2014 Farm Bill

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

Overview & Basic Provisions

ARC/PLC Program

The 2014 Farm Bill:

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

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

✓ “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

<table>
<thead>
<tr>
<th>21 Covered Commodities</th>
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<tbody>
<tr>
<td>Barley</td>
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<tr>
<td>Canola</td>
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<tr>
<td>Corn</td>
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<tr>
<td>Crambe</td>
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<td>Flaxseed</td>
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<td>Garbanzo, Large</td>
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<tr>
<td>Garbanzo, Small</td>
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<tr>
<td>Grain Sorghum</td>
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<tr>
<td>Lentils</td>
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<tr>
<td>Mustard Seed</td>
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<tr>
<td>Oats</td>
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<tr>
<td>Peanuts</td>
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<tr>
<td>Peas, Dry</td>
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<tr>
<td>Rapeseed</td>
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<tr>
<td>Rice, Long Grain</td>
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<tr>
<td>Rice, Medium Grain</td>
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<tr>
<td>Safflowers</td>
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<tr>
<td>Sesame Seed</td>
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<tr>
<td>Soybeans</td>
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<tr>
<td>Sunflower Seed</td>
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<tr>
<td>Wheat</td>
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**NOTE:** Cotton is NOT a Covered Commodity - 2014 Farm Bill

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### 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

  
  \[(100 \text{ acres} \times 85\%) = 85 \text{ acres}\]
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 × 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 × 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


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

Webinars & Recordings

www.uaex.edu/farmbill