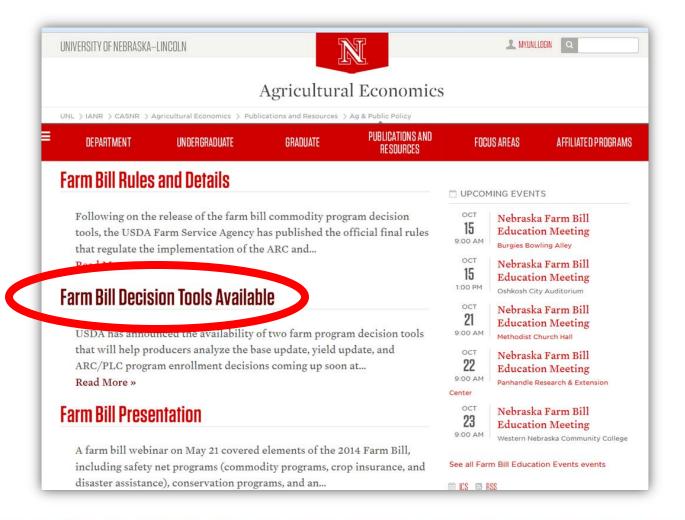


## **Decision Tools**

- Accessible from farmbill.unl.edu
- 500 draws of price and yield
  - You could plug in the same information and get 2 separate answers
- Dependent on price expectations
- Illinois
  - Shows estimated crop revenue and payments
- Texas A&M
  - Does not show crop revenue, only payments



## Decision Tools: farmbill.unl.edu





### **Decision Tools:**



#### Agricultural Economics

DEPARTMENT UNDERGRADUATE GRADUATE PUBLICATIONS AND RESOURCES PUBLICATIONS AND RESOURCES FOCUS AREAS AFFILIATED PROGRAMS

### Farm Bill Decision Tools Available

USDA has announced the availability of two farm program decision tools that will help producers analyze the base update, yield update, and ARC/PLC program enrollment decisions coming up soon at local FSA offices. USDA information on the announcement is available on the web (click <a href="here">here</a>). The national decision tools were created as part of cooperative agreements between FSA and two development groups, one led by the University of Illinois and one a collaboration between Texas A&M University and FAPRI at the University of Missouri.

The two decision tools provide the same general analysis of base acreage and yield update options and the broader decision on electing the ARC revenue-based safety net or the PLC price-based safety net for the 2014-2018 life of farm commodity programs under the 2014 Farm Bill. Both tools provide a probablity-based analysis of potential farm program supports and show not just expected payments, but also the potential variance in payments, given a range of yield and price expectations and variabilty over the next 5 years (2014-2018). Both tools should produce similar answers, but could vary due to programming differences in how they model price and yield distributions and correlations.

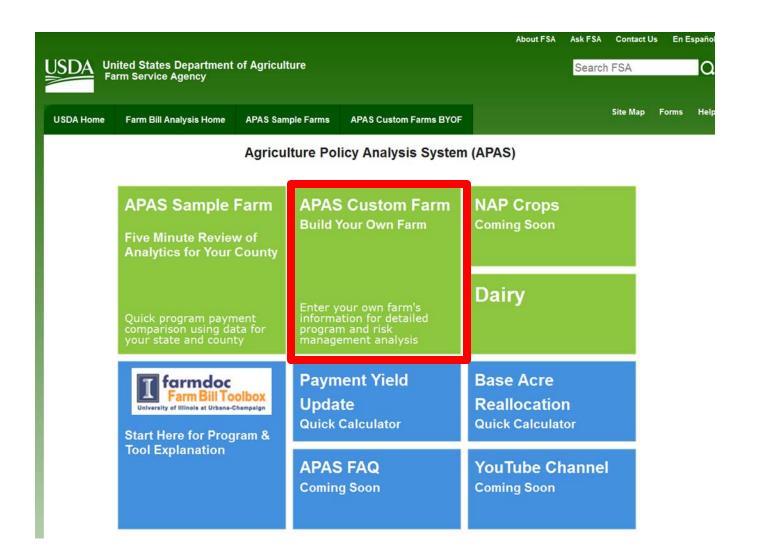
cools are available on the web at:

University of Illinois: http://fsa.usapas.com/

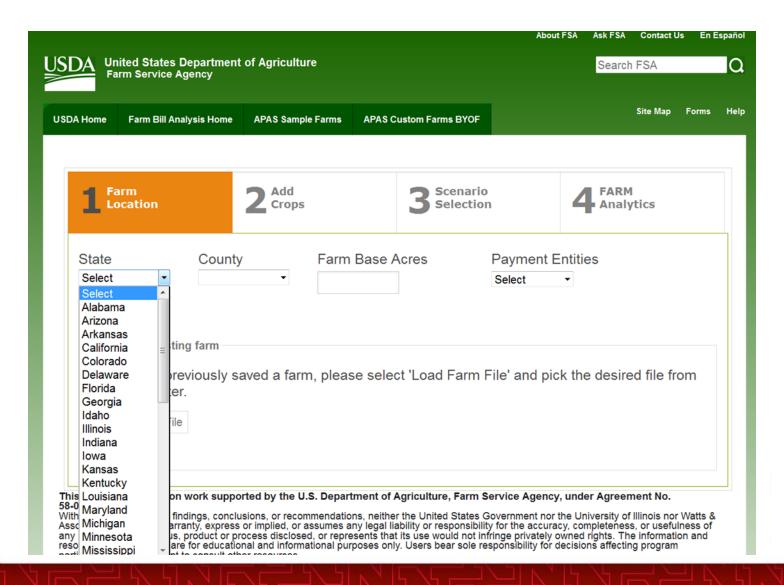
Texas A&M/FAPRI: http://usda.afpc.tamu.edu/







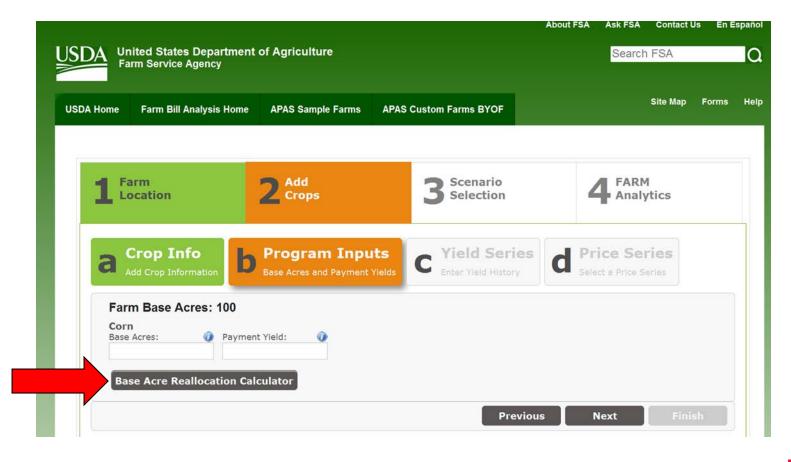




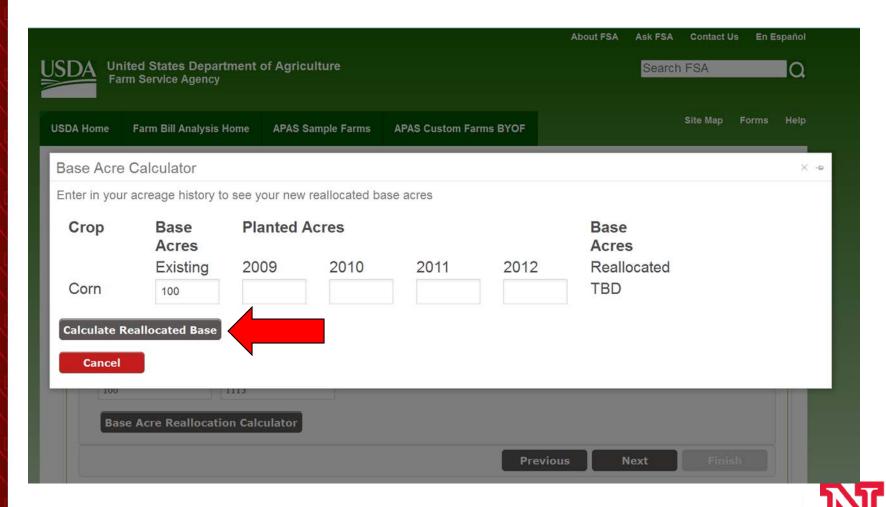


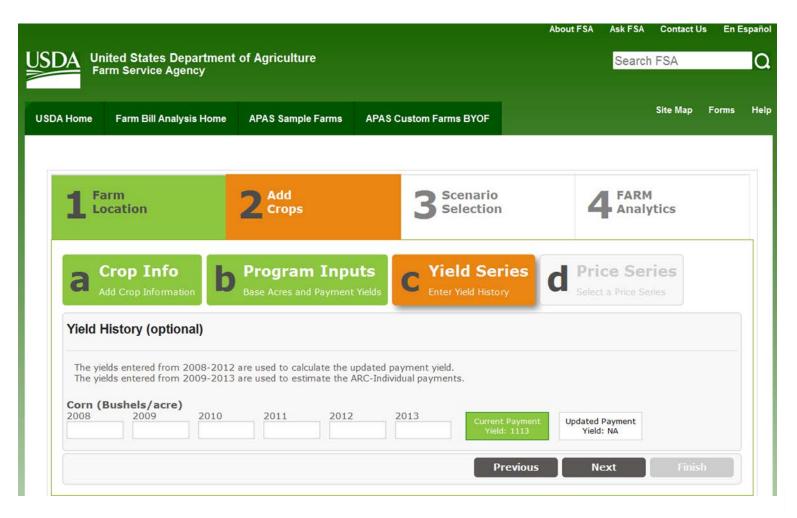
- Farr	n Service Agency	nt of Agriculture		Search FSA
Home	Farm Bill Analysis Hom	e APAS Sample Farms APAS	Custom Farms BYOF	Site Map Forms H
1 Far	rm cation	2 Add Crops	3 Scenario Selection	4 FARM Analytics
4000	rop Info	<b>b</b> Program Inputs Base Acres and Payment Yields	C Yield Series Enter Yield History	d Price Series Select a Price Series
Crop Select Type	•			
Select Type Practice	e ved Yield (Rate Yield	where		
Select Type Practice Expecte applicat Planted How ma	ed Yield (Rate Yield ble)  Acres (2014)	ould you		
Select Type Practice Expecte applicat Planted How ma	ed Yield (Rate Yield ble)  Acres (2014)	ould you		



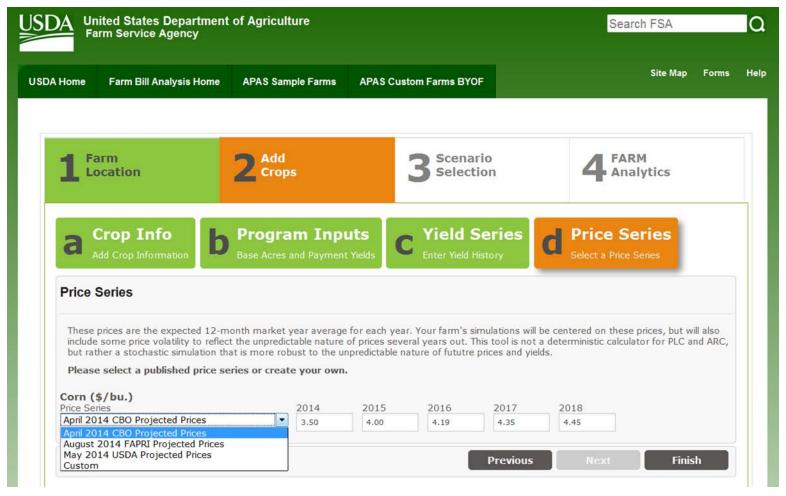




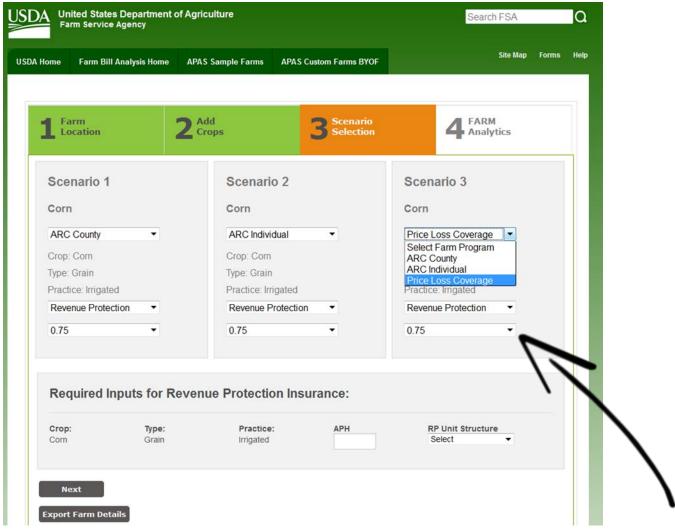


















### **Decision Tools:**



#### Agricultural Economics

DEPARTMENT UNDERGRADUATE GRADUATE PUBLICATIONS AND RESOURCES PUBLICATIONS AND RESOURCES FOCUS AREAS AFFILIATED PROGRAMS

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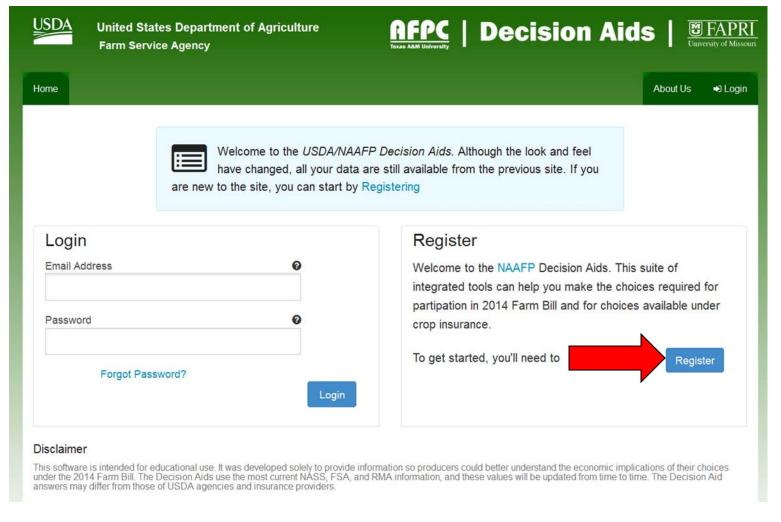
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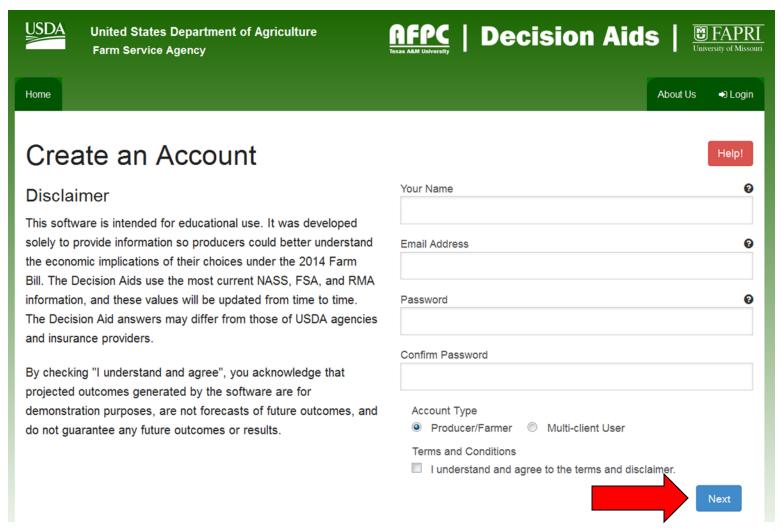
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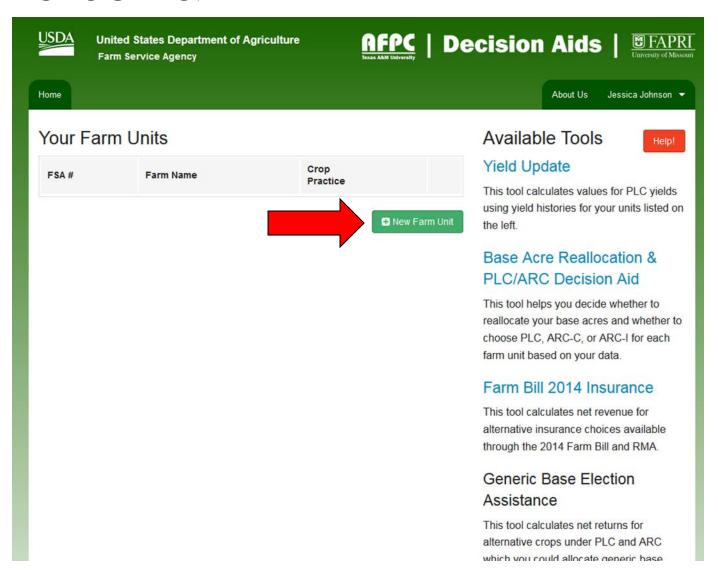




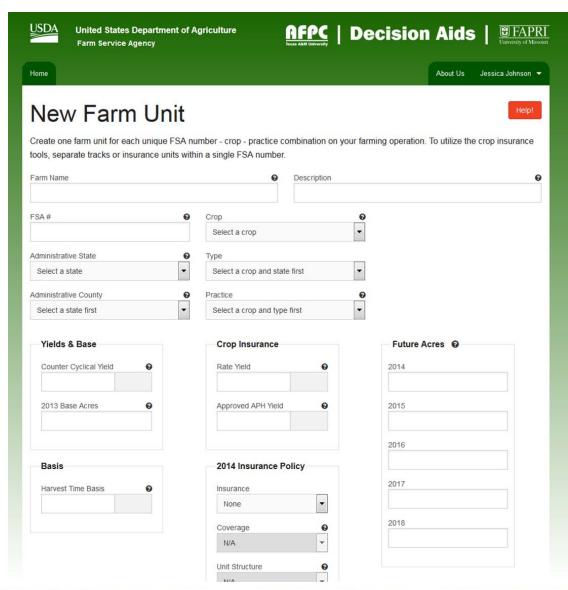




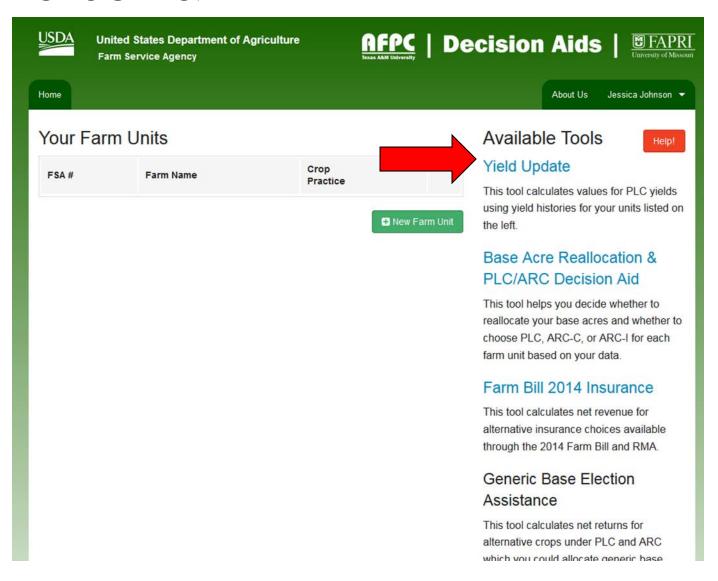




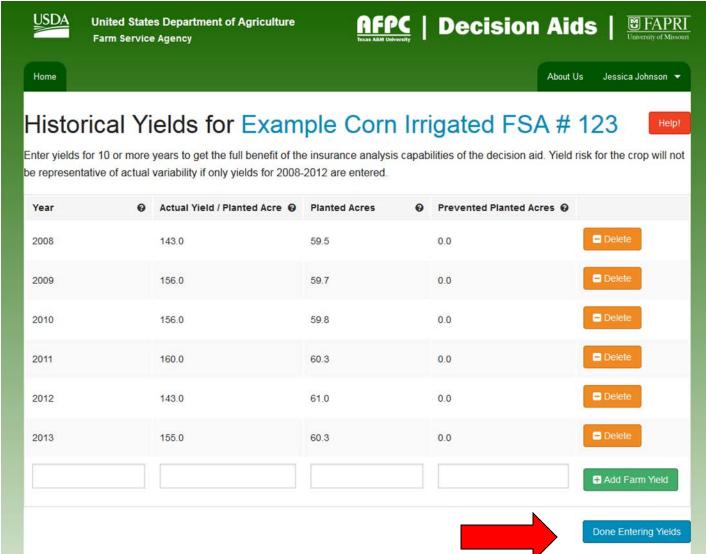




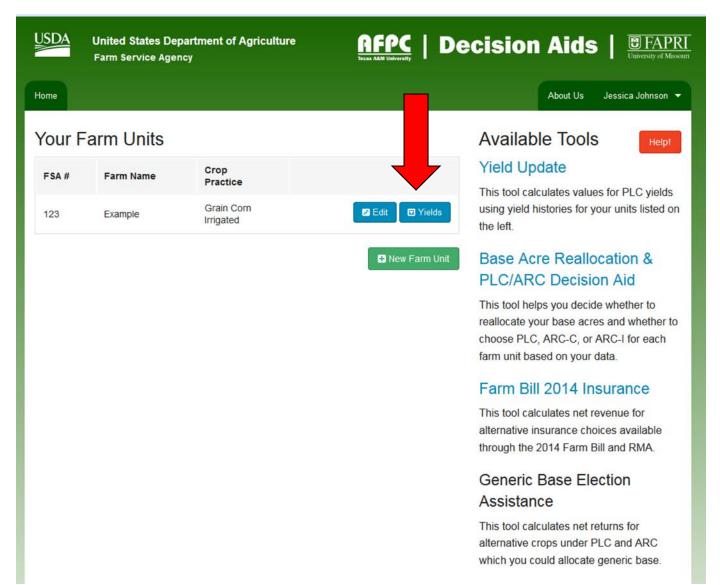




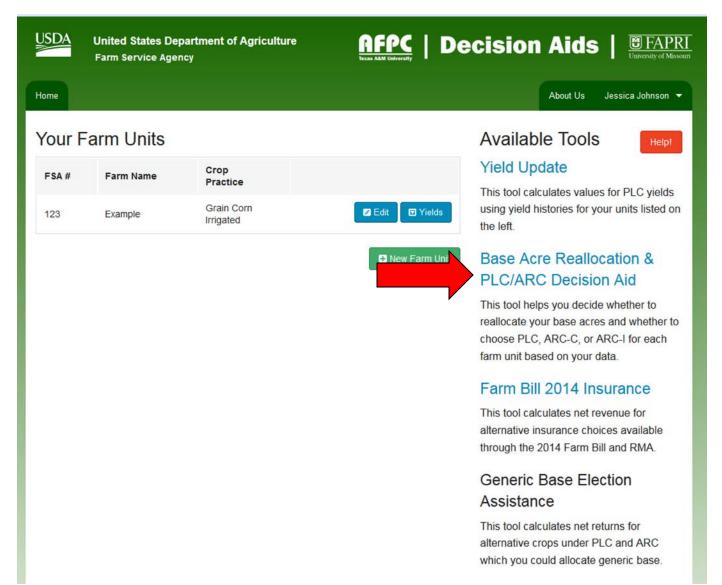
















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Jessica Johnson -

### Your Data

Your current base acres, planted acres history, and prevented planting history for 2009 through 2012 are presented below. It is vital that this information is correct and complete, or the reallocated base acres will not be calculated correctly.

#### Nebraska FSA # 123

Planted A story

	2009	2010	2011	2012	
Grain Corn	59.7	59.8	60.3	61.0	

#### Prevented Planting History

	2009	2010	2011	2012	
Grain Corn	0.0	0.0	0.0	0.0	

#### Base Acres

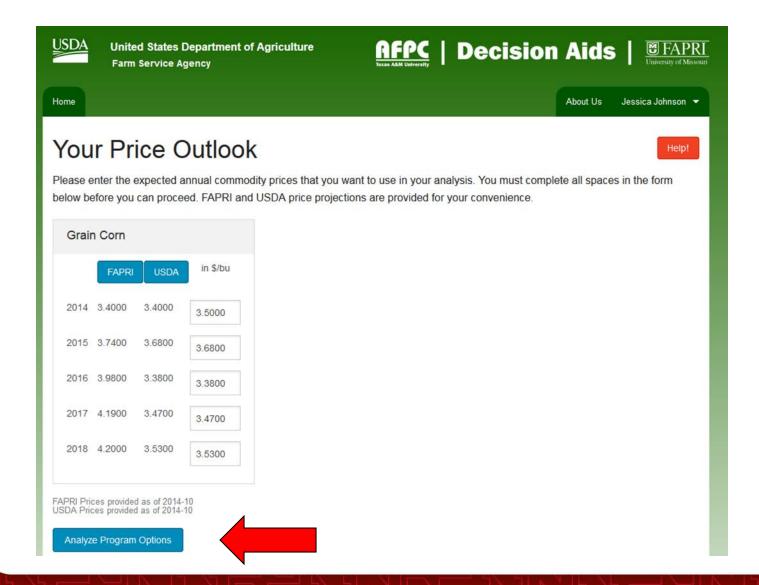
Current Base		Potential Reallocated Base	
Grain Corn	60.7	60.7	

#### Verify Data

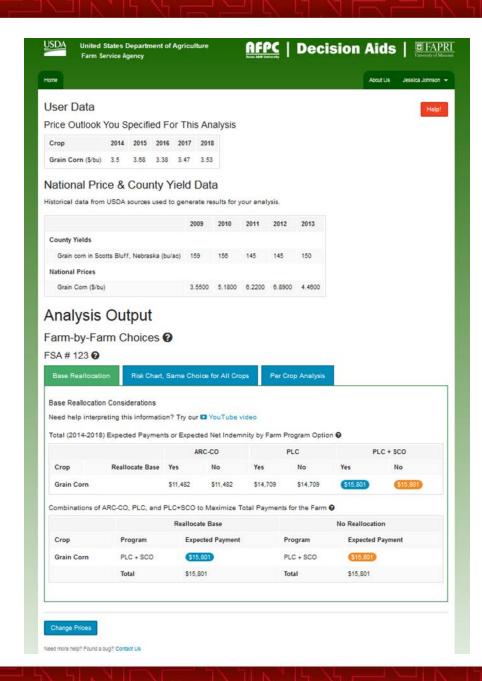
It is vital that the Current Base Acres and Planting History above is correct and complete, or the reallocated base acres will not be calculated correctly, and the analysis will be invalid.

Information is correct

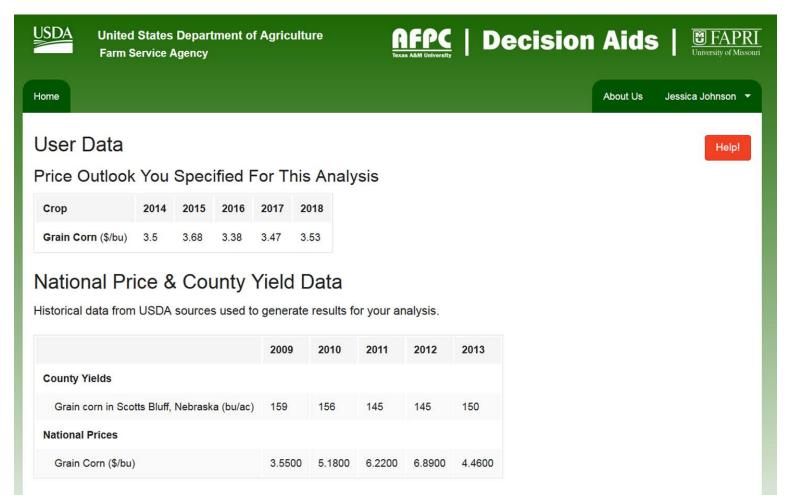














### **Analysis Output**

Farm-by-Farm Choices ?

FSA # 123 @

Base Reallocation Risk Chart, Same Choice for All Crops Per Crop Analysis Base Reallocation Considerations Need help interpreting this information? Try our ▶ YouTube video Total (2014-2018) Expected Payments or Expected Net Indemnity by Farm Program Option @ PLC PLC + SCO ARC-CO Reallocate Base No Yes No Yes No Crop \$15,801 \$15,801 **Grain Corn** \$11,482 \$11,482 \$14,709 \$14,709 Combinations of ARC-CO, PLC, and PLC+SCO to Maximize Total Payments for the Farm @ Reallocate Base No Reallocation **Expected Payment** Crop Program **Expected Payment** Program \$15,801 PLC + SCO \$15,801 Grain Corn PLC + SCO Total \$15,801 Total \$15,801

Change Prices



### Analysis Output

Farm-by-Farm Choices 2

FSA # 123 @

Risk Chart, Same Choice for All Crops Base Reallocation Per Crop Analysis The following chart shows annual expected payments for each year (2014-2018) if you make the same choices across all crops in FSA # 123. The scenario with the least red and most green will minimize payment risk. The rule is: Red is bad, Green is good Chance that the total annual payment is greater than \$3,281 Chance that the total annual payment is between \$984 and \$3,281 Chance that the total payment is less than \$984 Program ARC-IC ARC-CO ARC-CO PLC + SCO N/A Reallocate Base? Yes Yes

The following table shows expected payments or SCO net indemnities if you make the same choices across all crops in FSA # 123.

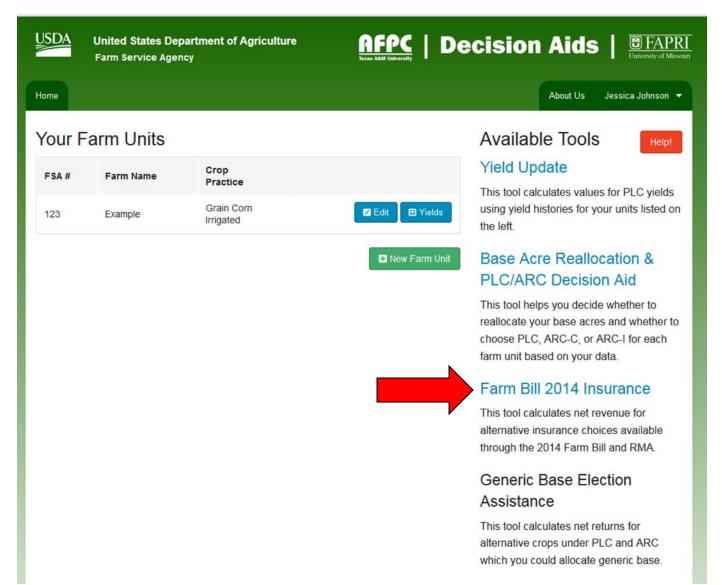
FSA Program	Reallocate Base	2014	2015	2016	2017	2018	Sum
ARC-IC	N/A					. ∢Sho	w Details
Expected Payment		\$2,796	\$2,597	\$2,441	\$1,255	\$835	\$9,925
ARC-CO	Yes	\$3,373	\$2,960	\$2,799	\$1,378	\$972	\$11,482
ARC-CO	No	\$3,373	\$2,960	\$2,799	\$1,378	\$972	\$11,482
PLC A	Yes	\$2,972	\$2,328	\$3,463	\$3,091	\$2,855	\$14,709
PLC A	No	\$2,972	\$2,328	\$3,463	\$3,091	\$2,855	\$14,709
SCO Expected Net Indemnity	N/A	\$0	\$286	\$263	\$269	\$274	\$1,092
PLC + SCO	Yes	\$2,972	\$2,614	\$3,726	\$3,360	\$3,129	\$15,801
PLC + SCO	No	\$2,972	\$2,614	\$3,726	\$3,360	\$3,129	\$15,801



Change Prices











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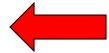
### Annual Insurance Decision Aid

This tool characterizes the probabilities of realizing many levels of net revenue given the many choices you might make. Here, net revenue includes your market receipts plus crop insurance and shallow loss indemnities, minus crop insurance and shallow loss premiums, plus any FSA program payments. Choices that can be evaluated are

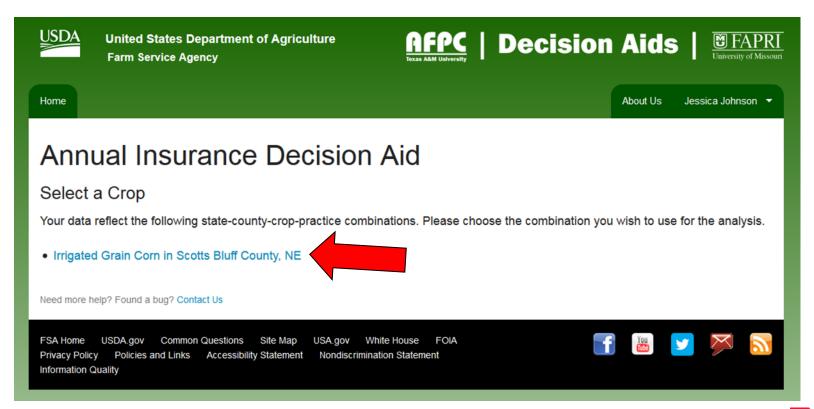
- Crop insurance policy type ( Yield Protection (YP) @, Revenue Protection (RP) @, or Revenue Protection with Harvest Price Exclusion (RP-HPE) (2)
- Crop insurance unit structure (optional or enterprise)
- · Crop insurance coverage level
- · Yield trend-adjustment option
- Shallow loss option ( SCO @ for most crops, SCO or STAX @ for upland cotton)
- FSA program choice ( PLC @ or ARC @ )

This tool relies on previously-entered data about your RMA units for each state-county-crop-practice combination. If you have not yet entered data, create a farm unit from the home screen.

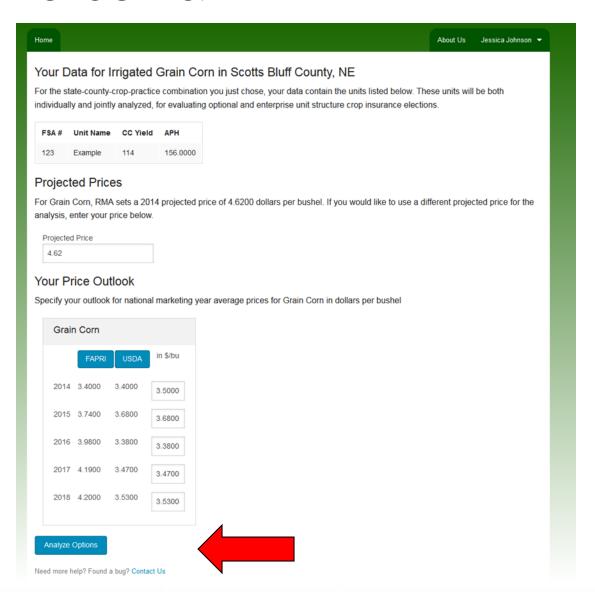






















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Scotts Bluff County, Nebraska

Corn, Irrigated

Price Basis: -0.44

Total 2014 planted acres: 60.0

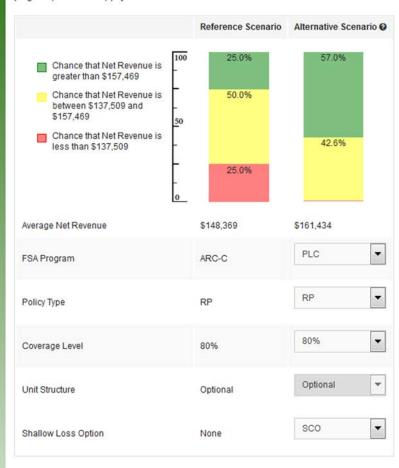
#### Simulation Info @

Corn	2014	2015	2016	2017	2018
Projected Price	4.6200	3.8540	3.5398	3.6341	3.6969
Ave. Sim. National Price	3.5077	3.6889	3.3896	3.4791	3.5351
Ave. Sim. Harvest Futures	3.5700	3.7532	3.4482	3.5383	3.6005
Ave. Sim. County Yield	164	165	167	169	171



#### Results @

The chart below characterizes the probabilities of realizing various levels of net revenue for 2014-2018. Here, net revenue includes your market receipts plus crop insurance and shallow loss (SCO) indemnities, minus crop insurance and shallow loss premiums, plus any FSA program (PLC or ARC) payments.





### **Good Option Combinations**

The following option combinations result in net revenue distributions with characteristics that would be considered desirable by many producers.

FSA Program	Policy Type	Coverage %	Unit Structure	Shallow Loss Protection
PLC	RP-HPE	85%	Optional	SCO
PLC	RP-HPE	85%	Optional	None
PLC	RP-HPE	80%	Optional	SCO
PLC	RP-HPE	75%	Optional	SCO
PLC	RP-HPE	80%	Optional	None

Change Prices

Information Quality

Choose another Crop

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