Agriculture Risk Coverage (ARC) & Price Loss Coverage (PLC) Frequently Asked Questions

Question	Answer
	cres and Updating Yields
Does the new farm bill allow for a reallocation of crop base acres?	Yes, the 2014 Farm Bill allows for a one-time adjustment to the farm's base acres. This adjustment is called a reallocation of base acres on the farm. The farm bill does not allow for an increase in the farm's total base acres.
2. Who makes the decision to update base acres?	A current owner of the farm makes the base reallocation decision.
3. What happens to my farm's base acres and yields if the owner does not allow an update?	The farm will retain the base acres and counter-cyclical yields in effect on Sept. 30, 2013.
4. What are the base update options?	The owner(s) of the farm may either: 1) retain the base acres of covered commodities on the farm as of Sept. 30, 2013, or 2) choose to reallocate bases.
5. What is the reallocation formula?	Base acres are reallocated using the acreage of each covered commodity in proportion to the 4-year average of acres that were planted or considered planted (P&CP) to all covered commodity crops from 2009–2012. This formula is the ONLY way that base acres can be reallocated.
6. Is the base reallocation decision at the farm level or the tract level?	The formula for base reallocation will be determined at a FARM level. Once the option for base reallocation has been determined, the reallocated base acres will be distributed to the tracts via the cropland method. Base acres can be distributed among tracts using a different formula upon landowner request.
7. If I have base acres that are restored to my farm after my CRP contract has ended, are those base acres eligible to be reallocated?	No. Once the reallocation period has passed, we cannot reallocate any base acres. The base acres will be restored to the farm AS THEY WERE REDUCED once the CRP contract expires, is voluntarily terminated or early released. For example, if you reduced your oat base acres when you enrolled into the CRP program, those base acres will be restored to the farm as oat base acres.
8. Does the new farm bill allow for an update of yields for crops with base acres?9. What is the payment yield for PLC?	Yes, the Agricultural Act of 2014 allows for an update to a farm's program payment yields. The current program payment yield under the 2014 Farm Bill is the farm's counter-cyclical (CC) yield in effect on September 30, 2013. The owner of the farm may choose to update the CC yield; this yield will be used to calculate PLC payments on the farm.

10. Can an owner choose to update the CC yield even though they later elect the ARC program for the farm?	Yes, the CC yield can be updated regardless of the program elected for the farm: PLC, county ARC (ARC-CO) or individual ARC (ARC-IC). Even though the updated yield will only be used for making PLC payments, this is a one-time opportunity for owners of a farm to update the farm's payment yields. A farm's payment yields were last updated either in 1985 or in 2002.
11. Who makes the decision to update yields?	A current owner of the farm makes the yield update determination. This determination is on a crop-by-crop basis for the farm. The owners may choose to update the yield for one crop on the farm and choose to retain the CC yield for another crop on the farm.
12. What is the time period used to determine a new yield?	To update a yield, the owner(s) of the farm must certify as to the updated yield for each crop on the farm. The owner will be required to certify a crop yield for each of the years the crop was planted during the yield update base period of 2008-2012.
13. How is the new yield calculated?	The crop's updated yield will be the simple average of the crop's certified yield, excluding the years of zero plantings, times 90 percent. If the certified yield is less than 75 percent of the county average yield or the yield is missing or unavailable for a year when the crop was planted, 75 percent of the county average yield will be substituted for that year's yield.
14. How is the county average yield determined?	2008-2012 county average yields are based upon NASS data. In the absence of NASS data, RMA or Extension data may also be used.
15. Does the 2014 Farm Bill allow separate PLC yields for dry land and irrigated practices on the same farm?	No. Farms will only have one yield. The PLC yield for a crop that is both irrigated and non-irrigated will be a blended yield to reflect the farm's production for both irrigated and non-irrigated acres for the applicable crop.
16. What crops may have base acres reallocated and yields updated?	Only covered commodities may have base acres reallocated and yields updated. Covered commodities include wheat, oats, barley, corn, grain sorghum, rice, soybeans, sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe, sesame seed, dry peas, lentils, small chickpeas, large chickpeas and peanuts.
17. Once I've taken action regarding base reallocation and yield updates, can I change my mind?	Any base reallocation and yield update decisions can be changed through February 27, 2015.
18. Am I required to submit production records	No. In fact, we are not accepting production records in

in order to update my CC yield?	our offices for this purpose. All yields will be updated based on the owner's certification of yields for the crop years 2008-2012. However, owners certifying to those yields are required to maintain the records to support their certification for the life of the Farm Bill, as they are all subject to spotcheck.
19. Can I change my PLC yield after it is updated?	Once the period to update yields has expired (February 27, 2015) you will be unable to change your yield or change your base reallocation decision. This is a ONE-TIME opportunity, and the option to update yields will not be provided again for the life of this Farm Bill.
20. AR	C/PLC Election
21. Who must make the program election?	All current producers , including owners and operators with a share of the cropland on the farm must agree to the program election: PLC, ARC-CO or ARC-IC.
22. How many years does the program election remain in effect?	The election decision made for the 2014 crop year will remain in effect through the life of the Farm Bill.
23. What happens if all producers (all owners, operators, and other tenants) with share of the cropland on the farm do not agree and do not sign the election by the deadline?	If a unanimous program election is not made by ALL current producers on the farm by March 31, 2015, all crops on the farm will default to the PLC program for the life of the farm bill. The farm will be ineligible for any 2014 payments.
24. What are my options for program participation if I have elected PLC or ARC-CO?	Producers on the farm participating in ARC-CO/PLC can elect either ARC-CO or PLC on a crop- by-crop basis on each farm. The program election for each crop remains in effect for each crop for the life of the farm bill.
25. What are my options for program participation if I have elected ARC-IC?	An ARC-IC election is applicable to ALL covered commodities on the farm. In addition, a producer's ARC-IC revenue guarantee and actual revenue are determined by combining the producer's interest on all farms enrolled in ARC-IC in the State.
26. A producer has several Farm Service Agency (FSA) farm numbers. Can he/she select different programs for each farm?	Yes. The producer can elect ARC-CO and/or PLC on one or more farms and/or can elect ARC-IC on one or more farms.
27. What happens to the farm election when a new owner or operator acquires the farm?	The farm's program election made during the election period will remain in effect for the life of the farm bill, regardless of who acquires an interest in the land after the election.
28. Can a person with power of attorney (POA) authority make an election for an owner?	Yes, if the POA has been completed for "All current and future programs" and "All actions."
29. What happens if I reconstitute a farm after the election is made?	Once an election for a farm is made, the reconstituted farm(s) retain that election through the life of the farm bill.
30. Once I make an election, can I change my mind?	An election made for a farm can be changed through the end of the election period (March 31, 2015). Once that

	deadline has passed, the program election is irrevocable through the life of the Farm Bill.
31. What happens if I choose Supplemental Coverage Option (SCO) and sign up for ARC? (SCO is a USDA Risk Management Agency offering.)	SCO will first be available for the 2015 crop year's winter wheat, where you must make your crop insurance coverage decisions for fall-planted crops (including SCO) by the sales closing date (generally September 30, 2014). Montana producers who applied for SCO for their winter wheat for 2015 may elect to withdraw coverage on any farm where they intend to elect ARC for winter wheat by November 15, 2014 without penalty or being charged a premium. This allows producers additional time to make an informed decision related to whether to elect to participate in either the ARC or PLC programs for their winter wheat.
	In order to withdraw coverage, producers must notify their agents of their intended election for ARC by November 15, 2014. This is a one-time exemption that is only allowed for the 2015 crop year's winter wheat to coordinate with ARC program sign-up rules.
	After this one-time exemption for 2015 crop year fall-planted winter wheat, if you select SCO on a crop, but also elect ARC on that same crop for a farm, your SCO coverage for that crop on that farm will be cancelled and you will forfeit 20 percent of your SCO premium on that crop and farm to cover administrative expenses. However, your underlying policy will still be in effect.
32. Are there tools available to assist producers in making a program election?	Congress provided \$3 million for universities to develop web-based decision tools for ARC-CO, ARC-IC, PLC, and other 2014 Farm Bill programs. In addition, Congress provided \$3 million for producer education, which provides farmers with information on how to use the decision tools. Links are available at: www.fsa.usda.gov/arc-plc
33. Price Loss Coverage (PLC)	
34. Can you simply explain the PLC program?	The PLC program provides payments when the effective

35. How is a payment rate determined for a covered commodity under PLC?36. Must the covered commodity be planted on a farm to receive a PLC payment?37. What is the PLC payment formula?	price for a covered commodity falls below the crop's reference price which is specified in the 2014 Farm Bill. The effective price is the HIGHER of the crop's Marketing Year Average Price (MYA) OR the crop's loan rate as specified in the 2014 Farm Bill. The payment rate for a covered commodity is the difference between the crop's reference price and crop's effective price. Under PLC, the covered commodity doesn't need to be planted to receive payment. The PLC payment is issued based on 85 percent of the applicable crop's base acres. The payment formula is: The crop's base acres, times 85
	percent, times the PLC payment rate, times the PLC payment yield, times the producer's share.
38. Agriculture Risk (Coverage – County (ARC-CO)
39. Can you simply explain the ARC-CO program?	The ARC-CO program provides revenue loss protection for revenue losses at the county level. A determination regarding revenue loss for each covered commodity with enrolled bases acres in the county will be made after the market year average price is published by USDA.
40. How is a payment rate calculated for a covered commodity?	When the actual revenue for the covered commodity in the county on a per acre basis is below the ARC-CO guarantee for that county, an ARC-CO payment is triggered for that crop and county. Payment is made to each applicable covered commodity with base acres in the county on participating farms. ARC-CO payment rates at the county level are capped at 10 percent of the ARC-CO's benchmark revenue. The benchmark revenue is the Olympic average of the effective price (higher of the market year average price or the reference price) over the previous five years, times the Olympic average of each county's yield (production divided by planted acres) over the same time period.
41. How is the ARC-County guarantee calculated?	The ARC-County guarantee is 86% of the applicable covered commodity's benchmark revenue.
42. Is the covered commodity required to be planted on a farm to receive an ARC-CO payment?43. What is the payment formula?	Under ARC-CO, the covered commodity is not required to be planted to receive the payment. Payments are made on 85% of the applicable crop's base acres. The payment formula is the crop's base acres, times 85
44. I have land that is physically located in County A, but is administratively located in County B. Which county determines my eligibility to receive a payment under ARC-	percent, times the ARC-CO payment rate per acre, times the producer's share. The ARC-CO payment is determined based on the ADMINISTRATIVE location of the land, not the physical location.

CO?	
45. Will ARC calculations be made based on Irrigation Practices? For example, will irrigated wheat have a separate guarantee calculated from non-irrigated wheat?	For ARC-CO ONLY, there have been counties which were established to have separate calculations completed for Irrigated vs. Non-Irrigated Crops. This determination was made for counties in which at least 25% of the crop was irrigated or at least 25% of the crop was non-irrigated. A list of approved crops in approved counties can be obtained from your County Office.
46. Agriculture Risk C	Coverage – Individual (ARC-IC)
47. Can you simply explain the ARC-IC	The ARC-IC program provides revenue loss protection
program?	for revenue losses determined at the individual level. A determination regarding revenue loss for each covered commodity planted on the farm will be made after the market year average price is published by USDA.
48. How is a payment rate calculated for an ARC-IC farm?	When the actual revenue of all crops planted on the
	ARC-IC farm, summed across all farms enrolled in ARC-IC in the state in which the producer has a share, on a per planted acre payment basis is below the ARC-IC guarantee for the farm, again summed across all ARC-IC farms enrolled in the state in which the producer has a share, an ARC-IC payment is triggered for the producer. The revenue guarantee and the actual revenue determinations are based on actual plantings of covered commodities in the current year. The ARC-IC payment rate is calculated for the farm on a per-acre payment basis and is applied to the total base acres of the ARC-IC farm. The ARC-IC payment rate at the farm level is capped at 10 percent of the ARC-IC farm's benchmark revenue.
49. How is the ARC-IC guarantee calculated?	The ARC-IC guarantee is 86% of the farm's benchmark revenue, summed across all farms enrolled in ARC-IC in the state in which the producer has a share.
50. Is the covered commodity required to be planted on a farm to receive an ARC-IC payment?	Yes. Current year planted acres of covered commodities on an ARC-IC farm are used to determine if a revenue loss occurs on the ARC-IC farm.
51. What is the payment formula?	The payment formula is the total base acres on the ARC-IC farm, times 65 percent, times the ARC-IC payment rate per acre, times the producer's share.
52. How does the farm ARC-IC formula work when there are two or more farms that elected and participated in ARC-IC?	All farms in a state in which the producer has an interest are aggregated in the ARC-IC formula to determine if the ARC-IC farm suffered a revenue loss.
53. How is the ARC-IC farm benchmark established – is it based on the current year	The ARC-IC farm benchmark revenue and guarantee are based on current year plantings of covered commodities,

covered commodities or the historical benchmark history of covered commodity plantings?	not historical plantings on the farm. The farm benchmark is calculated by multiplying the effective price (higher of the market year average price or the reference price) times the actual yield (production divided by planted acres) on the farm for each of the most recent five years; then computing an Olympic average of revenues calculated for each year.
54. What happens when one ARC-IC farm enrolls in the annual program and one ARC-IC farm does not enroll?	Only ARC-IC farms enrolled in a current year contract will be included in the ARC-IC benchmark, guarantee, and actual revenue calculations. The nonparticipating farm(s) will not be included for any purpose.
55. Is annual production reporting required on each covered commodity planted?	Yes.
56. Annual C	ontract to Participate
57. Will an annual contract to participate in the ARC/PLC program be required in order to receive payments?	Yes. You MUST sign an annual enrollment contract to be eligible for payments.
58. Must a producer carry federal crop insurance in order to be eligible for the ARC/PLC program?	No. There is no requirement to purchase crop insurance to participate in ARC/PLC.
59. Who must sign the annual contract to participate in PLC, or ARC-CO?	All owners, operators and tenants with an interest in the base acres on the farm must sign the annual contract. Cash leases may be provided in lieu of obtaining a signature from an owner.
60. Who must sign the annual contract to participate in ARC-IC?	All owners, operators and tenants with an interest in covered commodities planted on the farm in the current year.
61. What program eligibility requirements apply to the PLC, ARC-CO and ARC-IC programs?	Program eligibility and compliance requirements include: • Highly Erodible Land Conservation and Wetland Conservation • Payment Limitation • Adjusted Gross Income • A complete acreage report for the farm • production reporting (if participating in ARC-IC) • Actively Engaged in Farming • Annually enrolling the farm • Planting flexibility requirements • Minimal base acre requirements and exceptions for socially disadvantaged and limited resource farmers
62. The AD-1026 form, Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) Certification, was	No, it is not necessary for producers with an existing AD-1026 on file to file a new AD-1026 unless there are changes to the answers on the existing AD-1026 on file.

revised to reflect the applicability of HELC and WC provisions to any premium subsidy paid by FCIC for any policy or plan of insurance. Do producers have to file a new AD-1026 if they already had one on file with FSA?	
63. ARC a	nd PLC Payments
64. When are payments authorized for the ARC/PLC Programs?	Payments for the 2014–2018 crops are issued the later of Oct. 1 of the subsequent crop year or when the national average market year price is published by USDA.
65. Prevent Planted Acres	
66. How are approved prevented plant acres used under the 2014 Farm Bill and the ARC/PLC program?	A farm's approved prevented planted are included for base reallocation purposes for 2009-2012.
67. Are prevented plant acres used under the ARC program – county or individual?	No. Section 1117 of the 2014 Farm Bill requires that planted acres be used for calculating coverage guarantees and actual revenues. See the exception noted below.
68. Under ARC-Individual Coverage, how will farms be treated when 100 percent of the acreage is prevented from being planted?	In cases where the ARC-IC farm has approved prevented planted acres for 100 percent of the intended planted covered commodities, the individual farm actual revenue for that year will be zero. The payment rate for that ARC-IC farm will be capped at 10 percent of the farm's benchmark revenue. These prevented plant acres will not be carried over to the farm's benchmark calculations for future years.