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# Farm Bill: Terms to Know

The terms in this publication are compiled from multiple USDA agency resources. See the reference section for a full list of sources and links to more information. These terms are shared for educational purposes.

## General Terms

**Acreage report** – An annual report for each insured crop in the county in which the producer has an ownership share. It indicates the crop planted, acreage prevented from planting, the producer's share in those crops, acres planted, the dates planted, and other information. Acreage reporting dates vary from crop to crop based on the production cycle. For example, the crop insurance acreage reporting date for spring planted crops is generally July 15.

**Base acres** – A farm's crop-specific historical planted acreage of wheat, feed grains, rice, oilseeds, pulse crops, or peanuts eligible used for FSA program purposes. Base acres do not necessarily align with current plantings.

**Current producer** – The person or legal entity meeting the "definition" of producer on the day that person or legal entity is signing any form or performing any action required under this part.

**Farm (FSA Farm)** – A farm is made up of tracts that have the same owner and the same operator. Land with different owners may be combined if all the land is operated by one producer with all of the following elements in common and substantially separate from that of any other tracts: labor, equipment, accounting system, management. Note: Land on which other producers provide their own labor and equipment, but do not meet the definition of an operator, shall not be considered a separate farm.

**Farm number** – An identifier attached to all land units under control of a particular "operator". The land units may have different owners. Land units may come and go from the farm as interest (lease, ownership) in the land units changes. An

"operator" is the person or business that actually controls day-to-day operation of the farm. The Farm Number requires a state code and county code for uniqueness. Domain: Values of 0 to 9,999,999; with 0 indicating the lack of a specific farm number. One producer may have multiple farm numbers.

**Generic base acres** – Former upland cotton base acres. Generic base acres are not involved in, or subject to, base acre reallocation. If generic base acres are planted to a covered commodity in a given year, then those acres are considered base acres for that planted covered commodity in that crop year. For example, if a farm with 500 generic base acres plants 250 of those generic base acres to corn, and the farm elected ARC-County Coverage for corn, then those 250 generic base acres are treated as corn base in that crop year and receive an ARC-County Coverage payment if one is triggered.

**Limited resource producer** – Limited resource producer status may be determined using the [USDA Limited Resource Farmer and Rancher Online Self Determination Tool](https://lrftool.sc.egov.usda.gov/), <https://lrftool.sc.egov.usda.gov/>. The automated system calculates and displays adjusted gross farm sales per year and the higher of the national poverty level or county median household income.

**Olympic average** – Previous five years' data, excluding the highest and lowest value; average the remaining three values.

**Operator** – An operator is an individual, entity, or joint operation who is determined by the County Committee (COC) as being in general control of the farming operations on the farm for the current year.

**Owner** – An owner is an individual or entity who has legal ownership of farmland, including individuals or entities that are any of the following:

- buying farmland under a contract for deed
- retaining a life estate in the property
- purchasing a farm in a foreclosure proceeding and both of the following apply: the redemption period has not passed, the original owner has not redeemed the property
- a spouse in a community property state
- spouses owning property jointly.

**Planted and considered planted (P&CP)** – With respect to an acreage amount, the sum of the planted and prevented planted acres approved by the FSA county committee on the farm for a crop.

**Producer** – A person or legal entity with a share in a crop on cropland on the farm and shares in the risk of producing the crop on the farm.

NOTE: Cash rent owners do not have a share in the crop nor does the owner share in the risk of producing the crop.

**Socially disadvantaged producer** – Includes American Indians or Alaskan Natives, Asians or Asian Americans, Blacks or African Americans, Native Hawaiians or other Pacific Islanders, Hispanics, and women.

**Tract** – A unit of contiguous land that is under one ownership and operated as a farm or part of a farm.

## **Corn and Soybean Program Terms**

**Agricultural Risk Coverage (ARC)** – new program authorized by the 2014 Farm Bill and reauthorized by the 2018 Farm Bill. ARC provides revenue loss payments to eligible producers for the 2018 through 2023 crop years based on both yield and price combined.

**Agriculture Risk Coverage-County (ARC-CO)** – provides revenue loss coverage based on the combination of county yield and MYA price at the county level for eligible crops.

## **Agriculture Risk Coverage - Individual**

**(ARC-IC)** – provides revenue loss coverage at the farm level for all acreage devoted to eligible crops across all of your farms enrolled in ARC-IC.

**Covered commodities** – Include wheat, oats, barley, corn, grain sorghum, rice, soybeans, sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe and sesame seed, dry peas, lentils, small chickpeas, large chickpeas and peanuts.

**Fruits and vegetables (FAV)** – If grown for use or sale, can affect payment levels under PLC and ARC programs. If grown for conservation or double cropped, will not affect payments.

**Noninsured crop disaster assistance program (NAP)** – Provides financial assistance to producers of noninsurable crops when: low yields, loss of inventory or, prevented planting occur due to a natural disaster.

**Price Loss Coverage (PLC)** – A program authorized by the 2014 Farm Bill, and continued in the 2018 Farm Bill. Price Loss Coverage (PLC) provides price loss coverage for eligible crops on a farm for the 2018 through 2023 crop years when the effective price is lower than the effective reference price. It does not cover revenue losses.

## **Price Terms**

**Benchmark price** – The higher of the effective reference price or the respective market year average price for the covered commodity. The benchmark price is used to compute annual ARC-Individual Coverage and ARC-County Coverage benchmark revenues. The ARC-CO Benchmark Price is the 5-year Olympic average of the higher of the market year average (MYA) price or the loan rate for each year.

**Effective price** – For the specific covered commodity, the higher of the market year average price or the national average loan rate.

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**Effective Reference Price** – the lesser of: 115% of the reference price OR the greater of: the reference price OR 85% of the 5-year Olympic average of the MYA price.

**Market year average (MYA) price** – Reflects the average price received by farmers across the nation at the point of first sale, across all grades and qualities of the crop. USDA publishes Market Year Average (MYA) price projections in the monthly [World Agricultural Supply and Demand Estimates report](http://www.usda.gov/oce/commodity/wasde/), [www.usda.gov/oce/commodity/wasde/](http://www.usda.gov/oce/commodity/wasde/). The MYA price is the season average farm price for the covered commodity as published by National Agricultural Statistics Service (NASS) or determined by the World Agricultural Outlook Board (WAOB).

**National loan rate** – Rates set by the Farm Bill for Nonrecourse Marketing Assistance Loans and Actual County Revenue (when it is higher than the Marketing Year Average Price). National loan rates are \$2.20/bushel for corn and \$6.20/bushel for soybeans.

**Statutory reference price** – Prices for covered commodities set in Title I of the 2018 Farm Bill that apply for 2018-2023 crops and are used in the PLC and ARC programs. For example, the statutory reference price for corn is \$3.70/bushel for 2018-2023 crops and \$8.40/bushel for soybeans.

## Yields Terms

**Benchmark yields** – Yields established by the 5 years preceding the year prior to the program year (preceding five years with a lag year). Example, for 2019, the benchmark years will be 2013-2017 from USDA RMA.

**Counter cyclical yield** – The yield on file with USDA FSA for the farm which was used for the counter-cyclical program.

**Guarantee yield ARC-CO** – The 5-year Olympic average of the higher of the county yield or 80% of T-yield for each year.

**Payment yield** – Used for PLC payments. For the 2020 crop year, higher of yield used under the 2014 Farm Bill OR the owner(s) may make a one-time election to update payment yields on a commodity by commodity basis by September 30, 2020. Updated yield is equal to 90% of the farm's 2013-17 average yield per planted acre (excluding years with no plantings) multiplied by 2nd factor of national average yield 2008-2012 for the crop, divided by the national average yield 2013-2017. The factor cannot be below 90% or exceed 100%. (90% in Iowa). If the yield in any of the years is less than 75% of the county yield, 75% of the 2013-2017 county yield is substituted for that year.

**Planted yield** – The yield based on planted acres (= total production / planted acres)

**Substitute yield** – 75% of the 2013 through 2017 simple county average yield per planted acre for the covered commodity, used in PLC program. Note: County substitute yields by crop have been posted to the [ARC/PLC website](http://www.fsa.usda.gov/programs-and-services/arcplc_program/arcplc-program-data/index), [www.fsa.usda.gov/programs-and-services/arcplc\\_program/arcplc-program-data/index](http://www.fsa.usda.gov/programs-and-services/arcplc_program/arcplc-program-data/index).

**T-yield (Transitional yield)** – The maximum average production per acre or equivalent measure that is assigned to acreage for a crop year by Federal Crop Insurance Corporation (FCIC) in accordance with the regulations of the FCIC whenever the producer fails:

- to certify that acceptable documentation of production and acreage for the crop year is in the possession of the producer; or
- to present the acceptable documentation on the demand of FCIC or an insurance company reinsured by FCIC.

## Revenue and Payments Terms

**Actual county revenue** – Used in determining if payments will be issued under ARC-CO each year; equals Actual Average County Yield times higher of: 12-Month Market Year Average Price or National Loan Rate.

**Adjusted gross income (AGI) limitation** – The limit on eligibility to receive farm program benefits no longer distinguishes between farm and nonfarm income. Under the single AGI limit, any individual with an annual AGI above \$900,000 (including nonfarm income) is ineligible to receive farm program payments under commodity or conservation programs.

**Benchmark county revenue** – Used to calculate payments under ARC-CO; product of ARC-CO guarantee yield and ARC-CO benchmark price. Maximum ARC-CO payment rate - 10% of the ARC-CO benchmark.

**Benchmark producer revenue** – 5-year Olympic average of a producer’s annual benchmark revenues for each commodity for each ARC-IC enrolled farm, excluding the high and low annual revenues. Each commodity’s annual revenue is averaged across all farms, weighted by plantings.

**Crop revenue shortfall** – Value used in determining payments under ARC-CO; occurs when the actual crop revenue is less than the ARC county guarantee.

**Payment acres** –

- For PLC and ARC-CO - 85% of the base acres of each covered commodity.
- For ARC-IC - 65% of the farm’s total base acres for all covered commodities.

**Payment Schedule** – Payments for PLC, ARC-CO and ARC-IC, if triggered, will be issued after October 1 of the year following the program year.

Program year	Payments issued after
2019	October 1, 2020
2020	October 1, 2021
2021	October 1, 2022
2022	October 1, 2023
2023	October 1, 2024

**Producer revenue** – Annual benchmark revenues for each commodity equal the (higher of the 12-month market year average (MYA) price or reference price) times Producer’s 5-year historical average yield on all farms in which the producer has an interest: (substitute 80% of the county transitional (T) yield for each year the historic yield is less than 80% of T).

**Revenue guarantee** – Used in determining if payments will be issued under ARC-CO and ARC-IC; equals 86% of benchmark revenues under ARC-CO and ARC-IC.

**Crop Insurance Terms**

**Catastrophic coverage (CAT)** – The minimum level of coverage offered by FCIC. Catastrophic risk protection is not available with revenue protection.

**Coverage level** – Percent of coverage selected, most crops have coverage levels available from 50% to 85%, in increments of 5%.

**Premium** – Payment for insurance; determined by either: Multiplying the production guarantee per acre times your price election or your projected price, as applicable, times the premium rate, times the insured acreage, times your share at the time coverage begins, and times any premium adjustment percentages that may apply; or 2) Multiplying your amount of insurance per acre times the premium rate, times the insured acreage, times your share at the time coverage begins, and times any premium adjustment percentages that may apply.

**Indemnity payment** – Payment for coverage of an insurable loss.

**Supplemental Coverage Option (SCO)** – A county level revenue- or yield-based insurance optional endorsement that covers a portion of losses not covered by the deductible of the same crop’s underlying insurance policy; can be referred

to as a shallow loss. Farms enrolled in ARC are not eligible for [SCO](#), [www.rma.usda.gov/en/Fact-Sheets/National-Fact-Sheets/Supplemental-Coverage-Option-2018](http://www.rma.usda.gov/en/Fact-Sheets/National-Fact-Sheets/Supplemental-Coverage-Option-2018).

## Livestock Program Terms

**Livestock Gross Margin (LGM)** – Provides protection against loss of gross margin (market value of livestock minus feed costs)

**Dairy Margin Coverage Program** – The 2018 Farm Bill authorized the [Dairy Margin Coverage \(DMC\) program](#), [www.fsa.usda.gov/programs-and-services/dairy-margin-coverage-program/index](http://www.fsa.usda.gov/programs-and-services/dairy-margin-coverage-program/index), which is a voluntary risk management program for dairy producers. DMC replaces the Margin Protection Program for Dairy (MPP-Dairy). DMC continues to offer protection to dairy producers when the difference between the all milk price and the average feed price (the margin) falls below a certain dollar amount selected by the producer. The program provides:

- catastrophic coverage, at no cost to the producer, other than an annual \$100 administrative fee that is waived in some cases; and
- various levels of buy-up coverage.

## United States Department of Agriculture Agencies

**Farm Service Agency (FSA)** – The Department’s principal organization for promoting the security and stability of America’s food supply. FSA serves the public by providing all farmers and ranchers with access and the opportunity to participate in farm commodity, credit, conservation, environmental, and emergency assistance programs. [www.fsa.usda.gov/](http://www.fsa.usda.gov/)

**Agricultural Marketing Service (AMS)** – AMS facilitates the strategic marketing of agricultural products in domestic and international markets while ensuring fair trading practices and promoting a competitive and efficient marketplace.

AMS constantly works to develop new marketing services to increase customer satisfaction. [www.ams.usda.gov/](http://www.ams.usda.gov/)

**Risk Management Agency (RMA)** – RMA helps to ensure that farmers have the financial tools necessary to manage their agricultural risks. RMA provides coverage through the Federal Crop Insurance Corporation, which promotes national welfare by improving the economic stability of agriculture. [www.rma.usda.gov/](http://www.rma.usda.gov/).

**National Agricultural Statistics Service (NASS)** – NASS serves the basic agricultural and rural data needs of the country by providing objective, important and accurate statistical information and services to farmers, ranchers, agribusinesses and public officials. This data is vital to monitoring the ever-changing agricultural sector and carrying out farm policy. [www.nass.usda.gov/](http://www.nass.usda.gov/).

## References

Federal Register, The Daily Journal of the United States Government, [Dairy Margin Coverage Program and Dairy Indemnity Payment Program](#), [www.federalregister.gov/documents/2019/06/18/2019-12998/dairy-margin-coverage-program-and-dairy-indemnity-payment-program](http://www.federalregister.gov/documents/2019/06/18/2019-12998/dairy-margin-coverage-program-and-dairy-indemnity-payment-program)

Office of the Law Revision Counsel, United States Code, Chapter 36 – [Crop Insurance, Subchapter I - Federal Crop Insurance](#), <http://uscode.house.gov/view.xhtml?path=/prelim@title7/chapter36&edition=prelim>

[USDA, Agencies and Offices](#), [www.usda.gov/our-agency](http://www.usda.gov/our-agency)

### USDA Farm Service Agency (FSA)

- [FSA Handbooks](#), [www.fsa.usda.gov/programs-and-services/laws-and-regulations/handbooks/index](http://www.fsa.usda.gov/programs-and-services/laws-and-regulations/handbooks/index)
- [Handbook: Farm, Tract, and Crop Data](#), [http://fsa.usda.gov/Internet/FSA\\_File/3-cm\\_r04\\_a23.pdf](http://fsa.usda.gov/Internet/FSA_File/3-cm_r04_a23.pdf)

- [Nonrecourse Marketing Assistance Loans and Loan Deficiency Payment](http://www.fsa.usda.gov/Internet/FSA_File/8-lp_r02_a11.pdf), www.fsa.usda.gov/Internet/FSA\_File/8-lp\_r02\_a11.pdf
- [Agricultural Risk Coverage \(ARC\) and Price Loss Coverage \(PLC\) Election and Enrollment Actions, Notice ARCPLC-81](http://www.fsa.usda.gov/Internet/FSA_Notice/arcplc81.pdf), www.fsa.usda.gov/Internet/FSA\_Notice/arcplc81.pdf
- [ARC/PLC Definitions](http://www.fsa.usda.gov/Internet/FSA_File/definitions_arc_plc.pdf), www.fsa.usda.gov/Internet/FSA\_File/definitions\_arc\_plc.pdf
- [Agriculture Risk Coverage \(ARC\) & Price Loss Coverage \(PLC\)](http://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/2019/arc-plc_overview_fact_sheet-aug_2019.pdf), www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/2019/arc-plc\_overview\_fact\_sheet-aug\_2019.pdf
- [ARC/PLC Enrollment 2014 vs. 2018 Farm Bill](http://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/2019/arc-plc_farm_bill_comparisons-fact_sheet-aug-2019.pdf), www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/2019/arc-plc\_farm\_bill\_comparisons-fact\_sheet-aug-2019.pdf
- [FSA FAQs & Resources](https://askfsa.custhelp.com/app/answers/list/p/365), https://askfsa.custhelp.com/app/answers/list/p/365
- [Dairy Margin Coverage \(DMC\) program](http://www.fsa.usda.gov/programs-and-services/dairy-margin-coverage-program/index), www.fsa.usda.gov/programs-and-services/dairy-margin-coverage-program/index
- [Fencepost Blog, Mobile Apps Help Dairy Farmers Compute Costs](http://www.usda.gov/media/blog/2013/04/02/mobile-apps-help-dairy-farmers-compute-costs-and-be-environmentally-friendly), www.usda.gov/media/blog/2013/04/02/mobile-apps-help-dairy-farmers-compute-costs-and-be-environmentally-friendly

#### *USDA Risk Management Agency (RMA)*

- [Informational Memorandums](http://www.rma.usda.gov/bulletins/info/), www.rma.usda.gov/bulletins/info/
- [Livestock Reports](http://www.rma.usda.gov/Information-Tools/Livestock-Reports), www.rma.usda.gov/Information-Tools/Livestock-Reports
- [Supplemental Coverage Option for Federal Crop Insurance](http://www.rma.usda.gov/en/News-Room/Spotlights/Supplemental-Coverage-Option), www.rma.usda.gov/en/News-Room/Spotlights/Supplemental-Coverage-Option

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