ARC / PLC Program Overview
FSA & ISU Extension

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ARC/PLC Program

The 2014 Farm Bill provides the following:

• Eliminates DCP and ACRE program

• Allows for a “one-time” decision
  – REALLOCATE base acres and/or
  – UPDATE Counter-Cyclical Yields on a farm
ARC/PLC Program

Two NEW Programs

ARC: Agriculture Risk Coverage (Revenue Based)
Two Options:

• ARC-CO – “County” Level Coverage
• ARC-IC – “Individual” Level Coverage

PLC: Price Loss Coverage (Price Based)

ARC/PLC Program

Covered Commodities for ARC/PLC

<table>
<thead>
<tr>
<th>Barley</th>
<th>Canola</th>
<th>Corn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crambe</td>
<td>Flaxseed</td>
<td>Garbanzo, Large</td>
</tr>
<tr>
<td>Garbanzo, Small</td>
<td><strong>Grain Sorghum</strong></td>
<td>Lentils</td>
</tr>
<tr>
<td>Mustard Seed</td>
<td>Oats</td>
<td>Peanuts</td>
</tr>
<tr>
<td>Peas, Dry</td>
<td>Rapeseed</td>
<td>Rice, Long Grain</td>
</tr>
<tr>
<td>Rice, Medium Grain</td>
<td>Safflowers</td>
<td>Sesame Seed</td>
</tr>
<tr>
<td>Soybeans</td>
<td>Sunflower Seed</td>
<td>Wheat</td>
</tr>
</tbody>
</table>
ARC/PLC Program

ARC/PLC Program Process has three PARTS:

1. **Update**: Owners can Reallocate Base acres and/or update Counter-Cyclical Yields
2. **Election**: Once Base Acres and Yields are set, then the Election of PLC, ARC-CO or ARC-IC can completed.
3. **Enrollment**: Once Election has been completed then Enrollment takes place.

PART 1: ARC/PLC Update Process

Update Process:

*Reallocate Base acres and/or Update Yield process*

- **Started September 29, 2014**
- **Ends February 27, 2015**
Owner and Operator Acreage History Letters

The first week of August, ALL owners and operators received the following:

1. **Letter** provides basic background information on base acreage “Reallocation” and “Update” of Yield options.

2. **“Summary Acreage History Report”:**
   - Acreage of covered commodities reported to FSA, 2008 - 2012 per FSA FARM.

**NOTE:** Only Current farms with base acres received letters with the history reports.

Missing Acreage History Information

- The **“Summary Acreage History Report”** may show “Blanks” in one or more of the years, 2008 through 2012.
  - If a current FSA “Tract #” was changed (**tract division, combination, farm transfer**) in a year 2009 through 2014, our acreage reporting system could not identify the covered commodities reported.
  - County Offices can research the acreage history to identify the missing covered commodities reported.
  - In Iowa, once the County Office completed the research, an updated letter is sent to operators and/or owners with the corrected acreage history for the farm, 2008 - 2012.
ARC/PLC Update Process

Update Process: BASE OPTIONS

1. **Retain** Current (2014) Base Acres
   OR
2. **Reallocate** Base Acres (cannot increase TOTAL)
   - Planting History of covered commodities, 2009 through 2012

*Note:* This option is available to owners and farms regardless of program election: PLC/ARC-CO/ARC-IC

BASE REALLOCATION EXAMPLE #1

Farm #2566
Cropland: 160.0 acres
**Corn Base:** 70.0 acres
**Soybean Base:** 70.0 acres
**Oats Base:** 20.0 acres

<table>
<thead>
<tr>
<th>CROP HISTORY</th>
</tr>
</thead>
<tbody>
<tr>
<td>CROP</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>Corn</td>
</tr>
<tr>
<td>Soybeans</td>
</tr>
</tbody>
</table>
### Crop History

<table>
<thead>
<tr>
<th>Crop</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corn</td>
<td>74.5</td>
<td>74.5</td>
<td>74.5</td>
<td>74.5</td>
</tr>
<tr>
<td>Alfalfa</td>
<td>75.0</td>
<td>75.0</td>
<td>75.0</td>
<td>75.0</td>
</tr>
</tbody>
</table>

### Base Reallocation Example #2

Farm #2566

<table>
<thead>
<tr>
<th>Cropland:</th>
<th>149.5 acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corn Base:</td>
<td>74.7 acres</td>
</tr>
<tr>
<td>Soybean Base:</td>
<td>74.8 acres</td>
</tr>
</tbody>
</table>

**Crop History**

<table>
<thead>
<tr>
<th>Crop</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corn</td>
<td>74.5</td>
<td>74.5</td>
<td>74.5</td>
<td>74.5</td>
</tr>
<tr>
<td>Alfalfa (Not a Covered Commodity)</td>
<td>75.0</td>
<td>75.0</td>
<td>75.0</td>
<td>75.0</td>
</tr>
</tbody>
</table>
ARC/PLC Update Process

Update Process: YIELD OPTIONS

1. **Retain** Current Counter-Cyclical Yields  OR

2. **Update** Yields: Covered Commodities:  
   **2008 – 2012**
   
   *(simple average of years planted X 90%)*

   A **Substitute Yield** is available under two circumstances explained later.

*Note:* This option is available **PER** Crop AND available to owners and farms regardless of program election: PLC/ARC-CO/ARC-IC
ARC/PLC Update Process

Update Yields (continued)

Substitute Yield definition:

- 75% of the 2008 through 2012 simple county average yield per planted acre for the covered commodity

Note: County Substitute Yields by crop have been posted to the ARCPLC website: WWW.fsa.usda.gov

ARC/PLC Update Process

Update Yields (continued)

Substitute yields can be used when:

1. Farm’s yield is below the substitute yield in any year, 2008 through 2012

OR

2. The crop was planted in a year and the owner does not have yield records available.
Operators or owners can provide “Yields” for the years the crop was planted on the farm, 2008 through 2012.

Yields are “Certified” to the County Office at the “FARM” level.

County Offices are NOT accepting production records and/or calculating yields for producers.

Upon certifying yields, the OWNER makes the decision on whether to update or retain and is responsible for having the records available.

Certified Yields are subject to spot-check and the “owner” will be responsible for providing the records to verify the accuracy of the yields.

Acceptable records for a spot-check would include:

- RMA data, specific year yields used in APH records
- Production Evidence, sold or commercial storage
- On-Farm storage records
- FSA Loan Records

NOTE: Acceptable records are the same as required under the ACRE program under the previous farm bill, if spot-checked.
## Payment Yield Update Example 1

5 Year average of Planted acreage

<table>
<thead>
<tr>
<th>Farm #1</th>
<th>Current CC Corn Yield: 142/bu</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crop Corn</td>
<td>2008</td>
</tr>
<tr>
<td>151</td>
<td>165</td>
</tr>
<tr>
<td>Avg. CO Yield (75%)</td>
<td>122</td>
</tr>
</tbody>
</table>

## Payment Yield Update Example 2

4 Year Average of Planted acres

<table>
<thead>
<tr>
<th>Farm #2</th>
<th>Current CC Corn Yield: 132/bu</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crop Corn</td>
<td>2008</td>
</tr>
<tr>
<td>Zero Plant</td>
<td>Planted No Evidence</td>
</tr>
<tr>
<td>Avg. CO Yield (75%)</td>
<td>122</td>
</tr>
</tbody>
</table>
### Payment Yield: County Yield Substitutes

<table>
<thead>
<tr>
<th>County</th>
<th>Corn</th>
<th>Soybeans</th>
<th>Oats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boone</td>
<td>126</td>
<td>36</td>
<td>51</td>
</tr>
<tr>
<td>Dallas</td>
<td>119</td>
<td>36</td>
<td>48</td>
</tr>
<tr>
<td>Greene</td>
<td>123</td>
<td>35</td>
<td>NR</td>
</tr>
<tr>
<td>Grundy</td>
<td>132</td>
<td>41</td>
<td>50</td>
</tr>
<tr>
<td>Jasper</td>
<td>125</td>
<td>39</td>
<td>47</td>
</tr>
<tr>
<td>Madison</td>
<td>105</td>
<td>33</td>
<td>31</td>
</tr>
<tr>
<td>Mahaska</td>
<td>113</td>
<td>37</td>
<td>37</td>
</tr>
</tbody>
</table>

Source: Substitute County Yields for Updating PLC Payment Yields, FSA, 10/28/2014

### Payment Yield: County Yield Substitutes

<table>
<thead>
<tr>
<th>County</th>
<th>Corn</th>
<th>Soybeans</th>
<th>Oats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marion</td>
<td>102</td>
<td>35</td>
<td>32</td>
</tr>
<tr>
<td>Marshall</td>
<td>129</td>
<td>41</td>
<td>44</td>
</tr>
<tr>
<td>Polk</td>
<td>116</td>
<td>36</td>
<td>50</td>
</tr>
<tr>
<td>Poweshiek</td>
<td>125</td>
<td>40</td>
<td>51</td>
</tr>
<tr>
<td>Story</td>
<td>122</td>
<td>37</td>
<td>47</td>
</tr>
<tr>
<td>Tama</td>
<td>129</td>
<td>40</td>
<td>48</td>
</tr>
<tr>
<td>Warren</td>
<td>93</td>
<td>34</td>
<td>29</td>
</tr>
</tbody>
</table>

Source: Substitute County Yields for Updating PLC Payment Yields, FSA, 10/28/2014
Reallocation/CC Yield Decision

**Update Decision** (Base & Yield) :

A “current” **OWNER** makes the update decision:

- Reallocate or Retain Base Acres
- Update or Retain Yields

**NOTE:** Current owner is defined as an owner on the farm the day the CCC-858 form is submitted to the county office

Reallocation/CC Yield Decision Disputes

**If any current owner submits a conflicting Reallocation/Yield Update request:**

- No reallocation/yield update will be approved for the farm until, ALL current owners provide County Committee written evidence the dispute has been resolved during the reallocation period

**If NO decision is made during the Reallocation/Yield update period:**

- Farm will retain the 2014 Base Acres and Yields associated with the farm
PART 2: ARC/PLC Election Process

Election Process:

Once Base Acres and Yields are set, then the Election of PLC or ARC can be completed.

- **Starts November 17, 2014**
- **Ends March 31, 2015**

ARC/PLC Election Process

Authorizes a one-time, 5-YEAR “ELECTION” of programs:

- Price Loss Coverage (PLC) – offers price protection.
- Ag Risk Coverage-County (ARC-CO) – offers revenue protection at the COUNTY level
- Ag Risk Coverage-Individual (ARC-IC) – offers revenue protection at an individual farm level across all farms enrolled and covered commodities planted
**ARC/PLC Election Process**

If ARC-CO or PLC is selected on a Farm by:

- Each **Covered Commodity** will select PLC or ARC-CO
  
  **NOTE:** RMA’s SCO – is an option for crops with PLC selected

If ARC-IC is selected on a Farm:

- **ALL** covered commodities *planted on the farm* are ARC-IC crops.
- PLC is **NOT** an option for the farm
- ARC-CO is **NOT** an option for the farm

  **NOTE:** Supplemental Coverage Option (SCO) is sold by crop insurance agents as it is a crops insurance product.

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**ARC/PLC Election Process**

“**Current Producers**” make the **Election of PLC, ARC-CO or ARC-IC** on each FSA Farm Number:

a. “**Current**” producers with an “**interest**” in cropland on the farm will make the **one-time irrevocable election**.

b. Failure to make an election by the deadline will result in PLC election starting in 2015 through 2018 and **NO** payments for 2014.
ARC/PLC Election Process

Current Producer:

Means 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 for the election process.

Definition of a 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.
Price Loss Coverage

Payments made when effective price is less than the reference price for a covered commodity.

- Effective Price is the higher of Marketing year Average Price (MYA) for the crop or the National Loan Rate for the crop.
- Payments made on 85% of base acres of the covered commodity.
- Payments are made regardless of the planting of the covered commodity.

NOTE: The reference price & national loan rate for each crop was set by statute and remains the same for all years of the farm bill.

Reference Price/National Loan Rate

The Reference Price & National Loan Rate remains the same for the life of the 2014 farm bill:

<table>
<thead>
<tr>
<th>Crop</th>
<th>Reference Price</th>
<th>National Loan Rate</th>
<th>Max PLC Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barley</td>
<td>$4.95</td>
<td>$1.95</td>
<td>$3.00</td>
</tr>
<tr>
<td>Corn</td>
<td>$3.70</td>
<td>$1.95</td>
<td>$1.75</td>
</tr>
<tr>
<td>Oats</td>
<td>$2.40</td>
<td>$1.39</td>
<td>$1.00</td>
</tr>
<tr>
<td>Soybeans</td>
<td>$8.40</td>
<td>$5.00</td>
<td>$3.40</td>
</tr>
<tr>
<td>Wheat</td>
<td>$5.50</td>
<td>$2.94</td>
<td>$2.56</td>
</tr>
<tr>
<td>Grain Sorghum</td>
<td>$3.95</td>
<td>$1.95</td>
<td>$2.00</td>
</tr>
</tbody>
</table>
ARC-CO Program

Payments made when the ARC-CO Actual Revenue is less than the ARC-CO Guarantee (86% Benchmark) for a covered commodity.

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**County “Yield” data is used, not individual farm data**

- The payment rate can be no higher than 10% of the ARC-CO Benchmark Revenue for the covered commodity.

- Payments made on 85% of base acres of the covered commodity.

- Payments are made regardless of the planting of the covered commodity.

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ARC-CO Benchmark Revenue Calculation

ARC-CO Benchmark Revenue calculated by multiplying:

**5 Year Olympic Average Yield: higher of:**
- County Yield for the crop
- 70% of the county transitional yield (70%T)

**5 Year Olympic Average Price: higher of:**
- Market Year Average (MYA) price
- Reference Price for the covered commodity.
ARC-IC Program

Payments are made when the **ARC-IC Actual Revenue** is *less than* the **ARC-IC Guarantee* (86% Benchmark) for ALL covered commodities on ALL farms enrolled in ARC-IC in the state for the producer.

- The payment rate is the difference in the ARC-IC Guarantee and the ARC-IC Actual Revenue, but can be *no higher than* 10% of the ARC-IC Benchmark Revenue for all covered commodities on the farm.

- Payments made on 65% of base acres of all covered commodities on the farm.

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ARC-IC Program

**ARC-IC Requires:**

*Election & Enrollment* where only enrolled farms each year are included in ARC-IC revenue calculations

*Planting* of covered commodities that will be used to calculate Revenues across ALL covered commodities planted.

*Production* reports of covered commodities.
ARC-IC Program

ARC-IC benchmarks, guarantees and actual revenues are calculated at the farm level and **WEIGHTED to the producer’s share of the covered commodities planted** across ALL enrolled ARC-IC farm(s) in the state.

- Weighting to the producer share, is the: “Producer Bucket Concept”

- ARC-IC Benchmark Revenues:
  - 5 Year Olympic Average of the “REVENUES”

PART 3: ARC/PLC Enrollment Process

Enrollment Process:

Once Election has been completed then *Enrollment* takes place.

- *Mid April, 2015*
- *Through Summer of 2015*

**NOTE:** Both 2014 and 2015 will be completed simultaneously.
**ARC/PLC Enrollment Process**

**Annual Enrollment Contract to Participate on a farm:**

An enrollment period will be held for:

- 2014 & 2015 completed simultaneously.
- Completed each crop year 2014 – 2018.
- Producers can “participate OR not participate” year by year

**NOTE:** Additional information on enrollment will be provided prior to the enrollment period, spring of 2015

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**ARC/PLC Program Summary**

**Planting and Harvesting FAV’s is subject to an “acre for acre” payment reduction when: (No longer a “violation”)**

- More than 15% of base acres of the farm enrolled in ARC-CO or PLC are planted to FAV
- More than 35% of base acres of a farm enrolled in ARC-IC are planted to FAV

**ARC/PLC Payments:**

- 2014 payments are issued after October 1, 2015 for PLC/ARC-CO/ARC-IC if triggered
- 2015 – 2018 payments are issued after MYA prices are determined and after October 1 of the subsequent year
ARC/PLC Program Summary

Current FSA-211, Power of Attorneys, are valid for the ARCPLC program if Section A and B are marked as follows:

- **Section A, item 2, “All current and ALL future programs”**
- **Section B, item 1, “All Actions”**

Covered Commodities

<table>
<thead>
<tr>
<th>Covered Commodities except peanuts</th>
<th>Actively Engaged in Farming</th>
<th>Cash-Rent Tenant</th>
<th>Direct Attribution</th>
<th>Foreign Person</th>
<th>AGI - $900,000</th>
<th>HELC and WC</th>
<th>Payment Limitation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>$125,000</td>
</tr>
</tbody>
</table>

NOTE: Included in each of the $125,000 payment limitations are Market Loan Gains received through Marketing Assistance Loans and Loan Deficiency payment programs.
Questions ???

Visit FSA Website: WWW.fsa.usda.gov

- ARC/PLC Program Information will be posted on the ARCPLC page
- ARC/PLC producer web-tools are available on the ARCPLC page

**ARC and PLC Producer Webtools**

- National Association of Agricultural and Food Policy (NAAFP) led by the Food and Agricultural Policy Research Institute (FAPRI) at the University of Missouri, and the Agricultural and Food Policy Center (AFPC) at Texas A&M University
- National Coalition for Producer Education (NCPE), led by the University of Illinois