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# Agricultural Risk Coverage (ARC) & Price Loss Coverage (PLC)

# Agricultural Risk Coverage (ARC) Overview

- ARC program offers “**Revenue**” loss coverage for selected covered commodities

## Two Options under ARC program

- **ARC-CO**: County Level Loss Coverage
- **ARC-IC**: Individual Level Loss Coverage

# ARC-CO Overview

- ARC-County:
  - protects against crop **revenue shortfalls**
  - price **and/or** production declines per covered commodity
  - at the **“COUNTY”** level

# ARC-IC Overview

- ARC-Individual Coverage:
  - protects against crop **revenue shortfalls**
  - price **and/or** Production declines across
  - **ALL** covered commodities planted at the “**Farm**” level across **ALL** farms enrolled in ARC-IC in the STATE

# Price Loss Coverage (PLC) Overview

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- Provides an income safety net when prices of covered commodities are below “reference” prices set by statute (**Price Protection**)
- Decline in “production” is NOT covered under PLC

# ARC/PLC Comparison to DCP/ACRE

ARC/PLC (2014 Farm Bill)	DCP/ACRE (2008 Farm Bill)
PLC is similar to Counter-Cyclical under DCP. Price Protection NO Direct Payments	DCP had Direct Payments and then Price Protection under Counter-Cyclical
ARC is a “modified” version of ACRE with Revenue protection	ACRE provided Revenue protection and had Direct Payments with a reduction of 20%
ARC has two options: ARC-County or ARC-Individual Coverage	ACRE required two Triggers: State Trigger and Farm Trigger
Upland Cotton bases become “Generic” base acres	Upland Cotton was a base acre crop
One-Time Election required for 2014 through 2018 or if no election completed then PLC for the farm bill with no payment in 2014	ACRE could be elected starting in 2009 or in a later year through 2013. Once ACRE was elected for a year then irrevocable.



# Covered Commodities

- Crops for which base acres have been established according Statute and regulations
- 21 covered commodities (corn, oats, etc)
- For 2014 and subsequent crop years, **Cotton** is not a covered commodity
- “**Cotton**” base become **GENERIC** base acres under the ARC/PLC program

# Base Acres

- Definition:

Base Acres of a covered commodity on a farm in effect on September 30, 2013



# 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 (from DCP/CRE programs) are not utilized under the ARC/PLC program

# Basic Comparison

<b>PLC</b>	<b>ARC-CO</b>	<b>ARC-IC</b>
Uses Price plus PLC Yield	Uses Price Plus “County” Level Yield	Uses Price Plus Producer’s yield on the farm(s)
Payment determined by individual covered commodity crop base acres	Payment determined by individual covered commodity crop base acres	Payment determined by all crops planted of covered commodities combined on the farm(s) in the State

# Basic Comparison

<b>PLC</b>	<b>ARC-CO</b>	<b>ARC-IC</b>
Payments made on 85% of specific crop base acres on farm	Payments made on 85% of specific crop base acres on farm	Payments made on 65% of TOTAL base acres on farm
Production report NOT required	Production report NOT required	Requires annual Production report of all covered commodities planted

# Basic Comparison

<b>PLC</b>	<b>ARC-CO</b>	<b>ARC-IC</b>
Planting of covered commodities NOT required	Planting of covered commodities NOT required	Planting of covered commodities REQUIRED
Elect by Covered Commodity Base Acres by farm <i>May mix ARC-CO and PLC on same farm by base crop</i>	Elect by Covered Commodity Base Acres by farm <i>May mix ARC-CO and PLC on same farm by base crop</i>	Elect on ALL Covered Commodities on the farm <i>ARC-CO &amp; PLC not eligible on farm</i>



# Advance ARC/PLC Payments

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- 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

# Contract Requirements

- ARC-CO and PLC, producers are required to designate shares and sign a contract for farms enrolled (*similar to DCP under 2008 farm bill*)
- ARC-IC, producers sharing in covered commodities on farm enrolled are required to sign a contract
  - payment shares will be determined by using the producer shares of all covered commodities certified (FSA-578) on the ARC-IC enrolled farm

# Important Dates

- **February 27, 2015** – Deadline for farm owners to update yield history and/or reallocate base acres
- **March 31, 2015** – Deadline for Operators to make a one-time election between ARC and PLC for the 2014 through 2018 crop years.



# QUESTIONS