



Re-Prioritizing The Yield Cascade Used For ARC-CO Yield Determinations

BACKGROUND

Payment rates under ARC-CO depend on national average crop prices and county average crop yields. Due to county-to-county differences in program yields, payments vary significantly across political boundaries.

While Congress designed the program to be based on county yield information, the availability and consistency of county-level data – or lack thereof – has raised concerns. Even so, the legislation allowed USDA to consider multiple data sets when estimating county crop yields. USDA data sources for county-level crop yields may include estimates from National Agricultural Statistics Services (NASS), Farm Service Agency (FSA), and the Risk Management Agency (RMA). These crop yields may not always align.

OPTION

Legislating how the “cascade” policy on yield is used.

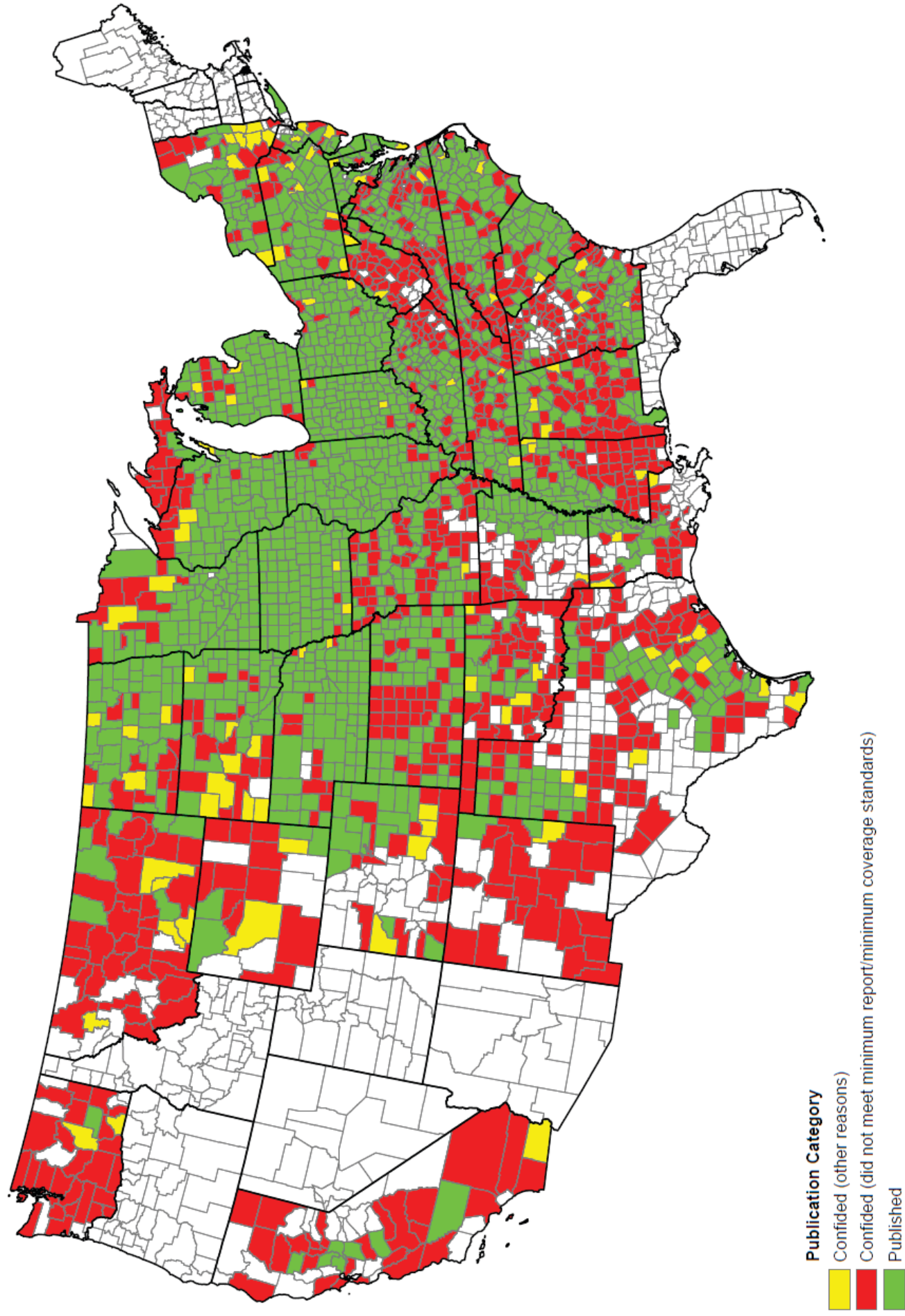
The 2014 Farm Bill gave the Secretary discretion to decide which yields to use in determining county revenue under the ARC-CO program. FSA chose to establish a “cascade” policy under which NASS county yields are used, when published. If less than 30 producers per county return surveys, NASS doesn’t publish a yield for a county and the next yield in the case is county crop insurance yields. If they are not available, the yield is established using the NASS yield for the county’s Crop Reporting District. If none of these are viable options, the decision defaults to the state FSA Director to determine a county’s yield.

The maps on pages 2-4 indicate which counties did not have adequate county NASS yields to use for the 2014 crop marketing year.

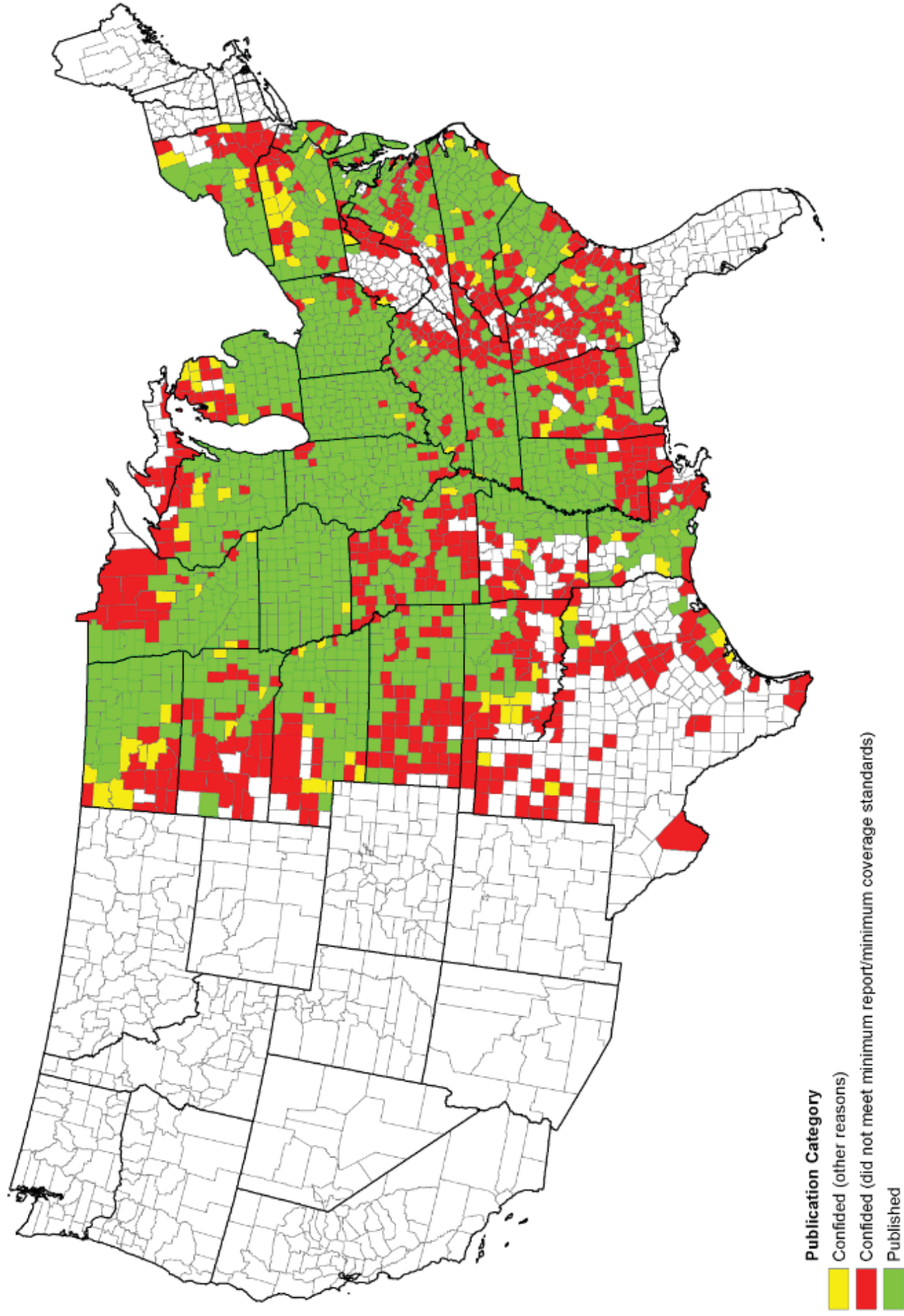
For 2014 crops, several counties which did not have NASS yields had RMA yields that were higher than the NASS yields in neighboring counties, resulting in lower or no ARC-CO payments. Some believe that in addition to appearing inequitable, the discrepancy in which county yield numbers are used will open the program to criticism that yields taken from alternative data sets create an “apples to oranges” situation. Indications are that discrepancies will continue when ARC-CO payments for 2015 crops are made in October.

Several lawsuits and appeals are pending at USDA regarding this issue. While various options were discussed with USDA during the spring and early summer of 2016, it appeared most options would cause an increase government spending and offsets elsewhere in the Farm Bill would have been required. In addition, it appeared most options had more counties losing assistance than those that would have gained assistance should the cascade have been altered.

2015 Crop Year NASS Corn Yield Publication Category



2015 Crop Year NASS Soybean Yield Publication Category



2015 Crop Year NASS Wheat Yield Publication Category

