Ten Things to Remember: 2018 Farm Bill Sign-Up

Disclaimer: The information below is based on our understanding of the 2018 Farm Bill, but interpretations and differences in final rules and regulations are possible. Please be sure to consult with your local FSA office or crop insurance agent before making any farm program or coverage decisions. If you have any questions about this document, please contact Jordan Dux, director of national affairs, at jordand@nefb.org or Jay Rempe, senior economist, at jayr@nefb.org.

1. Make Sure You Sign-Up at Your Local FSA Office and Talk with Your Crop Insurance Agent!
   - Sign-Up Deadline: March 15, 2020
   - Be sure to attend a Farm Bill educational session being hosted by FSA and UNL. To see the full list of sessions, please click here.
   - It’s also important to talk often with your crop insurance agent to ensure your appropriately covered for the 2020 growing season.

2. Unlike the Last Farm Bill, Farmers Aren’t Locked into Their Program Decision for the Life of the Farm Bill.
   - Farmers are locked into one program for the 2019 and 2020 crop years but may change annually for 2021-2023 crop years.
   - If no 2019 program election is made, your prior program election will apply, but the farm will be ineligible for 2019 ARC/PLC payments.

3. Don’t Assume Your Previous Decision Between ARC and PLC is the Best Decision Moving Forward.
   - Under the 2014 Farm Bill, 96 percent of Corn base acres and 97 percent of soybean base acres were sign-up for the ARC-CO program.
   - Given the general downward price trend farmers have seen since 2012, previous payments seen under the ARC-CO aren’t necessarily expected over the next several years.
   - Remember, ARC covers revenue losses and PLC is focused on price protection…what do you believe is your largest risk factor over the next several years?
   - Texas A&M and the University of Illinois again have Farm Bill decision tools available. Please click on the University’s name to access their decision aid: Texas A&M and Illinois.

4. Before Making a Program Election, First Decide Whether to Update Farm Program Yields.
   - Potential updated yields would be equal to 81 percent of your 2013-2017 average yields for corn and soybeans. The average would be 81.69 percent for grain sorghum and 85.91 percent for wheat.
   - This update is not necessarily guaranteed to be positive for everyone so be sure to do the math and compare your current PLC yields before electing to update.
5. **If You Select ARC-CO, Remember Payments Will Now Be Based on the Physical Location of the Farm and RMA Data Will Be the Primary Yield Data Set Used.**
   - The 2014 Farm Bill based ARC-CO payments on the yield data from the county where the farmer conducted their FSA business.
   - The 2018 Farm Bill, beginning with the 2019 crop year, payments will be based on the farm’s physical location.
   - Farm numbers with land in multiple counties will have their benchmarks, guarantees, and revenues averaged together to determine a payment.

6. **Farm Numbers that Took 100 Percent Preventative Planting or Experienced Very Large Yield Losses Should Give ARC-IC a Strong Look.**
   - ARC-IC is a whole farm revenue program that issues payments on 65 percent of the farm’s base acres.
   - If a farmer had an FSA farm number that took out a 100 percent preventative planting claim on covered commodities, the actual revenue for that farm number would be $0; triggering a payment based on the program’s calculations.
   - The program could also be attractive to farmers who experienced significant yield losses this year.
   - Important Side Note: the ARC-IC program is complex so be sure to examine all of the program’s variables before making your selection.

7. **Reference Prices Used to Determine a PLC Payment Can Change from Year-to-Year Depending on Year-to-Year Price Shifts.**
   - The 2014 Farm Bill only used the set reference prices for covered commodities (Corn: $3.70, Soybeans: $8.40, Wheat: $5.50, Grain Sorghum: $3.95) when determining a PLC payment.
   - The 2018 Farm Bill now offers a choice of a couple of numbers to determine an “effective reference price” to calculate a farmer’s per bushel payments under PLC.
   - Under the 2018 Farm Bill the “effective reference price” would be the lesser of:
     II. The greater of:
        • The original PLC reference prices, or
        • 85 percent of the 5-year (previous 5 crop years) Olympic Market Year Average Price (the average of all prices received for the commodity during the marketing year following harvest)

8. **USDA Made Changes to the Rules that Determine Eligibility for Counties to Have Both an Irrigated and Non-Irrigated Guarantee**
   - In order for a county to have both an irrigated and non-irrigated guarantee and actual revenue, one of the following items must occur:
     I. RMA irrigated and non-irrigated data must be available in 3 of the 5 years between the years 2013 and 2017, or
     II. Meet both of the following
        • FSA data shows the county had at least 10 percent irrigated and 10 percent non-irrigated between the years 2013-2017.
        • The county had an average of 5000 planted acres each year from 2013-2017.
9. Base Acres Planted to Pasture or Left Fallow from January 1, 2017 – December 31, 2019 Won’t Be Eligible for ARC/PLC Payments but are Eligible for New Grassland Conservation Initiative Program.
   • This new program, part of NRCS’ Conservation Stewardship Program, will be offered as a 5-year contract eligible for payments of $18 per acre.
   • Farms enrolled will maintain base acres.

10. There’s A Lot More to the 2018 Farm Bill than Just Commodity Programs.
   • Conservation Programs
     I. CRP acreage cap is increased, but with a reduced payment rate
     II. EQIP was expanded
     III. CSP was reduced
   • Crop Insurance:
     I. Beginning farmers now will receive an additional 10 percentage points of premium subsidy on their crop insurance for 10 vs. 5 years.
   • Credit:
     I. Direct Farm Ownership and Direct Operating loan limits were both increased.
   • Hemp:
     I. Hemp was removed from the list of controlled substances which opens the door for farmers to grow and harvest the crop.
     II. Nebraska passed their rules to govern hemp production last year and will submit the plan to USDA which just released their proposed program in October.
     III. While work still needs to be done for crop insurance, pest management, and FDA approval, it appears things are moving in the right direction.