Base and Yield Update Underway: New ARC PLC Online Tools Launched

Both landowners and producer operators can begin updating base acres and yields on their farm at local Farm Service Agency (FSA) offices. This will be the initial step in the new risk management programs created by the 2014 Farm Bill: Agricultural Risk Coverage (ARC) and Price Loss Coverage (PLC) programs. No need to hurry, as the deadline for update will likely come in the first few months of 2015.

What will follow this update period will be the ARC PLC election and then enrollment process. Those regulations and procedures have not been finalized but are expected to be finished in the next couple months. The final deadline for ARC PLC sign-up has not yet been determined, but is expected to go well into the spring months.

To help with calculations for ARC PLC, new decision aids (Excel spreadsheets) are being developed by two land grant universities and funded by USDA. These online tools will be available in early October.

Decision-making Challenges

There’s a lot at stake as landowners and their producer operators will be locked into their decision about ARC or PLC program on a farm for five years. That time frame could potentially be even longer, depending on the passage of the next farm bill. It’s important to consider multiple scenarios, prices, and yields. This is a one-time decision, not something that you can make a decision and then change it prior to the 2019 crop year.

One additional reason to be methodical about making ARC/PLC decisions is that that the economics are influenced by price assumptions that producers make about their crops.

For example, calculations made about a month ago for Iowa corn producers found that for 2014, the ARC County program was likely to generate payments while PLC would not. However, calculations made this week showed that both programs might generate similar payments. ARC PLC election and enrollment should not consider just 2014, but what you think might happen with national prices and county or farm yields over the next five years.

New ARC PLC Online Tools Launched

To help farmers make these decisions, the USDA-funded two tools for use nationally, one developed by Texas A&M University and the Food and Agricultural Policy Research Institute (FAPRI) at the University of Missouri and the other at the University of Illinois.

Both the Texas and Illinois sites are expected to be operational soon, and a number of other land grant universities will also be offering their own less detailed online decision tools.

The exception to the one-time selection decision is wheat. If winter wheat producers—who may have already signed up—change their minds based on new information, they will have until Dec. 15 to switch between ARC and PLC. That election and enrollment decision will then be final.

While the decision on reallocating base acres and updating yields rests with the owner of farmland, the decision on choosing ARC versus PLC rests with the producer.

The exception is in cases where there is a crop share lease (but not for cash rent), where the farmer landowner is also considered a producer.
Farmland owners and producer operators are not required to update base acres and farm’s yields. However, if a producer makes no selection on ARC or PLC, they will automatically be assigned to the PLC program beginning in 2015.

If no election is made for ARC (County or Individual) or PLC, the election defaults to PLC starting with crop year 2015 with no payments in 2014 on the farm.

Another change in the Farm Bill, the Risk Management Agency’s (RMA) Supplemental Coverage Option (SCO) will only be available to producers who elect PLC beginning in 2015.

**FSA’s and ISU Extension’s Online Tools**

In August, the USDA Farm Service Agency (FSA) released Base Reallocation Tool (Excel spreadsheet) to help farmland owners with the base acreage reallocation decisions.

In September, Iowa State University Extension and Outreach released a Base Reallocation and Payment Yield Update (Excel spreadsheet).

**Start with Base Acreage Reallocation First**

On the top part of the Summary Acreage History Report received in August, identify your FSA farm number. Using the Base Reallocation Tool or ISU Update, input your 2014 Base Acres (historic base) for each program crop. Then, input P&CP acres for each crop on that farm for each year 2009 through 2012.

The worksheets calculate the base acres referred to as the 2014 Reallocated Base Acres, but will not increase the total number of base acres on that farm. This reallocation percentage reflects the actual planted acres of commodity crops for that four years will require you designate the county where the farm resides. The updated PLC yields are the historical average of the highest of 90% of the farm yield or 75% of the 2008-2012 average county yields. If the updated payment yields are higher than the CC Yield, then it makes sense to update the yield.

Therefore, the total number of base acres will be exactly the same before and after the reallocation, and only the number of acres assigned to each crop might vary.

The strategy before election and enrollment in the PLC, ARC-CO or ARC-IC programs would be to understand that all three programs use base acres to calculate potential payments that might be made annually over this five-year period. Corn base acres generally provide payments more often than soybean base acres. In the past, the payments associated with corn base also tend to be larger than those made for soybean base.

**PLC Yield Update**

Once the additional federal regulations and procedures on ARC PLC are published, FSA will provide specifics on how to provide to FSA for consideration the yield data, by farm and by crop.

The CC Yield for commodity crops on a farm can also be updated to create a new PLC yield. You’ll use the actual farm yields for 2008 through 2012 on a planted acre basis. This production evidence will need to be recovered from crop insurance and other farm records. The landowner or operator of the farm can begin to compile the yield per crop per year, but not submit the yields to the FSA county office until yield software becomes available this fall.

University calculators will require you designate the county where the farm resides. The updated PLC yields are the historical average of the highest of 90% of the farm yield or 75% of the 2008-2012 average county yields. If the updated payment yields are higher than the CC Yield, then it makes sense to update the yield.