



2014 Farm Bill

AGRICULTURAL RISK COVERAGE (ARC) & PRICE LOSS COVERAGE (PLC)

Overview & Basic Provisions



Understanding the



ARC/PLC Program

The 2014 Farm Bill:

- **Eliminates Direct & Counter-Cyclical (DCP) Program**
- **Allows for a “one-time” decision to:**
 - **REALLOCATE base acres**
 - and/or
 - **UPDATE Counter-Cyclical Yields**



Understanding the



ARC/PLC Process

ARC/PLC process has three parts:

1. **Update:** Owner(s) choice to “*reallocate*” base acres and/or “*update*” Counter-Cyclical Yields

✓ September 29, 2014 through February 27, 2015

ARC/PLC Process

ARC/PLC process has three parts:

2. **Election:** Once Base Acres and Yields are set, then the *Election* of PLC or ARC takes place on the farm

✓ November 17, 2014 through March 31, 2015

ARC/PLC Process

ARC/PLC process has three parts:

3. **Enrollment**: Once Election has been completed then ***Enrollment*** takes place on the farm
 - Mid-April 2015 thru Summer 2015



Acreage History Update

- In **Early August, 2014**, ALL owners and operators received the following:
 - Letter providing basic background information on base “reallocation” and yield “update” options



Acreage History Update

- Attached to the Letters:
 - 2008 – 2012 Acreage History of Covered Commodities Reported to FSA
 - Current (2014) Base Acres & Counter-Cyclical (CC) Yields



Acreage History Update

Reported Commodity Crop History Summary

2014 Commodity	2014 Base Acres	2014 CC Yield	2014 Commodity	2014 Base Acres	2014 CC Yield	
Wheat	416.00	43.00	Rice Long	607.20	4794.00	
Grain Sorghum	92.10	44.00	Soybeans	182.90	30.00	
History						
Crop	2008	2009	2010	2011	2012	
Wheat	Planted	185.00	115.00	115.00	177.20	137.00
Wheat	Prevented	0.00	0.00	0.00	0.00	0.00
Wheat	Double	0.00	0.00	0.00	0.00	0.00
Wheat	Subsequent	0.00	0.00	0.00	0.00	0.00
Rice Long	Planted	178.70	301.00	320.00	182.40	156.70
Rice Long	Prevented	0.00	0.00	0.00	0.00	0.00
Rice Long	Double	0.00	0.00	0.00	0.00	0.00
Rice Long	Subsequent	0.00	0.00	0.00	0.00	0.00
Corn	Planted	0.00	0.00	0.00	176.80	125.00
Corn	Prevented	0.00	0.00	0.00	0.00	0.00
Corn	Double	0.00	0.00	0.00	0.00	0.00
Corn	Subsequent	0.00	0.00	0.00	0.00	0.00
Soybeans	Planted	893.90	854.90	833.20	801.70	711.20
Soybeans	Prevented	0.00	0.00	0.00	0.00	0.00
Soybeans	Double	100.00	0.00	0.00	55.00	20.00
Soybeans	Subsequent	0.00	0.00	0.00	0.00	0.00



Acreage History Update

- “Summary Acreage History Report” may show “blanks” in one or more years 2008-2012
- COF’s may need to ***manually*** research crop certifications and maps to identify the missing covered commodities on the farm

Acreage History Update

The 2014 Farm Bill provides producers a **one time** option to:

- **UPDATE** Counter-Cyclical Yields
- OR
- **RETAIN** current Counter-Cyclical Yields

Yield history **2008 – 2012**, simple average on “planted acres” X 90%

Acreage History Update

The 2014 Farm Bill provides producers a **one time** option to:

- **REALLOCATE** Base Acres
- OR
- **RETAIN** current Base Acres

Note: Planting history 2009-2012 of Covered Commodities (Reallocation)



Basic Provisions

Title I, Agriculture Act of 2014(Pub. L. 113-79)

- Two New Programs
 - ❖ **Price Loss Coverage (PLC)**
 - ❖ **Agricultural Risk Coverage (ARC)**



ARC/PLC Program Election Process

Authorizes a one-time, irrevocable
“ELECTION” of programs:

- ❖ Price Loss Coverage (**PLC**) – offers price protection.



Price Loss Coverage (PLC)

- PLC provides an income safety net when prices of covered commodities are below **“reference”** prices set by law
- Reference Price formerly called “Target Price”
- Price Protection Program
- Decline in “production” is NOT covered under PLC



ARC/PLC Program Election Process

Authorizes a one-time, irrevocable “ELECTION” of programs (continued):

- ❖ Agricultural Risk Coverage-County (**ARC-CO**) – offers revenue protection at the **COUNTY** level
- ❖ Agricultural Risk Coverage-Individual (**ARC-IC**) – offers revenue protection at an **individual farm level** across all farms enrolled and covered commodities planted

Covered Commodities

- Crops for which base acres have been established according laws and regulations are “**Covered Commodities**”
- For 2014 and subsequent crop years, **Cotton** is not a covered commodity
- **Cotton** base acres become **GENERIC** base acres under the ARC/PLC program 2014-2018

Covered Commodities

21 Covered Commodities		
Barley	Canola	Corn
Crambe	Flaxseed	Garbanzo, Large
Garbanzo, Small	Grain Sorghum	Lentils
Mustard Seed	Oats	Peanuts
Peas, Dry	Rapeseed	Rice, Long Grain
Rice, Medium Grain	Safflowers	Sesame Seed
Soybeans	Sunflower Seed	Wheat

NOTE: Cotton is NOT a Covered Commodity - 2014 Farm Bill

Payment Acres

ARC-CO & PLC Programs

➤ Payment Acres:

Equal to 85% of the specific covered commodity base acres on a farm

Example, Farm #123:

Corn Base – 100 acres

ARC-CO/PLC **Payment Acres** – 85 acres

(100 acres X 85% = 85 acres)

Payment Acres

ARC-IC Program

➤ **Payment Acres:**

Equal to 65% of **TOTAL** covered commodity base acres on a farm

Example, Farm #234:

Corn Base – 100 acres

Wheat Base – 50 acres

ARC-IC Payment Acres – 97.5 acres

(150 acres X 65% = 97.5 acres)

Payment Yield

- Counter-Cyclical Yield for the covered commodity
- Updated Yield, **2008-2012** history using simple average for years crop was planted X 90%
- CC Yield or Updated Yield will become **“PLC”** Yield
- Direct Yields are not utilized under the ARC/PLC program

Advance ARC/PLC Payments

- Advance Payments are NOT authorized for the ARC-CO, ARC-IC or PLC programs



Final ARC/PLC Payments

- Final ARC/PLC payments will be made to eligible producers on or after:
 - **October 1** of the following year of the crop year once the **Marketing Year Average** (MYA) price has been determined for all crops



General Signature Requirements

- FSA-211's (Power Of Attorney) forms:
 - existing FSA-211's on file remain valid for the ARCPLC program **IF** the following box is marked on the FSA-211 form:

2. All current and all future programs.

Farm Eligibility

Producers on a farm are eligible to participate in ARC or PLC on that farm if:

- The farm has base acres
- The farm was enrolled in CRP and contract expired, voluntarily terminated or early released

Eligible Land

- Base acres cannot exceed cropland on the farm, except for established double-cropping
- Land enrolled in a PLC or ARC program contract **MUST** be used for agricultural or related activity.



Farms with 10 Base Acres or Less

- Farms where Sum of Base Acres is 10 acres or Less can be enrolled
- However, producers are not eligible for payment, with an exception
- **EXCEPTION** – Producers on the farm that are socially disadvantaged or limited resource farmers or ranchers are eligible for payment on these farms



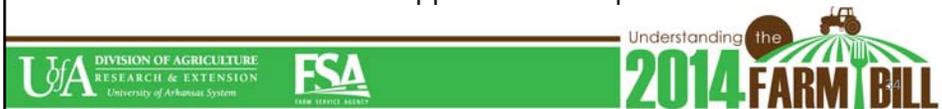
Land Enrolled in Conservation Programs

- Land that is enrolled in Conservation Programs:
 - Is not eligible for PLC or ARC
- Includes any federal conservation program which restricts the production of ag commodities on the farm



Protection of Land

- ✓ Producers must protect ALL land on the farm enrolled in ARC/PLC from noxious weeds and erosion.
 - ✓ Suggested covers to protect land include, but are not limited to:
 - ✓ Grasses and legumes
 - ✓ Volunteer stands
 - ✓ Crop residue from no till or minimum till practices
 - ✓ Perennial covers approved for crop share assistance



Planting Flexibility

- Any crop can be planted on:
 - Land not enrolled in ARC or PLC for the current year
 - Non-payment acres on a farm enrolled in ARC or PLC for the current year
 - Payment acres on a farm enrolled in ARC or PLC for the current year, EXCEPT:
 - ✓ Fruits
 - ✓ Vegetables
 - ✓ Wild rice

Eligible Producers

Eligible Producers include:

- Owners of a farm who share in crops produced on the farm and have a risk in producing those crops

Eligible Producers

Eligible Producers include:

- Operators or other tenants who share in crops produced on the farm and have risk in that crop with a share-lease or cash-lease for the applicable crop year and program year
 - NOTE – A person or legal entity who has no crop share interest in any land of the farm is NOT an eligible producer.

Producer Requirements for the Farm

- HELC/WC Compliance on ALL land
- Ensure that all base acres on the farm are used for agricultural use
- Ensure that payment acres are not planted to FAV/ Wild Rice.
 - Unless exceptions apply

Producer Requirements for the Farm

- Timely submit crop certification for all cropland on the farm
- Timely submit a report of production for farms enrolled in ARC-IC



AGI Compliance

- ❖ 900,000 Average Adjusted Gross Income Limitation
- ❖ 2014 AGI will be determined using tax years 2012, 2011 and 2010 AGI



Payment Limitation

- The ARC and PLC programs are subject to a \$125,000 payment limitation per program year
- This limitation will include all MAL **gains** and LDP's for all commodities and ARCPLC payments received **directly** or **indirectly** for all covered commodities, **except peanuts**

Payment Limitation

- A separate payment limitation of \$125,000 is provided for ARCPLC and MAL **gains** and LDP received **directly** or **indirectly** for **peanuts**

FSA Internet Site

<http://www.fsa.usda.gov/FSA/webapp?area=home&subject=arpl&topic=landing>

Or www.fsa.usda.gov and select
Agricultural Risk Coverage / Price Loss Coverage
Under “Popular Topics”



Webinars & Recordings

www.uaex.edu/farmbill

