	0	0	0	0
	163	74	36	-2	-40	-70	-49	-14	0	0	0	0	0	0
	148	74	36	-2	-40	-70	-70	-68	-37	-5	0	0	0	0

* A positive value indicates that PLC will pay more, a negative value indicates that ARC-CO will pay more.

ARC-CO/PLC Comparison: Soybean, Champaign Co

Table 1. Payments per Base Acre at Different Yields and Prices

Program Selection		State = Illinois, County = Champaign, Crop = Soybeans, Year = 2021											
Price Change		ARC-CO Benchmark Yield = 69.94, Benchmark Price = \$8.95, Guarantee \$538.33											
Yield Change		PLC Yield = 55, Effective Reference Price = \$8.40											
County	Yield	2021 Market Year Average Price											
		\$9.75	\$10.00	\$10.25	\$10.50	\$10.75	\$11.00	\$11.25	\$11.50	\$11.75	\$12.00	\$12.25	
-2021													
	100	0	0	0	0	0	0	0	0	0	0	0	0
	94	0	0	0	0	0	0	0	0	0	0	0	0
	88	0	0	0	0	0	0	0	0	0	0	0	0
	82	0	0	0	0	0	0	0	0	0	0	0	0
	76	0	0	0	0	0	0	0	0	0	0	0	0
	70	0	0	0	0	0	0	0	0	0	0	0	0
	64	0	0	0	0	0	0	0	0	0	0	0	0
	58	0	0	0	0	0	0	0	0	0	0	0	0
	52	-27	-16	-5	0	0	0	0	0	0	0	0	0
	46	-53	-53	-53	-48	-38	-28	-18	-9	0	0	0	0
	40	-53	-53	-53	-53	-53	-53	-53	-53	-53	-50	-42	-42

* A positive value indicates that PLC will pay more, a negative value indicates that ARC-CO will pay more.

ARC-CO/PLC Comparison: Wheat, Champaign Co

Table 1. Payments per Base Acre at Different Yields and Prices

Program Selection		State = Illinois, County = Champaign, Crop = Wheat, Year = 2021										
Price Change		ARC-CO Benchmark Yield = 78.72, Benchmark Price = \$5.50, Guarantee \$372.35										
Yield Change		PLC Yield = 64, Effective Reference Price = \$5.50										
-2021												
County	Yield	2021 Market Year Average Price										
		\$3.55	\$3.80	\$4.05	\$4.30	\$4.55	\$4.80	\$5.05	\$5.30	\$5.55	\$5.80	\$6.05
	119	106	92	79	65	52	38	24	11	0	0	0
	111	106	92	79	65	52	38	24	11	0	0	0
	103	100	92	79	65	52	38	24	11	0	0	0
	95	75	82	79	65	52	38	24	11	0	0	0
	87	69	56	61	65	52	38	24	11	0	0	0
	79	69	56	42	37	40	38	24	11	0	0	0
	71	69	56	42	28	15	10	12	11	0	0	0
	63	69	56	42	28	15	1	-12	-23	-21	-7	0
	55	69	56	42	28	15	1	-12	-26	-37	-37	-35
	47	69	56	42	28	15	1	-12	-26	-37	-37	-37
	39	69	56	42	28	15	1	-12	-26	-37	-37	-37

* A positive value indicates that PLC will pay more, a negative value indicates that ARC-CO will pay more.

Ag Risk Coverage – Farm level (ARC-IC)

- Used on farms with total prevent plant in 2019 for 2019 and 2020 signup

- If use in 2021:
 - Only use on one farm
 - Pick farm with **most variable yields**
 - A farm with a **history of total prevent plant** is a good choice

ARC-IC Payment Calculator
(Calculates ARC-IC Payments for a single FSA farm)



Input

State	Illinois
County	Champaign
No of Crops	2
Year	2021
Number	Crop
1	Corn
2	Soybeans

- Menu
- Print
- Reset From

Corn Benchmark Calculation


Yield Calculation						Price Calculation		
Year	Planted	Farm Yield	80% of T-Yield	County Yield	Used Yield ¹	MYA Price	Effective Price	Used Price ²
Bu/acre						\$ per Bu		
2015	No		140.8	215.6	215.6	3.61	3.70	3.70
2016	No		140.8	232.7	232.7	3.36	3.70	3.70
2017	No		145.6	221.2	221.2	3.36	3.70	3.70
2018	No		145.6	240.9	240.9	3.61	3.70	3.70
2019	No		145.6	195.4	195.4	3.56	3.70	3.70


Benchmark Revenue Calculation				Effective Reference Price		MYA Price	
Year	Used Yield ¹	Used Price ²	Revenue	Price	Calculation	Year	Price
2015	215.6	3.70	797.57	85% of Olympic Average Statutory Reference Price Effective Reference Price ³	2.98 3.70 3.70	2015	3.61
2016	232.7	3.70	861.14			2016	3.36
2017	221.2	3.70	818.55			2017	3.36
2018	240.9	3.70	891.40			2018	3.61
2019	195.4	3.70	722.91			2019	3.56
Benchmark Revenue⁴			825.75				

¹ If the crop is planted, the higher of farm yield or 80% of T-yield. If not planted, the county yield is used. In the near future, T-yields will be updated.


Farmdoc Decision Support Tools

<https://fd-tools.ncsa.illinois.edu>







Farmdoc - Decision Support Tools

 **ARC/PLC CALCULATOR**

Last Updated: Jan 5, 2021

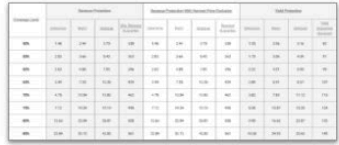
The Gardner ARC/PLC Calculator shows the likelihood of ARC-CO and PLC making payments in each year from 2019 to 2023. Expected payment levels also are given for user-selected counties and crops.




 **INSURANCE PREMIUMS**

Last Updated: Mar 01, 2020


The Insurance Premiums tool shows per acre insurance premiums that farmers will pay for Federally-subsidized crop insurance products. These per acre premiums are given for customized entries made by users that reflect individual farm cases.




 **INSURANCE EVALUATOR**

Last Updated: Daily


The Insurance Payment Evaluator tool provides helpful information to producers comparing costs and risk reductions across their available crop insurance alternatives.



 **PRICE DISTRIBUTION**

Last Updated: Every 15 mins

The Price Distribution Tool uses current option market prices to derive estimates of the probability distribution of prices at the expiration of an underlying corn and soybean futures contracts.



State
 Illinois

County
 Champaign

Crop
 Corn

Reference Price
 \$ 3.7

Practice Type *
 Irrigated Non-Irrigated

Forecast Model
 Forecast

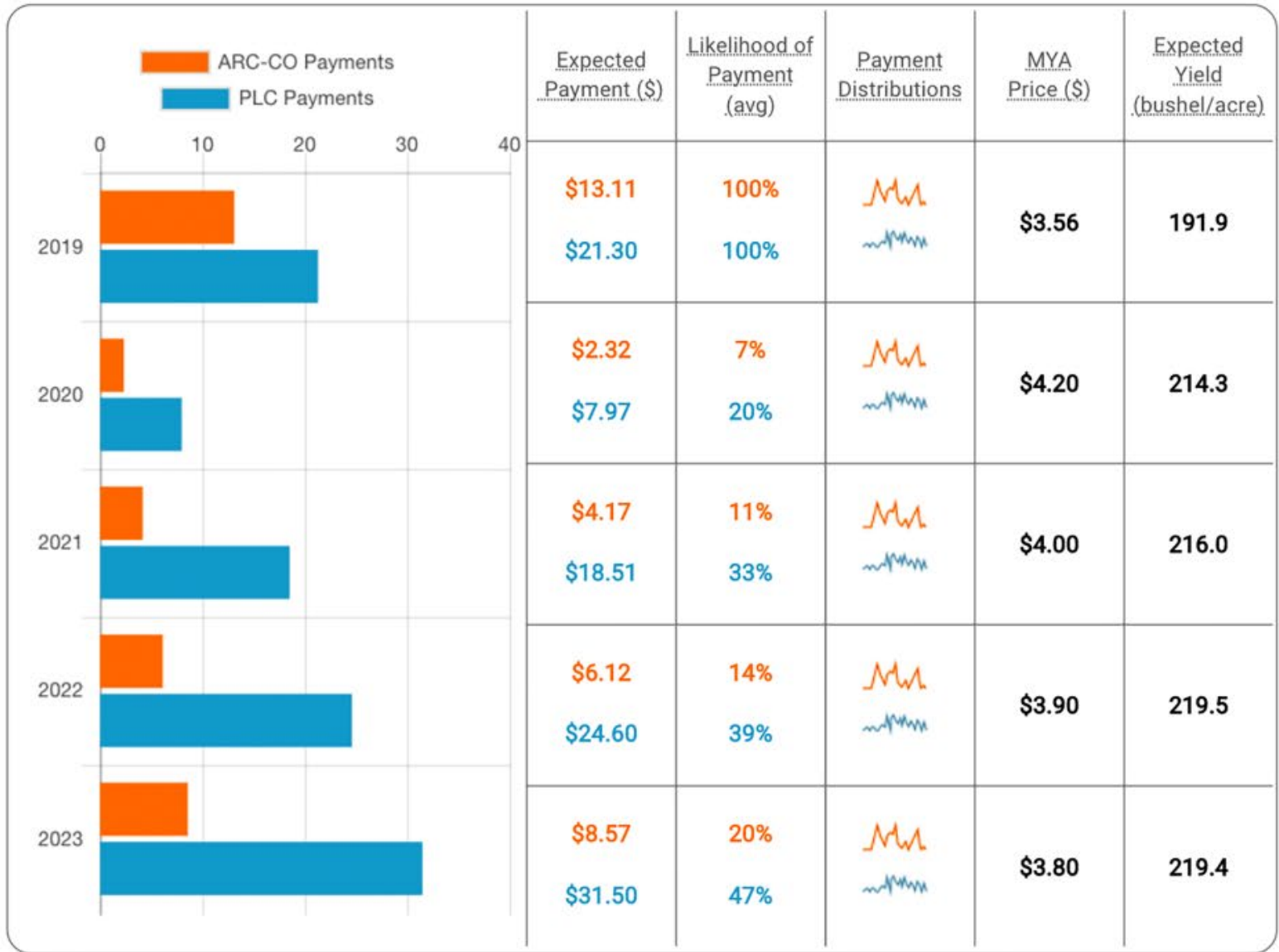
PLC Payment Yield *
 179 bu/acre

ARC Trend Yield *
 1.71 bu/acre

ARC/PLC Program Inputs

ARC Coverage Level	86 %
ARC Coverage Range	10 %
Payment Acres	85 %

RUN MODEL



Model data last updated: Jan 5, 2021

2019 numbers are actual values of ARC/PLC payments. All 2019 yields and prices are final.

ARC/PLC Calculator found at <https://fd-tools.ncsa.illinois.edu/arcplc>

State
 Illinois | v ⓘ

County
 Champaign | v

Crop
 Soybeans | v Reference Price
 \$ 8.4

Practice Type *
 Irrigated Non-Irrigated ⓘ

Forecast Model
 Forecast | v ⓘ

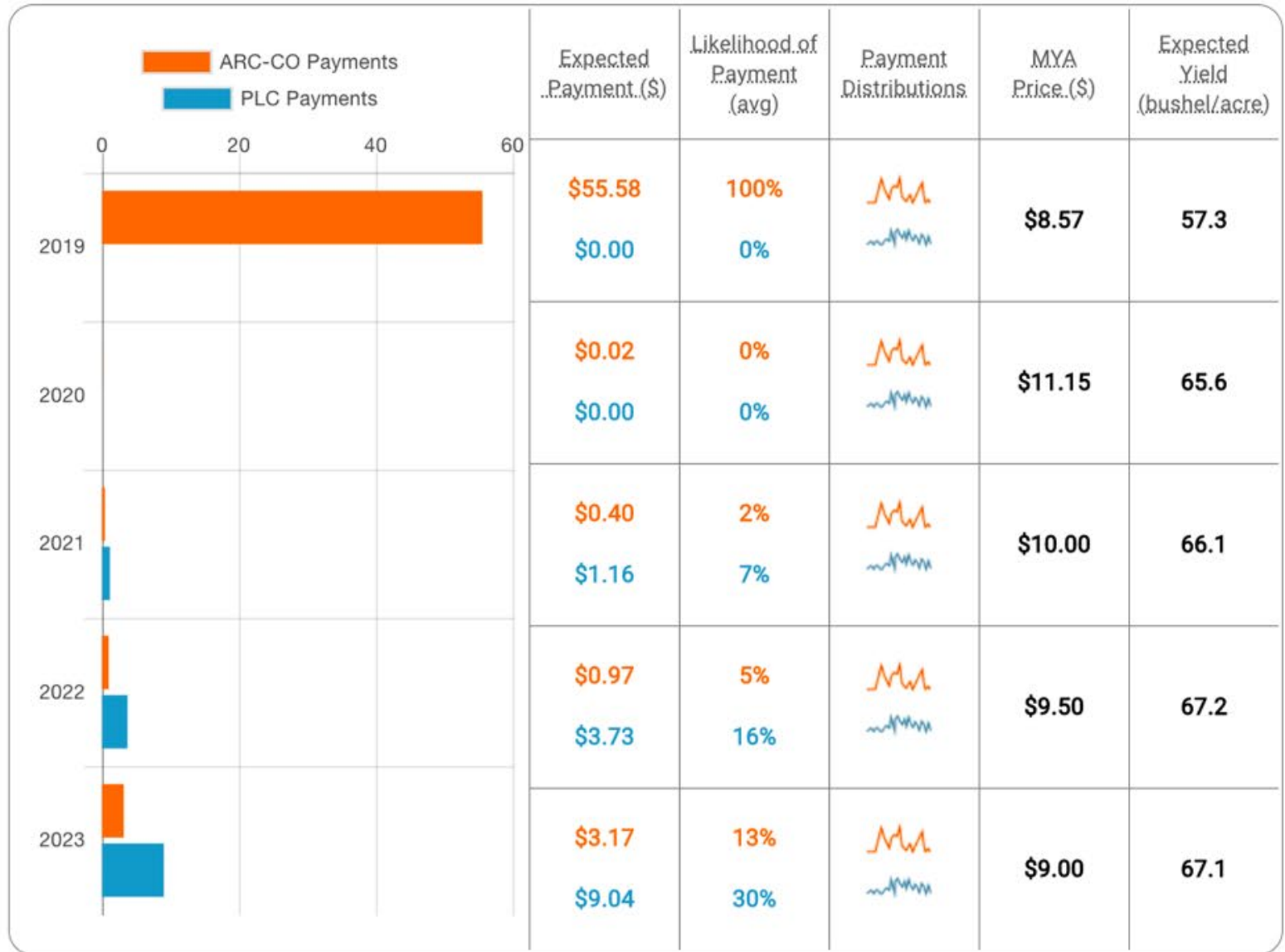
PLC Payment Yield *
 55 bu/acre ⓘ

ARC Trend Yield *
 0.51 bu/acre ⓘ

ARC/PLC Program Inputs

ARC Coverage Level	86 %
ARC Coverage Range	10 %
Payment Acres	85 %

▶ RUN MODEL



Model data last updated: Jan 5, 2021

2019 numbers are actual values of ARC/PLC payments. All 2019 yields and prices are final.

ARC/PLC Calculator found at <https://fd-tools.ncsa.illinois.edu/arcplc>

State
 Illinois | v ⓘ

County
 Champaign | v

Crop
 Wheat | v Reference Price
 \$ 5.5

Forecast Model
 Forecast | v ⓘ

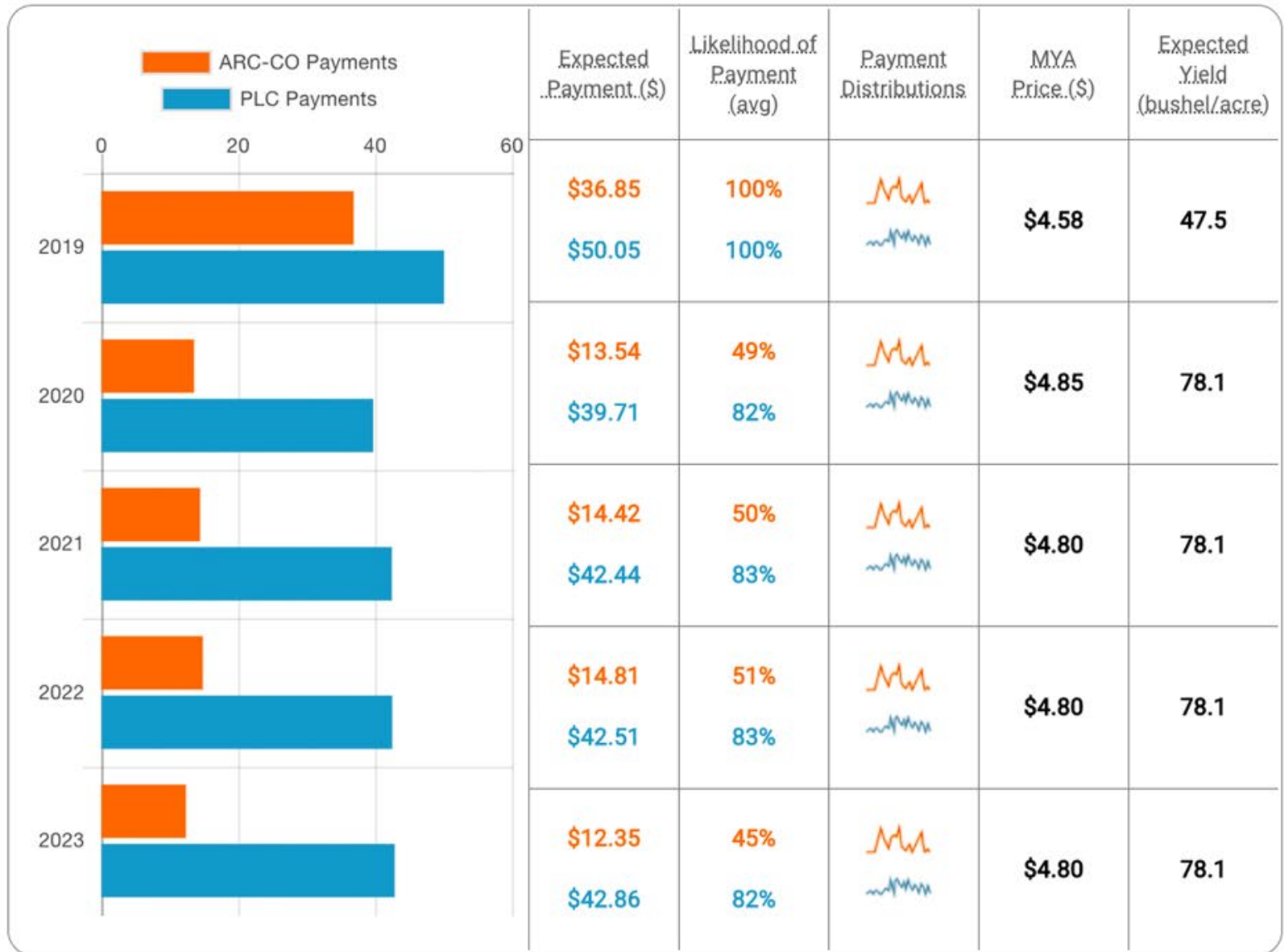
PLC Payment Yield *
 64 bu/acre ⓘ

ARC Trend Yield *
 0.00 bu/acre ⓘ

ARC/PLC Program Inputs

ARC Coverage Level	86 %
ARC Coverage Range	10 %
Payment Acres	85 %

> RUN MODEL



Model data last updated: Jan 5, 2021

2019 numbers are actual values of ARC/PLC payments. All 2019 yields and prices are final.

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Upcoming Webinars

ECO and Crop Insurance

11:00 to noon CT, Thursday February 11th

Most farmers in the Midwest insure corn and soybeans with Revenue Protection (RP). This year, a new county-level product can be added on top of RP and other products called Enhanced Coverage Option (ECO). This webinar will discuss the crop insurance decisions, in general, and ECO in particular.

Acreage Decisions in 2021

11:00 to noon CT, Thursday February 18th

Corn and soybean decisions have changed greatly since August. This webinar will discuss implications of those decisions for planting decisions in 2021.

Thank You for joining us!

Please submit your questions



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Latest Article

Weekly Farm Economics
Quality Loss Adjustment Program
February 2, 2021
Krista Swanson, Gary Schnitkey, Jonathan Coppess, Nick Paulson, and Carl Zulauf
Farms that suffered crop quality losses in 2018 or 2019 can apply for aid in a new disaster relief program. The Quality Loss Adjustment program was announced by the United States Department of Agriculture earlier this month and is the...

[Read the Article](#)

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