

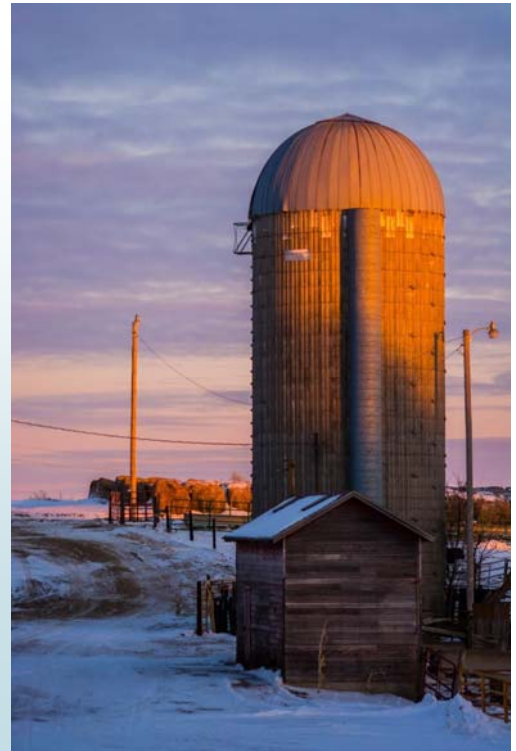
Economic Conditions & the Title 1 Programs

By Mykel Taylor

Kansas State University

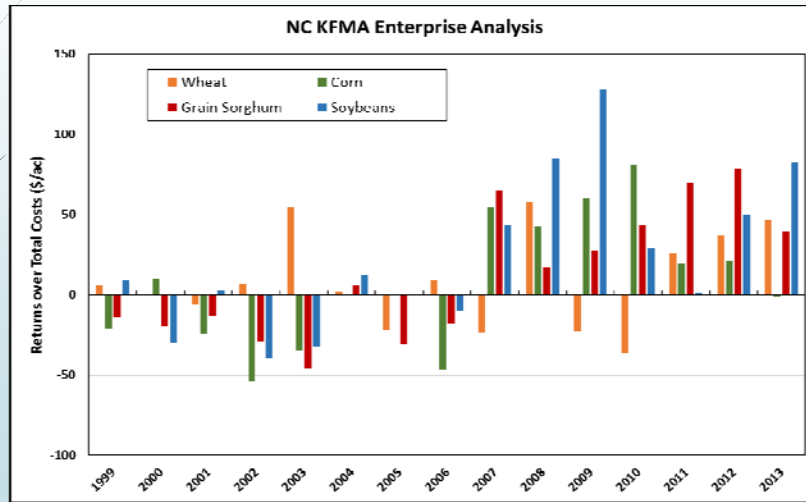
mtaylor@ksu.edu and AgManager.info

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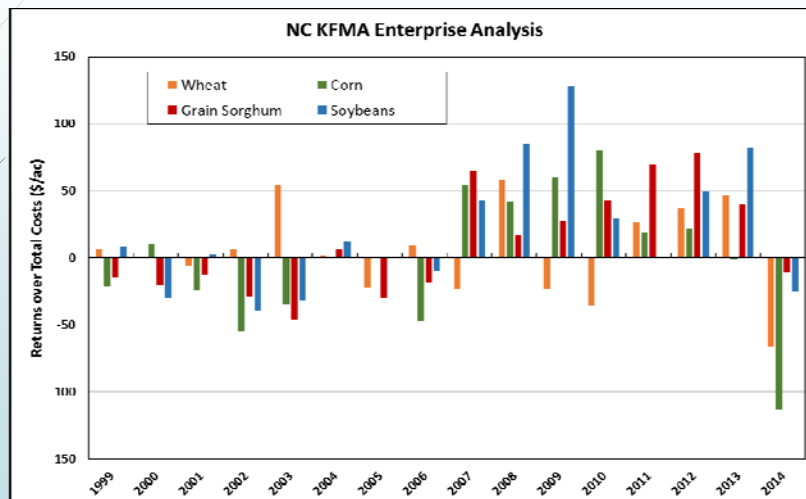
Current Economic Conditions

Returns to Farming



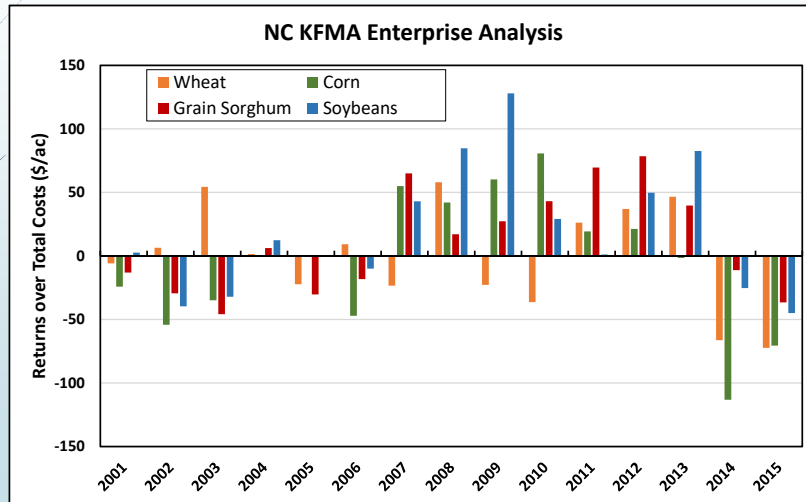
Source: KFMA Enterprise Reports (<http://www.agmanager.info/kfma>)

Returns to Farming



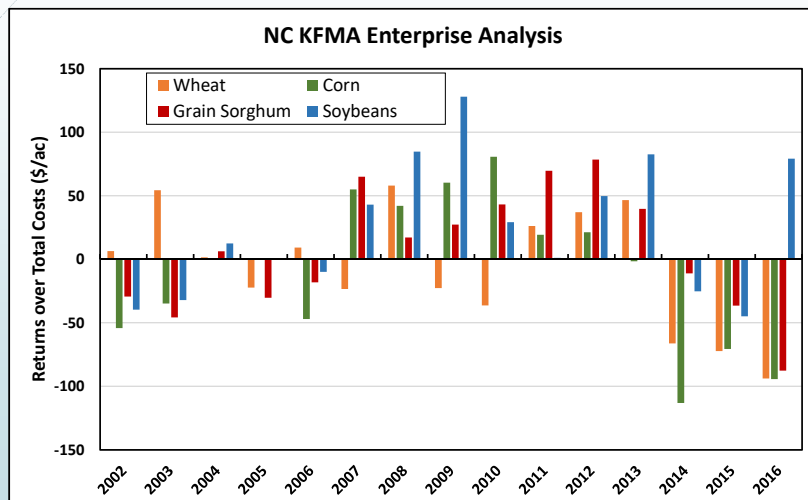
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Returns to Farming



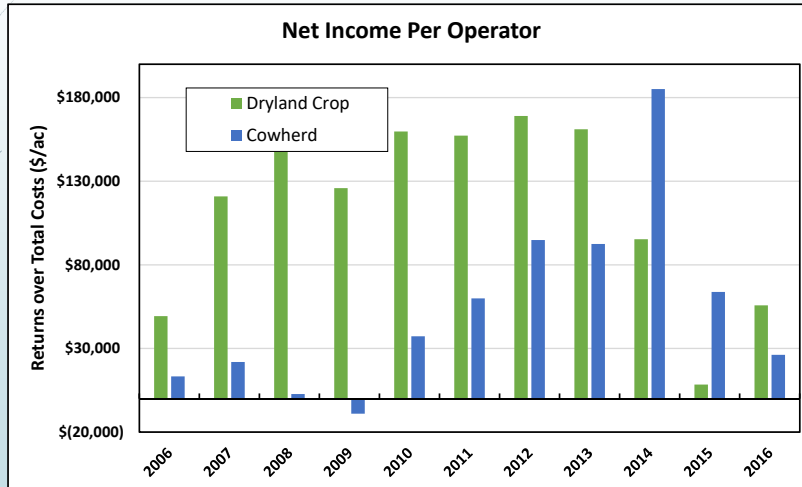
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Returns to Farming

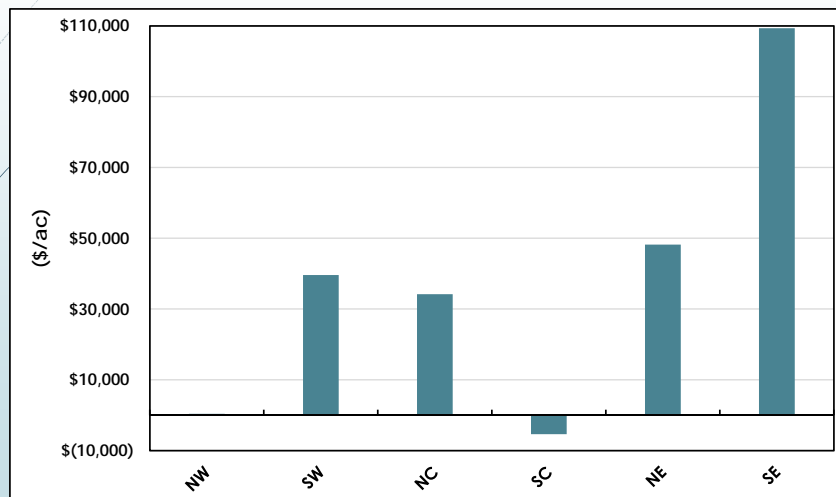


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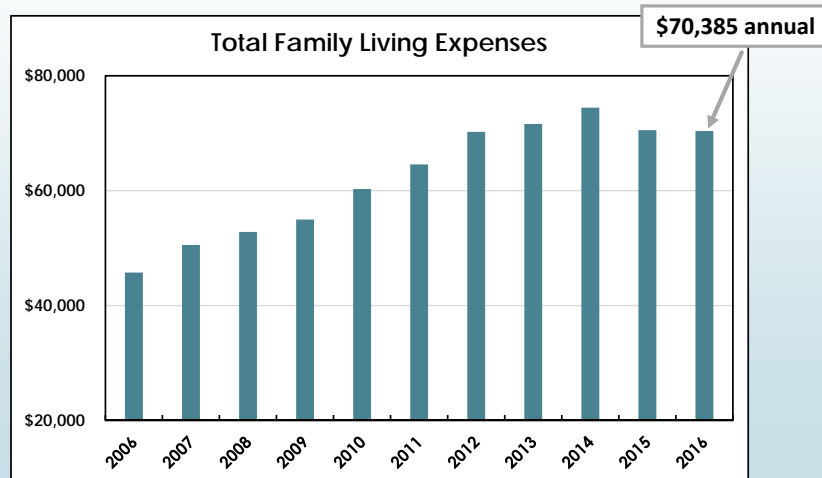
Net Farm and Ranch Income



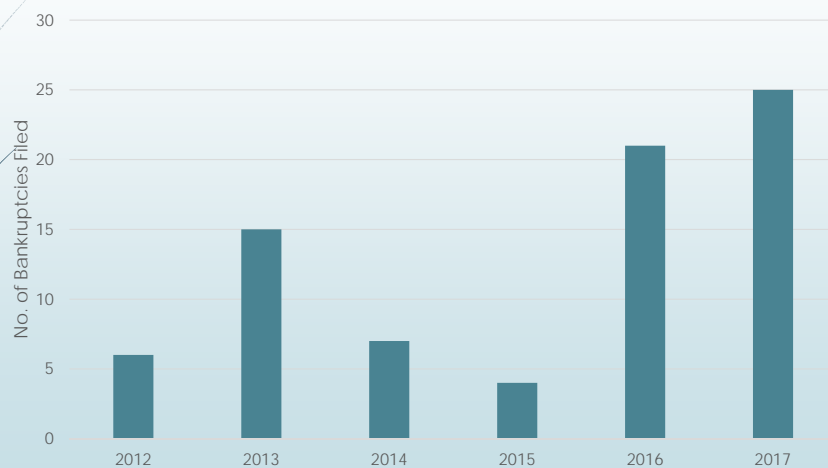
Average Net Farm Income



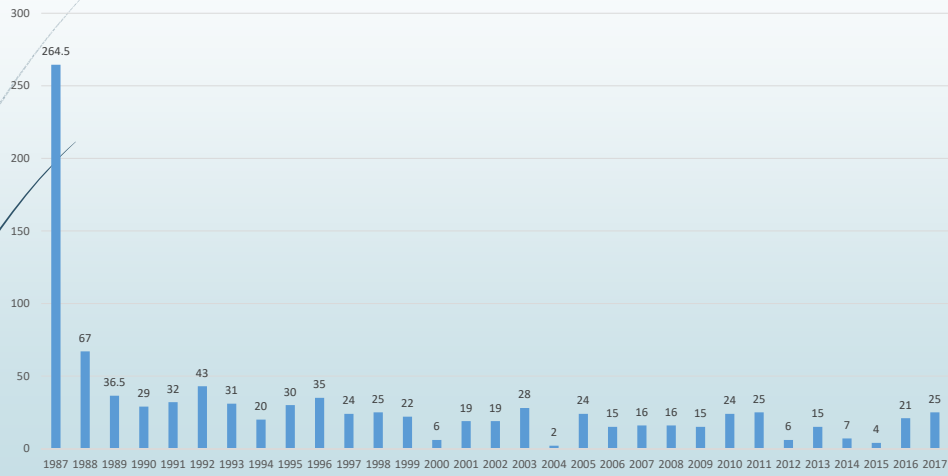
Farm Family Living Expenses



Bankruptcies Filed by KS Farms



Bankruptcies Filed by KS Farms



Farm Bill Issues



Realities of the Next Farm Bill

- ▶ Are the existing programs working as intended?
 - ▶ Declining revenue floor of the ARC-CO program
 - ▶ NASS versus RMA datasets
 - ▶ SCO versus buy-up of crop insurance
- ▶ Federal funds are limited
 - ▶ Addition of cotton and adjustments to dairy
 - ▶ Changing the PLC reference prices
 - ▶ 39 programs without baseline – specialty crops, nutrition



Objectives by Roberts and Marshall

- ▶ Certainty, predictability in a new farm economy
 - ▶ Push to expand current cap of 24 million acres of CRP
- ▶ Regulatory reform
 - ▶ Changes that will reduce costs to farmers
- ▶ Farm Bill for all commodities and regions
 - ▶ Cotton, dairy
- ▶ Continuing a strong crop insurance program



Feedback from Federal FB Hearings

- ▶ Strengthen and improve commodity programs
 - ▶ Consider alternative yield datasets – NASS vs RMA, averages across neighboring counties
 - ▶ Maintaining or increasing reference prices
 - ▶ Timing of payments – Oct 1 is a ‘budget gimmick’
- ▶ Historical base acres
 - ▶ Another voluntary reallocation
 - ▶ Proposal for a mandatory reallocation (ties to production and may not be WTO compliant)



Issues To Be Aware Of

- ▶ Changes to the programs can be costly
 - ▶ CBO scoring will dictate if some changes are made
- ▶ Payment limits
 - ▶ “Actively engaged” – Grassley proposal
 - ▶ Combined across the Titles – President’s proposal

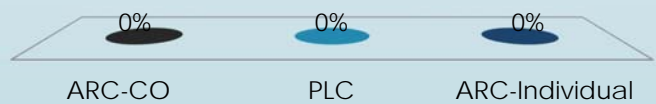


Some Questions for You...



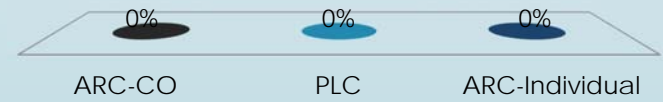
What program did you enter your wheat acres in?

- A. ARC-CO
- B. PLC
- C. ARC-Individual



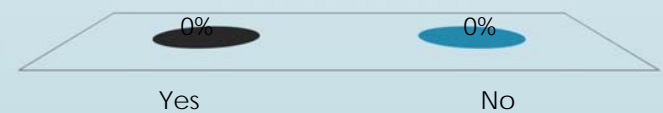
If you could do it all over, what program would you enroll your wheat acres in?

- A. ARC-CO
- B. PLC
- C. ARC-Individual



Are you generally satisfied with your enrollment options?

- A. Yes
- B. No



If Congress makes cuts to the Farm Bill, where would you prefer to see them?

- A. Title I (ARC, PLC)
- B. Conservation Title
- C. Crop Insurance Title



PLC and ARC-CO Enrollments





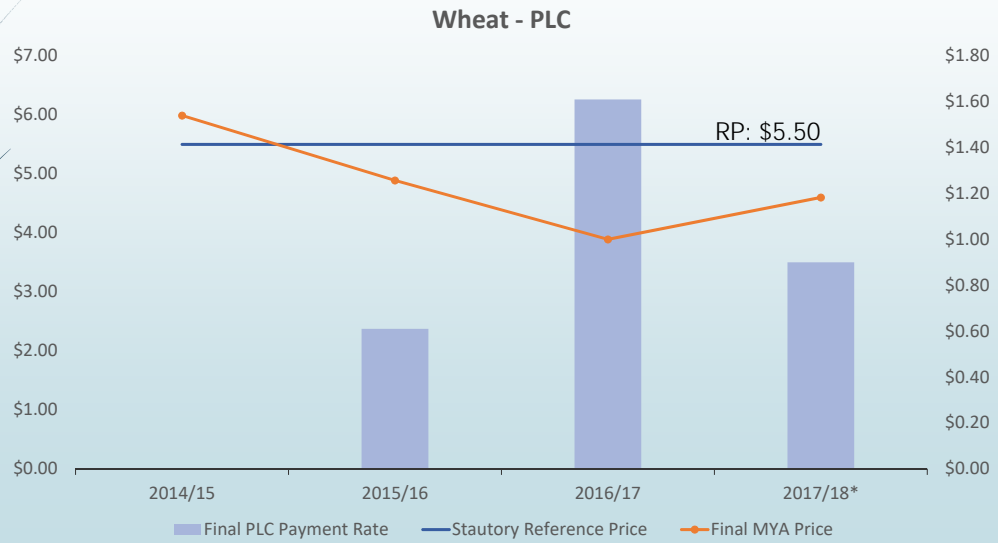
Nebraska Program Enrollment

Crop	ARC-CO	ARC-IC	PLC
Wheat	44%	1%	55%
Corn	96%	0%	4%
Soybeans	97%	1%	2%
Grain Sorghum	57%	0%	43%

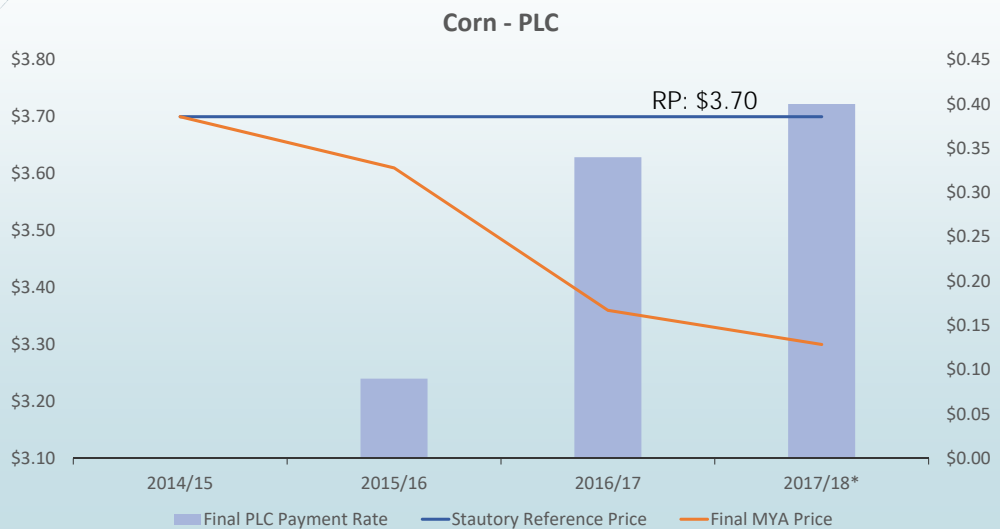


PLC Payouts

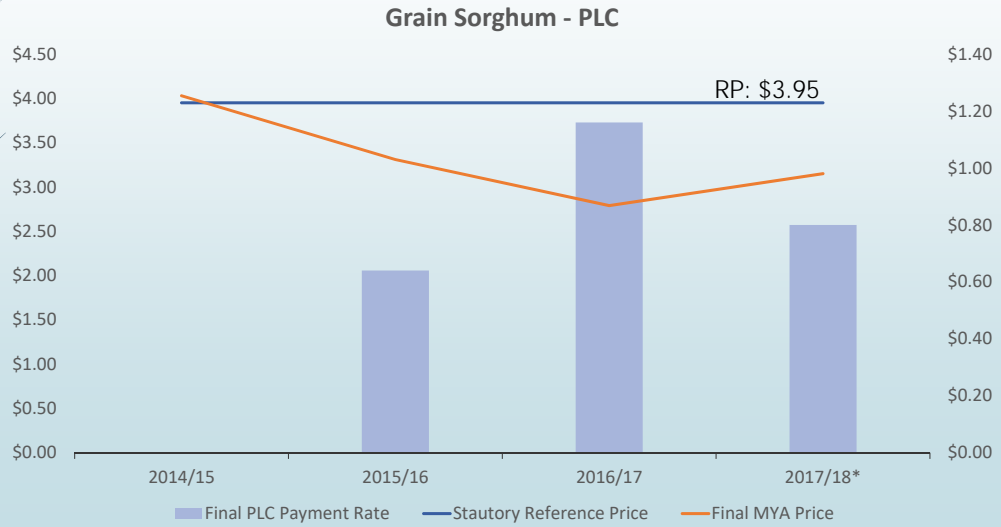
Payments for PLC



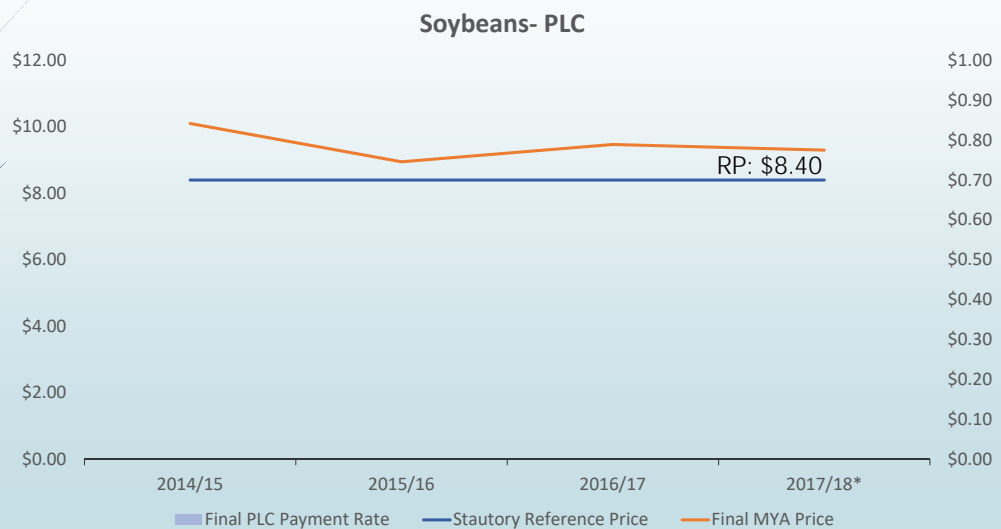
Payments for PLC



Payments for PLC

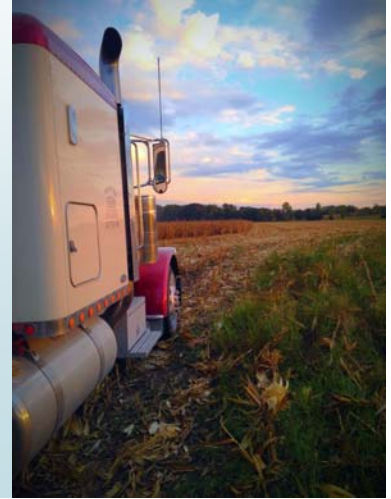


Payments for PLC



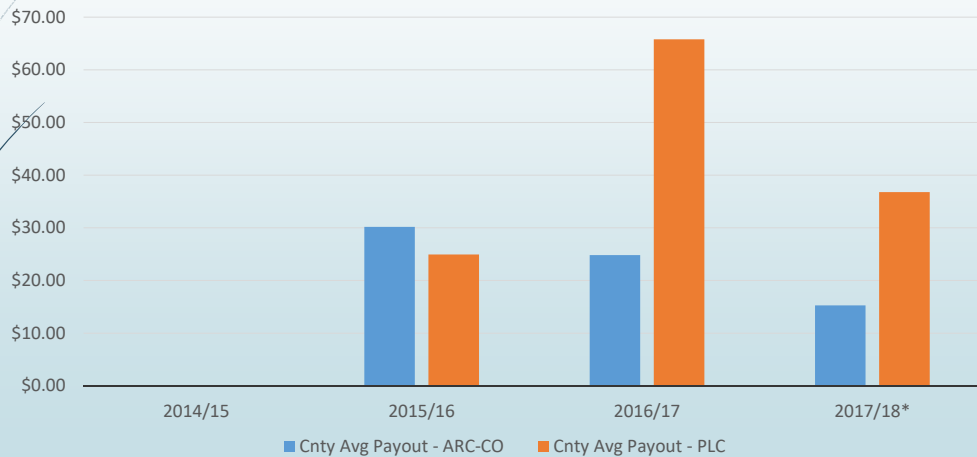
PLC vs ARC-CO

Saunders County



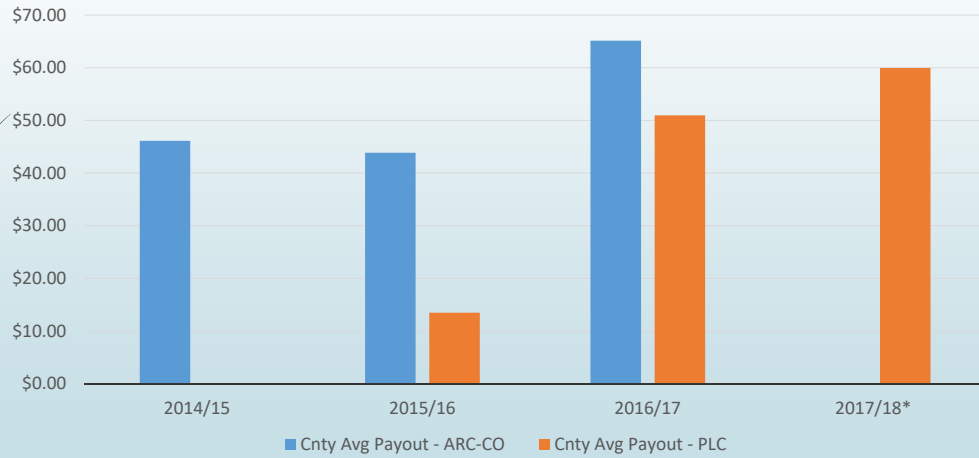
PLC vs ARC-CO

Wheat - Saunders



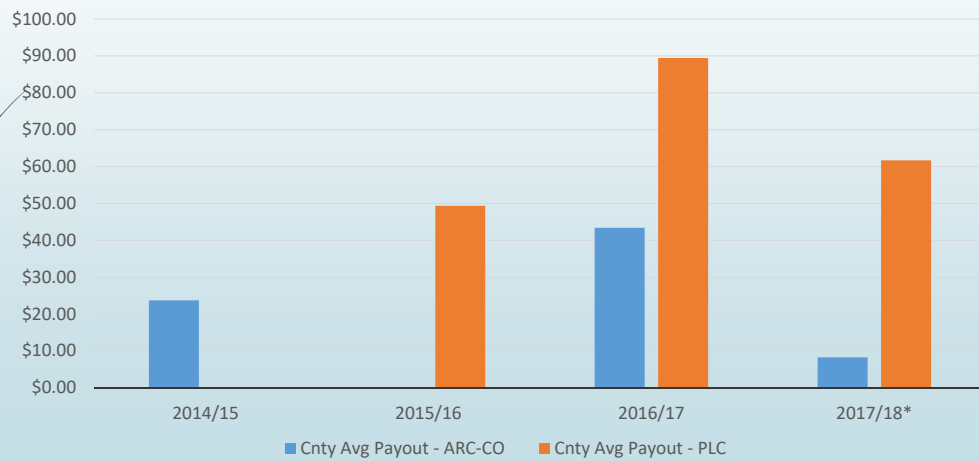
PLC vs ARC-CO

Corn - Saunders



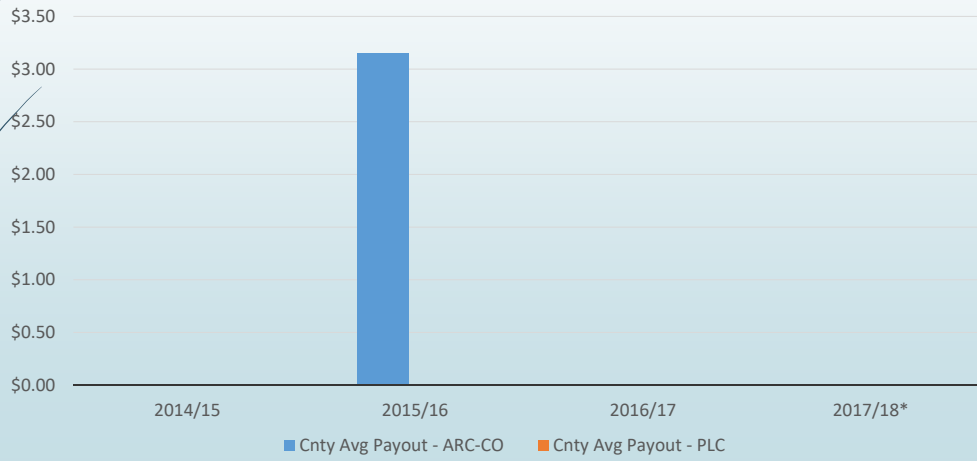
PLC vs ARC-CO

Grain Sorghum - Saunders



PLC vs ARC-CO

Soybeans - Saunders



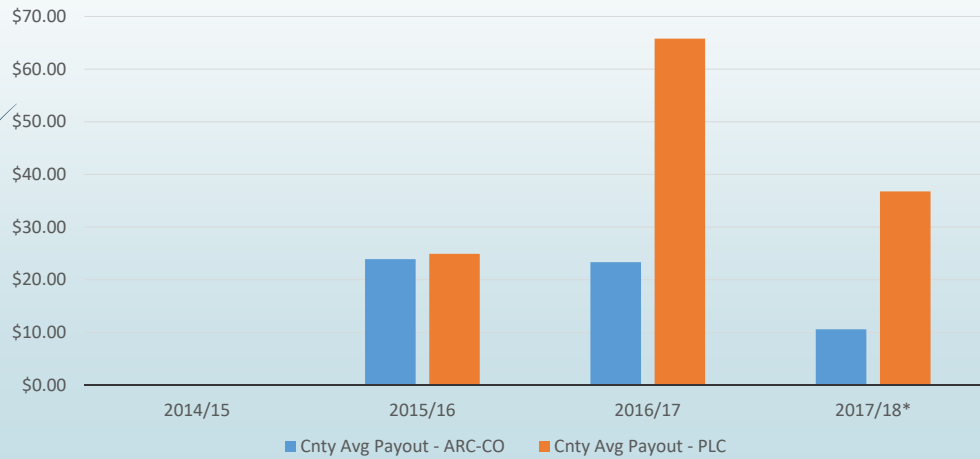
PLC vs ARC-CO

Adams County



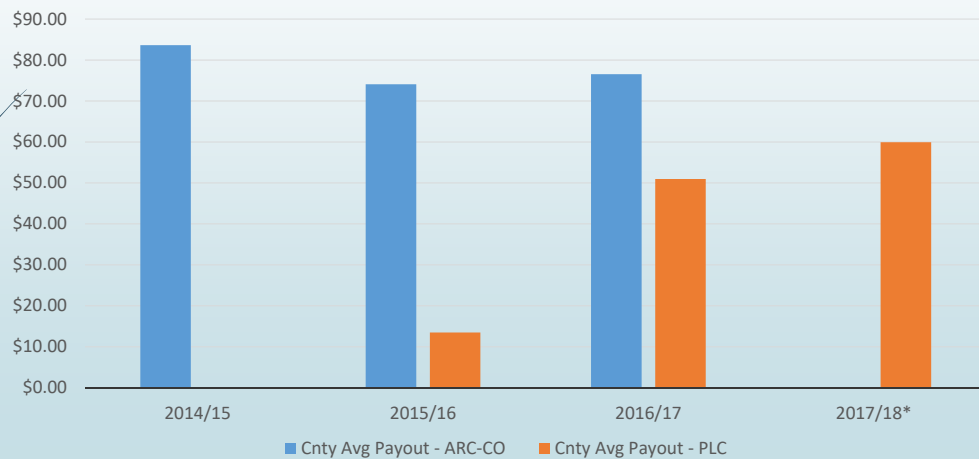
PLC vs ARC-CO

Wheat - Adams



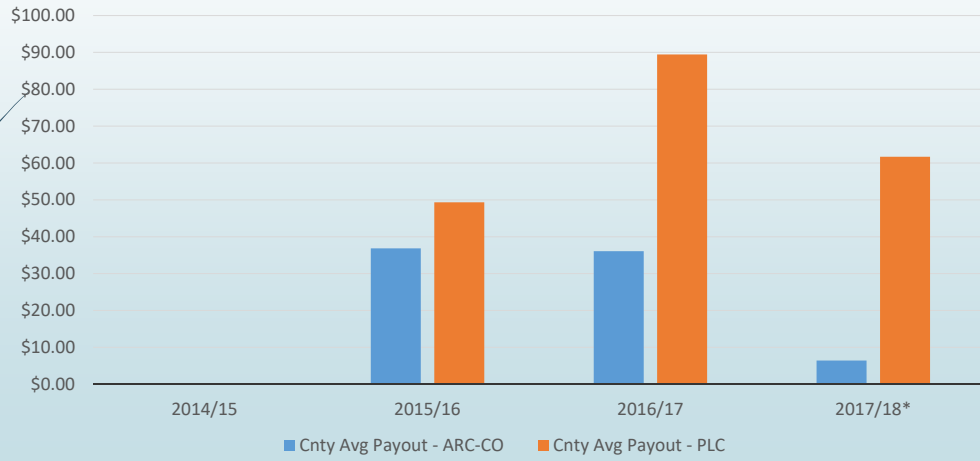
PLC vs ARC-CO

Corn - Adams



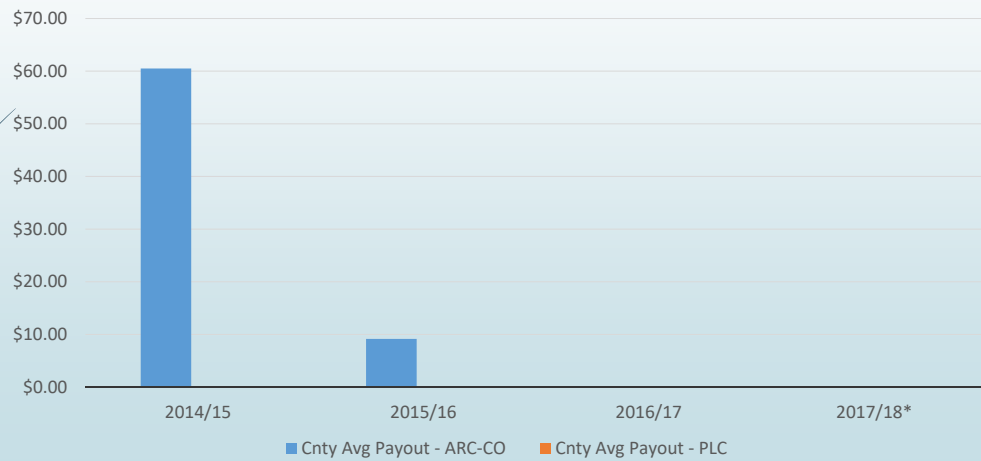
PLC vs ARC-CO

Grain Sorghum - Adams



PLC vs ARC-CO

Soybeans - Adams





Implications



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- ▶ Picking the best program was and will continue to be a 'crap shoot'
 - ▶ Have to predict where prices will be relative to reference prices
 - ▶ Have to anticipate what yields will be at the county level
- ▶ Timing of payments
 - ▶ PLC payments were more timely relative to overall farm profitability



Implications

- ▶ If history is our guide...
 - ▶ We will pick PLC
 - ▶ Exposed to a bad crop/high price outcome (1989, 2012)
 - ▶ Depend more heavily on crop insurance-HPO



Questions?

