

## FAQ 4

### What Are the Crop Bases for LDPs?

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Loan Deficiency Payments (LDPs) are paid to crop farmers when the “market price” is lower than the predetermined loan rate (e.g., market price = \$1.86 for corn, loan rate = \$1.88, thus LDP = \$0.02). The monetary payment is based upon the farmer’s crop yield and the difference between price and loan rate. These bases are determined over time with past crop yield reports.

The crop bases for LDP payments in your county can be obtained from the Web sites below or by calling the local Farm Service Agency (FSA) office. ARP or “Freedom to Farm” payments and LDPs are figured differently. ARPs are equal to  $80\% \times \text{“farm base”} \times \text{cents/bushel per crop} \times \text{“farm yield”}$ . (Note: the “farm yield” is based upon production in the early 1980s). LDPs are equal to (the government loan rate–county posted price)  $\times$  total yield.

#### Resources for LDP Crop Bases

Resources	Sources
National Farm Service Agency. Daily LDP calculator.	<a href="http://www.fsa.usda.gov/pas/default.asp">www.fsa.usda.gov/pas/default.asp</a> Click on “ <i>View Daily LDP Rates</i> ”
Very easy to use and understand. Gives a history of what has happened in a specific crop as far as LDP is concerned.	<a href="http://www.grainline.com">www.grainline.com</a>

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