<u>2019 Planting Decisions</u> <u>(Prevent Plant, Late Plant and Replant)</u>

Given the excess rainfall received this spring, many have struggled getting crops planted in a timely manner, and for those that have gotten crops planted, they now find some fields submerged and damaged by excess precipitation and/or flooding. As the days mount, farmers are faced with difficult decisions regarding what to plant or whether to replant, impacted by several factors including rain forecasts, crop insurance limits and eligibility, crop prices, crop rotations, previous herbicide and fertilizer applications, and even the newly announced disaster and second round of Market Facilitation Program payments.

Below is a compilation of observations and information regarding 2019 late planting decisions and can be used in tandem with an excel spreadsheet, "2019 Planting Decisions." It represents our best interpretation of current rules, but many issues surrounding Market Facilitation Payments and Disaster Program implementation still remain to be clarified. We caution that specific rules and details regarding the crop, your unique field/unit, insurance coverage, crop costs and cropping history, may make this information less applicable, **so please stay in contact with your local crop insurance agent and FSA office**, and let us in the KFB Advocacy Division know of any discrepancies that you find between what we outline below and your situation. Corn is currently the most affected but as final planting dates approach for other crops, the process is similar. Excel worksheet cells in **blue,** are for input. It is by no means an exhaustive analysis but meant as a starting point as you study your individual situation.

<u>Market Facilitation Program (MFP) for 2019</u>

Authorized under the Commodity Credit Corporation (CCC) Charter Act and administered by the Farm Service Agency (FSA), will provide $14.5 billion in direct payments to producers.

- Producers of **alfalfa hay, barley, canola, corn, crambe, dry peas, extra-long staple cotton, flaxseed, lentils, long grain and medium grain rice, mustard seed, dried beans, oats, peanuts, rapeseed, safflower, sesame seed, small and large chickpeas, sorghum, soybeans, sunflower seed, temperate japonica rice, upland cotton, and wheat** will receive a payment based on a single county rate multiplied by a farm's total plantings to those crops in aggregate in 2019.
- Those per acre payments are not dependent on which of those crops are planted in 2019, and therefore will not distort planting decisions. Moreover, total payment-eligible plantings cannot exceed total 2018 plantings. *This suggests, in order to maximize MFP payments, the sum of planted acres of the above crops, must equal the sum from last years plantings. Note: It appears that unplanted, i.e. Prevent Planted acres won't qualify as "2019 plantings."*
- Payments will be made in up to three tranches, with the second and third tranches evaluated as market conditions and trade opportunities dictate.
- The first tranche will begin in late July/early August as soon as practical after Farm Service Agency crop reporting is completed by July 15th. If conditions warrant, the second and third tranches will be made in November and early January.
- June 11, AGRIPULSE – **New guidance out on MFP, disaster aid.** Ahead of Trump's Iowa trip, Perdue issued a statement that provides a few new details on the disaster aid and the new trade assistance package will work.

  The highlights:
  - USDA has affirmed that unplanted acreage won't be eligible for Market Facilitation Program payments. But USDA may provide a "minimal" MFP payment on prevented-planting acreage that is seeded to a harvestable cover crop.

- The prevented planting assistance authorized by the disaster aid bill will generally be limited to areas that have disaster declarations although exceptions may be made on a case-by-case basis. This applies to farmers with or without crop insurance.
- The size of the prevented planting payments will be limited by the $3 billion cap on ag disaster payments. USDA has the authority to compensate farmers at the higher of the harvest or spring price.
- USDA is reviewing the Nov. 1 restriction for haying or grazing cover crops on prevented-planting acres.

Prevented and Late Planting Options

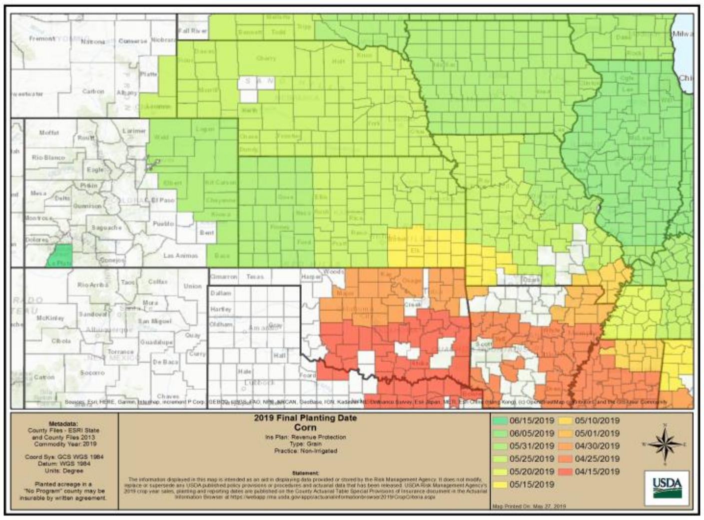
1. Go ahead and plant the initial crop, although actual yields may be reduced.
    - If planted after the Final Plant Date (FPD), insurance coverage will also be reduced (see below). If planted after the Late Planting Period (LPP), insurance coverage will be equal to that for Prevented Planting (55-60%), or you can choose to not insure the crop.
2. Switch from planting the initial crop to another such as soybeans or grain sorghum. Check the date on which the other crop is planted, as it may also be impacted by crop insurance. For example:
    a) If planted on or before the end of the late planting period for the initial crop, the crop insurance coverage should just switch from the initial to the other crop; but
    b) If planted after the late planting period, you can insure the alternate crop, and still receive a partial prevented planting payment on the initial crop equal to 35% of the full prevented planting payment after paying 35% of the initial crop premium. Note: 60% of your approved yield for the initial crop will be reported for APH, unless part of the field was planted (check with your crop insurance agent for specifics). Check with your local FSA office to ascertain how these acres will need to be "reported," as it may impact MFP eligibility.

    Also, if the alternate crop is not one listed on page one, it will likely not count as "2019 plantings" for MFP purposes.

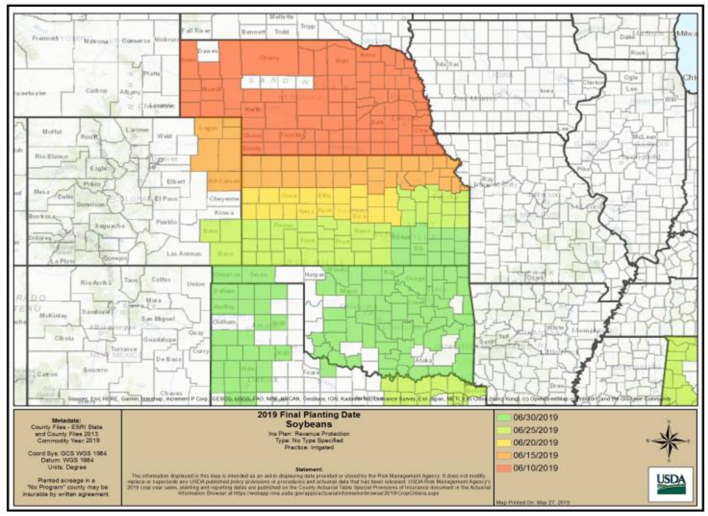
3. Take the prevented planting payment on the initial crop, which is equal to 55% of your original revenue guarantee and leave the unit unplanted this growing season (November 1).
    - These acres may also be planted to a cover crop during or after the end of the LPP. They will still receive the full Prevented Planting payment so long as the cover crop is not hayed or grazed before November 1. The cover crop may not be harvested otherwise at any time (for silage, grain, seed, haylage, etc.).
    - This will NOT impact future APH calculations.

Key Crop Insurance Information

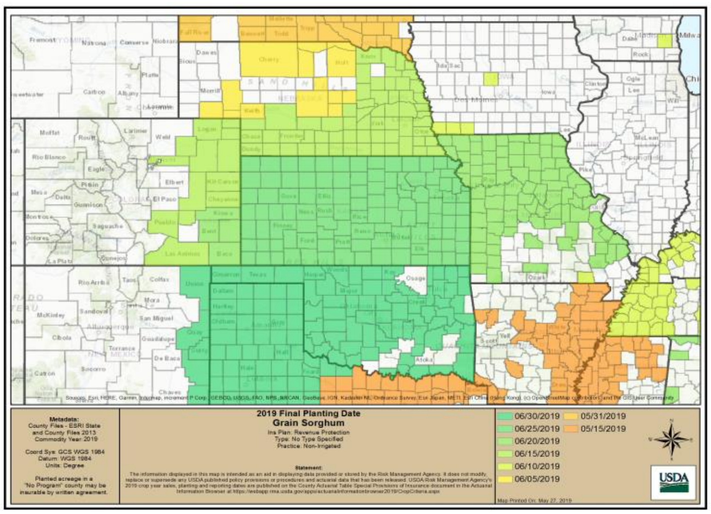
- Final Plant Date (FPD) – Acres planted on or before this date receive the full yield or revenue guarantee that was selected. These dates vary by commodity and location within the state, so you must check with your crop insurance agent or the Actuarial Documents for your crop, crop year, insurance plan and county. https://webapp.rma.usda.gov/apps/actuarialinformationbrowser/. Acres planted after this date receive a reduced guarantee. Acres not yet planted as of this date should be reported to the insurance agent within three days.
- Late planting period (LPP) – The period after the final planting date, 20 to 25 days depending on the commodity, in which planting can still take place **but the value of the yield or revenue guarantee is reduced (normally 1% per day)**, reflecting lower yield potential for late-planted crops. Stay in communication with your local insurance agent.



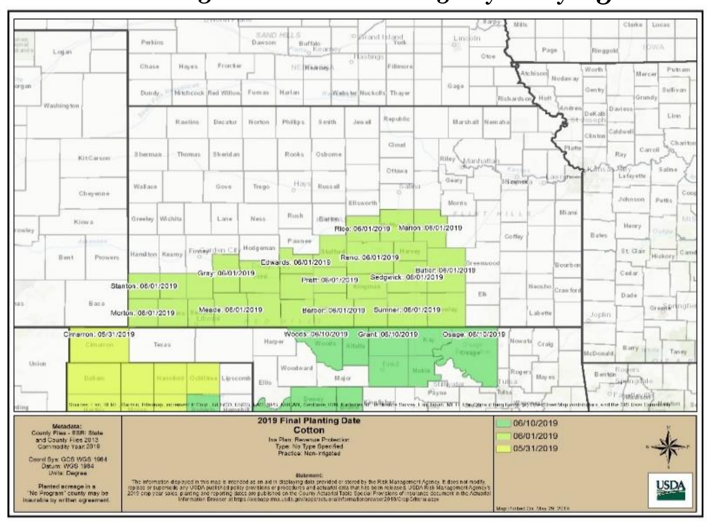
Corn	Final Plant Date	Late Planting Period
	May 15	20 days-June 4
	May 25	20 days-June 14
	May 31	20 days-June 20



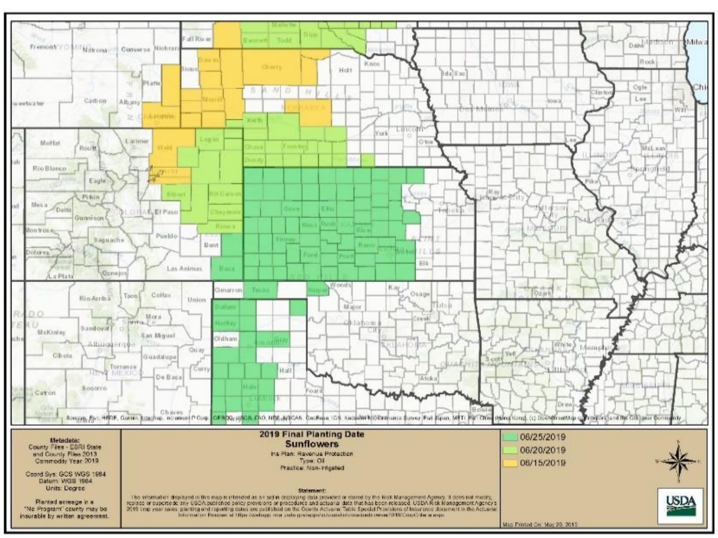
Soybeans	Final Plant Date	Late Planting
	June 15	25 days-July 10
	June 20	25 days-July 15
	June 25	25 days-July 20
	June 30	25 days-July 25



Grain Sorghum	Final Plant Date	Late Planting Period
	June 25	25 days-July 20



Cotton	Final Plant Date	Late Planting Period
	June 1	15 days-June 16



Sunflower	Final Plant Date	Late Planting Period
	June 25	25 days-July 20

RE-Plant, Plant Another Crop Options

Clearly, job one is to contact, stay in contact, and work with your local crop insurance agent. Your opinion and that of your crop consultant are important, but getting a crop insurance adjuster out, and obtaining a crop appraisal and if needed, a replant inspection will be the starting point as you must decide if the crop is worth going forward with, should be replanted to the original crop, planted to another crop, or left idle.

In short, your options include:

1) Do nothing and harvest the crop this fall; assuming you have a viable stand.
2) Replant the initial crop. This will depend on the appraisal and whether it is still "practical to replant" and if you choose to replant. Note: Replant payments are not authorized under cotton crop provisions; however, producers can still replant cotton, they just won't receive a payment.
3) Plant another crop.
4) If the field is not practical to replant and the stand is not viable, you can file a claim after the late planting period, collect the full indemnity, leave the ground idle this spring/summer, and plant another crop later (for example wheat this fall or a spring crop in 2020).

(2) Replanting the Initially Planted Crop

Replanting is a possibility IF, we can get back into the field while it is still practical to replant. There are many factors that will come into play as your crop adjuster and Approved Insurance Provider (AIP) determine whether it is or is not practical to replant any specific unit, but for most Kansas crops, RMA considers it NOT practical to replant, after the 10th day after the final planting date (FPD)[1]. These dates vary by commodity and location within the state, so you must check with your crop insurance agent or the Actuarial Documents for your crop, crop year, insurance plan and county. https://webapp.rma.usda.gov/apps/actuarialinformationbrowser/. Depending on where you live and what your Final Plant Date (FPD) is, we can provide the following estimates:

Corn	FPD	Not Practical to Replant	LPP ends	Soybeans	FPD	Not Practical to Replant	LPP ends
	May 15	May 25	June 4		June 15	June 25	July 10
	May 25	June 4	June 14		June 20	June 30	July 15
	May 31	June 10	June 25		June 25	July 5	July 20
					June 30	July 10	July 25

Grain Sorghum	FPD	Not Practical to Replant	LPP ends
	June 25	July 5	July 20

Note:

- You're required to notify/work with your crop insurance agent regarding replant decisions;
- The AIP still may override this (10th day after FPD) and determine that it IS practical to replant if the LPP is greater than 10 days; additionally
- You can choose to replant until the late planting period ends.

To qualify for a replanting payment the:

1) insured crop must be damaged by an insurable cause *(I think we can check this box; excess precipitation and the associated flooding should count)*;
2) AIP must determine that it is practical to replant[2]);

[1] *Double Cropping Revision and Practical to Replant*, Risk Management Agency

[2] Practical to replant - Our [AIP] determination, after loss or damage to the insured crop, that you are able to replant to the same crop in such areas and under such circumstances as it is customary to replant and that replanting the insured crop will allow the crop to attain maturity prior to the calendar date for the end of the insurance period. We may consider circumstances as to whether:

3) acres being replanted must have been initially planted on or after the "Earliest Planting" date established by the special provisions (SP);
4) per acre appraisal (or appraisal plus any appraisals for uninsured causes of loss) must be less than 90 percent of the per acre production guarantee for the acreage the insured intends to replant;
5) acreage replanted must be AT LEAST the lesser of 20 acres or 20 percent of the insured planted acreage for the unit (as determined on the final planting date or within the late planting period if a late planting period is applicable); (Any acreage planted after the end of the late planting period will not be included when determining if the 20 acres or 20 percent qualification is met; and
6) AIP has given consent to replant.

IF it is determined by your AIP that it is practical to replant the initial crop, in most instances you'll likely want to, as you will again have full coverage (even if planted during the LPP), and you'll receive a replant payment to assist with the added costs. If you choose not to replant, the crop or crop acres in question will be removed from the acreage report, there will be no premium due, and no coverage will be considered to have existed (thus no indemnity, to assist in recouping your expenses).

Replant Payments: The replant payment will likely be $32 per acre for corn (8 bushels x $4.00 projected price)[3]; and $28.62 for soybeans (3 bushels x $9.54 projected price). Although you must be cognizant of the, "20 percent of the production guarantee times projected price times the insured's share," component for those with very low coverage levels.

(3) Plant Another Crop

Note: you've already likely incurred significant costs in planting the "initial" crop. Some of these expenses may be applied (used by) the alternate crop but some may not. As you weigh the potential returns of replanting the initial crop or planting an alternate crop, you need to as accurately as possible, account for the costs already incurred and future expenses for each crop on that given acre. Kansas State University Crop Cost Budgets may be a good reference.
https://www.agmanager.info/farm-management-guides-0

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1) it is physically possible to replant the acreage *(some units may be physically impossible to replant)*;
2) seed germination, emergence, and formation of a healthy plant is likely;
3) field, soil, and growing conditions allow for proper planting and growth of the replanted crop to reach maturity; or
4) other conditions exist, as provided by the Crop Provisions or Special Provisions.

Unless we determine it is not practical to replant, based on the circumstances listed above, it will be considered practical to replant through: (1) the final planting date if no late planting period is applicable; (2) the end of the late planting period if the late planting period is less than 10 days; or (3) the 10th day after the final planting date if the crop has a late planting period of 10 days or more. We will consider it practical to replant regardless of the availability of seed or plants, or the input costs necessary to produce the insured crop such as seed or plants, irrigation water, etc.

[3] The maximum amount of the replanting payment per acre will be the LESSER OF:
(1) 20 percent of the production guarantee times projected price times the insured's share; or
(2) the product of multiplying the maximum bushels allowed in the policy (8 bushels for grain, 1 ton for silage) by the projected price, times the insured's share in the crop.
Thus, $32 per acre for corn, unless your production guarantee is under 40 bushels per acre.

(3a) If the initially planted crop is determined practical to replant but you plant another, different crop:

- the initial crop is removed from the acreage report, no coverage is considered to have existed, and no premium is due; and
- the second crop planted may be insured, provided it meets all insurability requirements and will be considered the first insured crop.

(3b) If the initially planted crop is determined NOT practical to replant but you want plant another, different crop, that is still an option but in this situation, you'll likely also want to make an insurance claim on the initial crop, which means the initial crop will be reported as planted (First Crop), and will likely get a very low appraisal that will impact your APH history. From an insurance standpoint, this puts us under the "first crop/second crop" rules and you can either:

i) file a claim and receive 100 percent indemnity on the initial, insured crop – then plant and harvest, but elect not to insure a second crop on the acreage. In this case, the acreage and production from the second crop is not included for APH purposes, unless it is comingled with production from insured acreage; or
ii) receive 35 percent of the indemnity on the first insured crop, then plant and insure a second crop on the acreage if the second crop is planted within the appropriate LPP.
    - If the second crop does not suffer a loss, the policyholder can receive the remaining 65 percent indemnity on the initial, first crop (the farmer is liable for 100% of the premium on both crops).
    - If the second crop does suffer a loss that the farmer collects on, the farmer is liable for 100% of the second crop insurance premium but can keep the previously received 35% indemnity on the first crop and is only liable for 35% of the initial crop premium.

In most cases, either i or ii, shouldn't impact future planting or crop rotation decisions, even if you plant and harvest a cover crop, but it is strongly recommended that farmers check with their crop insurance agent.

Links to Additional Information and Resources

- RMA Prevented Planting Page: https://www.rma.usda.gov/en/Topics/Prevented-Planting
- RMA PP Changes for 2019: https://www.rma.usda.gov/en/News-Room/Frequently-Asked-Questions/Prevented-Planting-Coverage-Factor-Changes-for-2019
- RMA PP Factsheet: https://www.rma.usda.gov/Fact-Sheets/National-Fact-Sheets/Prevented-Planting-Insurance-Provisions-Flood
- RMA PP FAQ: https://www.rma.usda.gov/News-Room/Frequently-Asked-Questions/Flooding
- KSU Prevented Plant Briefing: https://www.agmanager.info/crop-insurance/risk-management-strategies/prevented-planting-options-2019-kansas-corn-growers
- Purdue PP Webinar: https://www.youtube.com/watch?v=OYLbjfCtk8g&feature=youtu.be
- Purdue PP Slides: https://ag.purdue.edu/commercialag/Documents/Slideshow-PDF-Files/2019_05_23_DelayedPlantingDecisionsWebinar_MintertLangemeierNielsen.pdf
- RMA Double Crop and replant FAQ: https://www.rma.usda.gov/en/News-Room/Frequently-Asked-Questions/Double-Cropping-Revision-and-Practical-to-Replant