



Farm Bill Update

WOW, 2019 will go down as having the latest planted crop on record with the highest amount of prevent plant. Most row crops will take well into October to mature and the market really doesn't care. Now that summer is about over, we are dealing with lots of damp cloudy weather making harvest a real challenge. Wheat quality issues are common, and it looks like we may see the same thing in the row crops.

Keep in mind, this is just one of agriculture's cycles that most of us have gone through before. We prepare for these challenges by planning ahead and using the tools available to us. Planning ahead means putting a good risk management plan together for times like this when mother nature doesn't cooperate. That plan consists of crop insurance (multi-peril and hail), a crop marketing plan, and the farm program.

Be sure to use these tools to your fullest advantage. If it looks like you have quality issues, or your yields are low, let us know as soon as possible. This will give the adjuster time to take samples, measure bins and evaluate the situation for you. As the new Farm program enrollment begins, we will start plugging your numbers into the program calculators which will help you determine if PLC or ARC is your best choice for 2019 and 2020. If you have questions on marketing your crops please don't hesitate to contact Luke Swenson at the Money Farm. His number is 701-347-5985. Luke is committed to answering all questions from ProAg customers and explaining your options.

It's shaping up to be a long, drug-out fall. Remember to always be safe and use the tools you have available at ProAg. Don't hesitate to call with any questions or concerns. **Thank You** for your business and trust in us.

STORED GRAIN FROM PREVIOUS YEARS MUST BE MEASURED BY THE INSURANCE COMPANY PRIOR TO COMMINGLING WITH ANY NEW CROP .

Contact us if you are planning to comingle any crops this fall.

On 9/3/19, the USDA announced the beginning enrollment for the 2019 Farm Program. The 2019 signup will continue through March 15, 2020. Under the 2018 farm bill, producer's will again have the choice of Ag Risk Coverage (ARC-County or Individual) or Price Loss Coverage (PLC) but will only be locked into this choice for the first 2 years (2019 & 2020). Producers will have the opportunity from 2021 through 2023 to change their program decisions. Even though signup has begun, waiting till the end will help make a more informed decision as the 2019 NASS yields should be available and we will be through 80% of the marketing year for wheat and 60% for corn and soybeans. As with the 2014 Farm Program, we will again be working with our customers and help with the program analysis as well as updating of Program Yields that will be available for the 2020 crop year.

MFP 2.0

A second round of Market Facilitation Program (MFP) payments was announced in June with sign up starting the end of July and running until December 6, 2019. A key difference from the first round of MFP is that a payment will be made on all eligible **planted program crop acres** (That list includes most crops grown in our area with the exception of sugar beets and potatoes) and are based on a flat county rate, no matter what eligible crop was planted (i.e. you receive the same payment per acre no matter if you planted wheat vs. soybeans). The payments are scheduled to be made in three installments. The first payment is already underway for those that have signed up earlier and will consist of 50% of the county rate. If you had added land or prevent plant in 2019, the payment could be delayed as FSA has to manually calculate these payments. The 2nd and 3rd installments will be based on market conditions and trade opportunities and are anticipated to be paid in November and January. There were also payments made of \$15/acre for MFP eligible cover crops if they were planted before August 1st. As a reminder, these cover crops can be hayed or grazed **after** Sept. 1st this year due to a one-time exemption due to the challenging planting conditions nationwide.

2018 ARC/PLC Payment Estimates

ARC Payment Estimates

We have estimated 2018 ARC payments using the latest Marketing Year Average (MYA) prices and the NASS yield released this past February as well as county yields that RMA released in August. In general corn and soybean ARC payments will be few and far between except for a few counties that experienced drought last summer. Wheat payments will be more common due to below average yields (primarily south of US Hwy 2). Final FSA yields will be published in October, at which point we will send out the final numbers.

PLC Payment Estimates

Corn:	\$0.10/bu.	(MYA = \$3.60, Reference Price = \$3.70)
Wheat:	\$0.36/bu.	(MYA = \$5.14, Reference Price = \$5.50)
Soybeans:	\$0.00/bu	(MYA = \$8.50, Reference Price = \$8.40)

Wheat Quality Issues



The rain can stop any time now.... With all the wet weather we've been experiencing over the past few weeks some quality issues that we haven't dealt with in years are surfacing. Falling Numbers (FN) coming in below 300 have been the primary concern as well as sprout damage and a few cases of Vomitoxin. If you suspect wheat quality issues, or have had some tests done at the elevator that show your FN coming in below 300, please give us a call so that we can submit a notice of damage on your behalf. Below are the crop insurance discount factors for Falling Numbers and Vomitoxin. These quality issues, in conjunction with a fall price that settled at 12.48% below the spring discovery price, could possibly result in a claim. Farm stored wheat should be separated out by like-quality. This will aid the adjusters in getting an accurate sample reflective of the bin. The adjusters will need to take a quality sample within 60 days after harvest is complete. In an article published by the Univ. of MN, they do not recommend blending lots with good FN with a lot with poor FN as it will not result in a simple linear function. (ie combining 350 FN wheat with 250 FN wheat will not result in 300 FN wheat but something lower and probably closer to 250)

FALLING NUMBER DISCOUNT FACTORS

Falling Number Range	DF
299-275	0.052
274-250	0.086
249-225	0.121
224-200	0.155
Below 200	Based on Reduction in Value

VOMITOXIN DISCOUNT FACTORS

Vomitoxin Range	DF
0.1-2.0 ppm	.000
2.1-3.0 ppm	.224
3.1-4.0 ppm	.310
4.1-5.0 ppm	.397
5.1-10.0 ppm	.450
10.1ppm & above	Based on Reduction in Value

LDP

With the passage of time, it may have been easy to forget the mechanics of LDP's but with our current price levels you may be wondering if a LDPs will be part of your marketing decision for 2019. As you recall, LDPs are direct payments made in lieu of a marketing assistance loan when the current local price in a county (lesser of either the 30-day Posted County Price or 5 calendar day rolling average Alternative PCP) is below the applicable county loan rate.

Our current 5 calendar day rolling average Alternative posted county price is \$3.33 for corn; \$7.54 for soybeans and \$4.15 for wheat, however these are more than average loan rates of \$2.06 for corn; \$5.94 for soybeans and \$4.11 for wheat making LDP's for these commodities not available at this time. However Hard Red Spring Wheat is within 4 cents of its loan rate in many counties and may potentially be triggering a payment if market prices don't improve later this year.

To be considered eligible for an LDP payment, producers must have a signed form CCC-633EZ, page 1 on file at FSA before losing beneficial interest in the crop. Page 2 of the form must be submitted when payment is requested.

Both the 30-day and 5-day PCP rates are calculated using a "moving average" of 2 terminal markets & location differentials for each county & can be tracked at: <http://www.fsa.usda.gov/programs-and-services/price-support/ldp-rates/index>

Loss Reporting

- It is important to turn in a notice of damage if you have any issues with your crop. A claim can always be withdrawn but if a claim is filed late, there is a chance your loss will not be paid.
- A claim **MUST** be submitted **NO LATER** than 15 days after the harvest of the field.
- If you are chopping corn for silage or take a crop to another use (high moisture corn, destroying part of a field due to drown out, etc), you will need authorization from the company and will want to get an appraisal. If the company does not authorize you to destroy or take the crop to another use, you will be assessed your guarantee on those acres if the field does end up in a loss situation.
- For **farm stored grain with quality issues** (that fall off the discount factor charts), a sample needs to be taken by the insurance company for a state grade within **60 days** of the end of the insurance period to determine RIV (Reduction In Value) factors.
- If you have quality issues like green soybeans and damaged drybeans, make sure the elevator/processor is marking those as **damaged** production instead of reducing the price that you receive. The only way crop insurance can discount for these is if they are recorded as such by the elevator/processor.

Corn Test Weight Discounts and Growth Stages

With many areas behind on GDU's and forecasts calling for below average temperatures to start the month of September, there may be some issues with lighter test weight corn this fall. To the right is the crop insurance test weight discount table. This, along with grade and damage discounts, will be used when determining production to count on a corn claim. When corn falls below 44 lb TW the RIV (Reduction in Value) is determined by taking the price received divided by the board price the date production is sold. For unsold or unharvested production, the Reduction In Value (RIV) will be 50%.

TEST WEIGHT DISCOUNT FACTORS

Test Weight	Discount Factors
49 and above	None
48-48.99	0.041
47-47.99	0.051
46-46.99	0.062
45-45.99	0.072
44-44.99	0.082
Below 44	Reduction in Value

STAGE	Corn Growth Development Stages	*	Calendar Days Remaining	GDU's To Maturity	% of Max Yield Whole		Moisture Content Whole		Yield Reduction
					Grain	Plant	Grain	Plant	
Silking	This is the pollination period. Silks emerged, tassel shedding pollen.		50-60	1100-1200	0	50-55	0	80-85	
Silks brown	Pollination period almost complete. 75% of silks brown, but not dry to touch.								
Pre-blister	Pollination period is complete. Silks are brown but not dry. No fluid in seed coat and kernel has appearance of a pimple.	9							
Blister	Kernel appear as watery blisters. Kernel is white and fluid is colorless. Removal of fluid from kernel would leave only hull.	13	40-45	875-975	0-10	55-60	85-95	80-85	
Early Milk	Beginning of roasting ear stage. Kernels changing in color from white to yellow. Thin (chalky or milky) substance in kernels.								
Milk	Prime roasting ear stage. Full yellow color. Cob has reached it's maximum length. Milky fluid in kernel - no solid substance.	21							
Late Milk	Milky fluid thickening and solids forming in base of kernel.	25	30-40	650-750	30-50	65-75	60-80	75-80	35-50%
Soft dough	Past prime roasting ear stage. First few dents are showing near butt end. Kernels still produce a milky substance when squeezed.	30							
Early dent	Kernels along entire ear beginning to dent. Thick gummy substance will be evident when kernel is squeezed, many kernels will still squirt milk.	35	20-25	425-525	60-75	75-85	50-55	70-75	10-20%
Late dent	All kernels dented. The kernels are drying down from the top where a small hard white layer of starch is forming.	45	11-15	200-300	90-95	100	35-40	65-70	4-5%
Nearly Mature	Milk-line is midway between tip and base. Hull on opposite side of embryo has shiny hardened appearance nearly halfway to the cob.	50							
Mature	Physiological maturity has been reached and the moisture level is below 35% - 40%. Shiny hardened appearance of hull on opposite side of embryo has extended to the cob. The tip of the kernel is generally black indicating dry matter accumulation has ceased.	55	0	0	100	95-100	25-35	55-65	0%

* Days After Pollination

Production Reporting

- Producers are now required to indicate the type of acceptable records on their production report.
- Producer's must have acceptable records of farm stored production including load records by unit/field or section. Combine or grain cart monitor records that can be printed may also be used as load records. If you need load record sheets, please contact our office.
- In an APH audit, if an insured does not have written verifiable records to support the information on the production report, the insured will receive an assigned yield in their APH which could affect a payable claim. If an insured has acceptable records, these records must be within 5% of the yield reported or assigned yields will apply. (Assigned yields are 75% of the previous years APH.)

Syngenta Corn Payments Delayed

Payouts from the \$1.51 billion-dollar settlement with Syngenta are being delayed due to attorneys in the case battling over the allocation of fees. Some attorneys in the case had contingency fee agreements based on a percent of the settlement. A federal judge invalidated these agreements and the court set the fee allocation. In addition, some producer classes are objecting to the settlement and filed additional appeals on May 30, 2019. Payments were originally scheduled to be issued in the 2nd quarter of 2019. According to the settlement website, February 2020 is the earliest that a payment amounts will be finalized.

If you're planning to chop corn for silage, combine as high moisture grain, or store in a bag please contact our office before starting so we can submit the request for an appraisal.

Revenue Protection

With the Revenue Protection policy, a minimum revenue guarantee is established in February with the projected price and then recalculated again in the fall with the harvest price. With the Harvest Price option included, you receive the higher of the Projected Price or Harvest Price in calculating your revenue guarantee. Below is an example of how the decrease in the revenue price works. Please note that the soybean Harvest Price used in the below example is only an estimate and the actual Harvest Price won't be set until the end of October.

Soybeans: An example of a decrease in harvest price

APH:	40	Projected Price: \$9.54
Coverage Level:	75% (30 bu. guarantee)	Harvest Price: \$8.60
Harvested Production:	32 bu.	
Revenue Guarantee:	\$286 (30 bu. x \$9.54- HIGHER of projected or harvest price)	
Production Value:	\$275 (32 bu. x harvest price of \$8.60)	
Indemnity/Ac:	\$ 11	

In the example above, the harvest price went down, which increases your bushel guarantee since you've locked in a revenue guarantee based on the higher of the projected or harvest price.

Below are the 2019 Projected/Harvest Prices on Revenue crops and when the Harvest prices will be determined:

Corn	\$4.00/TBD	Harvest-set in October tracking Dec CBOT futures
Soybeans	\$9.54/TBD	Harvest-set in October tracking Nov CBOT futures
Wheat	\$5.77/\$5.05	Final Harvest Price was set in August
Barley	\$3.13/\$2.99	Final Harvest Price was set in August
Sflower-Oil	\$.167 /TBD	Harvest-set in October tracking Dec CBOT futures
Sflower-Conf	\$.225/TBD	Harvest-set in October tracking Dec CBOT futures

Livestock Risk Protection

LRP is designed to provide protection on fed cattle, feeder cattle, swine, & lamb against a price decline during the policy coverage period. Coverage is priced and available for sale continuously throughout the year. Several enhancements & improvements have been made to the LRP policy for the 2020 crop year which include:

- Premium subsidy increases from 13 percent for all coverage levels to a range from 20 percent to 35 percent based on the coverage level selected.
- The Chicago Mercantile Exchange (CME) trading requirements have been updated to allow for longer coverage periods.

To check out daily offers please visit www.rma.usda.gov or contact us for more information.



2019 Sugarbeet Changes

- If a producer pre-lifts at least 10% of their acres in a unit, they are eligible for an early harvest factor of 1% added for every day they harvest before the start of the regular campaign of October 1st (i.e. if you lift Sep 21st you receive 10% extra and take your harvested production times 110%).
- The added early harvested harvest factor is capped at your Master Yield (or Approved APH for the unit if you have not elected MY).
 - If your production during pre-lift is **over** your master yield, the early harvest factor **will not** apply.
- No notice is required to be submitted for pre-lift harvest unless you have damage due to an insurable cause of loss or may be in a loss situation.
- In the event you have damage due to an insurable cause of loss – a notice must be submitted to the company.
 - The early harvest factor **will** apply to these acres **unless** a notice is submitted and an ag expert signs off that the field needs to be harvested early in order to avoid further losses; in these situations, the adjuster should be notified and advised of the situation before harvesting the beets.
- Producers can self-certify pre-lifted acres used to calculate the Early Harvest Factor (EHF).
- Pre-lift records will be required when completing Sugarbeet production reporting.

Haying and Grazing Cover

Farmers who planted eligible cover crops on prevented plant acres will be permitted to hay, graze or chop those fields earlier than November 1st this year. USDA's Risk Management Agency (RMA) adjusted the 2019 final haying and grazing date from November 1 to September 1 to help farmers who were prevented from planting because of flooding and excess rainfall this spring. This is a one-year change and isn't expected to be expanded into the 2020 crop year.



Rye – Now an Insurable crop!

New for the fall of 2019, rye is now an insurable crop in some Minnesota counties without a written agreement. With the increase in rye acres across the state, RMA has expanded rye coverage to the following 10 Minnesota counties: Clay, Douglas, Grant, Kittson, Morrison, Otter Tail, Roseau, Sherburne, Todd and Wilkin. If you aren't located in one of the following counties, rye can still be insured by requesting coverage via a written agreement. Rye is a fall crop insurance policy with a sales closing and final planting date of September 30th. If you plan to grow rye and are interested in exploring your coverage options, please give us a call today.



CLAIMS MUST BE SUBMITTED NO LATER THAN 15 DAYS AFTER THE HARVEST OF THE FIELD.

Dairy Revenue Protection

- DRP is a federally subsidized, area-based product that insures against unexpected declines in quarterly revenue from milk sales. At sales closing time, a guaranteed revenue is set, and if at the end of your insurance period the state indexed revenue is below your guarantee, you will receive an indemnity payment for the difference.
- DRP provides insurance only for the difference between the final revenue guarantee and actual milk revenue. Losses due to death or damage of dairy cattle are not covered.
- You can have a DRP policy along with FSA's Dairy Margin and RP programs at the same time.
- It is **important to note** that since DRP is area-based (average for a state or region) an individual may have a decrease in production but may not receive an indemnity. Or vice versa, you may not have a loss but could still receive an indemnity payment.



New Veteran Farmer or Rancher

To qualify you must be an individual who has served active duty in the US Army, Navy, Marine Corps, Air Force, or Coast Guard, including the reserve components & you were discharged or released in conditions other than dishonorable, and

- Has never operated a farm or ranch; **or**
- Has operated a farm or ranch for not more than five years; **or**
- Is a veteran who has first obtained status as a veteran during the most recent five-year period, even if that veteran has previously operated a farm or ranch for more than five years.

Benefits include:

- Exemption from paying the administrative fee on your MPCl policy.
- Additional 10% premium subsidy on your MPCl policies.
- Ability to use another person's production history for the acreage transferred to you.
- Increase in the substitute Yield Adjustment (YA), which allows you to replace a low yield due to and insured cause of loss, from 60 to 80 percent of the applicable T-yield.



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CAT Fee Increase

Starting with the 2020 crop year the Risk Management Agency (RMA) **has increased the administrative fee from \$300 to \$655** per crop in each county. If you currently have a CAT policy, buy-up coverage may actually be the more affordable option in some cases.

2019 MPCCI Billing Change

The premium billing date is August 15th for MPCCI policies. RMA has announced that for the 2019 Crop Year, they are extending the deadline to pay your crop insurance premium **interest free to November 30, 2019.**

In order to avoid 15% interest penalties dating back to the premium billing notice, insurance companies must physically **RECEIVE** your payment no later than **November 30, 2019.**

FSA Deadlines

9/30/19: 2020 NAP signup deadline for forage and grass seed coverage.

11/15/19: 2019 Acreage Reporting Deadline for Winter Wheat, Rye and all other fall planted crops.

12/6/19: Market Facilitation Program (MFP) 2.0 sign-up deadline for corn, dairy, hog, soybean & wheat payments for the 2019 Crop Year.

Agents to Serve You

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