Agricultural Act of 2014

PLC (Price Loss Coverage)
And
ARC (Agricultural Risk Coverage)
Subjects to be covered at today’s meeting

• Elimination of direct payments for 2014 and future years
• One-time opportunity to update FSA payment yields and reallocate base acreage
• Review the general provisions of the:
  - Price Loss Coverage (PLC) program
  - Agricultural Risk Coverage - County (ARC – CO) program
  - Agricultural Risk Coverage – Individual Coverage (ARC-IC) program
Agricultural Act of 2014

Base Acres
Agricultural Act of 2014

<table>
<thead>
<tr>
<th>Base Acreage or “Covered Commodities” Grown in the San Luis Valley</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barley</td>
</tr>
<tr>
<td>Canola</td>
</tr>
<tr>
<td>Corn</td>
</tr>
<tr>
<td>Oats</td>
</tr>
<tr>
<td>Wheat</td>
</tr>
</tbody>
</table>

Agricultural Act of 2014

Price Loss Coverage
(PLC)
Agricultural Act of 2014

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.
Agricultural Act of 2014

<table>
<thead>
<tr>
<th>Crop</th>
<th>PLC – Reference Prices</th>
<th>2014 Projected $</th>
<th>As of 1/12/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>$5.50/bu</td>
<td>$6.10/bu</td>
<td></td>
</tr>
<tr>
<td>Barley</td>
<td>$4.95/bu</td>
<td>$5.25/bu</td>
<td></td>
</tr>
<tr>
<td>Corn</td>
<td>$3.70/bu</td>
<td>$3.65/bu</td>
<td></td>
</tr>
<tr>
<td>Oats</td>
<td>$2.40/bu</td>
<td>$3.25/bu</td>
<td></td>
</tr>
<tr>
<td>Canola</td>
<td>$0.2015/lb</td>
<td>$.1675/lb</td>
<td></td>
</tr>
</tbody>
</table>
Agricultural Act of 2014

Price Loss Coverage Example

Farm #100: Barley Base: 400 acres  PLC Yield: 98 bu/ac

• Reference price for barley = $4.95/bu.
• Market Year Average (MYA) price = $4.50/bu (example only)
• The national average loan rate = $1.95/bu.

PLC PAYMENT CALCULATION:
$4.95 - $4.50 = $0.45/bushel payment rate.

400 base ac x 85% x 98 bu PLC yield x $0.45 = $14,994 payment

Note: MYA for 2014 projected to be $5.25 therefore no payment
Supplemental Coverage Option

- Purchased with individual crop policy
- Area based coverage
- Yield based or revenue based depending on plan
- Payments made when yield or revenue falls below expected level.
- Contact your Crop Insurance Agent
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Agricultural Risk Coverage
County Option
ARC-CO
Agricultural Act of 2014

Agriculture Risk Coverage – County (ARC-CO)

Payments made when the **ARC-CO Actual Revenue** is less than the **ARC-CO Guarantee** for a covered commodity. **County 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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Agriculture Risk Coverage – County (ARC-CO)

Example:

Farm #1: Barley Base = 400 acres

Step 1: Calculate county benchmark revenue for Barley
Step 2: Calculate the county guarantee for Barley
Step 3: Calculate actual county revenue for Barley
Step 4: Determine if the county suffered a loss for Barley
Step 5: Calculate Payment
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Agriculture Risk Coverage – County (ARC-CO)

Step 1: Barley ARC-CO Benchmark Revenue Calculation (County Data):

Benchmark Yield = 5 year Olympic Average (139.3 bu/ac)
Benchmark Price = 5 year Olympic Ave of the higher of MYA or the Reference Price = $5.45

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yield</td>
<td>154</td>
<td>90</td>
<td>132</td>
<td>154</td>
<td>132</td>
</tr>
<tr>
<td>70% of T-Yield</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>MYA Price</td>
<td>$4.66</td>
<td>$3.86</td>
<td>$5.35</td>
<td>$6.43</td>
<td>$6.06</td>
</tr>
<tr>
<td>Reference Price</td>
<td>$4.95</td>
<td>$4.95</td>
<td>$4.95</td>
<td>$4.95</td>
<td>$4.95</td>
</tr>
</tbody>
</table>
Agricultural Act of 2014

Agriculture Risk Coverage – County (ARC-CO) (continued)

Barley ARC-CO Benchmark Revenue Calculation:

Benchmark Yield = 139.3 bu/ac
Benchmark Price = $5.45/bu
Benchmark Revenue = $759.18 (139.3 X $5.45)

Step 2: Barley ARC-CO Guarantee Calculation:

Benchmark Revenue ($759.18) X 86% = $652.90/acre
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Agriculture Risk Coverage – County (ARC-CO)

Step 3: Barley ARC-CO Actual Revenue:

\[(120 \text{ bu/ac} \times \$5.25/\text{bu} = \$630.00/\text{acre})\]

**NOTE:** Use higher of MYA price or National Loan Rate

<table>
<thead>
<tr>
<th>CROP</th>
<th>2014 CO Actual Yield (hypothetical)</th>
<th>2014 MYA Price (hypothetical)</th>
<th>National Loan Rate</th>
<th>Actual Revenue (hypothetical)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barley</td>
<td>120</td>
<td>$5.25</td>
<td>$1.95</td>
<td>$630.00/ac</td>
</tr>
</tbody>
</table>
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Agriculture Risk Coverage – County (ARC-CO)
(continued)

Step 4: ARC-CO Calculation:

Barley ARC-CO: Guarantee: $652.90
Actual Revenue: $630.00
Revenue Loss = $ 22.90/acre

Note: Maximum Payment Rate would be $65.29
(Benchmark Revenue of $652.90/ac X 10%)

Step 5: Payment computation for this example would be:
Barley base 400 acres X 85% X $22.90 = $7,786
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Agricultural Risk Coverage
Individual Option
ARC-IC
Agricultural Act of 2014

Agriculture Risk Coverage – County (ARC-IC)

Payments are made when the collective Actual Revenue of all covered commodities planted in the farming operation for the current year is less than the collective ARC-IC Guarantee for the farming operation.

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.
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Agriculture Risk Coverage – County (ARC-IC)

• The ARC-IC farm consists of all farms enrolled in ARC-IC within the state for the producer. The ARC-IC Revenues are calculated across ALL covered commodities planted on ALL farms.

• If an ARC-IC payment is earned, the payment calculation will be as follows:

  Total base acres on the farm $\times 65\% \times$ ARC-IC payment rate $\times$ producer share
ARC-IC Highlights

- ARC-IC is the ONLY program option that can generate a payment based upon losses that are directly tied to the crops being produced in the farming operation.

- ARC-IC provides risk protection to producers that plant ANY of the 21 “covered commodities”, regardless of whether or not the farm has base acreage for that commodity.
ARC-IC Overview

- FSA will compute benchmark revenue figures for each covered commodity crop that is planted in the current year, regardless of whether or not the producer has history of producing that crop.

- Current year revenue is determined based upon the production that is received from the ARC-IC farm, and does NOT include MPCI indemnities.
ARC-IC – Example

ARC-IC Payment Calculation - (Two Crops – One Farm):
FSN 7400
Barley Base: 125 acres
Wheat Base: 58 acres
Total Base Acres: 183 Acres.
Operator – 100% Share

Planted Acres:
Barley: 125 acres
Wheat: 60 acres
## ARC-IC – Example

### ARC-IC Payment Calculation - (Two Crops – One Farm):

<table>
<thead>
<tr>
<th>Covered Commodities On ACR-IC Farm</th>
<th>PLANTED ACRES</th>
<th>Planted / Total Planted</th>
<th>Producer Weighted % Planted Acres across all Farms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barley</td>
<td>125</td>
<td>(125 / 185)</td>
<td>67.57%</td>
</tr>
<tr>
<td>Wheat</td>
<td>60</td>
<td>(60 / 185)</td>
<td>32.43%</td>
</tr>
<tr>
<td>Total</td>
<td>185</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## ARC-IC – Example

### ARC-IC Benchmark Revenue Calculation for Barley – (Two Crops – One Farm):

<table>
<thead>
<tr>
<th>Barley</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>5-Year Olympic Average Revenue</th>
<th>Producer Weighted %Planted Acres across all Farms</th>
<th>Weighted 5-year Olympic Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yield</td>
<td>146</td>
<td>141</td>
<td>135</td>
<td>117</td>
<td>131</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>70% of T</td>
<td>101</td>
<td>101</td>
<td>101</td>
<td>101</td>
<td>101</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MYA</td>
<td>$4.66</td>
<td>$3.86</td>
<td>$5.35</td>
<td>$6.43</td>
<td>$6.06</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reference Price</td>
<td>$4.95</td>
<td>$4.95</td>
<td>$4.95</td>
<td>$4.95</td>
<td>$4.95</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>$723</td>
<td>$698</td>
<td>$722</td>
<td>$752</td>
<td>$794</td>
<td>$732</td>
<td>67.57%</td>
<td>$494</td>
</tr>
</tbody>
</table>
# ARC-IC – Example

## ARC-IC Benchmark Revenue Calculation for Wheat - (Two Crops – One Farm):

<table>
<thead>
<tr>
<th>Wheat</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>5-Year Olympic Average Revenue</th>
<th>Producer Weighted %Planted Acres across all Farms</th>
<th>Weighted 5-year Olympic Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yield</td>
<td>103</td>
<td>105</td>
<td>114</td>
<td>83</td>
<td>108</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>70% of T</td>
<td>69</td>
<td>69</td>
<td>69</td>
<td>69</td>
<td>69</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MYA</td>
<td>$4.87</td>
<td>$5.70</td>
<td>$7.24</td>
<td>$7.77</td>
<td>$6.87</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reference Price</td>
<td>$5.50</td>
<td>$5.50</td>
<td>$5.50</td>
<td>$5.50</td>
<td>$5.50</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>$567</td>
<td>$599</td>
<td>$825</td>
<td>$645</td>
<td>$742</td>
<td>$662</td>
<td>%32.43</td>
<td>$214.69</td>
</tr>
</tbody>
</table>
ARC-IC – Example

ARC IC Weighted ARC-IC Benchmark (BM):

Barley BM Revenue: \((\$732.33 \times 67.57\%) = \$494.84\)
Wheat BM Revenue: \((\$662.00 \times 32.43\%) = \$214.69\)
Total Farm Benchmark = \$709.53

Weighted Guarantee:

ARC-IC Farm Guarantee: \(\$709.53 \times 86\% = \$610/acre\)
ARC-IC – Example

**ARC-IC - (Two Crops – One Farm) Current Year Revenue:**

<table>
<thead>
<tr>
<th>CROP</th>
<th>2014 Total Production</th>
<th>2014 MYA Price</th>
<th>National Loan Rate</th>
<th>ARC-IC Total Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barley 140 bu/ac on 125 ac</td>
<td>17,500 bu</td>
<td>$5.15</td>
<td>$1.95</td>
<td>$90,125</td>
</tr>
<tr>
<td>Wheat (111 bu/ac on 60 ac)</td>
<td>6,660 bu</td>
<td>$6.00</td>
<td>$2.94</td>
<td>$39,960</td>
</tr>
</tbody>
</table>

**Total Revenue**

$130,085

**ARC-IC Actual Revenue $130,085/ 185 Total Planted Acres**

$703.16/Ac
ARC-IC – Example

ARC-IC Payment Calculation:
- ARC-IC Guarantee: $610.20
- ARC-IC Actual Revenue: $703.16
  -$92.96 payment acre or ($0)

Note: Payment rate CAP no more than 10% of the ARC-IC Benchmark Revenue ($610.20) or $61 in this example.

Total Base Acres 183 X 65% X $0 = $
# ARC-IC – Example 2

## ARC-IC - (Two Crops – One Farm) Current Year Revenue:

<table>
<thead>
<tr>
<th>CROP</th>
<th>2014 Total Production</th>
<th>2014 MYA Price</th>
<th>National Loan Rate</th>
<th>ARC-IC Total Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barley 140 bu/ac on 125 ac</td>
<td>17,500 bu</td>
<td>$5.15</td>
<td>$1.95</td>
<td>$90,125</td>
</tr>
<tr>
<td>Wheat (35 bu/ac on 60 ac) Hail</td>
<td>2,100bu</td>
<td>$6.00</td>
<td>$2.94</td>
<td>$12,600</td>
</tr>
</tbody>
</table>

**Total Revenue**

| $102,725

**ARC-IC Actual Revenue $102,725 / 185 Total Planted Acres**

| $555.27/Ac |
ARC-IC – Example 2

ARC-IC Payment Calculation:
- ARC-IC Guarantee: $610.20
- ARC-IC Actual Revenue: $555.27
  $54.93/payment acre of base

Note: Payment rate CAP no more than 10% of the ARC-IC Benchmark Revenue ($610.20) or $61 in this example.

Total Base Acres 183 X 65% X 54.93 = $6,533.92
Summary
Program Comparison
# Agricultural Act of 2014

<table>
<thead>
<tr>
<th></th>
<th>PLC</th>
<th>ARC-CO</th>
<th>ARC-IC</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Yield Comparison</strong></td>
<td>Uses Price plus PLC Yield</td>
<td>Uses Price Plus “County” Level Yield</td>
<td>Uses Price Plus Producer’s yield on the farm(s)</td>
</tr>
<tr>
<td><strong>Base Acre Comparison</strong></td>
<td>Payment determined by individual covered commodity crop base acres</td>
<td>Payment determined by individual covered commodity crop base acres</td>
<td>Payment determined by planted covered commodities combined on the farm(s) in the State</td>
</tr>
</tbody>
</table>
## Agricultural Act of 2014

<table>
<thead>
<tr>
<th>Payment Acre Comparison</th>
<th>PLC</th>
<th>ARC-CO</th>
<th>ARC-IC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments made on 85% of specific crop base acres on farm</td>
<td>Payments made on 85% of specific crop base acres on farm</td>
<td>Payments made on 65% of TOTAL base acres on farm</td>
<td></td>
</tr>
<tr>
<td>Production Reports</td>
<td>Production report NOT required</td>
<td>Production report NOT required</td>
<td>Requires annual Production report of all covered commodities planted</td>
</tr>
</tbody>
</table>
# Agricultural Act of 2014

<table>
<thead>
<tr>
<th>Requirement to Plant?</th>
<th>PLC</th>
<th>ARC-CO</th>
<th>ARC-IC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planting of covered commodities NOT required</td>
<td>Planting of covered commodities NOT required</td>
<td>Planting of covered commodities REQUIRED</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Program Election Comparison</th>
<th>PLC</th>
<th>ARC-CO</th>
<th>ARC-IC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elect by Covered Commodity Base Acres by farm</td>
<td>Elect by Covered Commodity Base Acres by farm</td>
<td>Elect on ALL Covered Commodities on the farm</td>
<td></td>
</tr>
<tr>
<td>May mix ARC-CO and PLC on same farm by base crop</td>
<td>May mix ARC-CO and PLC on same farm by base crop</td>
<td><em>ARC-CO &amp; PLC not eligible on farm</em></td>
<td></td>
</tr>
</tbody>
</table>
### Agricultural Act of 2014

<table>
<thead>
<tr>
<th>When Do Payments Trigger?</th>
<th>PLC</th>
<th>ARC-CO</th>
<th>ARC-IC</th>
</tr>
</thead>
<tbody>
<tr>
<td>When effective price falls below reference price</td>
<td>When ACTUAL county revenue falls below calculated benchmark guarantee revenue in the county.</td>
<td>When ACTUAL farm revenue from enrolled farms falls below the calculated benchmark revenue for all enrolled farms in the state.</td>
<td></td>
</tr>
</tbody>
</table>
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3 Step Process

1. Update (Base Reallocation and Yield Update)
2. Elect (One-time program election)
3. Enroll (Annual enrollment contract)
Agricultural Act of 2014

Yield Update
Agricultural Act of 2014

Payment Yield Update Option

On a “Crop by Crop” basis the owner of a farm has the following options:

1. **Retain** the farm’s/crop’s Counter-Cyclical (CC) yield from the 2008 Farm Bill (NOT Direct yield)

2. **Update** the farm’s/crop’s yield based on 90% of the farms 2008-2012 “average yield” per “planted” acre, excluding years of zero plantings/prevent plant.

**NOTE:** 75% of County Average Yield will be “substituted” for years in which there is a low yield and/or no production/yield available for planted acres.
Agricultural Act of 2014
Payment Yield Update Option Example #1

1 Year average of Planted acreage

\[(60/1=60)\]

<table>
<thead>
<tr>
<th>Crop Wheat</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>Total</th>
<th>Average Yield</th>
<th>PLC Yield (90%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>Zero plant</td>
<td>Zero plant</td>
<td>100</td>
<td>Zero plant</td>
<td>Zero plant</td>
<td>100</td>
<td>100</td>
<td>90 bu/ac</td>
</tr>
</tbody>
</table>

| Average CO Yield (75%) | 69  | 69  | 69  | 69  | 69  |       |                |                  |

Farm #1 Wheat CC Yield: 85 bu/ac
### Agricultural Act of 2014

**Payment Yield Update Option Example #2**

4 Year Average of Planted acres

<table>
<thead>
<tr>
<th>Farm #1</th>
<th>Wheat CC Yield: 85 bu/ac</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Crop Wheat</strong></td>
<td><strong>2008</strong></td>
</tr>
<tr>
<td>Zero Plant</td>
<td>Planted No Evidence</td>
</tr>
<tr>
<td>Average CO Yield (75%)</td>
<td>69</td>
</tr>
</tbody>
</table>
How to Update PLC Yields

• Gather production records for the 2008 – 2012 crop years
  – NOTE: Bring your records to the COF Report your per/acre production figure on form CCC-859, which may be obtained from your local FSA office.

• Owner makes yield update decision and certify to the applicable yields on the CCC-858 by February 27, 2015.

• Maintain records of production for the life of the farm bill, as FSA is required to spot-check PLC yield certifications.
How to Update PLC Yields

NOTE: This is a ONE-TIME opportunity to update your crop yields at FSA, regardless of the program option that you choose.
Reallocation of Base Acres

Producers may choose between two “Base Election” options for 2014 base acres on a farm:

• RETAIN base acres in effect as of 9-30-2013

• REALLOCATE base acres using 2009-2012 planted/considered planted history, as reported on the FSA-578 (Base acres cannot INCREASE)

NOTE: The decision to reallocate is made by an OWNER of the farm.
Reallocation of Base Acres (continued)

Reallocation of bases will result in the farm’s base acres being redistributed in the same proportion to the 4 year average of acres that were Planted and/or Considered Planted to covered commodities during the 2009 – 2012 crop years.
Agricultural Act of 2014

BASE REALLOCATION EXAMPLE #1

Farm #3000
Wheat Base: 500.0 acres
Barley Base: 100.0 acres
Oat Base: 50.0 acres
TOTAL BASE: 650.0 acres

<table>
<thead>
<tr>
<th>CROP HISTORY</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>CROP</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wheat</td>
<td>250.0</td>
<td>250.0</td>
<td>250.0</td>
<td>250.0</td>
</tr>
<tr>
<td>Barley</td>
<td>250.0</td>
<td>250.0</td>
<td>250.0</td>
<td>250.0</td>
</tr>
</tbody>
</table>
### BASE REALLOCATION EXAMPLE #1

<table>
<thead>
<tr>
<th>CROP</th>
<th>2013 Base Acres</th>
<th>Planted Acres</th>
<th>Average 2009-12</th>
<th>Realloc %</th>
<th>Realloc Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2009</td>
<td>2010</td>
<td>2011</td>
<td>2012</td>
</tr>
<tr>
<td>Barley</td>
<td>100</td>
<td>250</td>
<td>250</td>
<td>250</td>
<td>250</td>
</tr>
<tr>
<td>Oats</td>
<td>50</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Wheat</td>
<td>500</td>
<td>250</td>
<td>250</td>
<td>250</td>
<td>250</td>
</tr>
<tr>
<td>Totals:</td>
<td>650</td>
<td>500</td>
<td>500</td>
<td>500</td>
<td>500</td>
</tr>
</tbody>
</table>
Agricultural Act of 2014

BASE REALLOCATION EXAMPLE #2

Farm #4000

Wheat Base: 500.0 acres
Barley Base: 300.0 acres
TOTAL BASE: 800.0 acres

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>Wheat</td>
<td>700.0</td>
<td>600.0</td>
<td>700.0</td>
<td>600.0</td>
</tr>
<tr>
<td>Alfalfa</td>
<td>150.0</td>
<td>150.0</td>
<td>150.0</td>
<td>150.0</td>
</tr>
</tbody>
</table>
### BASE REALLOCATION EXAMPLE #2

<table>
<thead>
<tr>
<th>CROP</th>
<th>2013 Base Acres</th>
<th>Planted Acres</th>
<th>Average 2009-12</th>
<th>Realloc %</th>
<th>Realloc Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>2009 2010 2011 2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Barley</td>
<td>300</td>
<td>0 0 0 0</td>
<td></td>
<td>0%</td>
<td>0</td>
</tr>
<tr>
<td>Wheat</td>
<td>500</td>
<td>700 600 700</td>
<td>600 650</td>
<td>100%</td>
<td>800</td>
</tr>
<tr>
<td>Totals :</td>
<td>800</td>
<td>700 600 700</td>
<td>600 650</td>
<td>100%</td>
<td>800</td>
</tr>
</tbody>
</table>
Yield Options

Base & Yield Update - 4 Options:

1) Retain the farm’s bases and yields.
2) Retain the farm’s bases and update one or more crop yields.
3) Reallocate the farm’s bases and retain all yields.
4) Reallocate the farm’s bases and update one or more crop yields.
Agricultural Act of 2014

Program Election
Agricultural Act of 2014

Program Election

All current owners, operators and tenants with an interest in the cropland on the farm MUST agree to the program ELECTION.

The 2014 program Election remains in effect through 2018.

- Program Election remains ON THE FARM

NOTE: Failure to make a unanimous program election during the designated election period of November 17, 2014 through March 31, 2015 will result in a default designation to PLC effective 2015-2018 and THE LOSS OF ALL ARC/PLC payments for the farm in 2014.
Agricultural Act of 2014

Program Election

ELECTION is *Farm By Farm*

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

• Each **Covered Commodity** will have a PLC or ARC-CO election option

• RMA’s SCO – is an option for crops with a PLC election
Agricultural Act of 2014

Program Election
(continued)

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
• RMA’s SCO - is NOT an option for any crop on the farm
Timeline for Actions

• **Base Acre Reallocation and Yield Updates:** September 29, 2014 through February 27, 2015

• **Election of ARC-CO, ARC-IC, or PLC for 2014-2018 Program Years** – November 17, 2014 through March 31, 2015

• **ARC/PLC Annual Enrollment for 2014-2015 crop years** – Proposed for Mid-April through Summer of 2015
Agricultural Act of 2014

Additional Program Requirements

• **Acreage & Production Reporting:**
  
  • Producers are required to annually report all cropland acres on enrolled farms on a FSA-578, same as in past programs
  
  • Production Reporting required for ARC-IC only
Agricultural Act of 2014

Payments

• 2014 payments will be 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
Agricultural Act of 2014

Payment Limitations

$125,000 for ARC/PLC payments received directly or indirectly for all covered commodities except peanuts.

NOTE: Included in each of the $125,000 payment limitations are payments received through Marketing Assistance Loan gains and Loan Deficiency Payment (LDP) programs.
Agricultural Act of 2014

• DECISION TOOLS
• WWW.FSA.USDA.GOV

Home page – ARC/PLC Programs
Evaluate your safety net options…
  – Texas A & M
  – University of Illinois
### Agricultural Act of 2014

- **USDA Price Projections**

<table>
<thead>
<tr>
<th>Year</th>
<th>Barley</th>
<th>Oats</th>
<th>Wheat</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$5.25</td>
<td>$3.25</td>
<td>$6.10</td>
</tr>
<tr>
<td>2015</td>
<td>$4.80</td>
<td>$2.70</td>
<td>$5.00</td>
</tr>
<tr>
<td>2016</td>
<td>$4.50</td>
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<tr>
<td>2017</td>
<td>$4.10</td>
<td>$2.30</td>
<td>$4.75</td>
</tr>
<tr>
<td>2018</td>
<td>$3.90</td>
<td>$2.30</td>
<td>$4.80</td>
</tr>
</tbody>
</table>
### Agricultural Act of 2014

#### FAPRI* Price Projections

<table>
<thead>
<tr>
<th>Year</th>
<th>Barley</th>
<th>Oats</th>
<th>Wheat</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$5.30</td>
<td>$3.25</td>
<td>$6.12</td>
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<tr>
<td>2015</td>
<td>$4.71</td>
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<tr>
<td>2017</td>
<td>$4.57</td>
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</tr>
<tr>
<td>2018</td>
<td>$4.68</td>
<td>$3.19</td>
<td>$5.62</td>
</tr>
</tbody>
</table>

* Food and Agricultural policy Institute
• Questions?