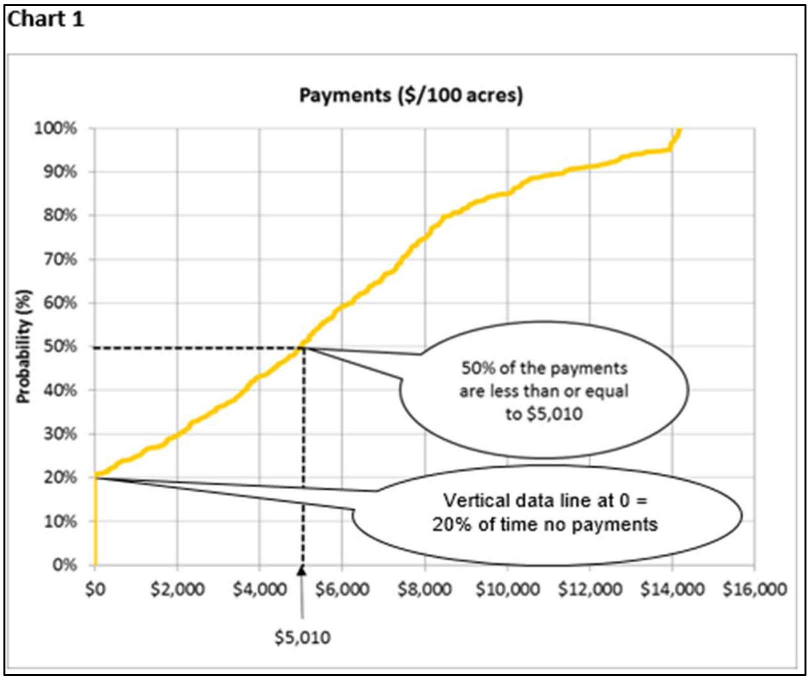
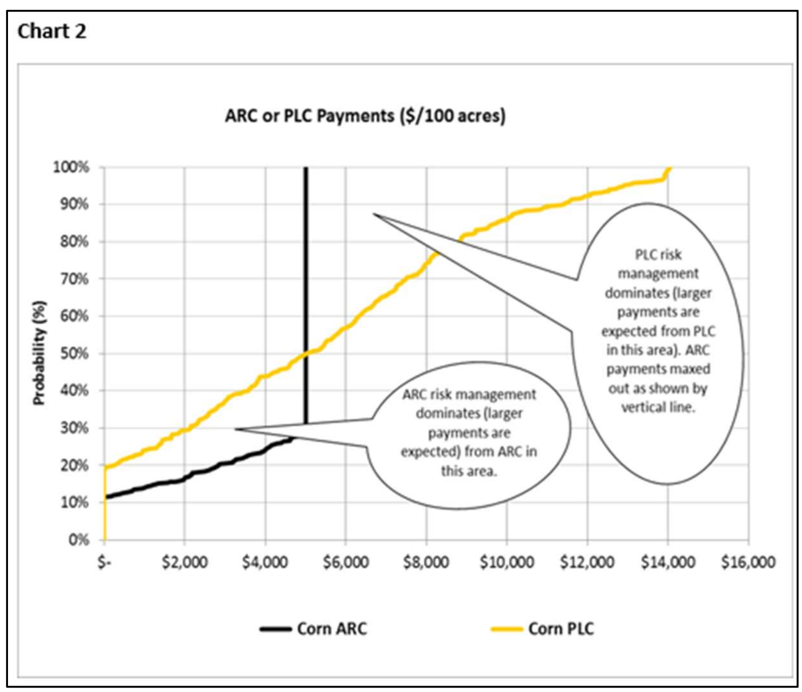
Agricultural Risk Coverage and Price Loss Coverage Analysis

The county specific decision aids on this site include information from a crop simulation model to project the probability of payments reaching certain levels. Using county historical yields, prices, projected prices, and assumed program enrollment choices; the model results are presented in charts such as below. If you select a point on the graph, it corresponds to a probability on the vertical axis that the model projects the corresponding payment level (per 100 acres) on the horizontal axis is reached under the assumptions in the model for the county being examined. Since the vertical axis is a probability, it falls between 0% and 100%. The risk management payments increase moving from left to right on the horizontal axis.



In example Chart 1, start at the 50% probability on the vertical axis and follow over to the data line. That point indicates that 50% of the time, the model projects payments are less than or equal to $5,010 per 100 acres. Also, about 20% of the model runs indicate there would be no risk management payment at all.



Example Chart 2 compares risk management payment probabiliites compared to each other for if someone selected either ARC or PLC for their corn crop under the assumptions in the model. When one data line is to the right of the other data line, that program is projected to have a higher payment for the percentage of the model runs which were simulated. In this example, there would be no ARC projected payments about 12% of the model runs, and no projected PLC payments about 20% of the model runs. Thus, ARC would be projected to provide higher payments than PLC for corn about 38% of the time (12% up to 50% where the lines cross). However, PLC would be projected to provide higher payments than ARC for corn about 50% of the time (50% up to 100% on the vertical axis). Also, the ARC payments are maxed out due to the ARC payment limit as shown by the vertical line from about 30% probability up. **(see important information on the next page)**

IMPORTANT:

The county specific decision aids assume that the model farm stays in the same program all 5 years (2019-2023). The 2018 Farm Bill allows farmers to make a switch to the other program (ARC to PLC or PLC to ARC) annually in 2021, 2022, and 2023 on a crop by crop basis. This assumption results in 2021 – 2023 graphs that may not be applicable to the farmer's annual decision.

Iowa Farm Bureau plans to provide decision makers updated analysis for future years (2021, 2022, and 2023) on the www.IowaFarmBureau.com website that is informed by market conditions and updated assumptions used in the crop simulation model prior to when those next decisions will be made at the farm level.