

Farmer Safety-Net Programs and Trade Aid 2.0



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Goals for Today

- Commodity Program Updates: ARC & PLC
- Disaster Assistance Program: WHIP+
- Crop Insurance Updates
 - Crop Insurance for hemp
- Trade Aid 2.0
 - MFP payments













- Agricultural Risk Coverage (ARC) and Price Loss Coverage (PLC) programs were reauthorized under the 2018 Farm Bill
 - ARC offers revenue protection
 - ARC-CO makes a payment on 85% of base acres when county revenue falls below the county revenue guarantee
 - ARC-I makes a payment on 65% of base acres when individual farm revenue falls below the individual revenue guarantee
 - PLC offers price protection
 - PLC makes a payment when MYAP is below effective reference price







- Important enrollment information:
 - Need to enroll every year

Contract Year	Enrollment Dates		
2019	September 3, 2019 through March 15, 2020		
2020	October 7, 2019 through June 30, 2020		
2021	October 2020 through March 15, 2021		
2022	October 2021 through March 15, 2022		
2023	October 2022 through March 15, 2023		

 One ARC vs PLC choice for 2019 & 2020, with chance to change in 2021, 2022, & 2023 – more flexibility!







- Should I choose ARC-CO, ARC-I, or PLC?
- Historical participation in NC:

Crop	% Farms Electing PLC	% Farms Electing ARC-CO	% Farms Electing ARC-I
Corn	4%	96%	0%
Soybeans	3%	97%	0%
Wheat	17%	83%	0%
Sorghum	12%	88%	0%
Peanuts	99%	1%	0%

Source: USDA FSA data







- Important considerations:
 - Expected returns from ARC-CO vs PLC
 - Depends on individual expectations on prices and yields
 - Coverage preference
 - Revenue vs price protection
 - Payment caps & limits
 - ARC-CO limit at 10% of average county revenue; PLC is loan rate
 - \$125,000 payment limit on all payments from commodity programs
 - Preference for SCO "shallow loss" coverage
 - With ARC-CO, you cannot purchase SCO, but with PLC you can
 - Wait to enroll near deadline reduce uncertainty







Disaster Assistance: WHIP+

- Wildfire and Hurricane Indemnity Program Plus (WHIP+)
 - Part of Disaster Relief Bill passed by Congress in June to help communities hit by hurricanes, tornadoes, & other disasters in 2018/2019
 - In NC, covers damages from Hurricanes Florence and Michael in 2018, and Dorian in 2019
 - Signup started on Sept. 11, 2019







Disaster Assistance: WHIP+

- Eligibility requirements:
 - Crops must be eligible for crop insurance or NAP
 - Crops must have suffered losses before harvest
 - Must be in counties that received Presidential Emergency Disaster Declaration or Secretarial Disaster Declaration
 - Most NC counties qualify in 2018, a number of coastal NC counties qualify in 2019
 - Required to purchase future crop insurance or NAP coverage







Disaster Assistance: WHIP+

Payment Formula:

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WHIP+ = [Expected Value of Crop x WHIP factor] –

[Actual Value of Harvested crop x Payment factor] –

Crop Insurance Indemnity or NAP payment received
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- WHIP factor 70-95% depending on coverage level; 70% for uninsured
- Payment factor varies by commodity and state
- Payment limit: \$125k for 2018, 2019, and 2020 combined
- Eligible 2018 producers with losses will receive 100% of WHIP+ payment, 2019 producers to receive 50% first and 50% after Jan 1, 2020







Crop Insurance for Hemp





- 2018 Farm Bill, recognize hemp as an "agricultural commodity" and makes it eligible for crop insurance
 - Also allow bankers & other businesses to legally transact with hemp producers
- Facilitates development of hemp crop insurance product(s)
 - Waived viability & marketability requirement in product development







Hemp Coverage Available in 2020

- RMA-administered crop insurance for hemp will be available in 2020 through the Whole Farm Revenue Protection (WFRP) policy
 - Note: Details not yet publicly available
- Likely NC Sales Closing Date: Feb. 28, 2020
 - For calendar/fiscal year filers



Hemp Crop Insurance Coverage Available for 2020

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How does WFRP work?

- All farm revenue is insured together under one policy
 - Individual commodity losses are not considered, it is the overall farm revenue that determines losses
- Coverage levels available: 50% to 85%
 - In 5% increments
- Insurable revenue is mainly based on tax records







When will WFRP pay out?

- When whole-farm revenue-to-count for the insurance year is lower than insured whole-farm revenue, a loss payment will be made
 - Only natural causes of loss and decline in market price are valid causes of loss
 - Taxes must be filed for the insurance (loss) year before any claim can be made
 - For hemp, having THC above compliance level not valid cause of loss







Trade Aid Package

- US response to help farmers affected by trade dispute with China (i.e., retaliatory tariffs on ag)
- In 2018, Trade Aid 1.0 (estimated at \$12 billion):
 - Market Facilitation Program (MFP)
 - Direct payments to farmers (~\$8.5 billion across 9 ag products)
 - Food Purchase and Distribution Program
 - Purchase ag. commodities affected by tariffs
 - Agricultural Trade Promotion (ATP) Program
 - Cost-share assistance to access new export markets and promote trade







Market Facilitation Program 2.0

- Still FSA-administered
- Expanded coverage to more crops
 - Includes 29 non-specialty crops (e.g, corn, soybeans, millet, etc.) and
 specialty crops (e.g., fruits & nuts), plus dairy and hogs;
- Sign-up period: July 29 to Dec. 6, 2019
 - Eligibility requirements:
 - Adjusted Gross Income (AGI) <\$900k (average for 2015-2017)
 - Conservation compliance
 - Actively engaged in farming
 - No controlled substance violation







Market Facilitation Program 2.0

- Non-specialty crop MFP payments
 - Based on single-county payment rates multiplied by the total plantings (acres) of all MFP-eligible crops
 - In NC, per acre payment rates range from \$15 to \$122 with an average payment rate of about \$46
 - Northampton and Halifax counties > \$100/acre payment rate
 - Carteret and Warren counties have \$46/acre payment rate
 - Alleghany, Avery, (plus 5 more counties) \$15/acre payment rate
- Specialty crop MFP payments
 - E.g., Table grapes: \$0.03/lb at 20,820 lbs/acre







Market Facilitation Program 2.0

Dairy and Hog payments

- Dairy: \$0.02/cwt times production history measure
- Hogs: \$11/head times live hogs owned on selected day in April/May
 2019

MFP Payment tranches

- First payment: Higher of 50% of calculated payment or \$15 per acre
- Second and third to be determined in 11/2019 & 1/2020

Payment limits

\$250k for non-specialty crops, \$250k for specialty crops, and \$250k for dairy/hogs

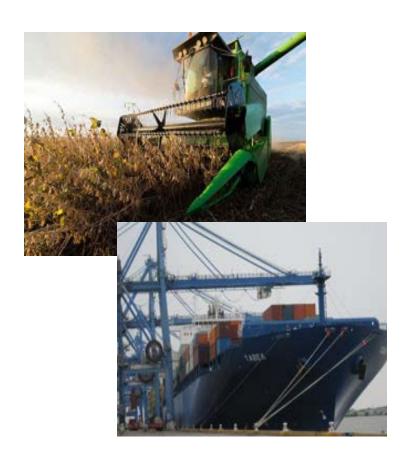






Take Home Messages

- There are a number of safety-net programs currently available through FSA
 - Contact your local FSA office personnel ASAP
- Take note of sign-up deadlines
 - MFP & WHIP+ first, ARC or PLC later









Thank you!

- Questions?
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- Website:
 - Agricultural Policy and Farm Bill Extension Website at NC Dept. of Ag. & Resource Economics:
 - https://cals.ncsu.edu/are-extension/policy-andregulation/agricultural-policy-and-farm-bill/



