FSA
HANDBOOK

Agriculture Risk Coverage and Price Loss Coverage Program

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For State and County Offices

SHORT REFERENCE

1-ARCPLC

UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, DC 20250.

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Washington, DC 20250

Agriculture Risk Coverage and Price Loss Coverage Program **1-ARCPLC**	**Amendment 1**

Approved by: Deputy Administrator, Farm Programs

Amendment Transmittal

A Reason for Issuance

This handbook has been issued to provide the 2014 Farm Bill policy and procedure for the ARC and PLC Program.

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Part 1 Basic Information

1 Overview

A Objective of this Handbook

This handbook provides instructions for implementing the ARC and PLC Program authorized by the 2014 Farm Bill. Included in this handbook are instructions about the following:

- provisions for reallocating base acres and updating CC yields
- detailed provisions of ARC-CO, ARC-IC, and PLC
- election procedure for the ARC and PLC Program
- enrollment procedure for the ARC and PLC Program
- eligibility and compliance rules for participating in ARC and/or PLC.

B ARC and PLC Purpose and Eligibility Comparison to DCP and ACRE

Both the 2008 and 2014 Farm Bills include choices between a revenue-base where the revenue target can move up and down with the market, and a price-base where the target price is fixed for the duration of the respective Farm Bill. In nearly all cases, producers eligible for DCP and ACRE will be eligible producers for ARC and PLC.

ARC is a modified version of ACRE. Both ARC and ACRE establish revenue targets, **not** price targets. The revenue target for ARC elected with ARC-CO is based on average yields and U.S. crop MYA prices as was the revenue target for ACRE. A 5-year Olympic average is used for yields (removing high and low) of the previous 5 years under both ARC-CO and ACRE. ARC-CO uses a 5-year Olympic average (removing high and low) for price while ACRE used a 2-year average. This means that under ARC-CO, as with ACRE, the revenue target moves with the market (increasing when market revenue is increasing and decreasing when market revenue is decreasing).

The revenue target for ARC elected with ARC-IC is based on average revenues at the farm level. The revenue target for ARC-IC is the farm's individual benchmark revenue based on the 5-year average of the annual benchmark revenues, **excluding** the years with the highest and lowest annual revenues, then averaging against all crops on the farm (paragraph 131). ARC, as ACRE, covers only part of the revenue target.

1 Overview (Continued)

B ARC and PLC Purpose and Eligibility Comparison to DCP and ACRE (Continued)

Under ACRE, producers who elected ACRE agreed to a reduction in direct payments on the farm. The 2014 Farm Bill has **no** similar provision for reducing direct payments for ARC or PLC participants, because direct payments have been eliminated.

Under the 2008 Farm Bill, the yield for the State was used to determine the ACRE revenue target. Under the 2014 Farm Bill, the yield for the county is used for ARC-CO.

Under ACRE, producers agreed a reduction in a crop's loan rate for MAL's and LDP's. **No** similar loan rate reduction applies to producers on farms that elect ARC. Loan rates for commodities are the same regardless of election.

PLC is a modified version of the CC portion of DCP. PLC prices are set in the 2014 Farm Bill for the duration of the 2014 Farm Bill, similar to the former CC payment program. For PLC, these are called reference prices. Under the CC payment program, these were called target prices, but served the same purpose. Like the CC payment program, PLC makes payments based on historical base acres, although the base acres of covered commodities under the 2014 Farm Bill may differ based on the option owners have to reallocate base acres of covered commodities, upland cotton no longer being a covered commodity, and the introduction of generic base acres (that were upland cotton base acres under DCP, ACRE, and CTAP) for ARC and PLC.

Under ARC and PLC, generic base acres planted with covered commodities will be recognized as base acres of the planted covered commodity in certain instances (without regard to the base acres of that covered commodity that may be on the farm). In other words, covered commodities with planted acreage for which generic base acres have been attributed can effectively increase the covered commodity's base acres and payment acres in the year of planting, but only in the year of planting.

1 Overview (Continued)

B ARC and PLC Purpose and Eligibility Comparison to DCP and ACRE (Continued)

A significant difference between the 2008 and 2014 Farm Bills is the **1-time** election between ARC and PLC that **must** irrevocably be made by **all current producers on a farm**. Under the 2008 Farm Bill, after an ACRE election was made on a farm, the decision was irrevocable from the year of election through the 2012 crop year, and an election for only the 2013 crop year was required for the 1-year extension of the 2008 Farm Bill. If ACRE was **not** elected in a crop year, the producers on the farm could elect ACRE in the later crop year. Under the 2014 Farm Bill, all current producers on farm are **required** to **affirmatively and unanimously** elect ARC or PLC during a single reallocation period, and, if an election is **not** made, the farm will be ineligible for payments in the 2014 crop year and default to PLC for the 2015 through 2018 crop years. Farms with producers who do **not** make a valid election in the reallocation period announced in this rule will **not** be eligible for 2014 crop year payments.

Under the 2008 Farm Bill, producers were ineligible for payments under DCP and ACRE if the sum of base acres of covered commodities and peanuts on a farm was 10 acres or less. The 10-acre limitation did **not** apply to producers on a farm that was at least 50 percent owned by SDA farmer or rancher or a limited resource farmer or rancher. The 2014 Farm Bill, likewise, has a 10-acre limitation; however, producer payment eligibility on a farm having 10 or less base acres (including generic base acres) is no longer dependent on the ownership of the farm. Under ARCPLC, any SDA farmer or rancher or limited resource farmer or rancher producer remains eligible for ARCPLC payments on farms having 10 acres or less base acres.

C Sources of Authority and Funding

Authority for ARC and PLC is the Agricultural Act of 2014 (Pub. L. 113-79) and 7 CFR Part 1412.

1 Overview (Continued)

D Related Handbooks

Related handbooks include:

- 1-APP for appeals
- 1-CM for common provisions
- 2-CP for acreage and compliance provisions and determinations
- 3-CM for procedure to update farm, tract, and crop data through a maintenance application
- 10-CM for farm reconstitutions
- 6-CP for HELC and WC provisions
- 7-CP for finality and equitable relief provisions
- 2-CRP for the Agricultural Resource Conservation Program
- 1-FI for issuing payments
- 3-FI for deposition remittances
- 58-FI for debts and claims
- 61-FI for prompt payment interest
- 62-FI for reporting data to IRS
- 63-FI for Financial Services Web Application
- 2-INFO for Freedom of Information Act
- 3-PL for web-based subsidiary files
- 5-PL for payment limitation and payment eligibility provisions.

1 Overview (Continued)

E Administration

[7 CFR 1412.2] (a) The program is administered under the general supervision of the Executive Vice-President, CCC, and will be carried out by Farm Service Agency (FSA) State and county committees (State and county committees).

(b) State and county committees, and representatives and their employees, do not have authority to modify or waive any of the provisions of the regulations of this part.

(c) The State committee may take any action required by the regulations of this part that the county committee has not taken. The State committee will also:

Correct, or require a county committee to correct, any action taken by such county committee that is not according to the regulations of this part; or

Require a county committee to withhold taking any action that is not according to this part.

(d) No provision or delegation to a State or county committee will preclude the Executive Vice President, or the Deputy Administrator, or a designee, from determining any question arising under the program or from reversing or modifying any determination made by a State or county committee.

(e) The Deputy Administrator has the authority to permit State and county committees to waive or modify deadlines (except statutory deadlines) and other non-statutory requirements, in cases where lateness or failure to meet such other requirements does not adversely affect operation of the program. Producers and participants have no right to a decision requesting an exception under this provision. The Deputy Administrator's refusal to consider wavier or modification cases or circumstances or a decision not to exercise this discretionary authority under this section will not be considered an adverse decision and is not appealable. Further, because participants have no right to a waiver or modification under this section, they likewise have no right to a decision on a request for waiver or modification, CCC's declination to consider a case under this section will not constitute a failure to act under any law or regulation.

(f) A representative of CCC may execute the FSA application form entitled "Application for Transition Assistance for Producers of Upland Cotton" only under the terms and conditions determined and announced by the Executive Vice President, CCC. Any application or contract that is not executed according to such terms and conditions, including any purported execution before or after the dates authorized by the Executive Vice President, CCC, is null and void and will not be considered to be an application or contract between CCC and the operator or any other producer on the farm.

2 DAFP, STC, and SED Responsibilities

A DAFP Responsibilities

DAFP will:

- issue internal operating guidelines and procedure to conduct the ARC and PLC Program and determine matters of general applicability
- determine any question arising under the ARC and PLC Program and may reverse or modify or require a STC or COC or other FSA official to reverse or modify any program decision determined to be inconsistent with regulations or this handbook
- establish deadlines **not** otherwise prescribed by statute or regulation
- at DAFP's sole discretion, determine if equitable relief or ARC and PLC Program exceptions are warranted
- choose whether to exercise discretion to waive or modify nonstatutory ARC and PLC Program deadlines
- respond to State Office requests for ARC and PLC Program guidance, requests for waivers, or requests for application of equitable relief or finality, as applicable.

B STC Responsibilities

STC will:

- direct administration of ARC and PLC
- ensure that State and County Offices follow ARC and PLC provisions
- require reviews at any time to ensure County Offices comply with requirements established by the National Office
- thoroughly document all actions and decisions in STC minutes
- handle appeals according to 1-APP.

2 DAFP, STC, and SED Responsibilities (Continued)

C SED Responsibilities

SED will:

- direct the administration of ARC and PLC
- ensure that State and County Offices follow ARC and PLC regulations and provisions
- ensure that County Office employees and COC's are adequately trained
- require County Offices to publicize ARC and PLC Program information and deadlines
- thoroughly document all STC actions and decisions in STC minutes
- make 7-CP determinations as necessary and as authorized
- ensure that County Offices adequately publicize ARC and PLC Program information by efficient means
- handle appeals and requests for appealability according to 1-APP.

3 DD Responsibilities

A Responsibilities

DD will:

- make certain that County Offices and COC are aware of ARC and PLC information and eligibility provisions
- ensure that County Offices publicize ARC and PLC by efficient means and that publication efforts are documented
- verify that ARC and PLC Program provisions are available for review and inspection in County Offices
- ensure that COC and County Office follow regulations and handbook procedure
- perform reviews of County Office procedures to ensure that County Offices are complying with the provisions of this handbook and regulations
- review County Office procedures to ensure that County Offices comply with requirements established by the State Office
- review all ARC-CO and PLC contracts and ARC-IC contracts disapproved by COC
- provide SED with a written report of all reviews
- review the Base Acreage and Yield Adjustment Report to identify unauthorized base and yield adjustments, when available.

3 DD Responsibilities (Continued)

B Printing Base Acreage and Yield Adjustment Report

Printing Base Acreage and Yield Adjustment Report.

DD's will print a current Base Acreage and Yield Adjustment Report according to 3-CM. The Base Acreage and Yield Adjustment Report lists base acreage and payment yield adjustments made on farms during the date range selected for which the report was printed. Each adjustment on the Base Acreage and Yield Adjustment Report includes the following:

- farm number
- tract number
- crop name
- adjustment type
- adjustment reason
- date changed
- farm status.

C How to Review Adjustments

After preparing the Base Acreage and Yield Adjustment Report, DD's will review base acreage and yield adjustments according to the following.

Step	Action
1	Review all adjustments **not** included in the previous review.
2	Verify the following: • adjustments were authorized and approved according to procedure • amount of adjustment is correct • base acreage and/or yield are correct.
3	Verify that the frequency of each type of adjustment is reasonable considering: • type of adjustment • number of the same type of adjustments approved in other County Offices in the district.

3 DD Responsibilities (Continued)

C How to Review Adjustments (Continued)

After preparing the Base Acreage and Yield Adjustment Report, DD's will review base acreage and yield adjustments according to the following.

Step	Action
4	Verify that the total number of adjustments is reasonable.
5	If an excessive number of adjustments for corrections were made, ensure that the cause of the error is: • recognized • alleviated.
6	Considering the type of adjustment, verify that adjustments were made in a timely manner.
7	Ensure that: • all errors are corrected • procedure is uniformly interpreted.

D When to Review Adjustments

DD's will review current year base acreage and yield adjustments only once before issuing ARCPLC payments.

Note: The Base Acreage and Yield Adjustment Report may be run as often as necessary.

4 COC, CED, and PT Responsibilities

A COC Responsibilities

COC will:

- ensure CED and County Office follow the provisions of this handbook and regulations

- publicize details of ARC and PLC, including but **not** limited to, providing information about deadlines, signature requirements, payment calculation, payment limitation and payment eligibility provisions (acreage reporting, HEL and WC compliance, AGI compliance, and actively engaged in farming), details on ARC and PLC including the necessary ARC and PLC Program documents that producers **must** file by established deadlines To be eligible for payment. Publication efforts include, but are **not** limited to, posting information in County Offices and in any media that is economically or practicably feasible

  Notes: FSA will assist persons by providing information in a variety of different ways. However, because of limits on resources, publication efforts by FSA may or may **not** be by direct mail or on an individual producer basis. FSA satisfies its responsibility of publication by making broad program announcements (press releases, public internet sites, print and electronic media, Federal register documents, radio and television announcements) and in posting program information in USDA County Offices.

  The reality of limited resources has increased a participant's responsibility for being aware or making themselves aware of program information that is available in the public domain. FSA is **not** responsible for reaching out to every potential program participant with all program information. Participants **must** seek information on program details from FSA and **not** wait for FSA to write or communicate with them about ARC and PLC Program provisions.

- ensure that all producer eligibility and ARC and PLC Program determinations are according to this handbook

- make factual determinations of eligibility based on information provided by producers, this handbook, and pertinent regulations

4 COC, CED, and PT Responsibilities (Continued)

A COC Responsibilities (Continued)

- document producer ARC and PLC Program decisions and appeals in COC minutes and the producer's farm file, including referencing program procedure and all factors relevant to decisions

- notify producers of eligibility and extent of eligibility decisions in writing and, if an adverse decision is made, issue the decision in writing and afford applicable administrative rights of review according to 1-APP

- elect whether or **not** to redelegate authority to CED to approve ARC and PLC Program documents and contracts in routine cases.

Note: Routine cases include approval of successor-in-interest cases and late-file contracts through the same date by which COC is authorized to approve late-filed applications.

If redelegation is approved:

- CED's authority to act is the same as COC's authority

- the redelegation **must** be recorded in COC minutes

- any CED approved applications under the redelegated authority **must** be recorded in COC minutes as actions taken between COC meetings.

4 COC, CED, and PT Responsibilities (Continued)

B CED Responsibilities

CED will:

- ensure that County Office employees are trained and familiar with the provisions of this handbook and the ARC and PLC Program

- make certain that the provisions of this handbook are followed

- publicize ARC and PLC Program information and deadlines for the COC consistent with COC responsibilities

- immediately notify SED through DD and State Office of ARC and PLC Program administration problems including but **not** limited to software problems

- if redelegated authority by COC, act on completed applications and record actions taken under delegation in COC minutes

- **not** take any action or authorize taking any action that is **not** consistent with this handbook or ARC and PLC Program regulations

- respond to questions from producers, employees, and committee members regarding details of the ARC and PLC Program

- report to SED and the State Office program specialists, through DD, discrepancies and problems

- notify producers of determinations and handle appeals according to 1-APP.

4 COC, CED, and PT Responsibilities (Continued)

C CED Signature Deadline Monitoring Responsibilities

CED will ensure that ARC and PLC Program information and deadlines are publicized according to subparagraphs 7 A and 8 A and copies of publication efforts are maintained in appropriate file.

In addition to publicizing program information, CED's will ensure that:

- forms and applications are completed before being presented to producers sign the form or application
- blank forms are not presented to and signed by producers
- signature deadlines are carefully monitored for reconstituted farms, designating payment shares, and necessary supporting documentation, such as AD-1026, CCC-902's, and CCC-941

  Important: County Offices are encouraged to remind producers of deadlines; however, a failure to provide a reminder to any producer will **not** constitute or be construed to be misaction/misinformation.

  Note: As allowed by time and resources, County Offices may attempt to contact producers in advance of critical deadlines by using reminder letters and/or telephone contacts. Those contacts or attempted contacts, if made, **must** be documented.

- Producer Payment Selection Reports are processed, as often as necessary, to ensure that payments are issued timely and according to producer requests.

D PT Responsibilities

PT's will assist producers and process ARC and PLC Program documents necessary for administering ARC and PLC according to this handbook and FSA policy.

PT's assist producers by presenting them with forms, applications, and contracts necessary for ARC and PLC Program benefits or compliance. However, PT's are **not** responsible for the accuracy of any certifications made by producers on forms, applications, and contracts.

Note: Producers are responsible for the accuracy of information on any form, application, or contract the producer signs.

PT's will consult with CED, as necessary, when questions or problems arise.

5 Basic ARC and PLC Program Information

A Covered Commodities

[7 CFR 1412.3] <u>Covered commodity</u> means:

- **wheat, oats, and barley (including wheat, oats, and barley used for haying and grazing), corn, grain sorghum, long grain rice, medium grain rice, pulse crops, soybeans, other oilseeds, and peanuts**

- crops for which base acres have been established according to statute or regulation.

  Note: Upland cotton is **not** a covered commodity. What were upland cotton base acres on September 30, 2013, as adjusted, are generic base acres for ARC and PLC as of October 1, 2013.

Covered commodities, including the following, are eligible for ARC and PLC Program benefits.

Covered Commodities			
Barley	Canola	Chickpeas, Large	Chickpeas, Small
Corn	Crambe	Flaxseed	Grain Sorghum
Lentils	Mustard	Oats	Peanuts
Peas, Dry	Rapeseed	Rice, Long Grain	Rice, Long Medium
Safflower	Sesame	Soybeans	Sunflower Seed
Wheat			

5 Basic ARC and PLC Program Information (Continued)

B Base Acres

[7 CFR 1412.3] <u>Base acres</u> mean, with respect to a covered commodity on a farm, the number of acres in effect under sections 1001 and 1301 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8702, 8751), as adjusted pursuant to sections 1101, 1108, and 1302 of such Act (7 U.S.C. 8711, 8718, 8752), as in effect on September 30, 2013, subject to any reallocation, adjustment, or reduction under Subpart B of this part. The term 'base acres' includes any generic base acres planted to a covered commodity.

Base acres may be increased if CRP-1 applicable to the farm expires or is released by the Secretary. The adjustment in the base acres of a crop, if any, will be determined by the Secretary. With some exception for double-cropped acres, total base acres on a farm for all covered commodities and peanuts **cannot** exceed the amount equal to the currently available cropland minus the amount of that cropland which is any of the following:

- in CRP
- in WRP
- enrolled in a Federal conservation program for which payments are made in exchange for **not** producing an agricultural commodity on the acreage.

Note: Base acres, including generic base acres, can only be reduced on CCC-505.

5 Basic ARC and PLC Program Information (Continued)

C Payment Acres

[7 CFR 1412.3] Payment acres mean:

(1) For the purpose of PLC and ARC when county coverage has been selected under Subpart D, but subject to §1412.47, the payment acres for each covered commodity on a farm will be equal to 85 percent of the base acres for the covered commodity on the farm.

(2) In the case of ARC when individual coverage has been selected under Subpart D, but subject to §1412.47, the payment acres for a farm will be equal to 65 percent of the base acres for all of the covered commodities on the farm.

D Payment Yield

[7 CFR 1412.3] Payment yield means for a farm for a covered commodity the yield established under subpart C of this part.

5 Basic ARC and PLC Program Information (Continued)

E Basic Summary Comparison of PLC, ARC-CO, and ARC-IC

The following table provides a basic comparison of PLC, ARC-CO, and ARC-IC.

PLC	ARC-CO	ARC-IC
Uses national MYA price plus the PLC yield established on the farm.	Uses MYA price plus county yield.	Uses MYA price plus the producer's yield from the farm.
Payments determined by individual crop of covered commodity base acres.	Payments determined by individual crop of covered commodity base acres.	Payments determined by all crops planted of covered commodities combined on the farm.
Payments made on 85 percent of base acres by crop base acreage.	Payments made on 85 percent of base acres by crop base acreage.	Payments made on 65 percent of total base acres.
Production report **not** required.	Production report **not** needed.	Must report annual production of covered commodities.
May elect PLC or ARC-CO on the same farm on a covered commodity by covered commodity basis.	May elect ARC-CO or PLC on the same farm on a covered commodity by covered commodity basis.	Planted acres used to attribute base acres. ARC-IC election applies to entire farm and all 21 covered commodities.

F Deadlines

The following table lists some important deadlines.

Date	Event
2-CP	Acreage reporting date.
July 15, 2014	Final date to report 2013 production for 2013 ACRE farms.
September 29, 2014	Base acre reallocation and CC yield update signup begins.
February 27, 2015	Base acre reallocation and CC yield update signup ends.
November 17, 2014	ARC and PLC reallocation period begins.
March 31, 2015	ARC and PLC reallocation period ends.
mid April 2015	ARC and PLC enrollment begins for 2014 and 2015.
June 1, 2015	ARC and PLC enrollment ends for 2014 and 2015.
June 1 of each ARCPLC program year 2016 through 2018.	ARC and PLC enrollment period for each of the 2016 through 2018 ARCPLC program years.

6 Payments and Limitations

A ARC and PLC Payment Calculation

Subject to an annual $125,000 per person or legal entity limit for persons or legal entities "actively engaged" in farming, and assuming all other payment eligibility or average AGI compliance provisions are met, payments:

- for PLC, are equal to the product of multiplying 85 percent of the farm's specific crop base acres times the farm's specific PLC yield times the difference between the crop's reference price minus MYA price for the crop times the producer's share on the approved contract

- for ARC-CO, are equal to the product of multiplying 85 percent of the farm's specific crop base acres times the difference between the specific crop's ARC-CO Guarantee minus the ARC-CO Actual crop year revenue, **not** to exceed 10 percent of the ARC-CO Benchmark Revenue, times the producer's share on the approved contract

- for ARC-IC, are equal to the product of multiplying 65 percent of the farm's **total** base acres times the difference between the ARC-IC Guarantee minus the ARC-IC Actual crop year revenue, **not** to exceed 10 percent of the ARC-IC Benchmark Revenue, times the producer's share certified on the crop acreage report, FSA-578, of covered commodities. The ARC-IC Guarantee and the ARC-IC Actual crop year revenue are based on a calculation of ALL covered commodities planted on all FSN's the producer has enrolled in ARC-IC within the State.

B Advance ARC and PLC Payments

There are no advance payments authorized for ARC and PLC.

C Final ARC and PLC Payments

Final ARCPLC payments will be made to eligible producers satisfying the ARC and PLC Program compliance, contract, and eligibility requirements on or after October 1 of the following year of the crop year after the MYA price has been determined for each specific covered commodity.

6 Payments and Limitations (Continued)

D Payment Limitations

[7 CFR 1412.51] Limitation of payments.

(a) The provisions of part 1400 of this chapter apply to this part. Payments under this part cannot exceed the amounts specified in part 1400 of this chapter.

(c) For all covered commodities other than peanuts, the total amount of ARCPLC payments received, directly or indirectly, by a person or legal entity (except a joint venture or general partnership) for any crop year together with any marketing loan gains or loan deficiency payments for any and all commodities other than peanuts under subtitle B of title I of the 2014 Farm Bill cannot exceed $125,000.

(d) For peanuts, the total amount of payments received, directly or indirectly, by a person or legal entity (except a joint venture or general partnership) for any crop year together with any marketing loan gains or loan deficiency payments under subtitle B of title I of the 2014 Farm Bill for peanuts cannot exceed $125,000.

D 10-Acre Rule Provision

A producer on a farm will **not** receive ARCPLC payments if the sum of the base acres including any generic base acres on the farm is 10 acres or less. The 10-acre rule provision will **not** apply to a SDA farmer or rancher or a limited resource farmer or rancher.

E Refunds of Unearned Payments

A producer **must** refund any payment to CCC which exceeds the amount actually earned under the contract. Interest on such refunds will be assessed according to 58-FI.

Note: Interest only accrues from date of disbursement in cases where COC determines misrepresentation, scheme, or device according to paragraph 205.

7 Contract Requirements

A Signing ARC-CO and PLC Contract and ARC-IC Contract

To participate on FSN's having valid elections (CCC-857), including default elections, for:

- ARC-CO and PLC, all the farm's producers sharing in any of covered commodities are required to designate shares and sign ARC-CO and PLC contract for each FSN enrolled
- ARC-IC, all producers sharing in any of the covered commodities on the ARC-IC elected FSN **must** sign an ARC-IC contract for that FSN to be considered ARC-IC elected and enrolled.

  Note: Final payment shares will be determined by using the producer's share of all covered commodities certified on FSA-578 on each ARC-IC elected and enrolled FSN in the State.

  Reminder: ARC and PLC are administered based on administrative county.

B ARC-CO and PLC Contract and ARC-IC Contract Requirements

Producers signing ARC-CO and PLC contract and ARC-IC contract agree to:

- comply with HELC and WC provisions
- file a farm operating plan for payment limitation and actively engaged in farming for the ARC and PLC Program year participation, according to 5-PL
- devote acreage equal to the base acres to an agricultural or conserving use
- effectively control noxious weeds and otherwise maintain an amount of acreage equal to the upland cotton (generic) base acres according to sound agricultural practices
- file an acreage report with respect to all crops and all cropland on the farm
- notify FSA when there is a transfer of or change of interest of a producer

  Note: See paragraph 6 and 254 for payments and refunds for predecessors and successor.

- a certification of compliance with AGI provisions by the producer's persons and legal entities according to 7 CFR Part 1400.

7 Contract Requirements (Continued)

C Transfer of or Change in Farming Interest or Change in Base Acres

A transfer of or change in the interest of any producer or change in any base acres in a FY for a farm will result in cancellation of ARC-CO and PLC contract and ARC-IC contract for FY, unless the producers succeeding to the acreage enter into ARC-CO and PLC contract and ARC-IC contract for the farm and agree to assume the ARC-CO and PLC contract and ARC-IC contract no later than September 30 of the program year.

8 Eligible Producers

A Background

The 2014 Farm Bill authorizes the Secretary to issue ARCPLC payments to eligible producers. A producer is defined by law as "an owner, operator, landlord, tenant, or sharecropper that shares in the risk of producing a crop and is entitled to share in the crop available for marketing from the farm, or would have shared had the crop been produced." The 2014 Farm Bill further requires the Secretary to "provide for the sharing of payments among the producers on a farm on a fair and equitable basis."

B Individuals and Legal Entities Who Are Producers Eligible for Payment

The following individuals and legal entities may share in ARCPLC payments if the individual or legal entity is entitled to an ownership share of agricultural commodity or conserving use and is:

- an owner on an eligible farm who assumes all or part of the risk of producing a crop on base acres
- a producer, other than an owner, on an eligible farm with a share-rent arrangement or cash-lease agreement.

Notes: An owner whose only interest is that the owner cash leases land to another is **not** a producer on that land and, therefore, is ineligible to share in ARCPLC payments for this land.

See paragraphs 216 and 217 for information on sharing payments.

C Loss of Interest in Base Acres on a Farm

If a producer loses interest in the base acres on a farm, the producer is **not** eligible to retain ARCPLC payments for those acres. Any payments issued to that producer or that were received by the producer on the acreage **must** be immediately refunded as required by paragraph 6.

9 General Signature Requirements and Withdrawing or Terminating ARC-CO and PLC Contract and ARC-IC Contract

A Common Management Provisions

Follow 1-CM for policy concerning signatures.

B Withdrawing ARC-CO and PLC Contract and ARC-IC Contract During the Enrollment Period

The enrollment period for each ARCPLC program year:

- 2014 and 2015 is June 1, 2015
- 2016 through 2018, June 1 of each ARCPLC program year.

See:

- subparagraph 251 for withdrawing ARC-CO and PLC contracts and ARC-IC contracts

- subparagraph 204 for withdrawing and subsequent ARC-CO and PLC contracts and ARC-IC contracts during the authorized late-file enrollment period.

C Terminating ARC-CO and PLC Contract and ARC-IC Contract

ARC-CO and PLC contract and ARC-IC contract will be terminated if there is a transfer or change in the interest of any producer or change in any of the base acres on the farm occurring by:

- September 30, 2015, for each of the 2014 and 2015 program years
- September 30 of the program year for each of the 2016 and subsequent program years.

ARC-CO and PLC contract and ARC-IC contract may be canceled for violations and other reasons.

10-20 (Reserved)

Part 2 Base Acres

Section 1 Base Modifications

21 Definition and Limitation

A Definition of Base Acres

[7 CFR 1412.3] <u>Base acres</u> mean, with respect to a covered commodity on a farm, the number of acres in effect under sections 1001 and 1301 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8702, 8751), as adjusted pursuant to sections 1101, 1108, and 1302 of such Act (7 U.S.C. 8711, 8718, 8752), as in effect on September 30, 2013, subject to any reallocation, adjustment, or reduction under Subpart B of this part. The term 'base acres' includes any generic base acres planted to a covered commodity.

Covered Commodities			
Barley	Canola	Chickpeas, Large	Chickpeas, Small
Corn	Crambe	Flaxseed	Grain Sorghum
Lentils	Mustard	Oats	Peanuts
Peas, Dry	Rapeseed	Rice, Long Grain	Rice, Long Medium
Safflower	Sesame	Soybeans	Sunflower Seed
Wheat			

B Adjustments to Base Acres

Base acres may be increased if CRP-1 applicable to the farm expires or is released by the Secretary. The adjustment in the base acres of a crop, if any, will be determined by the Secretary. With some exception for double-cropped acres, total base acres on a farm for all covered commodities and peanuts **cannot** exceed the amount equal to the currently available DCP cropland minus the amount of that cropland which is any of the following:

- in CRP
- in WRP
- enrolled in a Federal conservation program for which payments are made in exchange for **not** producing an agricultural commodity on the acreage.

Note: Base acres, including generic base acres, can only be reduced on CCC-505. If the farm is **not** over based but the tract is out of balance a CCC-517 may be used to redistribute the base.

21 Definition and Limitation (Continued)

C Definition of Generic Base Acres

The 2014 Farm Bill removed upland cotton as a covered commodity for ARC or PLC.

Upland cotton base acres that were in existence as of September 30, 2013, became generic base acres for the purposes of ARC and PLC beginning October 1, 2013 (FY 2014).

Generic base acres mean acres that are treated, for the purposes of ARC and PLC, like other base acres, **except** that they **cannot** be reallocated. Like other base acres, generic base acres may be any of the following:

- planted to any crop including covered commodities, fruits, vegetables, minor oilseeds, or other crops
- receive payment for the acres planted to a covered commodity
- reduced for CRP participation
- reduced when taken out of agriculture production
- reduced on farms having more base acres than available DCP cropland.

Covered commodities with planted acreage for which generic base acres have been attributed can effectively increase the covered commodity's base acres and payment acres in the year of planting, but only in the year of planting.

If generic base acres are planted or eligible subsequently planted crop acreage to a covered commodity, the covered commodity's planted or eligible subsequently planted crop acreage will be treated as base acres for that covered commodity for that crop year of ARCPLC payment calculations.

21 Definition and Limitation (Continued)

D Limitation on Base Acres

The total of the following **must not** exceed the DCP cropland acreage on a farm, **except** to the extent there is an established double-cropping history on the farm as follows:

- all base acres on the farm, including generic base acres
- any cropland acreage enrolled in:
  - CRP
  - EWP
  - WBP
  - WRP
- any cropland acreage on the farm enrolled in any **Federal** conservation program for which payments are made in exchange for **not** producing an agricultural commodity.

Notes: Enrollment in State conservation programs has no impact on ARC, PLC, or CTAP payments.

See subparagraphs 216 and 282 if the agreement allows haying and/or grazing on the land under normal conditions.

Base acres can only be reduced on CCC-505. If the farm is **not** over based but the tract is out of balance a CCC-517 may be used to redistribute the base.

22 Base Acre Reductions

A Voluntary Permanent Base Acres Reduction

Owners may permanently reduce base acreage, including generic base acres, at any time. A reduction:

Note: Transition payment acres are equal to generic base acres. In the unlikely event that generic base acres are voluntarily reduced for reasons other than conservation or for reasons other than insufficient cropland, the County Office **must** contact DAFP through the State Office for guidance.

- **must** be recorded on CCC-505

  Note: Complete and process CCC-505 according to paragraph 66.

- may be for a part or all of 1 or more crops' base acres

  Note: Each crop's base acres and generic base acres are recorded at the tract level. Therefore, owners **must** designate the tract level reduction on CCC-505.

- is effective for the ARC and PLC Program year entered in CCC-505, item 4, when all applicable owners' signatures, including the signatures of owners having an undivided ownership interest, are obtained on CCC-505

- will **not** be reinstated after the reduction in base acres becomes effective

  Note: Reductions of base acres are permanent.

  Exception: Base acres reduced because of cropland enrollment into CRP may be restored to the farm for a program year, if CRP-1 is voluntarily terminated, expired, or early released by the end of the CTAP application period or ARC and PLC enrollment period for that ARCPLC program year.

- is **not** needed to negate a FAV or wild rice violation, or a violation found as the result of a spot check, because acre-for-acre reductions apply to FAV or wild rice (paragraph 287).

Note: Participants **must** refund any overpayments caused by a reduction.

22 Base Acre Reductions (Continued)

B Producer Requested Base Acres Reduction

The owners on the farm may request that the reduction of cropland and base acreage be immediately completed. In this situation, the following actions will be taken:

- adjust the cropland in farm maintenance according to 10-CM
- owners **must** complete CCC-505 to permanently reduce base acres and/or CCC-517 to redistribute base acres
- adjust the base acres in farm maintenance according to 10-CM
- revise contract according to this handbook
- request a refund of any overpayments.

Provided the provisions about options following reconstitution of farms as specified in this handbook are satisfied, all signatures **must** be obtained on the new ARC-CO and PLC contract and ARC-IC contract by the later the established application deadline for ARC-CO and PLC contract and ARC-IC contract for the ARC and PLC Program year or 30 calendar days following producer notification of the completion of the reconstitution.

23 Completing CCC-505

A Instructions

Owners may request a voluntary permanent reduction of base acres (including generic base acres) by completing CCC-505 according to the following.

<table>
<tr><th>Item</th><th colspan="2">Instruction</th></tr>
<tr><td>1</td><td colspan="2">Enter State and county code where the farm is administratively located.</td></tr>
<tr><td>2</td><td colspan="2">Enter farm number where base acres will be reduced.</td></tr>
<tr><td rowspan="3">3</td><td>IF CCC-505 is…</td><td>THEN enter program year…</td></tr>
<tr><td>being prepared as a prerequisite for participation in CRP or GRP</td><td>• for CRP, equal to the effective date of CRP-1

Note: CCC-505 program year will equal FY CRP-1 becomes effective.

Example: Producer completed and signed CCC-505 during CRP Signup 26. If the CRP offer is accepted:

• CRP-1 will be effective October 1, 2008

• base acre reduction will be effective October 1, 2008

• CCC-505 program year is 2009.

• for land enrolled in GRP under:

• rental agreement, equal to date CCC-920 is approved by COC

• easement equal to date GRP easement is filed.</td></tr>
<tr><td>completed for reasons other than CRP or GRP participation</td><td>equal to FY CCC-505 is approved by COC.</td></tr>
</table>

23 Completing CCC-505 (Continued)

A Instructions (Continued)

<table>
<tr><th>Item</th><th colspan="2">Instruction</th></tr>
<tr><td>4</td><td colspan="2">Enter reason base acres are being reduced. If “other”, specify reason.</td></tr>
<tr><td>5</td><td colspan="2">Enter tract numbers where base acres will be reduced.</td></tr>
<tr><td>6</td><td colspan="2">For tract numbers in item 5, enter commodity for which base acres will be reduced. If it is generic base being reduced the commodity is generic and CTAP acres will also have to be adjusted.</td></tr>
<tr><td>7</td><td colspan="2">Enter tract level direct payment yield for the commodity entered in item 6.

Important: The tract level yield may be different than the farm level yield for the commodity.</td></tr>
<tr><td>8</td><td colspan="2">Enter tract level CC yield for the commodity entered in item 6.

Important: The tract level yield may be different than the farm level yield for the commodity.</td></tr>
<tr><td>9</td><td colspan="2">For tract numbers in item 5, enter total base acres for the commodity in item 6 before reduction.</td></tr>
<tr><td>10</td><td colspan="2">Enter total base acres for the commodity in item 6 to be reduced on tract numbers in item 5.</td></tr>
<tr><td>11</td><td colspan="2">For tract numbers in item 5, enter total base acres for the commodity in item 6 after reduction (column 9 minus column 10).</td></tr>
<tr><td>12</td><td colspan="2">Enter total number of base acres to be reduced for the farm number entered in item 2 (total of column 10).</td></tr>
<tr><td>13</td><td colspan="2">Enter total number of base acres on the farm number in item 2 before reduction.</td></tr>
<tr><td>14</td><td colspan="2">Enter total number of base acres on the farm number in item 2 after reduction (item 3 minus item 12).</td></tr>
<tr><td>15A</td><td colspan="2">Requestor, if other than owner, will sign.</td></tr>
<tr><td rowspan="3">15B</td><td>IF…</td><td>THEN…</td></tr>
<tr><td>the producer/applicant signing is not signing in the representative capacity</td><td>leave blank.</td></tr>
<tr><td>anyone other than the producer/applicant is signing in a representative capacity</td><td>enter the title or relationship to the producer/applicant.</td></tr>
<tr><td>15C</td><td colspan="2">Enter date signed.</td></tr>
</table>

23 Completing CCC-505 (Continued)

A Instructions (Continued)

<table>
<tr><th>Item</th><th colspan="2">Instruction</th></tr>
<tr><td>16A and 17A</td><td colspan="2">Owner or representative must sign. Only the affected owner must sign CCC-505.</td></tr>
<tr><td rowspan="3">16B and 17B</td><td>IF…</td><td>THEN…</td></tr>
<tr><td>the owner signing is not signing in the representative capacity</td><td>leave blank.</td></tr>
<tr><td>anyone other than the owner is signing in a representative capacity</td><td>enter the title or relationship to the owner.</td></tr>
<tr><td>16C and 17C</td><td colspan="2">Enter date signed.</td></tr>
<tr><td>18</td><td colspan="2">Enter remarks.

If base acres are being reduced because of enrollment into:

• CRP, enter CRP-1 number and CRP-1 effective date
• GRP, enter:

    • CCC-920 number and beginning date of contract period for land enrolled under rental agreement

    • System 36 application number and date easement is filed for land enrolled under an easement.

Important: File copy of CCC-505 in the CTAP and/or ARC and PLC Program folder and CRP or GRP folder, as applicable.</td></tr>
<tr><td>19</td><td colspan="2">COC will annotate if CCC-505 is approved or disapproved.</td></tr>
<tr><td>20</td><td colspan="2">Enter County Office name, address, and phone number.</td></tr>
<tr><td>21</td><td colspan="2">COC, or representative, must sign and date.</td></tr>
</table>

23 Completing CCC-505 (Continued)

B Processing CCC-505

Process CCC-505's according to the following.

Step	Action
1	Ensure that all base acres and reductions are listed.
2	Ensure that all affected owner signatures are present and properly executed.
3	If all applicable affected owners do **not** sign CCC-505, within 30 calendar days, COC will: • act on the request if a reduction is required to comply with CTAP, ARC, or PLC • disapprove, sign, and date, if a reduction is **not** required to comply with CTAP, ARC, or PLC. If all applicable signatures are obtained, COC or designee may approve CCC-505; however, approval is **not** necessary.
4	Reduce the base acres, including generic base acres, that exceed cropland in farm maintenance according to 3-CM. **Note:** Ensure that CCC-505 is properly executed before making these reductions or processing contract.
5	Date-stamp and retain CCC-505.
6	Corrections are permitted if acreage data on the farm is found to have changed during MIDAS or Farm Record updates. In cases where additional base acreage is required to be reduced because of rounding or other corrections, the additional base reduction because of CRP acreage can be added to the existing CCC-505 for the farm or tract.

Notes: CCC-505 (02-21-12) is required effective February 24, 2012. Before February 24, 2012, CCC-505 (02-05-09) is acceptable.

CCC-505 (01-22-13) is required effective February 5, 2013. Before February 5, 2013, CCC-505 (02-21-12) is acceptable.

CCC-505 (01-22-13) and subsequent CCC-505's are acceptable.

23 Completing CCC-505 (Continued)

C Example of CCC-505

The following is an example of CCC-505 (06-26-14).

This form is available electronically.

CCC-505 (06-26-14)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

VOLUNTARY PERMANENT BASE ACRE REDUCTION

1. STATE AND COUNTY CODE	2. FARM NO.	3. PROGRAM YEAR
30 043	1525	2015

4. REASON FOR REDUCTION OF BASE ACRES

☑ CRP Enrollment

☐ Other ______________

NOTE: *The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1412, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Agriculture Act of 2014 (Pub. L. 113-79). The information will be used to process a request for a permanent reduction of the base acres established for identified crops. The information collected on the form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated). Providing the requested information is voluntary. However, failure to furnish the requested information will result in an inability to process a request for a permanent reduction of the base acres established for identified crops.*

This information collection is exempted from the Paperwork Reduction Act, as it is required for administration of the Agriculture Act of 2012 (Pub. L. 113-79), Title 1, Subtitle F – Administration.

The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. ***RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.***

PART A - REQUEST

The undersigned requests a permanent reduction of the base acres established for the following crop(s) for the farm identified in Item 2 above.

5. TRACT NO.	6. COMMODITY	7. YIELD	8. BASE ACRES ON TRACT BEFORE REDUCTION		9. BASE ACRES ON TRACT TO BE REDUCED		10. BASE ACRES ON TRACT AFTER REDUCTION *(Column 7 MINUS Column 9)*
1621	Corn	127	42.3	-	4.3	=	38.0
10423	Soybeans	45	39.0	-	3.0	=	36.0
				-		=	
				-		=	

11. Total Base Acres to be Reduced *(Total of Column 9)* 7.3

12. Total Base Acres on Farm Before Reduction 81.3

13. Total Base Acres on Farm After Reduction *(Item 12 minus Item 11)* 74.0

14A. Requestor's Signature *(By)*	14B. Title/Relationship *(of the individual signing in the Representative Capacity)*	14C. Date *(MM-DD-YYYY)*
A Producer		02-19-2015

15A. Owner's Signature *(By)*	15B. Title/Relationship *(of the individual signing in the Representative Capacity)*	15C. Date *(MM-DD-YYYY)*
A Landowner	Spouse	02-19-2015

16A. Owner's Signature *(By)*	16B. Title/Relationship *(of the individual signing in the Representative Capacity)*	16C. Date *(MM-DD-YYYY)*

17. REMARKS (If the base acres are being reduced because of cropland enrollment into CRP, enter the CRP-1 number and the effective date of CRP-1).

CRP #327 Effective Date 10/1/2014

PART B- APPROVAL *(COUNTY OFFICE USE ONLY)*

18. REDUCTION IS:

APPROVED ☑ DISAPPROVED ☐

19. COUNTY FSA OFFICE NAME AND ADDRESS *(Including Zip Code)*

Jefferson County FSA
2 Whitetail Rd
Whitehall, MT 59759

20. COC'S SIGNATURE: A Cecl

DATE *(MM-DD-YYYY)*: 02-19-2015

TELEPHONE NUMBER *(Area Code)*: 406-287-3260

The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the bases of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.) Persons with disabilities, who wish to file a program complaint, write to the address below or if you require alternative means of communication for program information (e.g., Braille, large print, audiotape, etc.) please contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). Individuals who are deaf, hard of hearing, or have speech disabilities and wish to file either an EEO or program complaint, please contact USDA through the Federal Relay Service at (800) 877-8339 or (800) 845-6136 (in Spanish).

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at ***http://www.ascr.usda.gov/complaint_filing_cust.html****, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter by mail to U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at* ***program.intake@usda.gov*** *USDA is an equal opportunity provider and employer.*

24 Base Acre Reallocation

A Notification to Owners and Operators

CCC provided owners and operators of record in 2014 with a summary of the P&CP of all covered commodities during the 2009 through 2012 crop years, as reported to FSA on acreage reports filed with the agency in each of those years. Acreage **not** reported to FSA by producers was **not** was included in this summary.

Any owner or producer of a farm may, at any time, visit FSA and request a copy of the summary of the P&CP history. Therefore, an owner's **not** receiving the summary from FSA, for whatever reason, will **not** have any bearing whether the owner can update records or exercise any of the owner's options. Owners and producers have the opportunity to update records during the reallocation period, provided that there are crop insurance records (or other verifiable documentation) available to support those updates. See 2-CP for further information.

Note: Although a producer may update records, only a current owner on a farm may actually reallocate base acres.

Updating 2009 through 2012 P&CP records can adversely impact other FSA or CCC programs that were conducted in those years based on those records, **before** any update. If an update to a farm's P&CP for 2009 through 2012 causes any payment under another FSA or CCC program to become unearned, the overpayment **must** be refunded to FSA or CCC according to the rules for that program and FSA or CCC's rules governing the overpayment (7 CFR Parts 718 and 1403).

After records are updated, the owner has the opportunity to redistribute the farm's base acres based on a proration of each covered commodity's P&CP in crop years 2009 through 2012 to the total P&CP acres of all covered commodities during that time. The reallocation **cannot** increase the base acres on the farm.

24 Base Acre Reallocation (Continued)

B Base Acre Reallocation Decision

The 2014 Farm Bill authorizes any current owner of a farm the 1-time opportunity to either:

- retain all the farm's 2013 base acres, as of September 30, 2013, for each covered commodity, **excluding** upland cotton (generic) base acres
- reallocate base acres, **excluding** upland cotton (generic) base acres, on a farm, based on the 4-year average P&CP acres for the 2009 through 2012 crop years.

  Note: An increase in **total** base acres in effect on September 30, 2013, on a farm is **not** allowed according to the 2014 Farm Bill.

If no reallocation decision is made during the reallocation period, the farm will retain the base acres on the farm as of September 30, 2013.

Note: The option to retain or reallocate base acres is an "all or nothing" proposition. Partial retention of bases or partial reallocation of bases is **not** permissible.

An owner **cannot** reallocate base acres to covered commodities that were **not** P&CP or subsequently planted crop acreage, to a covered commodity on the farm in 2009 through 2012 crop years, or in proportions other than proportions reflected in the actual history.

C Base Acre Reallocation Formula

The reallocation of base acres is based on the proportion of the 2009 through 2012 average of P&CP acres of covered commodities to the total of P&CP acres of all covered commodities on the farm, **excluding** upland cotton (generic) P&CP. Upland cotton (generic) base acres **cannot** be reallocated. If a subsequent covered commodity crop was planted after an initial covered commodity crop (P&CP), then a current owner may select either the initial crop (P&CP) or the subsequent as the crop to include in the reallocation calculation. In approved double crop situations, both the initial covered commodity crop (P&CP) and the subsequent covered commodity are included in the reallocation calculation.

25 Examples of Base Acre Reallocations

A Example of Base Acre Reallocation with No CRP

The following is an example of a base acre reallocation. The farm has acreage devoted to covered commodities in the 2009 through 2012 base period. Wheat was planted in 2009 and changed to a corn and soybean rotation in the years 2010 through 2012.

Farm Number:	1234
Farm Effective Cropland:	300.00

Crop	*2013 Base Acres*	*2009*	*2010*	*2011*	*2012*	*Average Planting*	*Reallocation Percentage*	*2014 Reallocated Base Acres*
Barley	100.00					0.00	0.00%	0.00
Canola						0.00	0.00%	0.00
Corn			300.00		300.00	150.00	50.00%	150.00
Crambe						0.00	0.00%	0.00
Dry Peas						0.00	0.00%	0.00
Flaxseed						0.00	0.00%	0.00
Grain Sorghum						0.00	0.00%	0.00
Large Chickpeas						0.00	0.00%	0.00
Lentils						0.00	0.00%	0.00
Mustard Seed						0.00	0.00%	0.00
Oats						0.00	0.00%	0.00
Peanuts						0.00	0.00%	0.00
Rapeseed						0.00	0.00%	0.00
Rice (Long Grain)						0.00	0.00%	0.00
Rice (Medium/Short Grain)						0.00	0.00%	0.00
Safflower						0.00	0.00%	0.00
Sesame Seed						0.00	0.00%	0.00
Small Chickpeas						0.00	0.00%	0.00
Soybeans				300.00		75.00	25.00%	75.00
Sunflower Seed (All)						0.00	0.00%	0.00
Wheat	200.00	300.00				75.00	25.00%	75.00
Upland Cotton (Generic)						0.00	0.00%	0.00
Totals	300.00	300.00	300.00	300.00	300.00	300.00	100%	300.00

DISCLAIMER: This tool was developed for you by FSA . The sole purpose of this tool is to provide a method for determining reallocated base acres . FSA does not endorse, guarantee, or otherwise make representations of any kind regarding any use of this tool.

The owner's base acre reallocation options are either of the following:

- retain 100 base acres of barley and 200 base acres of wheat
- reallocate base acres to 150 base acres of corn, 75 base acres of soybeans, and 75 base acres of wheat.

Note: The sum of the reallocated bases **must** equal 300 acres.

25 Examples of Base Acre Reallocations (Continued)

B Example of Base Acre Reallocation with CRP

This farm was fully enrolled in CRP until expiration in 2010. The CRP contracts protected 200 base acres of wheat and 100 base acres of barley. In 2011, 100 acres of expired CRP was planted to 100 acres of corn. In 2012, the remaining CRP contract expired and 200 acres of corn and 100 acres of soybeans were planted.

Farm Number:	123
Farm Effective Cropland:	300.00

PRINT

Crop	*2013 Base Acres*	*2009*	*2010*	*2011*	*2012*	*Average Planting*	*Reallocation Percentage*	*2014 Reallocated Base Acres*
Barley	100.00					0.00	0.00%	0.00
Canola						0.00	0.00%	0.00
Corn				100.00	200.00	75.00	75.00%	225.00
Crambe						0.00	0.00%	0.00
Dry Peas						0.00	0.00%	0.00
Flaxseed						0.00	0.00%	0.00
Grain Sorghum						0.00	0.00%	0.00
Large Chickpeas						0.00	0.00%	0.00
Lentils						0.00	0.00%	0.00
Mustard Seed						0.00	0.00%	0.00
Oats						0.00	0.00%	0.00
Peanuts						0.00	0.00%	0.00
Rapeseed						0.00	0.00%	0.00
Rice (Long Grain)						0.00	0.00%	0.00
Rice (Medium/Short Grain)						0.00	0.00%	0.00
Safflower						0.00	0.00%	0.00
Sesame Seed						0.00	0.00%	0.00
Small Chickpeas						0.00	0.00%	0.00
Soybeans					100.00	25.00	25.00%	75.00
Sunflower Seed (All)						0.00	0.00%	0.00
Wheat	200.00					0.00	0.00%	0.00
Upland Cotton (Generic)						0.00	0.00%	0.00
Totals	300.00	0.00	0.00	100.00	300.00	100.00	100%	300.00

DISCLAIMER: This tool was developed for you by FSA . The sole purpose of this tool is to provide a method for determining reallocated base acres . FSA does not endorse, guarantee, or otherwise make representations of any kind regarding any use of this tool.

The owner's base acre reallocation options are either of the following:

- retain 100 base acres of barley and 200 base acres of wheat
- reallocate the farm to 225 base acres of corn and 75 base acres of soybean.

Note: The sum of the reallocated bases **must** equal 300 acres.

25 Examples of Base Acre Reallocations (Continued)

C Example of Base Acre Reallocation With Upland Cotton Acres Converted to Generic Base Acres

This farm has 100 base acres of grain sorghum, 100 base acres of wheat, and 100 base acres of upland cotton. The upland cotton base acres become generic base acres. Upland cotton plantings in the 2009 through 2012 base period are **not** used in the reallocation calculation. The farm had producers planting corn along with upland cotton and peanuts in rotation in the base period.

Farm Number:	**34**
Farm Effective Cropland:	**300.00**

ERASE

PRINT

Crop	*2013 Base Acres*	*2009*	*2010*	*2011*	*2012*	*Average Planting*	*Reallocation Percentage*	*2014 Reallocated Base Acres*
Barley						0.00	0.00%	**0.00**
Canola						0.00	0.00%	**0.00**
Corn		200.00		200.00		100.00	50.00%	**100.00**
Crambe						0.00	0.00%	**0.00**
Dry Peas						0.00	0.00%	**0.00**
Flaxseed						0.00	0.00%	**0.00**
Grain Sorghum	**100.00**					0.00	0.00%	**0.00**
Large Chickpeas						0.00	0.00%	**0.00**
Lentils						0.00	0.00%	**0.00**
Mustard Seed						0.00	0.00%	**0.00**
Oats						0.00	0.00%	**0.00**
Peanuts			200.00		200.00	100.00	50.00%	**100.00**
Rapeseed						0.00	0.00%	**0.00**
Rice (Long Grain)						0.00	0.00%	**0.00**
Rice (Medium/Short Grain)						0.00	0.00%	**0.00**
Safflower						0.00	0.00%	**0.00**
Sesame Seed						0.00	0.00%	**0.00**
Small Chickpeas						0.00	0.00%	**0.00**
Soybeans						0.00	0.00%	**0.00**
Sunflower Seed (All)						0.00	0.00%	**0.00**
Wheat	**100.00**					0.00	0.00%	**0.00**
Upland Cotton (Generic)	**100.00**	100.00	100.00	100.00	100.00	0.00	0.00%	**100.00**
Totals	**300.00**	**200.00**	**200.00**	**200.00**	**200.00**	**200.00**	**100%**	**300.00**

DISCLAIMER: This tool was developed for you by FSA . The sole purpose of this tool is to provide a method for determining reallocated base acres . FSA does not endorse, guarantee, or otherwise make representations of any kind regarding any use of this tool.

The owner's base acre reallocation options are either of the following:

- retain 100 base acres of grain sorghum, 100 base acres of wheat, and 100 generic base acres
- reallocate the farm to 100 corn base acres, 100 base acres of peanuts, and 100 generic base acres.

25 Examples of Base Acre Reallocations (Continued)

D Example of Base acre reallocation With Planted Acres Less Than Effective Cropland

This farm has 100 base acres of corn, 75 base acres of grain sorghum, 25 base acres of soybeans, and 100 base acres of wheat. The farm has been planting corn, grain sorghum, and soybeans. The total plantings each year do **not** equal the total base acres.

Farm Number:	654
Farm Effective Cropland:	300.00

Crop	2013 Base Acres	2009	2010	2011	2012	Average Planting	Reallocation Percentage	2014 Reallocated Base Acres
Barley						0.00	0.00%	0.00
Canola						0.00	0.00%	0.00
Corn	100.00	55.00				13.75	30.56%	91.67
Crambe						0.00	0.00%	0.00
Dry Peas						0.00	0.00%	0.00
Flaxseed						0.00	0.00%	0.00
Grain Sorghum	75.00			75.00		18.75	41.67%	125.00
Large Chickpeas						0.00	0.00%	0.00
Lentils						0.00	0.00%	0.00
Mustard Seed						0.00	0.00%	0.00
Oats						0.00	0.00%	0.00
Peanuts						0.00	0.00%	0.00
Rapeseed						0.00	0.00%	0.00
Rice (Long Grain)						0.00	0.00%	0.00
Rice (Medium/Short Grain)						0.00	0.00%	0.00
Safflower						0.00	0.00%	0.00
Sesame Seed						0.00	0.00%	0.00
Small Chickpeas						0.00	0.00%	0.00
Soybeans	25.00		50.00			12.50	27.78%	83.33
Sunflower Seed (All)						0.00	0.00%	0.00
Wheat	100.00					0.00	0.00%	0.00
Upland Cotton (Generic)						0.00	0.00%	0.00
Totals	300.00	55.00	50.00	75.00	0.00	45.00	100%	300.00

DISCLAIMER: This tool was developed for you by FSA . The sole purpose of this tool is to provide a method for determining reallocated base acres . FSA does not endorse, guarantee, or otherwise make representations of any kind regarding any use of this tool.

The owner's base acre reallocation options are either of the following:

- option 1, retain 100 base acres of corn, 75 base acres of grain sorghum, 25 base acres of soybeans, and 100 base acres of wheat
- option 2, reallocate the farm to 91.67 base acres of corn, 125 base acres of grain sorghum, and 83.33 base acres of soybeans.

Note: The sum of the reallocated base acres **must** equal 300 base acres, even though the yearly plantings did **not** equal the sum of the base acres.

26 Base Acre Reallocation Decision

A Base Acre Reallocation

Any current owner of a farm will have a 1-time opportunity from September 29, 2014, through February 27, 2015, to do either of the following:

- retain the farm's base acres as of September 30, 2013, as adjusted, **except** upland cotton (generic) base acres
- reallocate base acres, **excluding** upland cotton (generic) base acres, on a farm, based on the 4-year average P&CP acres for the 2009 through 2012 crop years. An increase in **total** base acres in effect on September 30, 2013, on a farm is **not** allowed according to the 2014 Farm Bill.

Note: Under **no** circumstances will reallocation of base acres of covered commodities on a farm result in any increase in total base acres on a farm.

If a decision to reallocate base acres is **not** made by a current owner by the end of the reallocation period, then the farm retains the base acres that were on the farm as of September 30, 2013.

See Exhibit 2 for definition of current owner.

26 Base Acre Reallocation Decision (Continued)

B Signature Requirements for Base Acre Reallocation

Any current owner will make the base acre reallocation decision. Any current owner on the farm may sign to reallocate the farm's base acres or retain the farm's 2013 base acres.

If a current owner reallocates base acres, that reallocation will apply to the farm **unless** the base acre reallocation is withdrawn, rescinded, or modified by any current owner on the farm in the base acre reallocation period.

Neither FSA nor CCC is under any obligation to notify owners on a farm if a base acre reallocation has been filed, rescinded, modified, or withdrawn during the base acre reallocation period. If a person or legal entity acquires ownership of a farm that has already had base acre reallocation decision made by an owner, FSA will provide the base acre reallocation information to that person or legal entity on request, but is under no obligation to notify new owners or new producers whether a base acre reallocation decision has previously been made on that particular farm.

C Base Acre Reallocation Disputes

If any current owner submits a conflicting reallocation request or expresses disagreement with a reallocation filed, no reallocations will be approved for the farm unless all the current owners of the farm provide CCC with written evidence of the dispute resolution during the base acre reallocation period.

27-40 (Reserved)

Section 2 Methods for Base Acre Reallocation

41 Base Acre Reallocation to Tracts on Farm

A Base Acre Reallocation

Base acres may be reallocated to the tracts of a farm in either of the following ways:

- **default method** where reallocation will be attributed to each tract on the farm based on its percentage of cropland and will remain on that tract unless a subsequent CCC-517 is initiated to reallocate the bases following provisions in 10-CM

- **designation method** where any current owner may reallocate base to any tract or tracts, if the tract or tracts have the cropland to support the base acres assigned.

Note: If the farm retains the base in effect September 30, 2013, and does **not** reallocate base acres, the only opportunity to redistribute base between tracts is through the CCC-517 process following provisions in 10-CM.

If a current owner reallocates base acres, that reallocation will apply to the farm **unless** the base acre reallocation is withdrawn, rescinded, or modified by any current owner on the farm in the base acre reallocation period.

Neither FSA nor CCC is under any obligation to notify owners on a farm if a base acre reallocation has been filed, rescinded, modified, or withdrawn during the base acre reallocation period. If a person or legal entity acquires ownership of a farm that has already had a base acre reallocation made by a current owner, FSA will provide the base acre reallocation information to that person or legal entity on request, but is under **no** obligation to notify new owners or new producers whether a base acre reallocation decision has previously been filed on that particular farm.

B Documenting Base Acre Reallocations

Base acre reallocations must be documented on CCC-858 (Exhibit 7).

41 Base Acre Reallocation to Tracts on Farm (Continued)

C Base acre reallocation Disputes

If any current owner submits a conflicting reallocation request or expresses disagreement with a reallocation filed, no reallocations will be approved for the farm unless all the current owners of the farm provide CCC with written evidence of the dispute resolution during the reallocation period.

If no resolution is reached during the reallocation period the bases acres in effect on the farm as of September 30, 2013 will be retained.

D Reallocation Deadline

Base acre reallocations must be completed by **February 27, 2015**.

E Reallocation After ARC-CO, ARC-IC, or PLC Election

If CCC-858 is filed after CCC-857 has been filed, and the election period is still open, the previously filed CCC-857 is invalid. If either a base reallocation or yield update, or both, is performed in the election period, any previously filed election is invalidated. CCC-857 previously filed is **invalid**.

42 Adjusting Base Acres for CRP-1 Expiration, Voluntary Termination, or Early Release

A Policy

The same land **cannot** be enrolled in ARCPLC and CRP at the same time and receive both ARCPLC and CRP payments on the same acres. However, if during the program or contract year CRP-1 expires, is voluntarily terminated, or is early released, and **before** the established application or enrollment deadline established for ARCPLC, producers may enroll the following acreage and applicable yields into ARCPLC, previously enrolled under CRP-1, as applicable:

- CAB's reduced from applicable CRP-15
- PFC acreage that was reduced on CCC-505 to be enrolled in CRP
- base acres that were reduced on CCC-505 to be enrolled in CRP.

Note: The CAB, PFC, or base acres that are reinstated to the farm are considered base acres.

Important: Only reinstated base acreage from CRP-1's that expire, are voluntarily terminated, or early released on or after September 30, 2013, are eligible to be enrolled into the applicable year's ARC-CO and PLC contract, ARC-IC contract, or CTAP application providing base acreage reinstatement, enrollment, or application are completed by the applicable enrollment or application deadline.

The reinstated base acres:

- may be distributed to the tract previously enrolled in CRP or to the tract from which the base acres were removed

- will receive a PLC yield equal to the tract level yield for this crop at the time the applicable acreage was removed.

See 10-CM for updating FRMS.

Notes: When CAB's or previously reduced PFC acreage is included in an ARCPLC enrollment, or CTAP application, CAB's and PFC acreage become base acres or generic base acres.

See Exhibit 2 for the definition of voluntarily terminated.

FY 2015 base acre reinstatements **cannot** be added into FRMS until after the base acre reallocation has been completed.

42 Adjusting Base Acres for CRP-1 Expiration, Voluntary Termination, or Early Release (Continued)

B Limitation on Base Acres

The total base acres on a farm **must not** exceed DCP cropland according to paragraph 21.

Base acres reinstated under the previous CRP-1 **must not** be enrolled in ARCPLC **unless** the total DCP cropland for the farm is sufficient to support the additional base acres. Therefore, County Offices **must** determine the amount of previously reduced base acres that may be enrolled in ARCPLC.

Before enrolling base acres into ARCPLC acreage previously under CRP-1, a farm may be combined with another farm to increase the amount of DCP cropland to support the additional base acreage, if both of the following are met:

- all provisions of 10-CM for farm combinations are met
- the combination is completed before the final date to enroll the reinstated base acres.

C Timing of Adjustment and Payments

Participants who elect to voluntarily terminate CRP-1 or who have acres affected by early release before the CRP-1 expiration date:

- **must** choose to receive **either** of the following for FY in which CRP-1 was voluntarily terminated:

  - ARC and PLC payments
  - CRP payment, if applicable

- **cannot** receive ARCPLC payments together with CRP payments on the same acreage for the same FY.

Note: ARCPLC and CTAP can be paid on the same land; however, if CRP is paid on the land, the land **cannot** receive ARCPLC payments.

42 Adjusting Base Acres for CRP-1 Expiration, Voluntary Termination, or Early Release (Continued)

C Timing of Adjustment and Payments (Continued)

Adjustments to base acres on a farm because of CRP-1 that expires, is voluntarily terminated, or early released after September 30, 2013, and before October 1, 2018, may be made according to the following, if all other eligibility requirements are met.

IF CRP-1 expires, is voluntarily terminated or is early released…	THEN eligible farms may...	AND be paid full ARCPLC or CTAP payments, in FY...
before September 30, 2014	have base acres reinstated to the farm to be used for: • reallocation of base acres • election of ARC or PLC • enrollment into 2014 ARC-CO and PLC contract or ARC-IC contract	2014, subject to ARC-CO and PLC contract, ARC-IC contract, or CTAP application, if applicable.
September 30, 2014 through September 30, 2018	have base acres reinstated to the farm to be used for: • election of ARC or PLC, if new base is added to the farm • enrollment into 2014 ARC-CO and PLC contract or ARC-IC contract **Note:** FY 2015 base acre reinstatements **cannot** be added into FRMS until after the base acre reallocation has been completed.	in which base acres are reinstated and subject to ARC-CO and PLC contract, ARC-IC contract, or CTAP application, if applicable.
	adjust base acres on the farm by enrolling eligible acreage after September 30 of FY in which CRP-1 is voluntarily terminated, but no later than the application or enrollment deadline **for the applicable following FY**.	in which base acres are reinstated and subject to ARC-CO and PLC contract or ARC-IC contract, if applicable.

Note: Eligible acreage **must** be included on ARC-CO and PLC contract or ARC-IC contract by the applicable ARCPLC enrollment deadline established for the applicable year to be eligible for ARCPLC.

42 Adjusting Base Acres for CRP-1 Expiration, Voluntary Termination, or Early Release (Continued)

D Example 1

Jane Smith enrolled 100 acres of cropland on FSN 56 in CRP during signup. CRP-1 became effective on October 1, 2014. Before enrollment of the 100 acres of cropland into CRP, FSN 56 had:

- 500 acres cropland
- 410 base acres, including generic base acres
- 0 CRP acres.

The total amount of base acres plus CRP acres **cannot** exceed the farm's cropland plus double-cropping history. Accordingly, Jane Smith executed CCC-505 to reduce the base acres (including generic base acres) on FSN 56 to 400 acres. After enrollment of the 100 acres of cropland into CRP, FSN 56 has:

- 500 acres cropland
- 400 base acres, including generic base acres
- 100 CRP acres
- 10 wheat base acres reduced on CCC-505.

Note: If upland cotton (generic) base acres are reduced, instead of wheat base acres, eligible upland cotton (generic) base acres for CTAP are reduced.

42 Adjusting Base Acres for CRP-1 Expiration, Voluntary Termination, or Early Release (Continued)

D Example 1 (Continued)

On September 1, 2015, Jane Smith voluntarily terminates 2.3 acres from CRP. The 2.3 acres will be used for a horse pasture. The voluntary termination of 2.3 acres from CRP was approved by the applicable CCC official. After the voluntary termination of the 2.3 acres of CRP is approved, and all other eligibility requirements are met, the County Office will:

- notify all producers and owners in writing that the 2.3 wheat base acres are available for enrollment into ARCPLC

- increase the base acres on FSN 56 to 402.3 if the producer applies for CTAP or enrolls the base acres by the applicable CTAP application or enrollment deadline for ARCPLC

- notate the 2.3 base acre reinstatement in the CCC-505 "Remarks" section.

After the modifications to FY 2015 FRMS have been completed, FSN 56 has:

- 500.0 acres cropland
- 402.3 base acres, including generic base acres
- 97.7 CRP acres
- 7.7 base acres reduced on CCC-505.

42 Adjusting Base Acres for CRP-1 Expiration, Voluntary Termination, or Early Release (Continued)

E Example 2

Mike Jones enrolled 100 acres of cropland on FSN 119 in CRP during signup. CRP-1 became effective on October 1, 2014. Before enrollment of the 100 acres of cropland into CRP, FSN 119 had:

- 500 acres cropland
- 410 base acres, including generic base acres
- 0 CRP acres.

Note: If upland cotton (generic) base acres are reduced, instead of wheat base acres, eligible upland cotton (generic) base acres for CTAP are reduced.

The total amount of base acres plus CRP acres **cannot** exceed the farm's cropland. Accordingly, Mike Jones executed CCC-505 to reduce the base acres on FSN 119 to 400 acres. After enrollment of the 100 acres of cropland into CRP, FSN 119 has:

- 500 acres cropland
- 400 base acres, including base acres
- 100 CRP acres
- 10 wheat base acres reduced on CCC-505.

On July 1, 2015, Mike Jones voluntarily terminates 2.3 acres from CRP. The 2.3 acres will be used to build a house and out buildings. The voluntary termination of 2.3 acres from CRP was approved by the applicable CCC official. Because a house and out buildings do **not** meet the requirements to be considered cropland, and the producer does **not** have enough available cropland, the County Office **must not** make any modifications to base acres or acres recorded on CCC-505 for FSN 119.

After modifications have been made to CRP-1, FSN 119 has:

- 497.7 acres cropland
- 400.0 base acres
- 97.7 CRP acres
- 10.0 wheat base acres reduced on CCC-505.

Note: If upland cotton (generic) base acres are reduced, instead of wheat base acres, eligible upland cotton (generic) base acres for CTAP are reduced.

42 Adjusting Base Acres for CRP-1 Expiration, Voluntary Termination, or Early Release (Continued)

F Example 3

Joe Brown enrolled 10 acres of cropland on FSN 989 in CRP during signup. CRP-1 became effective on October 1, 2014. Before enrollment of the 10 acres of cropland into CRP, FSN 989 had:

- 25 acres cropland
- 20 base acres
- 0 CRP acres.

The total amount of base acres plus CRP acres **cannot** exceed the farm's cropland. Accordingly, Joe Brown executed CCC-505 to reduce the base acres on FSN 989 to 15 acres. After enrollment of the 10 acres of cropland into CRP, FSN 989 has:

- 25 acres cropland
- 15 base acres
- 10 CRP base acres
- 5 wheat base acres reduced on CCC-505.

On May 1, 2015, Joe Brown sold 15 acres of non-CRP land. As a result of the land sale, FSN 989 has:

- 10 acres cropland
- 0 base acres
- 10 CRP acres
- 5 wheat base acres reduced on CCC-505.

42 Adjusting Base Acres for CRP-1 Expiration, Voluntary Termination, or Early Release (Continued)

F Example 3 (Continued)

On May 15, 2015, Joe Brown voluntarily terminated his CRP-1. Joe Brown will use 7 acres to build a house, out buildings, and a tennis court; and 3 acres will be returned to crop production. The voluntary termination from CRP was approved by the applicable CCC official. After the voluntary termination of CRP-1 is approved, and all other eligibility requirements are met, the County Office **must**:

- notify all producers and owners, in writing, that the 3.0 wheat base acres are available for enrollment into ARCPLC

- increase the base acres on FSN 989 to 3 base acres, if the producer enrolls the base acres into ARCPLC by the applicable ARCPLC enrollment deadline

- notate the 3 base acre reinstatement in CCC-505.

After the modifications to the applicable FY 2014 FRMS are completed, FSN 989 has:

- 3 acres cropland
- 3 base acres
- 0 CRP acres
- 2 wheat base acres reduced on CCC-505.

43-60 (Reserved)

Part 3 PLC Yields

Section 1 PLC Yield Overview

61 General Information

A Yield Update Option

The 2014 Farm Bill allows any current owner of a farm a 1-time opportunity to retain or update the PLC yields for each covered commodity with base acres for the 2014 through 2018 covered commodity years. The decision to update a yield is made on a covered commodity-by-covered commodity basis as determined by a current owner on the farm.

Program payment yields under the 2014 Farm Bill are used **only** with PLC and are referred to as PLC yields for all farms for the 2014 through 2018 crop years.

Note: Direct payment yields will no longer be used by FSA for the ARC and PLC Program.

The PLC yield, under the 2014 Farm Bill, is either the farm's former CC yield for the covered commodity in effect on September 30, 2013, or the updated yield. The owner of the farm may choose to retain the former CC yield or update the yield on all applicable FSA farms, regardless of PLC, ARC-CO, or ARC-IC election. The retained or updated yield will only be used under PLC to calculate PLC payments for covered commodities on the farm.

Note: This is the first time since 1985 (for all covered commodities), 2002 (for covered commodities with updated base acres), or 2008 (for pulse crops) that owners are allowed to update payment yields.

The following is an example of direct and CC yields under the prior Farm Bill. Only the CC yields will be used under the ARC and PLC Program and **only** CC yields may be updated if requested by the farm owner.

Crop	Acreage	Yield	Yield
WHEAT	112.4	26	37
CORN	56.7	55	132
SOYBEANS	132.1	37	44

See Exhibit 7 for examples of yield updates.

61 General Information (Continued)

B Yield Update Formula

The formula for updating the PLC yield for a covered commodity is calculated by multiplying 90 percent of the simple average of the yield per planted acre for the covered commodity for each of the 2008 through 2012 crop years, **excluding** any year in which the covered commodity was **not** planted.

A substitute yield is authorized if the farm's yield per planted acre in any year falls below 75 percent of the 2008 through 2012 simple county average yield per planted acre for the covered commodity.

Note: Substitute yield is the simple average of the yield per planted acre of covered commodity in each county multiplied by 75 percent. In other words, the 2008 through 2012 per acre planted yield will be averaged and substituted in any year where a farm's certified yield is below the substitute yield.

A substitute yield is also used for years the crop is planted and when yields either **cannot** be determined or are **not** available.

The yield update software will use the larger of the actual yield or the substitute yield when making the yield update calculation.

62 Yield Update Decision

A Decision to Update or Retain CC Yield

The decision to update or retain the yield for covered commodities can be made on a covered commodity-by-covered commodity basis, as determined by the owner of the farm.

For covered commodities with base acres, the owner will have a choice of either of the following:

- keeping the covered commodity's existing CC yield
- update the CC yield according to subparagraph 61 B.

Note: The farm's PLC yield, after the update decision is completed, will be equal to or greater than the farm's CC yield, depending on the yield update decision made by the owner.

If the owner chooses **not** to update the PLC yields on the farm, or does **not** make the necessary updates before the base and yield update deadline, the farm's 2013 CC yields for each covered commodity will be carried forward as the farm's PLC yields for the 2014 through 2018 covered commodity years.

Owners have the option of updating yields regardless of PLC, ARC-CO, or ARC-IC election. However, if either a base reallocation or yield update, or both, is performed in the election period, any previously filed election is invalidated.

Example: A producer elects PLC for the wheat base and ARC-CO for the corn base. The producer may update the PLC yield for both wheat and corn on the farm.

The PLC yields are used in the payment calculation for PLC **only**. The PLC yields are **not** used in the ARC calculations; however, all updated PLC yields, including PLC yields for covered commodities for which ARC was elected, will be maintained on the farm by FSA for future program purposes.

ARC uses county level yields for ARC-CO or individual farms yields for ARC-IC, in the 5 years immediately preceding, for determining guarantees and payments, if applicable. The PLC yield that is based on 2008 through 2012 data is **not** used for ARC.

Note: Upland cotton is no longer a covered commodity. There is **no** need to establish PLC yields for upland cotton base acres.

62 Yield Update Decision (Continued)

B Irrigated and Nonirrigated Yields

The 2014 Farm Bill does **not** allow for establishing separate irrigated and nonirrigated payment yields for covered commodities in the ARC and PLC Program.

The PLC yield for a covered commodity that is from both irrigated and nonirrigated acreage will either be the farm's current CC yield, or an updated yield that is based on total production on the farm for the covered commodity, divided by the total irrigated and nonirrigated planted acres of the covered commodity on the farm for each applicable year, 2008 through 2012.

Note: Under ARC-CO, FSA will establish an irrigated and non-irrigated ARC-CO guarantee for counties that meet the irrigated acre criteria. However, separate irrigated and non-irrigated yields will **not** be required to be established at the farm level for this calculation.

C Update Decisions

The decision to update the farm yield for the covered commodity at the farm or tract level can be made by any current owner of the farm and does **not** require all owners to sign to the update.

The yield update decision by any current owner will remain as filed, **unless** 1 or more of the other farm's current owners files a written notice with FSA expressing disagreement with a yield update. The notice of disagreement **must** be filed with COC **no** later than the end of the yield update period.

If FSA receives a written notice of current owner disagreement of the yield update, COC will invalidates the original yield update decision and wait for all the farms current owners' resolution. If a subsequent unanimous decision of the yield update **cannot** be agreed to by all the farm's current owners by the end of the yield update period, the farm's yield will default to the 2013 CC yield as listed in the Acreage History notification letter.

Any current owner of a farm in 2014 can make the decision to update yield. If a new owner acquires the farm before the yield update deadline, the yield update decision can be modified by the new owners or then current owners of the farm, provided the yield update period is still open.

Yield update decisions are made on a crop-by-crop basis and can be modified throughout the base and yield update process.

62 Yield Update Decision (Continued)

D Yield Update Revision and Deadline

Any current owner's decision to update a yield can be made through the end of the base and yield update period **February 27, 2015**, deadline.

If a request to update a yield is **not** filed by **February 27, 2015**, the former CC yield will be used as the farm's PLC yield for the 2014 through 2018 crop years.

63 Establishing PLC Yields

A Assigning Yields

PLC yields **must** be assigned when:

- a new covered commodity's base acres are established under the base acre reallocation process

- farms have planted 1 or more new covered commodities are planted on generic base acres.

63 Establishing PLC Yields (Continued)

B Assigning Yields for Reallocated Base Acres

The PLC yield for covered commodities with planting history from 2009 through 2012, when new base acres are created during reallocation, will be updated with the county average CC yield.

In instances where there is **not** a county average CC yield, COC will assign the PLC yield based on either of the following:

- CC yield based on the State average CC yield
- when there is neither a county nor State CC yield available, COC can use a neighboring State's average CC yield.

After the PLC yield has been established, that yield may be updated, as determined by the owner of the farm using certified yield data for the 2008 through 2012 crop years providing the crop was planted during that time period.

C Assigned Yields for Generic Base Acres

PLC yield may be needed if a covered commodity is planted on generic base acres and that covered commodity has no PLC yield. Initially, this yield will be established with the county average CC yield.

After the PLC yield has been established, that yield may be updated, as determined by a current owner of the farm, using certified yield data for the 2008 through 2012 crop years, if the crop was planted during the 2008 through 2012 crop years. Yields may also be adjusted, as determined by COC, using the farm's location, productivity, farming practices, and land capabilities as determined by COC. The yield update option for the current owner, in this instance, **must** be performed by the end of the contract year. A current owner's failure to update a yield under this subparagraph, by the end of the specific contract year, will be viewed as a decision to **not** update the yield.

63 Establishing PLC Yields (Continued)

C Assigned Yields for Generic Base Acres (Continued)

Yields may be established on farms with generic base acres. Assigning yields for generic base acres occurs when new covered commodities are planted on generic base acres during the 2014 through 2018 contract years. PLC yield that is assigned to a covered commodity because of planting on generic base acres in the 2014 through 2018 crop years **cannot** be revised or updated in a subsequent year, if established previously.

D Yield Certification at the Farm Level

The PLC payment yield, as determined by the farm owner, may be certified on the FSA farm level.

The farm level yield for each covered commodity will then be moved down to the tract level for each tract with base acres of the covered commodity. If there is more than 1 tract on the farm, then all tracts with covered commodity crop base acres will have the same yield on the initial farm record, **unless** the owners on the farm agree to adjust the yields for the tracts on the farm.

Note: If yields are **not** updated on the farm, the current CC yield will remain on the tract of the farm.

E Yield Certification at the Tract Level

The PLC payment yield, as determined by the farm owner, may be certified on the FSA tract level during the initial yield update process. The decision to certify yields at the tract level is made by the farm owner who is making the yield update decision for the farm.

The tract level yield for each covered commodity will then be weighted to the farm level to establish a PLC farm yield for the covered commodity.

If owners of the farm choose to adjust yields between tracts on the farm after the initial yield certification process, they may do so; however, all affected owners on the farm **must** agree in writing to the yield adjustments on the tracts according to policy in Par. 36 and 37 of 10-CM. The tract yields will be weighted back to the farm level and **cannot** result in an increase or decrease of the farm level yield.

64 Historical FSA Yields

A Yields on FSA Farms

FSA's current FRMS contains the following 2 yields for each covered commodity with 2014 crop base acres:

- direct payment yield
- CC yield.

Example: Under the 2014 Farm Bill, **only 1 yield** will be used for each applicable the crop base. The CC yield or updated yield will become the PLC yield and will be used in making PLC payments, if PLC is elected for the crop.

Crop	Base Acres	Direct Payment Yield	CC Yield
Wheat	100	30 bu.	30 bu.
Corn	100	89 bu.	114 bu.

B 2002 and 2008 Direct and CC Yields

The 2002 Farm Bill authorized creating the following:

- direct payment yield for crops with base acres to issue direct payments

  Note: The direct payment yield was renamed from the previous farm bill's PFC payment yield. These yields have been unchanged since 1985.

64 Historical FSA Yields (Continued)

B 2002 and 2008 Direct and CC Yields (Continued)

- CC yield, to issue CC payments, if triggered, with CC yield was established by either:
  - assigning the direct payment yield for the crop as the CC yield
  - allowing the owner the option to partially update the CC yield on the farm when partial update of the CC yield was based on 1 of the following formulas and **only** when base option to fully update bases was selected on the farm:
    - 93.5 percent of the 1998 through 2001 weighted average yield of the crop
    - 70 percent partial yield update calculated using 70 percent of the difference between the 1998 through 2001 weighted average yield and the direct payment yield, with the result being added to the direct payment yield of the crop
- crop bases and yields for soybeans and minor oilseed crops allowed for establishing direct and CC yields for soybeans and minor oilseeds using policy as stated in this subparagraph.

The 2008 Farm Bill allowed for pulse crop base acres and yields established under the 2002 Farm Bill, according to this subparagraph, to be and used.

65 Certification of Yields

A Certified Yields

PLC yields can be updated on a covered commodity-by-covered commodity basis as determined by a current owner on the farm.

A current owner will certify to an actual yield for each covered commodity that was planted on the farm for each year, during the 2008 through 2012 crop years. The certified yield can be made at the farm or tract level. However, if the yield is certified at the tract level, the tract yields will be weighted back to the farm level.

Note: The yield certification policy differs from yield certification policy used under the 2002 Farm Bill or the 2008 Farm Bill's ACRE program, where certified production records for each year were required. County Offices do **not** have the resources to accept production evidence for verification purposes as certifications are made.

Records supporting the certified yield are **not** required to be submitted to FSA for approval at the time of yield update certification. However, certified yields are subject to FSA review. A current owner who certifies to a farm yield is **required** to retain the records used to certify to the applicable crop yields through the 2018 crop year. Farms selected for yield review and that are determined to have an invalid or incorrect certification of yield will have the yield corrected and overpayments **must** be refunded, if applicable. If COC determines yields were certified based on misrepresentation or scheme and device, follow paragraph 205. More than 1 year of ARCPLC payments may be required to be refunded, if applicable.

65 Certification of Yields (Continued)

B Yield Policy

The certified PLC yield **must** represent the total harvested and/or appraised production divided by the planted acres of the covered commodity on the farm for each year and provided to the County Office under the following guidelines:

- certified yield data may be furnished by either the farm owner or operator
- the decision to retain or update the PLC yield is solely the current owners and can be made by any current owner of the farm in the yield update period
- the certified PLC yield **must** be supported by acceptable production evidence, if requested by FSA anytime through the 2018 crop year
- FSA-658's from the ACRE program will be provided to the operator or owner of the farm, by request, and may be used by a current owner to certify PLC yields on the farm or tract
- use of RMA production or yield data is encouraged, when certifying to yields for yield update purposes
- RMA yields may include yields used in either the indemnification process or the yearly certified yield included in the APH yield database
- the RMA APH yield **cannot** be used since it is a 4- to 10-year average of actual and or adjusted yields in the APH database
- copies of production evidence used to certify to the covered commodity yields will **not** be required or accepted by FSA at the time of yield certification, but **must** be available on request by FSA through the 2018 crop year.

Note: Provided FSA is satisfied the yield data is for farm yields supported by RMA, yield data will be considered to have met the review criteria, because these yields have already been reviewed or have been subject to review by RMA.

65 Certification of Yields (Continued)

C Who Certifies Yields

Yields will be provided to FSA, on CCC-858 (Exhibit 7), by either the operator or owners of the farm and can include yield data from the current or previous producers on the farm. The actual decision to update the yield is made by a current owner of the farm.

In cases where yields **cannot** either be determined or are **not** available, the yield for that acreage in that year will be substituted according substitute yield policy in subparagraph D.

Production data used to certify yields **must** be retained by the current owner of the farm making the certification if the record is selected for review by FSA.

Important: Regardless of how yield information is provided, it is a current owner who must choose whether to update the yield and provide a certification as to the yield authenticity.

D Substitute Yield

A substitute yield is authorized to be used in the 2008 through 2012 period, if the farm's yield per planted acre for any year 2008 through 2012, falls below 75 percent of the 2008 through 2012 simple county average yield per planted acre for each covered commodity.

The substitute yield is calculated at 75 percent of the 2008 through 2012 county average yield. The same substitute yield, as calculated, will be used for each of the 5 years in the yield update period.

Note: There is 1 substitute yield per covered commodity per county that will be used in all years 2008 through 2012.

A substitute yield is **not** used in years of zero planting of the covered commodity during the 2008 through 2012 crop years. According to the 2014 Farm Bill, zero planting years of a covered commodity are **excluded** in the PLC yield calculation.

A substitute yield is used for years the crop is planted and when yields **cannot** either be determined or the yields are **not** available.

65 Certification of Yields (Continued)

E RMA and NAP Data

Owners are encouraged to use yield data that was used by RMA to establish and update the RMA and NAP APH database for certification of yields for ARCPLC. The NAP APH yield information at FSA will be made available on request.

The following are examples of RMA yield data that can be used to assist in the yield certification process. The following yield data is from a Production and Yield Report used by Multi-Peril Crop Insurance companies. The column titled "Yield" can be used by the producer to certify to yields for the 2008 through 2012 covered commodity years.

Note: The following examples reflect the same FSA farm and RMA unit structure.

Corn Yield Example: All years, 2008 through 2012, have yield data and may be used to certify to yields for use in the yield update calculation.

REQUIRED Field Review __ Inspection __			Added Land/New Crop/Practice/Type/TMA ☐		
PROC NO./NAME &/OR # OF TREES/VINES			Map Area	T Yld 126.0	% Share 100
YEAR	PRODUCTION	ACRES	YIELD	YA YIELD	DESC
04	14,428.8	200.4	72.00		A
05	28,693.8	167.8	171.00		A
06	29,058.0	200.4	145.00		A
07	36,246.5	241.1	150.00		A
08	35,303.9	200.4	176.00		A
09	24,911.0	188.5	132.00		A
10	12,069.1	73.3	165.00		A
11	47,419.3	316.4	150.00		A
12	17,178.6	100.7	171.00		A
13L	49,122.4	315.5	156.00		A

65 Certification of Yields (Continued)

E RMA and NAP Data

Wheat Yield Example: Only 2010 has yield data that may be used to certify to yields for usage in the yield update calculation. The years of 2008, 2009, 2011, and 2012 were zero planted acre years and are **not** used in the yield update calculation.

REQUIRED Field Review __ Inspection __			Added Land/New Crop/Practice/Type/TMA ☐		
PROC NO./NAME &/OR # OF TREES/VINES			Map Area	T Yld 55.0	% Share 100
YEAR	PRODUCTION	ACRES	YIELD	YA YIELD	DESC
87	2,448.0	48.0	51.00		A
89	4,028.0	76.0	53.00		A
90	5,398.4	96.4	56.00		A
91	6,060.0	101.0	60.00		A
92	3,465.0	55.0	63.00		A
93	7,332.0	156.0	47.00		A
95	6,068.0	151.7	40.00		A
97	5,928.0	156.0	38.00		A
99	3,990.0	70.0	57.00		A
10	2,463.4	27.4	90.00		A

F Yield Certification Form and Instructions

See Exhibit 7 for example CCC-858 and instructions.

G Yield Update Software

The software used to update yields and instructions will be provided in 2-ARCPLC.

66 Modifications to Yield or Production Certifications

A Yield or Production Certification Modifications

COC’s are authorized to approve a modification to a current owner’s production certification or yield certification. Approvals of such modifications are subject to the current owner providing verifiable or nonverifiable, but reliable records that clearly indicate the production is different than originally certified. A modification of a production certification may also be identified using RMA records provided by the current owner and may be used as evidence to support a modification of the previously certified production.

Modifications of the production record in these situations **must** be:

- documented on a copy of the original CCC-859
- initialed and dated by the current owner
- approved by COC.

There is no deadline for modifications to production certifications. Any payments generated should be made immediately. Any refunds should be collected immediately.

Notes: Modifications to production (more or less) may have impact on ARCPLC eligibility and payments.

COC’s should also consider referring the modifications of production to RMA under provisions of 4-RM, if warranted.

66 Modifications to Yield or Production Certifications (Continued)

B Examples of Modifications to Production Certifications

Example 1: A current owner certified yield data by the production reporting deadline, that the production from a crop of soybeans was 37 bushels per acre based on FCIC records. Later, FCIC modified the production because of quality adjustments and the net production was adjusted to 35 bushels per acre. COC may approve the adjustment in production on CCC-859, if the current owner submits acceptable records to substantiate the adjustment.

Note: An operator or producer may assist a current owner with a yield update; however, it is the current owner who updated a yield who is responsible for the update and evidence needed to substantiate the update.

Example 2: A current owner certified yield data by the production reporting deadline, that the production from a crop of wheat was 55 bu. per acre based on farm-stored measurement records. Later, the current owner sells the commodity and provides sales receipts for 59 bu. per acre. COC may approve the adjustment in production, if the current owner choosing to update the yield provides acceptable records to substantiate the adjustment.

Note: County Offices will consider a referral to RMA under provisions of 4-RM, if warranted.

67 Hybrid Seed or Popcorn

A Yield Certification

A current owner on a farm having either hybrid seed or popcorn may use the following separate methods to certify and update PLC yields for any covered commodities grown for hybrid seed or popcorn for each crop year. If more than 1 method is applicable to the farm, the current owner may select the method to be used. If a current owner does **not** select a method, the farm's yield will remain unchanged from the CC yield.

B Separate Methods

IF...	**AND...**	**THEN the current owner may certify to the...**
both commercial crop acreage and hybrid seed or popcorn acreage is grown on the farm	both the commercial and the hybrid seed or popcorn acres are irrigated or nonirrigated	yield per planted acre from the commercial acreage to the hybrid seed or popcorn acreage.
the producer and company entered into an agreement to use a commercial equivalent yield to calculate payments under the seed contract based on harvested commercial production	the producer has evidence that the calculation was based on actual harvested yields **Note:** Evidence may include the nomination form, election of field form, or other form showing actual harvested commercial production.	commercial equivalent production used for payment by the seed company, **not** to exceed 120 percent of the county average yield.
the entire county grows hybrid seed or popcorn	neither of the previous 2 methods in this table apply	county average yield of an adjacent county as determined by STC.
neither of the previous 3 methods in this table apply		county average yield.

68 Yield Update Examples

A Example 1

In this example, a producer planted peanuts in all 5 years of the yield period 2008 through 2012. The 2012 crop year yield is lower than the substitute yield (75 percent of the 2008 through 2012 county average yield). The substitute yield will be used.

The 5-year average yield on the farm is calculated at 3,506 lbs. per acre. The PLC yield is 90 percent of 3,506 lbs. per acre or 3,155 lbs. per acre.

The current owner may choose to keep the CC yield of 2,972 lbs. per acre or updated the yield to 3,155 lbs. per acre.

Farm 1	**Covered Commodity is Peanuts**					**CC Yield is 2,972 Lbs. Per Acre**		
	2008	**2009**	**2010**	**2011**	**2012**	**Total 1/**	**Average Yield 2/**	**PLC Yield at 90 Percent**
Covered Commodity Yield	3819	3557	3441	4111	~~2422~~	17,529	3506	3155 lbs. per acre
Substitute Yield at 75 Percent	~~2601~~	~~2601~~	~~2601~~	~~2601~~	2601			

1/ Total of 2008 through 2012 covered commodity year yields.

2/ Average yield that is the total of all yields (higher of actual or substitute yield), divided by the number of years with planted acres of the covered commodity.

5-Year Average of Planted Acreage (3819 + 3557 + 3441 + 4111 + 2601 = 17529 ÷ 5 = 3506)

Yield update decision is to update the peanut PLC yield to 3,155 lbs. per acre.

68 Yield Update Examples (Continued)

B Example 2

In this example, a producer planted corn in 3 years of the yield period 2008 through 2012. The 2012 crop year yield is lower than the substitute yield (75 percent of the 2008 through 2012 county average yield). The 2012 yield will be substituted.

Using the 3 years of yields from the years that the covered commodity was planted on the farm, the average yield is calculated at 136 bu. per acre. The PLC yield is 90 percent of 136 bu. per acre or 122 bu. per acre.

The current owner may choose to keep the CC yield of 112 bu. per acre or update the yield to 122 bu. per acre.

Farm 2	**Covered Commodity is Corn**					**CC Yield is 112 Bu. Per Acre**		
	2008	**2009**	**2010**	**2011**	**2012**	**Total 1/**	**Average Yield 2/**	**PLC Yield at 90 Percent**
Covered Commodity Yield	Zero Planted	Zero Planted	135	150	~~119~~	407	136	122 bu. per acre
Substitute Yield at 75 Percent	~~122~~	~~122~~	~~122~~	~~122~~	122			

1/ Total of 2010 through 2012 covered commodity year yields. 2008 and 2009 years are zero planted and **excluded** from the calculation.

2/ Average yield that is the total of all yields (higher of actual or substitute yield), divided by the number of years with planted acres of the covered commodity.

3-Year Average of Planted Acreage (135 + 150 + 122 = 407 ÷ 3 = 136)

Yield update decision is to update the corn PLC yield to 122 bu. per acre.

68 Yield Update Examples (Continued)

C Example 3

In this example, soybeans were planted in 4 of the 5 years, 2008 through 2012. In 2009, the current owner did **not** provide a yield certification because the farm was operated by a different producer who would **not** provide the yield records. Also, the 2012 crop year yield is lower than the substitute yield (75 percent of the 2008 through 2012 county average yield). Both the 2009 and the 2012 yields will be substituted.

Using the 4 years of yields from the years the covered commodity was planted on the farm, the average yield is calculated at 40 bu. per acre. The PLC yield is 90 percent of 40 bu. per acre or 36 bu. per acre.

The current owner may choose the current CC yield of 32 bu. per acre, or the calculated PLC yield of 36 bu. per acre.

<table>
<tr><th>Farm 3</th><th colspan="5">Covered Commodity is Soybeans</th><th colspan="3">CC Yield is 32 Bu. Per Acre</th></tr>
<tr><th></th><th>2008</th><th>2009</th><th>2010</th><th>2011</th><th>2012</th><th>Total <u>1</u>/</th><th>Average Yield <u>2</u>/</th><th>PLC Yield at 90 Percent</th></tr>
<tr><td>Covered Commodity Yield</td><td>Zero Planted</td><td>Planted No Production Evidence 0</td><td>47</td><td>51</td><td><s>26</s></td><td>158</td><td>40</td><td>36 bu. per acre</td></tr>
<tr><td>Substitute Yield at 75 Percent</td><td><s>30</s></td><td>30</td><td><s>30</s></td><td><s>30</s></td><td>30</td><td></td><td></td><td></td></tr>
<tr><td colspan="9"><u>1</u>/ Total of 2009 – 2012 covered commodity year yields. 2008 covered commodity year is zero planted and excluded from the calculation. 2009 and 2012 yields are substituted yields.

<u>2</u>/ Average yield that is the total of all yields (higher of actual or substitute yield), divided by the number of years with planted acres of the covered commodity.

4-Year Average of Planted Acreage (30 + 47 + 51 + 30 = 158 ÷ 4 = 40)</td></tr>
<tr><td colspan="9">Yield update decision is to update the soybean PLC yield to 36 bu. per acre.</td></tr>
</table>

68 Yield Update Examples (Continued)

D Example 4

In this example, a producer planted wheat in 1 year of the yield period 2008 through 2012. The yield for the 1 year of planting is greater than the substitute yield level (75 percent of the 2008 through 2012 county average yield).

Using 1 year of yield data from the 2010 crop year, when the wheat crop was planted on the farm, the average yield is calculated at 60 bu. per acre. The PLC yield is 90 percent of 60 bu. per acre or 54 bu. per acre.

The current owner may choose to keep the CC yield of 32 bu. per acre or update the yield to 54 bu. per acre.

Farm 4	**Covered Commodity is Wheat**					**CC Yield is 32 Bu. Per Acre**		
	2008	**2009**	**2010**	**2011**	**2012**	**Total 1/**	**Average Yield 2/**	**PLC Yield at 90 Percent**
Covered Commodity Yield	Zero Planted	Zero Planted	60	Zero Planted	Zero Planted	60	60	54 bu. per acre
Substitute Yield at 75 Percent	~~45~~	~~45~~	~~45~~	~~45~~	~~45~~			

1/ Total of the 2010 covered commodity average year yield. 2008, 2009, 2011, and 2012 years are zero planted and **excluded** from the calculation.

2/ Average yield that is the total of all yields (higher of actual or substitute yield), divided by the number of years with planted acres of the covered commodity.

1-Year Average of Planted Acreage (60 ÷ 1 = 60)

Yield update decision is to update the wheat PLC yield to 60 bu. per acre.

68 Yield Update Examples (Continued)

E Example 5

In this example, a producer planted corn in rotation on the farm, 2008, 2010, and 2012 during the period 2008 through 2012. The yield for the each of the 3 years was greater than the substitute yield level (75 percent of the 2008 through 2012 county average yield).

Using the 3 years of yields from the years that the covered commodity was planted on the farm, the average yield is calculated at 109 bu. per acre. The PLC yield is 90 percent of 109 bu. per acre or 98 bu. per acre.

The current owner may choose to keep the CC yield of 105 bu. per acre or the updated yield of 98 bu. per acre.

Farm 5	**Covered Commodity is Corn**					**CC Yield is 105 Bu. Per Acre**		
	2008	**2009**	**2010**	**2011**	**2012**	**Total 1/**	**Average Yield 2/**	**PLC Yield at 90 Percent**
Covered Commodity Yield	110	Zero Planted	105	Zero Planted	112	327	109	98 bu. per acre
Substitute Yield at 75 Percent	~~75~~	~~75~~	~~75~~	~~75~~	~~75~~			

1/ Total of 2008, 2010, and 2012 covered commodity year yields. 2009 and 2011 years are zero planted and **excluded** from the calculation.

2/ Average yield that is the total of all yields (higher of actual or substitute yield), divided by the number of years with planted acres of the covered commodity.

3-Year Average of Planted Acreage (110 + 105 + 112 = 327 ÷ 3 = 109)

Yield update decision is to retain the corn CC yield of 105 bu. per acre.

69-80 (Reserved)

Section 2 Certified Yield Compliance

81 Records of Production

A Production Certifications

Production certifications are required to be provided to FSA for the ARC and PLC Program in 2 instances:

- farm has ARC-IC elected that provides for the need of benchmark and current year production data
- farm has had the PLC yields updated and has been selected for review by FSA.

Certification of yield for PLC update purpose by a farm is current owner does **not** require submitting production records to support the certified yield, unless selected by FSA for review.

B Acceptable Records

FSA **may** require producers who are participants in ARC-IC, or current owners who certify to yields under PLC yield update, the option to submit records of production to substantiate production or yield reported to FSA for the farm and/or tract.

Production records acceptable to CCC **may** include the following verifiable or nonverifiable, but reliable:

- production data previously reported to FSA on FSA-658's under the ACRE program

  Note: FSA-658's on file at FSA for the ACRE program for the farm will be made available to 2014 farm owners or operators for the purpose of yield update or ARC-IC production reporting on request.

- commercial receipts, settlement sheets, warehouse ledger sheets, pick records, or load summaries, if the eligible crop was sold or otherwise disposed of through commercial channels

81 Records of Production (Continued)

B Acceptable Records (Continued)

- nonverifiable documentary evidence determined to be reliable by FSA, such as contemporaneous measurements, truck scale tickets, pick records, and contemporaneous diaries, as necessary, to verify information provided by the producer, if the eligible crop was stored, sold, fed to livestock, or otherwise disposed of other than through commercial channels

- appraisal information from LA acceptable to CCC.

Note: FSA will **not** perform appraisals for ARCPLC purposes. However, FSA will generally accept appraisals performed for NAP or crop insurance purposes provided the appraisal is deemed an acceptable record of production for the farm and tract (or part of the farm, as applicable) as enrolled in ARCPLC.

C Verifiable Records

Verifiable records of production include contemporaneous records provided by the producer that may be verified by CCC through an independent source and can be used to substantiate the amount of production reported. Verifiable records **must**:

- be dated
- show disposition of the crop's production, including both quantity and price
- be seasonal or crop specific for crops that are produced more than once in a calendar yea
- be provided if production records are requested by FSA if they exist.

D Nonverifiable Records

If submitting production records is required and verifiable records are **not** available, the producer or owner **must** provide any other available documentation, including, but **not** limited to:

- copies of receipts
- ledgers of income corresponding to production
- income statements of deposit slips
- register tapes
- invoices for custom harvesting
- pick records.

Nonverifiable records are subject to review by FSA according to subparagraph E.

81 Records of Production (Continued)

E COC Responsibilities

COC will follow this table when reviewing production records for ARC-IC or when a farm has been selected for review of the PLC updated yield, as applicable.

<table>
<tr><th>Step</th><th>Action</th></tr>
<tr><td>1</td><td>Date-stamp hard copy records with County Office name.</td></tr>
<tr><td>2</td><td>Photocopy date-stamped production records submitted by the current owner or producer.</td></tr>
<tr><td>3</td><td>Place photocopied, date-stamped records in the producer’s County Office file.</td></tr>
<tr><td>4</td><td>Return the original date-stamped production evidence to the current owner or producer.

Note: The original date-stamped production evidence can only be returned to the producer after the photocopies have been made and placed in the current owner’s or producer’s farm file.</td></tr>
<tr><td>5</td><td>Review current owner’s or producer’s farm file for previously submitted production evidence. Ensure that the records have not been duplicated.</td></tr>
<tr><td>6</td><td>Ensure that the current owner or producer understands that the production records must be:

• complete and represent the farm and tract’s total harvested production
• for the correct farm, tract, crop year, and acreage.</td></tr>
<tr><td>7</td><td>Review all production records provided by the current owner or producer, farm, and tract, and determine whether the records support the current owner’s or producer’s certification or report of production. If the records:

• support the current owner’s or producer’s certification for the farm and tract, but are not verifiable, follow step 8

• support the current owner’s or producer’s certification for the and tract, and are verifiable, the records are acceptable

• do not support or agree with the current owner’s or producer’s farm and tract certification, advise the current owner’s or producer the production records are not acceptable and will not be used.

Note: The plug yield for ARC-IC and substitute yield for PLC yield update will be used.

Note: After copies of production records have been placed in the current owner’s or producer’s farm file in the County Office, they will not be removed or returned to the current owner or producer.</td></tr>
</table>

81 Records of Production (Continued)

E COC Responsibilities (Continued)

<table>
<tr><th>Step</th><th colspan="2">Action</th></tr>
<tr><td rowspan="4">8</td><td colspan="2">Compare the current owner’s or producer’s nonverifiable record of production with either of the following:

• neighboring owners or producers of the crop who have provided verifiable or reliable reports of production

• the ARCPLC substitute yield.</td></tr>
<tr><td>IF…</td><td>THEN…</td></tr>
<tr><td>similar levels of production were experienced on neighboring farms or the level of production is consistent with the ARCPLC substitute yield</td><td>the current owner’s or producer’s certification, supported by some record of production may be considered reliable and acceptable.</td></tr>
<tr><td>records do not support the current owner’s or producer’s certification or the current owner’s or producer’s certification is either not a zero yield or a yield that consistent with the ARCPLC substitute yield</td><td>COC must determine that the farm did not furnish an acceptable record of production.

Notes: Under no circumstances will COC assign production for unacceptable production evidence.

See paragraph 205 for inaccurate representation, misrepresentation, and scheme or device.</td></tr>
</table>

82 Commodities Sold, Stored, or Disposed of Commercially Off the Farm

A Required Information

For commodities commercially sold, stored, or disposed of off the farm, evidence **must** show the following:

- owner's or producer's name
- crop year (may be certified or provided by producer)
- commodity
- class, if applicable
- buyer or storing facility
- transaction or delivery date

  Note: COC may consider production evidence acceptable if transaction or delivery dates are **not** shown, if **all** of the following apply:

  - the evidence is a summary provided by the buyer or warehouse
  - the crop year is indicated on the evidence
  - COC is satisfied that the evidence accurately represents the production from the farm for the applicable crop year.

- net quantity (bu., pounds, or cwt., as applicable).

  Note: If the evidence indicates dockage and/or excessive moisture, and an adjustment is **not** shown on the evidence, County Offices will make the applicable adjustments according to the applicable 2-LP.

82 Commodities Sold, Stored, or Disposed of Commercially Off the Farm (Continued)

B Supporting Evidence

Production can be substantiated by the following documentation:

- LDP or MAL records

  Note: Loan quantities will be considered synonymous with LDP quantities, because producers may receive a loan or LDP, but **not** both, on eligible quantities.

- warehouse receipts
- delivery evidence
- warehouse ledgers
- sales evidence
- load summaries from warehouse, processor, or buyer
- settlement sheets
- scale tickets or weight slips with all required information
- computer-generated documents from a warehouse that contain required information
- gin records

82 Commodities Sold, Stored, or Disposed of Commercially Off the Farm (Continued)

B Supporting Evidence (Continued)

- RMA yield production records

  Notes: This includes certified yields within the APH database.

  In all cases when using RMA data, **always** use FSA acreage when calculating yields.

- RMA records of loss appraisals

  Note: This includes proof of loss forms generated by multi-peril insurance providers when indemnities are paid.

- measured quantities of farm-stored production according to paragraph 83

- measured quantities performed by uninterested third parties.

  Important: COC will carefully review all documents to ensure that duplicate records are **not** submitted for the same production. Additionally, COC will:

  - require additional evidence if COC has reason to:

    - question existing evidence
    - believe existing evidence does **not** represent correct production

  - limit combinations of production evidence according to subparagraph C.

82 Commodities Sold, Stored, or Disposed of Commercially Off the Farm (Continued)

C Ensuring That Evidence Is Not Duplicated

COC's will carefully review documents submitted, according to subparagraph B, to ensure that duplicate records have **not** been submitted for the same production. Additionally, COC's will **not** authorize either of the following combinations:

- farm-stored measurement records with **any other** form of supporting evidence
- loan and/or LDP records with **any other** form of supporting evidence.

Exception: Combinations may be authorized when production records clearly remove any probability of duplication. For example, a producer sells 10 loads of corn, with delivery dates from October 1 to October 15. FSA farm-stored measurement date for LDP is November 15.

83 Acceptable Records for Farm-Stored Production or Production Used on the Farm

A Crops Remaining in Farm Storage

Either of the following may be considered acceptable production evidence for crops remaining in farm storage:

- measured quantities if measurements were completed and documented by an FSA or crop insurance representative

  Note: Farm-stored measurement records may be used if the production was later marketed; however, they may **not** be used in conjunction with certain other evidence (paragraph 82).

- LDP and/or loan records.

83 Acceptable Records for Farm-Stored Production or Production Used on the Farm (Continued)

B Production Used for Seed

Production used for seed for a producer’s own usage may be considered acceptable if **both** of the following apply:

- current owner or producer provides written certification, indicating the following:

  - disposition was by planting
  - production is **not** included in LDP, loan, or any other record
  - seeding rate
  - number of acres planted

- COC determines that:

  - the quantity used for seed is reasonable, considering the number of acres planted and the seeding rate

  - the evidence is satisfactory and represents the applicable farm and year

  - it is customary in the area for producers to use farm-raised seed to produce the specific crop.

Current owners or producers may also provide cleaning tickets for seeds as production evidence.

83 Acceptable Records for Farm-Stored Production or Production Used on the Farm (Continued)

C Fed Production

Acceptable proof that production was used on the farm as livestock feed is limited to existing FSA or crop insurance records that indicate the crop was fed or was to be used for livestock feed.

IF...	AND...	THEN...
grain was measured by FSA or crop insurance representative and/or producer obtained LDP or loan	records are on file to indicate the grain was fed or will be used for feed	LDP, loan, or measured quantity is acceptable.
grain was measured by FSA or crop insurance representative	records were **not** filed to indicate the grain was fed or will be used for feed	the measured quantity is acceptable, **only if** other production records dated after the measurement date are **not** submitted.
grain was **not** measured	LDP or loan was either: • **not** obtained • obtained on a portion of the production	the plug yield for ARC-IC or substitute yield for PLC yield update will be used. **Exception:** COC can use certified production or yield according to subparagraph 81 E, step 8.

Note: Documenting disposition of production evidence that is fed may be included on CCC-859.

84 Acceptable Records When All Acres Are Grazed, Silaged, or Hayed

A General Information

This paragraph authorizes an exception to the requirement that production evidence **must** be verifiable when disposition of the production does **not** lend itself to providing verifiable production records. The provisions in this paragraph will be used **only** in situations where **all** of the following apply:

- submitted production evidence does **not** meet the requirements of paragraphs 82 or 83
- disposition of the crop on all the acreage was grazing, silage, or haylage
- disposition or intended disposition was timely documented on FSA or crop insurance records for the applicable crop years, according to subparagraph B.

Note: It is recognized that FSA-578 is taken from producer intentions and those intentions may **not** reflect the actual disposition of the crop's production. FSA-578 is the control record for the number of acres to use in calculating yields. If prior year records need to be altered, 2-CP **must** be followed. Revisions of previous certifications of a crop acreage that was or was intended to be grazed, silaged, or hayed may be made according to 2-CP.

B Documenting Disposition and Acreage

The disposition and acres applicable to each crop use **must** have been timely documented on FSA or crop insurance records for the applicable crop years. COC will consider either of the following to be acceptable documentation that the applicable acreage was grazed, silaged, or hayed:

- FSA records, including LDP records, NAP records, or FSA-578, documented during the applicable crop year or by the final date to request LDP, show the number of acres that were grazed, silaged, or hayed
- crop insurance records, including loss adjustment records or appraisal records, documented during the applicable crop year or by the final date to file claims, show the number of acres that were grazed, silaged, or hayed.

84 Acceptable Records When All Acres Are Grazed, Silaged, or Hayed

C Revisions Not Allowed

If existing records do **not** indicate the acreage was grazed, silaged, or hayed (that is abandoned, left standing, plowed down, short rated, etc.), the credited production from the applicable acreage is the plug yield for ARC-IC or substitute yield for PLC yield update, in which case subparagraph D is **not** applicable.

D No Verifiable Records of Production for Silage Only

If documentation of disposition and acreage is available according to subparagraph B, but verifiable **production** records are unavailable for acreage of the crop on the farm, COC **must** assign a yield for each applicable crop year, according to the following.

IF...	**THEN...**
LDP was approved for the entire farm	credit the farm and crop with the applicable amount of **grain** production, based on the approved LDP's. **Note:** Yields assigned by COC for LDP will be used as a record of production for ARCPLC purposes.
LDP was approved for only part of the production	COC **must** assign the ARCPLC substitute yield for the entire planted acreage.
farm records document **both** of the following: • production on all of the silaged acreage was weighed • records were maintained for all production (that is number of loads of silage)	credit the farm and crop with the applicable amount of **grain** production, using conversions in paragraph 88. If COC is **not** satisfied that the certified quantity represents an accurate amount, then COC **must** assign the plug yield for ARC-IC or substitute yield for PLC yield update.
LDP's were **not** approved for acreage on a farm or production records were **not** maintained indicating amount of silage	COC **must** assign the plug yield for ARC-IC or substitute yield for PLC yield update.

E Production for Grazing and Haylage Only

If farm records document that all acreage was hayed and/or grazed, then COC **must** assign the plug yield for ARC-IC or substitute yield for PLC yield update

85 Acceptable Records When Some Acres Are Grazed, Silaged, or Hayed

A LDP's Approved on All Production

If part of the crop acreage was harvested as grain and part was grazed, silaged, or hayed, LDP and/or loan production approved for the entire farm and crop may be used as actual production.

B Production for Acres Harvested as Grain

Production for the acreage harvested as grain **must** be either of the following:

- production from verifiable production records, including LDP's
- assigned production.

C Production for Acres Grazed, Silaged, or Hayed

Production for acreage grazed, silaged, or hayed will receive production credit equal to the following, **only if** existing FSA or crop insurance records show the number of acres harvested as grain separately from the number of acres grazed, silaged, or hayed. If acceptable production evidence for the acreage grazed, silaged, or hayed, is:

- available, such as LDP for silage, use the acceptable production records

- **not** available, and actual, verifiable production records for grain harvested on the farm in the same year are:

  - available, COC **must** assign production for acreage grazed, silaged, or hayed based on the actual yield per acre for grain production on the farm

  - **not** available, COC **must** assign production for acreage grazed, silaged, or hayed based on the provisions of paragraph 84.

If existing FSA or crop insurance records do **not** accurately show the number of acres harvested as grain separately from the number of acres grazed, silaged, or hayed, then COC may approve production provided that:

- the yield calculated from the updated acres that have been grazed, silaged, or hayed is similar to the acreage harvest as grain

- if COC is satisfied, the computed yield is similar to the applicable year's plug yield for ARC-IC or substitute yield for PLC yield update on adjacent farms.

86 Determining Farm Yield When Owner's Update Was Not for Complete Farm

A Partial Yield Update

If an owner provides a yield update based only on a portion of the harvested acres of the crop on the whole farm, the procedure in this paragraph is applicable **only** to the specific acreage of a crop for which **both** of the following apply to a farm:

- acceptable production records on 1 or more fields or tracts within the farm during the benchmark period for ARC-IC or the 2008 through 2012 years for yield update period **cannot** be obtained
- current owners and producers did **not** have an interest in the crop.

B No Interest in Part or All of the Acreage of a Crop

Owners of a farm may **not** be able to obtain production evidence from **former** producers on the farm's tract or field for all of the applicable crop years. The following process will be used to calculate the farm yield:

- assign production from the plug yield for ARC-IC or the substitute yield for PLC yield update, to the tract or field acreage from which production evidence is unavailable, provided existing FSA or crop insurance records clearly document the tract or field had planted acreage of the crop
- obtain production from acreage that the producer had control of and has production or yield data available
- total the assigned and actual production from all tracts and fields for the crop and divide by the total acres of the planted crop on the farm in the applicable year.

The plug yield for ARC-IC or substitute yield for PLC yield will be applicable at the farm level.

87 Commingled Production

A Overview

The best available production records may include production that has been commingled between:

- farms and tracts
- years
- a combination of farms, tracts, and years.

COC is authorized to apportion commingled production according to this paragraph.

Note: COC will only apportion production that is represented by acceptable records, but **cannot** be identified with a specific farm or year.

B Basic Option, Planted Acres

If commingled production **cannot** be separated by year or by farm, COC will apportion production based on **planted** acres in each applicable year or each applicable farm. See subparagraph F for example.

Exception: COC **may** allow alternative methods to apportion production, as requested by owners or producers, according to subparagraph E.

C Commingled Years and Farms

If production is commingled between crop years and farms, COC will apportion the production to applicable **crop years before** apportioning production to farms.

87 Commingled Production (Continued)

D Alternative Methods of Apportioning

COC **must** be satisfied that apportioning production by any method, other than using **planted** acres, according to subparagraph B, results in yields comparable to other similar farms for the applicable years and farm.

Note: The alternative method requested by an owner of a farm **must** be documented on or attached to CCC-859. COC will limit apportioning based on **planted** acreage according to subparagraph B, if an alternative method results in questionable or inequitable yields between farms or crop years.

COC **may** allow the apportioning of acceptable production evidence, based on the following:

- harvested acres in each applicable year or each applicable farm
- crop insurance records for each year
- other available records COC determines can reasonably be used for apportioning, such as custom harvesting records, producer load summaries, or weight tickets.

Note: See subparagraphs 87 B through G for examples of apportioning production based on alternative methods approved by COC.

87 Commingled Production (Continued)

E Apportion Based on Planted Acres Between Years

This example apportions acceptable production evidence between crop years based on planted acres, according to subparagraph B. A producer has the following farm information:

- settlement sheet for 10,000 bu. after the 2006 crop was harvested
- settlement sheet for 20,000 bu. after the 2007 harvest, but before any 2008 harvest
- planted acres were:
  - 90 acres in 2006
  - 110 acres in 2007
- the owner has **not** requested COC to consider an alternative method of apportioning, according to subparagraph E.

In this example, production **must** be prorated between the years, based on the harvested acres each year, as follows:

- total the harvested acres from each year (90 + 110 = 200)
- divide the harvested acres for each applicable year by the sum of harvested acres for all years, to determine a percentage of acres applicable to each year as follows:
  - (2006): 90 ÷ 200 = .4500
  - (2007): 110 ÷ 200 = .5500
- multiply the acreage percentage for each year times the commingled production:
  - 30,000 bu. x .45 = 13,500 bu. attributed to 2006
  - 30,000 bu. x .55 = 16,500 bu. attributed to 2007.

87 Commingled Production (Continued)

F Apportion Based on LDP Records Between Farms

In this example, the owner requested to apportion production evidence between farms for the 2005 crop year, based on LDP records for each respective farm.

Note: Although LDP quantities may be considered acceptable production evidence, the owner is requesting that commingled production on settlement sheets be apportioned based on the respective LDP quantities.

The owner has the following information:

- 6,000 bu. certified LDP, FSN 100
- 4,000 bu. certified LDP, FSN 200
- settlement sheet with commingled production totaling 10,150 bu.

In this example, COC may allow apportioning of the production on settlement sheets, based on the LDP quantities, as follows:

- total LDP quantities for the 2005 crop (6,000 + 4,000 = 10,000)

- divide LDP quantities for each respective FSN by the sum of LDP quantities for the 2005 crop year, to determine a percentage applicable to each FSN, as follows:

  - FSN 100 6,000 ÷ 10,000 = .6000 (4 decimal places)
  - FSN 200 4,000 ÷ 10,000 = .4000 (4 decimal places)

- multiply the commingled production on the settlement sheets times LDP percentage for each FSN, as follows (rounded to nearest whole bu. or pound):

  - 10,150 bu. x .6000 = 6,090 bu. attributed to FSN 100
  - 10,150 bu. x .4000 = 4,060 bu. attributed to FSN 200.

Note: COC will limit options according to subparagraph B, if an alternative method results in questionable or inequitable yields between farms or crop years.

87 Commingled Production (Continued)

G Apportion Based on RMA Records Between Farms

In this example, the owner requested to apportion production evidence between farms for the 2008 crop year, based on multi-peril crop insurance APH records.

Note: Certified quantities for APH purposes are considered to be acceptable production evidence and these quantities may be used to apportion commingled production evidence to the satisfaction of COC.

The owner has the following information:

- 20,000 bu. production certified on multi-peril units 1, 2, and 3 (FSN 100)
- 35,000 bu. production certified on multi-peril units 4, 5, and 6 (FSN 200)
- settlement sheets with commingled production totaling 54,650 bu.

In this example, COC may allow apportioning of the production on settlement sheets, based on the quantities certified for APH purposes, as follows:

- total APH quantities for the 2008 crop (20,000 + 35,000 = 55,000)

- divide APH quantities for each respective FSN by the sum of APH quantities for the 2008 crop year, to determine a percentage applicable to each FSN, as follows:

  - FSN 100 20,000 ÷ 55,000 = .3636 (4 decimal places)
  - FSN 200 35,000 ÷ 55,000 = .6364 (4 decimal places)

- multiply the commingled production on the settlement sheets times the APH quantity percentage for each FSN, as follows (rounded to nearest whole bu. or pound):

  - 54,650 bu. x .3636 = 19,871 bu. attributed to FSN 100
  - 54,650 bu. x .6364 = 34,779 bu. attributed to FSN 200.

Note: COC will limit options according to subparagraph B, if an alternative method results in questionable or inequitable yields between farms or crop years.

88 Silage Production Evidence

A Silage Production

Acceptable records of silage production **must** be converted from tons of silage to bu. of grain by multiplying the tonnage amount times the following factors:

- 6.47 for barley
- 7.94 for corn
- 5.51 for dry peas
- 3.114 cwt. for grain sorghum times 100 divided by 56
- 4.30 for lentils
- 4.08 for oats
- 6.00 for small chickpeas
- 5.00 for soybeans
- 6.99 for wheat.

Example: Farmer A sold a corn crop harvested as silage to XYZ Dairy. All production is weighed. XYZ Dairy purchased 739.5 tons of corn silage from Farmer A. The actual corn grain production for that year would be 5,872 bu. (739.5 tons x 7.94 bu. per ton = 5,872 bu.).

B Hay Production

Acceptable records of hay production **must** be converted to bu. by multiplying the following applicable yield times the number of acres:

- 18.49 for barley
- 8.89 for large chickpeas
- 17.14 for small chickpeas
- 22.69 for corn
- 15.74 for dry peas
- 8.89 cwt. for grain sorghum times 100 divided by 56
- 12.29 for lentils
- 11.66 for oats
- 14.20 for soybeans
- 19.97 for wheat.

88 Silage Production Evidence (Continued)

C Silage Measurements

Actual measurements to verify production for a particular year **must** have been taken **before** harvesting the next year's crop to document the year of production. Acceptable farm-stored forage measurements are measurements taken by the following:

- FSA employees, if done as part of an official measurement service
- FSA certified LA's
- Extension Service or USDA employees acting in an official capacity
- feed company consultants approved by COC
- private feed and forage consultants approved by COC
- RMA or reinsured company appraisers.

Note: Using sales receipts to document production eliminates the need for an on-farm hay or forage measurement.

D COC Guidelines for Approving Silage Measurements

COC's will review applicant's documents from feed and forage consultants and make approvals based on whether or **not** the documents meet the requirements of this part. It is evident that feed and forage consultants do **not** necessarily provide the same service to all customers.

89 Multiple Producers on a Farm

A Production Using Crop Shares

If a producer's share of the total production and the producer's production are known, this data may be used to compute the farm's total production.

B Computing Production Using Crop Shares

Compute the farm's total production using the following example:

- the producer's share of the total production is .3333 and the producer's production records show he or she received 1,000 bu.
- COC may establish the farm's production at 3,000 bu. if the producer's share is a matter of record and the production evidence is acceptable.

90 (Reserved)

91 CCC-859

A Example of CCC-859

This form is available electronically.

CCC-859 (09-23-14)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

PRICE LOSS COVERAGE (PLC) YIELD WORKSHEET

1. Program Years: **2014 through 2018**

2A. County FSA Office Name and Address *(Including Zip Code)*

2B. County FSA Office Telephone Number *(Including Area Code)*

2C. County FSA Office FAX Number *(Including Area Code)*

3. State Code

4. County Code

5. Farm Number

THE YIELD WORKSHEET is used to obtain yield information that may be used by a current owner who may choose to update the covered commodity yield as permitted under Section 1113 of Public Law 113-79 and 7 CFR Part 1412. The yields provided in this worksheet for the years the covered commodity was planted, 2008 through 2012, will be averaged using the simple average method excluding years of zero planting. Once the simple average yield of the covered commodity is calculated, any current owner on the farm may choose to update the farm's covered commodity CC yield on form CCC-858 during the yield update period.

Report the actual yields planted on the farm for each covered commodity planted for the years 2008 – 2012. The higher of either the actual yield or 75% of the County Average (substitute yield) will be used for each year. If the owner chooses to update the yield, then the farm yield will be 90% of the simple average (excluding the year(s) the commodity was not planted) yield reported on this form.

TOTAL FARM YIELD WORKSHEET

Complete this section ONLY for covered commodities that the owner may wish to report. ***If a covered commodity was not planted for a particular year, then leave that year blank****. Enter the source of the data used to support the yield in Item 6C. Rec Type:* ***1*** *for "RMA data",* ***2*** *for "production sold/commercial storage",* ***3*** *for "on-farm storage",* ***4*** *for "livestock feed records",* ***5*** *for "FSA loan record",* ***6*** *for "FSA NAP record", or* ***7*** *for "other". Please enter the other record type in the remarks section on the form. This is ONLY a worksheet. It is NOT the yield update. This form may be used by any current owner of the farm if the current owner decides to update a yield using CCC-858 during the yield update period.*

6. Farm Yields

6A. Commodity	2008		2009		2010		2011		2012	
	6B. Yield	6C. Rec Type	6B. Yield	6C. Rec Type	6B. Yield	6C. Rec Type	6B. Yield	6C. Rec Type	6B. Yield	6C. Rec Type

7. Remarks

8A. Contact Person's Name

8B. Contact Person's Telephone Number

8C. Contact Person's Email Address

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If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at ***http://www.ascr.usda.gov/complaint_filing_cust.html****, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter by mail to U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at* ***program.intake@usda.gov****. USDA is an equal opportunity provider and employer.*

91 CCC-859 (Continued)

B Instructions for Completing CCC-859

Complete CCC-859 according to this table:

Item	Instruction
2A	Enter FSA County Office name and address (optional).
2B	Enter FSA County Office phone and/or FAX numbers (optional).
3 and 4	Enter State and county code.
5	Enter FSN.
6	Complete this section to report a yield at the **farm level** only in the years the covered commodity was planted in 2008 through 2012. **Note:** If owner only wants to report yields at the **tract level**, continue to item 9.
6A	Enter covered commodity name planted in the years 2008 through 2012.
6B	Enter actual yield resulting from planted acres of the applicable covered commodity for the years 2008 through 2012. **If** a covered commodity was **not planted** for the particular year **leave blank**.
6C	Enter certified yield's "Record Type". Enter "1" for RMA data, "2" for production sold/commercial storage, "3" for on-farm storage, "4" for livestock feed records, "5" for FSA loan record, "6" for FSA NAP record, or "7" for other. If "7", enter the other record type in the "Remarks" section.
7	Enter any remarks, if applicable.
8A	Enter person to contact about yields (optional).
8B	Enter contact person's phone and/or e-mail address (optional).
9A	Enter FSN.
9B and 9C	Enter State and county code.
10	Complete this section only for covered commodities that owner wants to report a yield at the **tract level** only in the years the covered commodity was planted in 2008 through 2012. **Note:** If owner only wants to report yields at the **farm level**, skip this section.
10A	Enter farm's tract number.
10B	Enter covered commodity name planted in the years 2008 through 2012.
10C	Enter actual yield resulting from planted acres of the applicable covered commodity for the years 2008 through 2012. **If** a covered commodity was **not planted** for the particular year **leave blank**.
10D	Enter certified yield's "Record Type". Enter "1" for RMA data, "2" for production sold/commercial storage, "3" for on-farm storage, "4" for livestock feed records, "5" for FSA loan record, "6" for FSA NAP record, or "7" for other. If "7", enter other record type in the "Remarks" section.

92-100 (Reserved)

Part 4 PLC

101 PLC Overview

A PLC General Information

PLC provides price protection to producers who have a share of crop acreage and a risk in producing covered commodities on base acres in years where the prices for those commodities fall below the published reference prices for those commodities.

B Covered Commodity Reference Prices

The following table provides a list of covered commodities and the applicable reference prices for those commodities.

Crop	Reference Prices	Crop	Reference Prices
Barley **1/**	$4.95 per bu.	Mustard	$20.15 per cwt.
Canola	$20.15 per cwt.	Soybeans	$8.40 per bu.
Chickpeas, Large (Garbanzo Bean, Kabuli)	$21.54 per cwt.	Rapeseed	$20.15 per cwt.
Chickpeas, Small (Garbanzo Bean, Desi)	$19.04 per cwt.	Safflower	$20.15 per cwt.
Corn	$3.70 per bu.	Sesame Seed	$20.15 per cwt.
Crambe	$20.15 per cwt.	Wheat	$5.50 per bu.
Dry Peas	$11.00 per cwt.	Sunflower	$20.15 per cwt.
Flaxseed	$11.28 per bu.		
Grain Sorghum	$3.95 per bu.	Peanuts	$535.00 per ton
Lentils	$19.97 per cwt.	Rice, Long Grain	$14.00 per cwt.
Oats	$2.40 per bu.	Rice, Medium Grain **2/**	$14.00 per cwt.

1/ Barley price is based on the price of “all barley”. Previously the price was based on the “feed barley” price.

2/ Includes short grain and temperate japonica rice.

Note: These reference prices are set for 2014 through 2018 and will **not** change from year to year.

101 PLC Overview (Continued)

C Policy

PLC payments are authorized for a covered commodity when the effective price for the commodity is less than the reference price of the commodity as published in subparagraph B.

The **effective price** for a covered commodity is determined by the **higher** of the following:

- MYA price that is the national average market price received by producers during the 12-month marketing year for the covered commodity as determined by the Secretary

- national average loan rate for MAL for the covered commodity in effect for the applicable marketing year.

The **payment rate** for a covered commodity is the difference between the reference price and effective price (as determined in this subparagraph). If the difference between the reference price and the effective price is determined to be zero or negative, **no** payment will be issued.

The **payment amount** for a covered commodity is determined by multiplying the following:

- payment rate as determined in this subparagraph; times
- payment yield (PLC yield) for the applicable covered commodity; times
- payment acres (85 percent of the applicable covered commodity's base acres).

Note: PLC Payments are **not** dependent on the planting of the applicable covered commodity **except** for generic base acres as described in subparagraph 21 C.

Payments will be made as soon as practical after October 1 in the year following the applicable marketing year for the covered commodity.

102 Examples

A Example 1

This example was computed using the following information.

Farm 2100

Crop	Base Acres	Planted Acres	PLC Yield
Wheat	100	0	30 bu.
Corn	100	110	80 bu.
Alfalfa	0	165	N/A
Total	**200**	**275**	

Note: Alfalfa is a planted crop on this farm; however, it is **not** a covered commodity so will **not** be considered in the payment calculation.

Payment Rate Calculation

Crop	Reference Price	Effective Price		PLC Payment Rate
		MYA Price 1/	Loan Rate	
Wheat	$5.50	$5.00	~~$2.94~~	$0.50
Corn	$3.70	$4.00	~~$1.95~~	$0.00

1/ MYA prices are hypothetical in this example.

In this example, the MYA price is **higher** than the loan rate, so the MYA price becomes the effective price.

For wheat, the PLC payment rate has been calculated as $0.50 ($5.50 reference price minus the $5 effective price).

For corn, the PLC payment rate has been calculated as $0.00, because the effective price of $4 is greater than the reference price of $3.70.

Payment Rate Calculation

Crop	Base Acres	Payment Percentage 1/	Payment Rate	PLC Yield	PLC Payment
Wheat	100	85	$0.50	30 bu.	$1275
Corn	100	85	$0.00	80 bu.	$0

1/ PLC payment acres are 85 percent of the farm's base acres for the covered commodity.

In this example, a payment triggered for wheat, even though no wheat had been planted in the applicable crop year. PLC payments are **not** dependent on the planting of the covered commodity.

102 Examples (Continued)

B Example 2

This example was computed using the following information, including generic base acres.

Farm 1400

Crop	Base Acres	Planted Acres	PLC Yield
Corn	100	333	58 bu.
Soybeans	100	0	11 bu.
Upland Cotton	0 **1/**	50	N/A
Generic	100	--	--
Total	**300**	**400**	

1/ Upland cotton is no longer a covered commodity; therefore, all upland cotton base acres became generic base acres for the ARC and PLC Program.

The payment in this example was calculated using a total of 200 base acres of corn (100 acres of actual corn base acres plus 100 acres of corn planted on generic base acres) and 100 acres of soybean base. The generic base acres of the farm became corn base acres with P&CP.

Note: Upland cotton is a planted crop on this farm; however, it is **no** longer a covered commodity so will **not** be considered in the payment calculation.

Payment Calculation

Crop	Reference Price	Effective Price		PLC Payment Rate
		MYA Price 1/	Loan Rate	
Soybeans	$8.40	$10.50	~~$5.00~~	$0.00
Corn	$3.70	$4.00	~~$1.95~~	$0.00

1/ MYA prices are hypothetical in this example.

In this example, the MYA price is **higher** than the loan rate, so the MYA price becomes the effective price.

For soybeans, the PLC payment rate has been calculated as $0.00 because the effective price of $10.50 is higher than the reference price of $8.40.

For corn, the PLC payment rate has been calculated as $0.00 because the effective price of $4 is greater than the reference price of $3.70.

102 Examples (Continued)

B Example 2 (Continued)

Payment Calculation

Crop	Base Acres	Payment Percentage 1/	Payment Rate	PLC Yield	PLC Payment
Soybeans	100	85	$0.00	11 bu.	$0
Corn	200 2/	85	$0.00	58 bu.	$0

1/ PLC payment acres are 85 percent of the farm's base acres for the covered commodity.
2/ Includes 100 acres of generic base.

In this example, this farm does **not** qualify for a payment.

C Example 3

This example was computed using the following information, including generic base acres.

Farm 3200

Crop	Base Acres	Planted Acres	PLC Yield
Corn	100	125	58 bu.
Wheat	100	150	30 bu.
Grain Sorghum	100	125	32 bu.
Generic	100	--	--
Total	**300**	**400**	

The generic base on this farm will be attributed as follows:

- 125 acres of corn planted **divided by** 400 total covered commodities planted on the farm **times** 100 acres of generic base acres = 31.25 acres of generic base attributed to corn

- 150 acres of wheat planted **divided by** 400 total covered commodities planted on the farm **times** 100 acres of generic base acres = 37.5 acres of generic base attributed to wheat

- 125 acres of grain sorghum planted **divided by** 400 total covered commodities planted on the farm **times** 100 acres of generic base acres = 31.25 acres of generic base attributed to grain sorghum.

102 Examples (Continued)

C Example 3 (Continued)

The payment in this example is calculated using a total of 131.25 acres of corn (100 acres of actual corn base acres plus 31.25 acres of corn planted on generic base acres), 137.5 acres of wheat (100 acres of actual wheat base acres plus 37.5 acres of wheat planted on generic base acres) and 131.25 acres of grain sorghum (100 acres of actual grain sorghum base acres plus 31.25 acres of grain sorghum planted on generic base acres).

Payment rate calculation.

Crop	Reference Price	Effective Price		PLC Payment Rate
		MYA Price	**Loan Rate**	
Wheat	$5.50	$5.00	~~$2.94~~	$0.50
Corn	$3.70	$4.00	~~$1.95~~	$0.00
Grain Sorghum	$3.95	$3.75	~~$1.95~~	$0.20

1/ MYA prices are hypothetical in this example.

In this example, the MYA price is **higher** than the loan rate, so the MYA price becomes the effective price for each of the 3 covered commodities.

For wheat, the PLC payment rate has been calculated as $0.50 ($5.50 reference price minus $5 effective price).

For corn, the PLC payment rate has been calculated as $0.00 because the effective price of $4 is greater than the reference price of $3.70.

For grain sorghum, the PLC payment rate has been calculated as $0.20 ($3.95 reference price minus $3.75 effective price).

Payment Rate Calculation

Crop	Base Acres	Payment Percentage 1/	Payment Rate	PLC Yield	PLC Payment
Wheat	137.50 2/	85	$0.50	30 bu.	$1753
Corn	131.25 2/	85	$0.00	80 bu.	$0
Grain Sorghum	131.25 2/	85	$0.20	32 bu.	$714

1/ PLC payment acres are 85 percent of the farm's base acres for the covered commodity.
2/ Includes generic base acres.

In this example, the farm would receive a payment for wheat and grain sorghum with a total payment of $2467 for the farm.

103-110 (Reserved)

Part 5 ARC

Section 1 ARC and Features

111 ARC Overview

A ARC Program Background

ARC is a revenue-based program that is designed to cover a portion of a farmer's out-of-pocket loss (referred to as "shallow loss") when crop revenues fall below benchmark revenue levels, with the benchmark revenue based on either county level historic revenue (ARC-CO) or the individual farm's historic revenue (ARC-IC). Current producers may elect ARC-CO as an alternative to PLC on a covered commodity by covered commodity basis, or ARC-IC for all the covered commodities and the whole farm. For both PLC and ARC-CO, the payment calculation is based on base acres including any base acres attributed to a covered commodity from generic base acres based on P&CP or eligible subsequently planted crop acreage.

Farm Bill 2014, Section 1117 (Pub. L. 113-79), authorizes ARC-CO and ARC-IC as alternatives to PLC. After ARC-CO or ARC-IC is elected on CCC-857 by all current producers with an interest in the base acres on a farm in the 2014 crop year according to the following, it is irrevocable for the effective period of election (2014) through the 2018 crop year. An election **must** be made on CCC-857 for 2014 by March 31, 2015. If an election is **not** made by March 31, 2015, then the farm is deemed to have PLC election apply beginning with the 2015 crop year and no payments earned for the 2014 crop year.

IF an election by all producers on the farm is…	**THEN the election is…**
made by March 31, 2015	irrevocably effective for 2014, 2015, 2016, 2017, and 2018 crop years.
not made by March 31, 2015	automatic and irrevocably effective for 2015, 2016, 2017, and 2018 crop years.

Election will be made on CCC-857.

Notes: An election may be withdrawn according to paragraph 181.

Another tenant that is a producer on noncropland acres only is **not** required to sign CCC-857.

111 ARC Overview (Continued)

B Comparing ARC-CO and ARC-IC

PLC offers price protection coverage, **not** yield loss coverage. If the effective price (higher of MYA or national loan rate) for a covered commodity for the specific year is less than the reference price set by statute, a payment is earned.

ARC offers revenue loss coverage for selected covered commodities on the farm. ARC has 2 alternatives from which producers **must** elect, if they want to participate, as follows.

- ARC-CO provides revenue loss coverage at the **county level** for selected covered commodities on a farm. ARC-CO is **not** dependent on planting of the covered commodity.

- ARC-IC provides revenue loss coverage at the **farm level** for all acreage devoted to covered commodities across all of the producer's ARC-IC farms enrolled. ARC-IC requires planting of covered commodities, because the planted covered commodities are used in the ARC-IC revenue calculation.

111 ARC Overview (Continued)

B Comparing ARC-CO and ARC-IC

The following compares features of ARC-CO and ARC-IC.

ARC-CO Election	ARC-IC Election
Current producers elect ARC-CO or PLC according to crop base acres on the farm.	Current producers elect ARC-IC for **all** crop base acres on the farm, **not** each specific crop.
Payments are issued on a percentage of base acres plus plantings of covered commodities on generic base. **No** requirement to plant a covered commodity.	Payments are issued on percent of **total** base acres on the farm. Payments are calculated using the plantings of covered commodities on the farm. **No** payment earned if no covered commodities are planted on the farm.
WHEN the actual crop revenue is…	**WHEN the actual crop revenue is…**
Actual Average County Yield **times** Higher of MYA Price **or** National Loan Rate	sum of (Production of Each Covered Commodity) **times** Higher of MYA Price **or** National Loan Rate
…is less than the ARC county guarantee…	**…is less than the ARC producer guarantee…**
86 percent **times** **Benchmark County Revenue** 5-year Olympic average of the **higher** of MYA price or the reference price **times** 5-year Olympic average of the **higher** of historical county yield or 70 percent of the county T-Yield	86 percent **times** **Benchmark County Revenue** 5-Year Olympic average of annual benchmark revenues for **each** covered 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)
…then payment is equal to:	**…then payment is equal to:**
85 percent of the sum of: base acres of the covered commodity on the farm and generic base acres planted to the covered commodity **times** crop revenue shortfall calculated in this column, **not** to exceed 10 percent of the benchmark county revenue.	65 percent of the sum of: bases acres of covered commodities on the farm **plus** generic base acres on the farm, planted to covered commodities **times** farm revenue shortfall calculated in this column, **not** t to exceed 10 percent of the benchmark producer revenue.

112-115 (Reserved)

Section 2 Using ARC-CO

116 ARC-CO

A ARC-CO Features

ARC-CO is revenue-based at the county level, designed to cover a portion of a producer's out-of-pocket loss (referred to as "shallow loss") when crop revenues of covered commodities fall below benchmark revenue levels, with the benchmark revenue based on county level historic yields of covered commodities. Current producers may elect ARC-CO, as an alternative to PLC, on a covered commodity-by-covered commodity basis on the farm, or ARC-IC for all the covered commodities on the whole farm. For both PLC and ARC-CO, the payment calculation is based on base acres of the specific crop, including any base acres attributed to a covered commodity from generic base acres based on planted crop acreage or eligible subsequently planted crop acreage. ARC-CO payments are calculated on 85 percent of the specific base acres and is limited to 10 percent of the farm benchmark revenue calculate for the specific year.

Note: Prevented planting acres are **not** included in ARC-CO calculations that include the benchmark, guaranteed, and actual year revenue for the covered commodity.

ARC-CO payments are triggered when the actual county crop revenue is less than the ARC-CO guarantee calculated for the covered commodity base acres for the year.

Note: Generic base acres will be attributed to covered commodities planted on the farm and payments will be calculated according to covered commodities on generic base acres, as if they were base acres, **not** to exceed the total generic base acres on the farm. If multiple covered commodities are planted on the farm, then the planted covered commodities will be prorated into the total generic base acres on the farm when calculating an ARC-CO payment.

116 ARC-CO (Continued)

A ARC-CO Features (Continued)

Participation in ARC-CO does **not** require production reports because benchmark revenues and actual revenues are computed using county yield data, **not** individual producer and/or farm yield data.

ARC-CO payments are **not** dependent on the planting of covered commodities on the farm.

Prevented planting acres are not included in ARC-CO revenue calculations.

Similar to ARC-IC and PLC, eligibility for ARC-CO payments is based on the administrative county of the elected and enrolled farm, **not** physical location of the land.

ARC-CO producer payment is equal to 85 percent of the specific covered commodity base acres, times the calculated ARC-CO payment rate, times the producers share as reported on ARC-CO and PLC contract or ARC-IC contract. Again, producers are **not** required to plant the covered commodity; however, producers **must** have a share of crop acreage and share in the risk of producing an agriculture commodity on the farm to receive a share of an ARC-CO payment.

B ARC-CO Benchmark Yield

[7 CFR 1412.3] Average historical county yield means the 5-year Olympic average of actual average county yields for the most recent 5 years (substituting 70 percent of the county transitional yield as defined in this part in each year where the actual average county yield is less than 70 percent of the county transitional yield). Separate irrigated and non-irrigated yields will be established in a county having a sufficient number of farms with P&CP acreage history of a covered commodity in 2009 through 2012, as determined by FSA. These separate yields will only be established where at least an average of 25 percent of a covered commodity’s P&CP acreage was irrigated in 2009 through 2012 and at least an average of 25 percent of the same covered commodity’s P&CP acreage in that county was non-irrigated in 2009 through 2012.

116 ARC-CO (Continued)

B ARC-CO Benchmark Yield Calculation (Continued)

An ARC-CO benchmark yield is the average historical county yield. It is **required** in each county for each covered commodity with base acres on a participating farm. The ARC-CO benchmark yield is used to determine the ARC-CO benchmark revenue for each covered commodity. The ARC-CO benchmark yield is determined by multiplying the average county historical yield per planted acre for the covered commodities in the county for the most recent 5 crop years, **excluding** each of the crop years with the highest and lowest county yields.

IF the benchmark revenue yield is being calculated for…	**THEN the 5 most recent crop years are…**
crop year 2014	2009 through 2013.
crop year 2015	2010 through 2014.
crop year 2016	2011 through 2015.
crop year 2017	2012 through 2016.
crop year 2018	2013 through 2017.

Average historical county yields used in the 5-year Olympic average calculation will be obtained from NASS yield data on a covered commodity basis in each county. Producers are **not** required to submit production evidence since county yields are used for each covered commodity in ARC-CO.

For each covered commodity planted on a farm having an ARC-CO contract, the yield of each of the 5 most recent years will be the **higher** of either of the following:

- average historical county yield per planted acre, determined by NASS and provided to the National Office, per covered commodity, per county, per State

- ARC substitute yield per covered commodity, per county, per State.

116 ARC-CO (Continued)

C Benchmark Yield Calculation Example

The following is an example benchmark yield calculation using the 5-year Olympic average for crop year 2014.

Corn	**2009**	**2010**	**2011**	**2012**	**2013**	**5-Year Olympic Average Yield**
County Yield **1/**	184	163	183	~~112~~	155	167
ARC Substitute Yield **2/**	~~119~~	~~119~~	~~119~~	119	~~119~~	

1/ Average historical County yield is the yield per planted acre in the respective county as reported to NASS.

2/ ARC substitute yield is based on data obtained from RMA.

D ARC-CO Benchmark Price Calculation

An ARC-CO benchmark price is **required** for each covered commodity to determine the benchmark revenue for each covered commodity. The ARC-CO benchmark price is determined by multiplying the higher of MYA price or the reference price for the covered commodity on the farm for the most recent 5 crop years, **excluding** each of the crop years with the highest and lowest prices. These prices are national prices and are **not** specific to an individual county.

For each covered commodity planted on a farm having an ARC-CO contract, the price of each of the 5 most recent years will be the **higher of** either of the following:

- MYA price determined by NASS and provided to the national office per covered commodity.
- reference price set by statute for the covered commodity.

116 ARC-CO (Continued)

E Benchmark Price Calculation Example

The following is an example benchmark price calculation using the 5-year Olympic average for crop year 2014.

Corn	**2009**	**2010**	**2011**	**2012**	**2013**	**5-Year Olympic Average Price**
MYA Price **1**/	~~$3.55~~	$5.18	$6.22	$6.89	$4.50	$5.30
Reference Price **1**/	$3.70	~~$3.70~~	~~$3.70~~	~~$3.70~~	~~$3.70~~	

1/ MYA price and reference price are defined in Exhibit 2.

F ARC-CO Benchmark Revenue

[7 CFR 1412.3] Benchmark revenue for ARC-CO is calculated as the product obtained by multiplying the average historical county yield times the MYA price for the most recent 5 crop years, excluding each of the crop years with the highest and lowest prices and substituting the reference price in each year where the MYA price is less than the reference price.

The ARC-CO benchmark revenue is calculated by multiplying the 5-year Olympic average yield for the specific covered commodity times the 5-year Olympic average price for the specific covered commodity base acres.

116 ARC-CO (Continued)

G ARC-CO Benchmark Revenue Calculation Example

The following is an example of an ARC-CO benchmark revenue calculation using the 5-year Olympic average for crop year 2014.

Corn	2009	2010	2011	2012	2013	5-Year Olympic Average Yield 1/
Average Historical County Yield	184	163	183	~~112~~	155	167 bu.
ARC Substitute Yield	~~119~~	~~119~~	~~119~~	119	~~119~~	
Corn	**2009**	**2010**	**2011**	**2012**	**2013**	**5-Year Olympic Average Price 2/**
MYA Price	~~$3.55~~	$5.18	$6.22	$6.89	$4.50	$5.30
Reference Price	$3.70	~~$3.70~~	~~$3.70~~	~~$3.70~~	~~$3.70~~	
ARC-CO Benchmark Revenue for Corn						
167 bu.	$5.30			$885.10 3/		

1/ The 5-year Olympic average yield is calculated according to subparagraph B.

2/ The 5-year Olympic average price is calculated according to subparagraph D.

3/ ARC-CO benchmark revenue is calculated by multiplying the 5-year Olympic average yield times the 5-year Olympic average price.

H ARC-CO Maximum Payment Rate

The payment rate for ARC-CO is limited to 10 percent of the ARC-CO benchmark revenue. To calculate the ARC-CO maximum payment rate of ARC-CO payment cap, multiply the ARC-CO benchmark revenue, calculated in subparagraphs F and G, times 10 percent.

I ARC-CO Maximum Payment Rate Calculation Example

The following is an example of an ARC-CO maximum payment rate or ARCO-CO payment cap calculation.

ARC-CO Benchmark Revenue	Percentage	ARC-CO Maximum Payment Rate or ARC-CO Payment Cap
$885.10	10	$88.51

116 ARC-CO (Continued)

J ARC-CO Guarantee

[7 CFR 1412.3] ARC guarantee is calculated for a crop year for a covered commodity, and is equal to 86 percent of the benchmark revenue for ARC-CO and 86 percent of the benchmark revenue for ARC-IC, as defined in this part.

The ARC-CO guarantee is calculated by multiplying the ARC-CO benchmark revenue times 86 percent.

K ARC-CO Guarantee Calculation Example

The following is an example of an ARC-CO guarantee calculation.

ARC-CO Benchmark Revenue	Percentage	ARC-CO Guarantee
$885.10	86	$761.19

L ARC-CO Actual Crop Revenue

[7 CFR 1412.3] Actual crop revenue is calculated as follows for:

(1) ARC-CO, for a crop year of a covered commodity: The actual average county yield per planted acre of the covered commodity times the higher of either the market year average (MYA) price of the covered commodity or the national average loan rate for the covered commodity.

The ARC-CO actual crop revenue is calculated by multiplying the actual average county yield for the covered commodity times the higher of either of the following:

- MYA price for the covered commodity
- national loan rate for the covered commodity.

The actual average county yield is determined by NASS and is the **county** average yield for the crop year for the specific covered commodity.

116 ARC-CO (Continued)

M ARC-CO Actual Crop Revenue Calculation Example

The following is an example of an ARC-CO actual crop revenue calculation.

Crop	Actual Average County Yield	MYA Price	National Loan Rate	ARC-CO Actual Crop Revenue
Corn	180 bu.	$3.90	~~$1.95~~	$702

N ARC-CO Payment Rate Calculation

The ARC-CO payment rate is calculated by subtracting the ARC-CO actual crop revenue from the ARC-CO guarantee. Any positive number is the revenue shortfall for the county. If the ARC-CO payment calculates to a negative number or zero, then an ARC-CO payment is **not** earned for the applicable commodity.

After the calculation is complete, the product is compared to the ARC-CO maximum payment rate. The smaller of the ARC-CO maximum payment rate or the shortfall is the ARC-CO payment rate for the crop and the county, as follows.

ARC-CO Guarantee	ARC-CO Actual Crop Revenue	ARC-CO Revenue Shortfall
$761.19	$702	$59.19 per acre

ARC-CO Revenue Shortfall	ARC-CO Maximum Payment Rate	ARC-CO Payment Rate
$59.19	$88.51	$59.19

116 ARC-CO (Continued)

O ARC-CO Payment Calculation

[7 CFR 1412.53] (a) Provided all provisions of this part including but not limited to ARC-CO election and enrollment have been satisfied for each of the 2014 through 2018 contract years, CCC will issue, as applicable and consistent with the election and enrollment:

(1) An ARC-CO payment beginning October 1, or as soon as practicable thereafter, after the end of the applicable marketing year for the covered commodity to the producers on a farm for a covered commodity in each crop year if the farm was enrolled in ARC-CO and the ARC-CO actual crop revenue was less than the ARC-CO guarantee.

(2) Payment is equal to the result of multiplying the payment acres for the covered commodity times the difference between the actual crop revenue and the ARC-CO guarantee, not to exceed 10 percent of the ARC-CO benchmark revenue.

The ARC-CO producer payment is equal to 85 percent of the specific covered commodity base acres, times the calculated ARC-CO payment rate, times the producers share as reported on ARC-CO and PLC contract or ARC-IC contract.

117 ARC-CO Payment Calculation Example

A ARC-CO Farm Payment Calculation Example

The following is an example of an ARC-CO farm payment calculation.

Corn Base Acres	Payment Percentage	Share From FSA-578	ARC-CO Payment Rate	Producer Payment
100	85	100 Percent	$59.19	$5,031

Payments are issued when the ARC-CO actual year revenue is less than the ARC-CO guarantee.

Payments are made using the farm's base acres and do **not** require the actual planting of a covered commodity crop.

B Farm Example

The following table provides farm information used for this ARC-CO example. Joe Doe from Anytown, Anystate, has 100 percent interest in this farm and all base acres on this farm are enrolled in ARC-CO.

Crop	Base Acres	Planted Acres
Corn	100.00	110.00
Grain Sorghum	0.00	165.00
Soybeans	100.00	25.00
Wheat	100.00	0.00
Total	300.00	300.00

117 ARC-CO Payment Calculation Example (Continued)

C ARC-CO Payment Calculation

The following table provides an example of how the 2014 ARC-CO selected price is calculated, based on the ARC MYA and references prices that are calculated using yield and price data collected during the 5-year period from 2009 through 2013.

	2009	**2010**	**2011**	**2012**	**2013**
Wheat					
Yield **1**/	44	51	65	~~31~~	46
ARC Substitute Yield **2**/	~~32~~	~~32~~	~~32~~	32	~~32~~
MYA Price **3**/	$6.78	~~$4.87~~	$5.70	$7.24	$7.77
Reference Price **4**/	~~$5.50~~	$5.50	~~$5.50~~	~~$5.50~~	~~$5.50~~
Corn					
Yield **1**/	125	100	165	110	95
ARC Substitute Yield **2**/	~~84~~	~~84~~	~~84~~	~~84~~	~~84~~
MYA Price **3**/	~~$3.55~~	$5.18	$6.22	$6.89	$4.50
Reference Price **4**/	$3.70	~~$3.70~~	~~$3.70~~	~~$3.70~~	~~$3.70~~
Soybeans					
Yield **1**/	38	41	29	48	33
ARC Substitute Yield **2**/	~~29~~	~~29~~	~~29~~	~~29~~	~~29~~
MYA Price **3**/	$9.59	$11.30	$12.50	$14.40	$12.95
Reference Price **4**/	~~$8.40~~	~~$8.40~~	~~$8.40~~	~~$8.40~~	~~$8.40~~
Grain Sorghum					
Yield **1**/	90	~~40~~	75	80	99
ARC Substitute Yield **2**/	~~60~~	60	~~60~~	~~60~~	~~60~~
MYA Price **3**/	~~$3.22~~	$5.02	$5.99	$6.33	$4.25
Reference Price **4**/	$3.95	~~$3.95~~	~~$3.95~~	~~$3.95~~	~~$3.95~~

1/ The actual historical county yield for the year specified.

2/ ARC substitute yield that is 70 percent of the RMA-established T-yield for the county. The selected yield is the higher of the actual county yield or the ARC substitute yield.

3/ Hypothetical MYA price.

4/ Reference price.

The selected price is the **higher** of the MYA or reference price.

117 ARC-CO Payment Calculation Example (Continued)

D ARC-CO Guarantee

The following illustrates:

- ARC-CO benchmark revenue
- 10 percent of the ARC-CO benchmark revenue
- ARC-CO guarantee.

Crop	Average Benchmark Yield	Average Benchmark Price	ARC-CO Benchmark Revenue	10 Percent of ARC-CO Benchmark Revenue	ARC-CO Guarantee
Corn	111.67	$ 5.30	$591.85	$59.19	$508.99
Grain Sorghum	81.67	$ 5.09	$415.70	$41.57	$357.50
Soybeans	37.33	$12.25	$457.29	$45.73	$393.27
Wheat	47.00	$ 6.57	$308.79	$30.88	$265.56

1/ The ARC-CO benchmark revenue equals the average historical county yield times the average benchmark price.

E ARC-CO Actual Revenue

The following illustrates how the ARC-CO actual revenue is calculated.

Crop	County Actual Per Acre Yield	2014 MYA Price 1/	National Average Loan Rate	Actual Revenue 2/
Corn	140	$5.25	~~$1.95~~	$735.00
Grain Sorghum	63	$4.98	~~$1.95~~	$313.74
Soybeans	27	$8.50	~~$5.00~~	$229.50
Wheat	29	$6.80	~~$2.94~~	$197.20

1/ Hypothetical MYA price. The price used to complete the actual revenue calculation is the higher of the 2014 MYA price or the national average loan rate. In this example, the 2014 MYA price is higher for every crop.

2/ The actual revenue is computed by multiplying the county actual per acre yield times the higher of the 2014 MYA price or the national average loan rate.

117 ARC-CO Payment Calculation Example (Continued)

F ARC-CO Payment Rate Calculation

The following illustrates how the ARC-CO payment rate is calculated.

Crop	ARC-CO Guarantee	ARC-CO Actual Revenue	Shortfall, If Any 1/	10 Percent of Benchmark Revenue 2/	ARC-CO Payment Rate 3/
Corn	$508.99	$735.00	$ 0.00	$59.19	$ 0.00
Grain Sorghum	$357.50	$313.74	$ 43.76	$41.57	$41.57
Soybeans	$393.27	$229.50	$163.77	$45.73	$45.73
Wheat	$265.56	$197.20	$ 68.36	$30.88	$30.88

1/ ARC-CO guarantee minus ARC-CO actual revenue (**must** be a positive number to receive payment).

2/ 10 percent of benchmark revenue is computed according to subparagraph G. The price used to complete the actual revenue calculation is the higher of the 2014 MYA price or the national average loan rate. In this example, the 2014 MYA price is higher for every crop.

3/ The actual revenue is computed by multiplying the county actual per acre yield times the higher of the 2014 MYA price or the national average loan rate.

G ARC-CO Farm Payment Calculation

The following illustrates how the ARC-CO payment is calculated.

Crop	Base Acres	Payment Percentage	Payment Rate	ARC-CO Payment
Corn	100.00	85	$ 0.00	$ 0.00
Grain Sorghum	0.00	85	$41.57	$ 0.00
Soybeans	100.00	85	$45.73	$3,887.05
Wheat	100.00	85	$30.88	$2,624.80

- Corn did **not** trigger a payment.
- Grain sorghum was planted and triggered a payment; however, there are zero grain sorghum base acres; therefore, an ARC-CO payment **cannot** be made for the covered commodity.
- Soybeans triggered a payment, even though only 25 acres were planted.
- Wheat triggered a payment, even though wheat was **not** planted on the farm.

118-130 (Reserved)

Section 3 Using ARC-IC

131 ARC-IC

A ARC-IC Features

ARC-IC provides shallow loss revenue coverage at the farm level and is calculated separately for each producer who shares in a covered commodity in the current year.

ARC-IC is similar to ARC-CO, **except** for the following:

- production for the farm **must** be reported initially for the 5 benchmark years previous to the current year and be updated annually thereafter

- the ARC-IC farms **must** be enrolled in the annual contract to be included in the ARC-IC benchmark and current year revenue and payment calculations

- payments are based on the farm's actual yields instead of county yields

- irrigated and nonirrigated covered commodity yields will be blended for the crop for both benchmark and actual yield calculations

- 1 or more covered commodities **must** be planted on the farm in the current year for an ARC-IC payment rate to be calculated for the farm and producer

- producers on an ARC-IC farm who do **not** share in at least 1 covered commodity (that is planted) are **not** entitled to the ARC-IC payment

- if an ARC-IC payment rate is calculated for the farm, the ARC-IC payment is based on the total of all covered commodity crop bases on the farm rather than individual base acres of each covered commodity of the farm

- a separate payment rate is calculated for each producer who shares covered commodities on ARC-IC enrolled farms and is used for payment for each ARC-IC enrolled farm in which the producer has an share interest

- it is possible for a producer on 2 or more ARC-IC enrolled farms to receive an ARC-IC payment rate (used for all farms) and the other producers who have share interest in the covered commodities on the same farms **not** receive a payment.

131 ARC-IC (Continued)

A ARC-IC Features (Continued)

ARC-IC revenue loss payments calculate when the current year revenue for all covered commodities planted on the ARC-IC farm falls below 86 percent of the ARC-IC guarantee.

The payment rate for the ARC-IC farm is capped at 10 percent of the ARC-IC farm's benchmark revenue.

Like ARC-CO and PLC, crop insurance and linkage are **not** required for ARC-IC eligibility. Nor do crop insurance indemnities count as revenue for ARC-IC.

Note: Prevented planted acres are **not** included in ARC-IC calculations.

B ARC-IC Farm for a Producer

All ARC-IC farms in the State in which the producer is enrolled for the current ARCPLC program year are included in a single ARC-IC revenue calculation to determine an ARC-IC payment rate or the producer.

Note: ARC-IC farms that are **not** enrolled in the current year are **excluded** from all ARC-IC calculations, including benchmark, guarantee, and current year revenue.

131 ARC-IC (Continued)

C ARC-IC Farm Benchmark Revenue

[7 CFR 1412.3] Benchmark revenue for ARC-IC means a producer's share of all covered commodities planted on all farms in the State for which individual ARC has been elected and enrolled and in which the producer has an interest. FSA will calculate the benchmark revenue for ARC-IC using the following three steps, based on the producer's planted commodities:

(1) For each covered commodity for each of the most recent 5 crop years:

(i) Yield per planted acre (substituting 70 percent of the county transitional yield in each year where the yield per planted acre is less than 70 percent of the county transitional yield); times

(ii) The MYA price for the most recent 5 crop years, excluding each of the crop years with the highest and lowest prices and substituting the reference price in each year where the MYA price is less than the reference price.

(2) For each covered commodity, the average of the revenues determined under paragraph (1) of this definition for the most recent 5 crop years, excluding each of the crop years with the highest and lowest revenues; and

(3) For each of the 2014 through 2018 crop years, the benchmark revenue for the ARC-IC farm is the sum of the amounts determined under paragraph (2) of this definition for all covered commodities on such farms, adjusted to reflect the ratio between the total number of P&CP acres and eligible subsequently planted crop acreage on such farms to a covered commodity and the total P&CP acres and eligible subsequently planted crop acreage of all covered commodities planted on such farms. If a producer has an interest in multiple farms that have enrolled in ARC-IC, the ARC-IC benchmark revenue for that producer will be a weighted average of the benchmark revenue for those multiple farms.

131 ARC-IC (Continued)

C ARC-IC Farm Benchmark Revenue (Continued)

The ARC-IC farm's benchmark is calculated only on covered commodities that were planted in the current year on the ARC-IC farm. The ARC-IC benchmark is calculated using the 5-year Olympic average of a farm's annual benchmark revenue (the higher of the farm's actual yield for the year or plug and/or substitute yield times the higher of MYA or reference price) **excluding** the high and low annual revenues for each applicable covered commodity.

The ARC-IC farm's guarantee equals 86 percent of the farm's benchmark.

Both the ARC-IC benchmark and actual revenues are weighted across all farms based on planted acres of each covered commodity in the current year on ARC IC farms that the producer has elected and enrolled into ARC-IC.

A separate ARC-IC payment rate, if triggered, is calculated for each producer who shares in the covered commodity.

Note: For irrigated and nonirrigated covered commodities under ARC-IC calculations, the total farm revenues will be based on all covered commodity acreage regardless of planting practice. Irrigated and nonirrigated covered commodities will have blended yields and revenues calculated across ARC-IC farms for both benchmark and actual yields.

131 ARC-IC (Continued)

D ARC-IC Actual Crop Revenue

[7 CFR 1412.3] Actual crop revenue is calculated as follows for:

(2) ARC-IC, for a producer on a farm for a crop year, which is based on the producer's enrolled share of planted acres of all covered commodities on all farms for which ARC-IC has been elected and in which the producer has an interest for which the producer enrolled: the sum of the results of the following calculation for each covered commodity on the farm:

(i) The total production of the covered commodity for all farms in the State in which the producer has an interest; times

(ii) The higher of either the MYA price or national loan rate for the covered commodity; divided by

(iii) The producer's share of the planted acres of the covered commodity in the State.

Actual revenue is computed using the farm's actual yield times the higher of the MYA price or national loan rate for the covered commodity.

E ARC-IC Guarantee

[7 CFR 1412.3] ARC guarantee is calculated for a crop year for a covered commodity, and is equal to 86 percent of the benchmark revenue for ARC-CO and 86 percent of the benchmark revenue for ARC-IC, as defined in this part.

131 ARC-IC (Continued)

F ARC-IC Production Reporting

[7 CFR 1412.66(c)] As a condition of producer payment eligibility for all ARC-IC payments under this part, all producers of all covered commodities on enrolled ARC-IC elected farms must accurately submit a report of production by the acreage reporting date for the crop in the year immediately following the crop year of the reported crop acreage for all the covered commodities elected and enrolled in ARC-IC. The report is due for each covered commodity for which an acreage report greater than zero planted acres was filed for the farm according to paragraph (a) of this section. The report of production for all of such covered commodity or covered commodities can be submitted by any of the producers of the covered commodity or covered commodities on the farm, the farm operator, or an owner on the farm. The absence of the required production report of any covered commodity being filed on an enrolled ARC-IC elected farm will cause all of the producers who share in any of the covered commodities on that farm to be ineligible for payment on that farm and on any other ARC-IC elected and enrolled farm in the State for the crop year for which the production report was not filed or is missing. At the discretion of CCC, the report of production must be accompanied by documentation acceptable to CCC. The report must include the date harvest was completed. Records of production acceptable to CCC may include those specified in:

(1) Commercial receipts, settlement sheets, warehouse ledger sheets, or load summaries of the crop that was sold or otherwise disposed of through commercial channels provided the records are reliable or verifiable as determined by CCC; and

(2) Such documentary evidence such as contemporaneous measurements, truck scale tickets, and contemporaneous diaries, as is necessary in order to verify the information provided if the crop has been fed to livestock or otherwise disposed of other than through commercial channels, provided the records are reliable or verifiable as determined by CCC. If the crop will be disposed of through retail sales, such as roadside stands, u-pick, etc. and the producer will not be able to certify acceptable records of production, the producer must request an appraisal of the crop acreage prior to harvest.

131 ARC-IC (Continued)

F ARC-IC Production Reporting (Continued)

Producers of an ARC-IC farm **must** report production of covered commodities to establish benchmark and current year revenues.

In the initial year of ARC-IC participation, the production of covered commodities for the farm will be **required** to be submitted for each year of the benchmark (2009 through 2013) and the current year (2014). Each year thereafter, the producer must annually report the production of covered commodities planted on the farm.

In cases where the production is either **not** available or the covered commodity was **not** planted, a yield will be assigned for each benchmark year at 100 percent of the county average yield.

In years a covered commodity was planted on the farm and the covered commodity suffered low yields in the benchmark period, a substitute yield of 70 percent of the T-yield for the crop will be applied. Substitute yields are available for the benchmark years throughout the 2014 through 2018 crop years.

131 ARC-IC (Continued)

G ARC-IC Producer Payment

[7 CFR 1412.53(b)] Provided all provisions of this part including but not limited to ARC-IC election and enrollment have been satisfied for each of the 2014 through 2018 contract years, CCC will issue, as applicable and consistent with the election and enrollment:

(1) An ARC-IC payment beginning October 1, or as soon as practicable thereafter, after the end of the applicable marketing year for the farm if the farm was enrolled in ARC-IC and the ARC-IC actual crop revenue for that farm is less than the ARC-IC guarantee.

(2) Payment is equal to the result of multiplying the payment acres for the covered commodities times the difference between actual crop revenue and the ARC-IC guarantee, not to exceed 10 percent of benchmark revenue for ARC-IC.

(c) If a producer has an interest in multiple farms that have enrolled in ARC-IC, the ARC-IC benchmark revenue for that producer used in the payment calculation will be a weighted average of the benchmark revenue for those multiple farms.

Payment acres for each producer are equal to 65 percent of the total base acres of all covered commodities on ARC-IC farms times the producer's calculated payment rate for ARC-IC.

The payment rate for the producer is their share of the difference between the farm guarantee and the actual farm crop revenue for the covered commodity weighted across all enrolled ARC-IC farms.

Payment shares are driven from the shares of the covered commodities planted and reported on FSA-578.

The ARC-IC payment rate **cannot** exceed 10 percent of the farm's ARC-IC benchmark revenue.

The payment rate for the producer, if triggered, will be the same payment rate per acre for all participating ARC-IC farm's in which the producer has an interest.

131 ARC-IC (Continued)

H ARC-IC Payment Example

Producer A is owner and operator of FSN 1 and has 100 percent interest in the total base acres of 100 acres that consists of 60 corn base acres and 40 soybean base acres. This is the only farm that ARC-IC is elected and enrolled by the producer. The producer plants the entire farm to wheat.

ARC-IC Calculation Component	Amount
ARC-IC benchmark revenue.	$250
ARC-IC guarantee ($250 x 86 percent).	$215
ARC-IC actual revenue.	$205
Shortfall (ARC-IC guarantee minus ARC-IC actual revenue).	$ 10
10 percent of ARC-IC benchmark.	$ 25
Smaller of shortfall or 10 percent of ARC-IC benchmark.	$ 10
2014 base acres.	100
ARC-IC payment percentage.	65
ARC-IC payment (rate x base acres x payment percentage x share).	$650

132 ARC-IC Farm Benchmark and Guarantee

A ARC-IC Benchmark Farm Yield Calculation

ARC-IC benchmark farm yield means, **except** as otherwise provided, for a covered commodity, the actual yield per **planted** acre (for initial planted crop and approved double-cropped) or ARC-IC assigned or substitute yield for the farm for each of the 5 most recent crop years.

IF the benchmark farm yield is being calculated for…	THEN the 5 most recent crop years are…
2014	2009 through 2013.
2015	2010 through 2014.
2016	2011 through 2015.
2017	2012 through 2016.
2018	2013 through 2017.

A benchmark farm yield is **required** to be established the first year a farm elects and enrolls in ARC-IC, and is updated each year with the actual production on the farm from planted acres, with a substitute yield inserted, if applicable.

An ARC-IC crop followed by the same ARC-IC crop with a different intended use is **not** considered double-cropping. The initial intended use is considered ARC-IC and is the crop and intended use for which a benchmark farm yield **must** be established.

For the purposes of this paragraph, the most recent 5 crop years for the 2014 crop year are crop years are 2009 through 2013, even if the farm has no production or yield records for any of these years. Yields **must** be established in each of the 5 crop years of the benchmark, for the covered commodity planted in the current year, whether or **not** the covered commodity was planted in the benchmark years.

In subsequent years, the yields that make up the benchmark will be substituted if the acreage was planted and the yield fell below 70 percent of T-yield or a yield will be assigned at county average for each year the crop was **not** planted in the benchmark.

132 ARC-IC Farm Benchmark and Guarantee (Continued)

B ARC-IC Benchmark Yields

The farm benchmark yields for planted covered commodities will be calculated as the yield in the crop year by using the production of a covered commodity on the ARC-IC farm divided by the covered commodity's total planted acres (initial acres or approved double-cropping acres **only**) for a crop year on the ARC-IC farm.

Note: For crops that have both irrigated and nonirrigated acres in the year, the actual year yield for both benchmark and current year yields will be a blended yield.

C ARC-IC Assigned Yields

An assigned yield will be placed in the benchmark years in cases where the covered commodity was **not** planted on the farm in that year.

The assigned yield will be based on the 100 percent of the county average yield for the county for the covered commodity. The yields will be based on NASS data or be determined by STC.

D Example of ARC-IC Benchmark Farm Yield Calculation Using Assigned Yields

In 2015, the enrolled ARC-IC farm has 200 base acres, as follows:

- 100 base acres of wheat
- 100 base acres of soybean.

The entire farm is planted to canola. This is the first time the producer has planted canola on this farm.

The farm ARC-IC benchmark yield for canola will be based on 5 years of assigned yields at 100 percent of county average yields.

132 ARC-IC Farm Benchmark and Guarantee (Continued)

E ARC-IC Substitute Yields

The ACRE substitute yield is computed by using RMA T-yield data from RMA or FSA data. The ARC-IC substitute yield can be found at **http://www.fsa.usda.gov/FSA/webapp?area=home&subject=arpl&topic=landing**.

For each year of the benchmark, and in years the covered commodity was planted, the larger of the following will be used for the benchmark yield for the applicable year:

- certified yield for the covered commodity
- ARC-IC substitute yield.

Note: In years the covered commodity was **not** planted the yield will be assigned at 100 percent of the county average yield.

The substitute yield in the administrative county of the applicable ARC-IC farm will be used.

In some situations, the ARC-IC substitute yields will be blank for certain years for counties, because yields were **not** calculated for these crops by RMA or FSA. If producers need an ARC-IC substitute yield for a county's missing year, STC will establish a yield and submit the yield to the National Office.

Note: Send information by e-mail through the State Office to Phil Sronce at **phil.sronce@wdc.usda.gov**. A subsequent spreadsheet will be posted to the Intranet and Internet displaying the approved ARC-IC plug and/or substitute yield.

132 ARC-IC Farm Benchmark and Guarantee (Continued)

G ARC-IC Production Records

Producers who participate in ARC-IC are **required** to provide the harvested yield of planted covered commodities for each year of benchmark and current year period.

The yields will consist of producer certification of yields. Producers will be **required** to submit the production evidence to COC on request for review.

RMA production and yield data are encouraged to be used.

H ARC-IC Benchmark Farm Prices

The prices used to calculate the ARC-IC benchmark farm revenue are the larger of:

- MYA price for each covered commodity that was planted in the current year and makes up the ARC-IC farm benchmark

- reference price for the crop listed in paragraph 101.

I ARC-IC Producer Guarantee

The ARC-IC producer guarantee is the total producer ARC-IC benchmark farm revenue, as weighted, times 86 percent.

To receive an ARC-IC payment, the current year revenues for all covered commodities planted on across all ARC-IC enrolled farms for the producer **must** fall below the ARC-IC producer guarantee.

132 ARC-IC Farm Benchmark and Guarantee (Continued)

J Example of the ARC-IC Benchmark Farm Revenue Calculation

The following is an example of how the ARC-CO benchmark farm revenue is calculated.

ARC-IC Corn (Benchmark Yield and Revenue)			
Price (Higher of MYA or Reference Price)		**Yield 1/**	**Revenue**
MYA	**Reference Price**		
~~$3.55~~	$3.70	180	$666.00 per acre
$5.18	~~$3.70~~	194	$1,004.92 per acre
$6.22	~~$3.70~~	191	$1,188.02 per acre
$6.89	~~$3.70~~	113	$778.57 per acre
$4.50	~~$3.70~~	131	$589.50 per acre
5-Year Olympic Average of Benchmark Farm Revenue			$816.50 per acre

1/ In this example, the substitute yield is 105 bu. (150 x 70 percent) for each year and was not used in the farm's ARC-IC benchmark calculation.

I Example of the ARC-IC Producer Guarantee Calculation

Example of an ARC-IC farm with 1 crop planted with only 1 producer.

Crop	Percent Planted Across All Farms	Benchmark Revenue	Weighted Benchmark	Producer Guarantee (86 Percent of Benchmark)
Corn	100 Percent	$816.50	$816.50	$702.19

Example of an ARC-IC farm with 2 crops planted with only 1 producer.

Crop	Percent Planted Across All Farms	Benchmark Revenue	Weighted Benchmark	Producer Guarantee (86 Percent of Benchmark)
Corn	60 Percent	$816.50	$489.90	$421.31
Oats	40 Percent	$427.50	$171.00	$147.06
Totals			$660.90	$568.37

133 ARC-IC Actual Revenue

A Purpose

The actual crop revenue is needed to determine if the revenue shortfall in the current year is below the ARC-IC guarantee thus a payment may be earned. The actual crop revenue is determined by multiplying the producer's share of all covered commodities planted on all ARC-IC enrolled farms times the higher of either the applicable MYA or national loan rate times the producer's share of planted acres of covered commodities in the State.

B Example of the ARC-IC Producer's Actual Crop Revenue

Example of an ARC-IC farm with 1 crop planted with only 1 producer.

Crop	Actual Yield	MYA Price 1/	Acres	Revenue	Revenue Per Acre	Producer Share of Crop	Producer Revenue
Corn	147 bu. per acre	$4.49 per bu.	127.6	$84,216	$660	100 Percent	$660

Example of an ARC-IC farm with 2 crops planted with only 1 producer.

Crop	Actual Yield	MYA Price 1/	Acres	Revenue	Revenue Per Acre	Producer Share of Crop	Producer Revenue
Corn	147 bu. per acre	$4.49 per bu.	127.60	$84,220		100 Percent	
Oats	59 bu. per acre	$3.40 per bu.	99.00	$19,859		100 Percent	
Totals			226.60	$104,079	$450.31	100 Percent	$450.31

1/ In this example, the MYA price is **higher** the national loan rate.

134 ARC-IC Producer Payment

A ARC-IC Producer Payment Policy

ARC-IC revenue loss payments are made to the ARC-IC farm when the current year revenue for all covered commodities planted on the ARC-IC farm falls below 86 Percent of the ARC-IC guarantee.

ARC-IC payments are capped at 10 percent of the ARC-IC farm benchmark revenue.

B Example of the ARC-IC Producer's Actual Crop Revenue

ARC-IC payments are calculated according to the following example. Data for the calculation comes from paragraph 133.

Guarantee	Actual Revenue Per Acre	Producer Revenue Loss or Shortfall 1/
$702.19	$660	$42.19

1/ Payment rate is the lesser of the calculated payment rate ($42.19 per acre) **or** 10 percent of the farm benchmark revenue (cap) that would be $816.50 x 10 percent = $81.65 per acre.

Total Base Acres	65 Percent of Total Base Acres	Share From FSA-578	Producer Revenue Loss	Producer Payment
126.5	82.2	100 Percent	$42.19	$3,468

135 ARC-IC Crops and Acreage

A Planted Acres of Covered Commodities Required

To be eligible for an ARC-IC payment on and ARC-IC elected and enrolled farm, covered commodity acreage **must** be **planted** in the current year on the ARC-IC enrolled farms. Only initial planted and approved double-cropped reported covered commodities are considered planted for ARC and PLC Program purposes.

Prevent plant acres are **not** included in either benchmark or current year calculations.

B Crops Eligible for ARC-IC Payments

The following covered commodities are eligible for ARC-IC payments:

- barley
- canola
- chickpeas, large
  - large Kabuli
  - small Kabuli
- chickpeas, small
- corn
- crambe
- flaxseed
- grain sorghum

135 ARC-IC Crops and Acreage (Continued)

B Crops Eligible for ARC-IC Payments (Continued)

- lentils
- mustard seed
- oats
- peanuts
- peas, dry
- rapeseed
- rice, long grain
- rice, medium grain (includes short grain rice)
- safflower
- sesame seed
- soybeans
- sunflower seed
- wheat.

135 ARC-IC Crops and Acreage (Continued)

C Intended Uses of ARC-IC Crops

The following provides eligible intended uses for covered commodities participating in ARC-IC. Initial crops are those used for ARC-IC.

Crop Name	Type Name	Intended Use
Barley	All	FG, GR, GS, GZ, SD
Canola	All	SD
Chickpeas, Large	• Garbanzo, Large Kabuli • Garbanzo, Small Kabuli	DE, FG, PR, FH, SD
Chickpeas, Small	Garbanzo, Desi	
Corn	• White • Yellow • Amylose • Popcorn • Waxy	FG, GR, SD
Crambe		SD
Flaxseed	All	OL, SD
Grain Sorghum	All	FG, GR, SD, SG
Lentils		DE, FG, GZ
Mustard Seed	All	PR, SD
Oats	All	FG, GR, GS, GZ, SD
Peanuts	All	All
Peas, Dry	• Austrian • Green • Umatilla • Wrinkled • Yellow	DE, FG, GZ, SD
Rapeseed		FG, FH, GZ, SD
Rice, Long Grain	LGR	
Rice, Medium Grain and Sweet	• MGR • SGR	
Safflower		FG, FH, GZ, SD
Sesame Seed		FG, FH, GZ, SD
Sorghum, Dual Purpose	All	FG, GR, SD, SG
Soybeans	All	FG, FH, GR, SD
Sunflower Seed	All	FG, GR, SD
Wheat	All	FG, GR, GS, GZ, SD

135 ARC-IC Crops and Acreage (Continued)

D Eligible ARC-IC Crop Status

For all situations in any crop year, **excluding** double-cropping, the initial covered commodity or an eligible subsequently planted crop, as defined in Exhibit 2, is the **only** crop eligible to be used in the calculation of ARC-IC payments.

For double-cropping situations in any crop year, the second crop is also an eligible ARC-IC crop as long as the second crop meets the double-cropping definition according to 2-CP.

The following are crop status codes for the first character field on FSA-578 that are eligible ARC-IC.

Code	Description
I	Initial, the first covered commodity planted on the acreage.
D	Covered commodity followed by a different covered commodity. Meets double-cropping definition.
E	Covered commodity followed by FAV or wild rice or vice versa. Meets double-cropping definition.
G	Noncovered commodity, non-FAV, followed by covered commodity or vice versa. Meets double-cropping definition.
M	Noncovered commodity, non-FAV, followed by a covered commodity or vice versa. Does **not** meet the double-cropping definition. The replacement covered commodity is eligible subsequently planted crop acreage, as defined in Exhibit 2.

136 ARC-IC Payment Shares

A Shares of ARC-IC Payments

[7 CFR 1412.66(f)] Shares of planted or eligible subsequently planted crop acreage of covered commodities on generic base acres will be determined based on the attribution in §1412.45 and shares recorded on the report of acreage filed in accordance with §1412.66.

Shares of ARC-IC payments will be determined based on the shares recorded on the report of acreage filed as specified in §1412.66. Further, each eligible producer having a share of planted or eligible subsequently planted crop acreage of covered commodities on a farm enrolled under an ARC or PLC Program contract has to do both of the following to be eligible for their share of a payment:

(1) Unless otherwise already enrolled on the ARC or PLC Program contract, sign the ARC or PLC Program contract during the contract period; and

(2) Have the producer's share recorded on the report of acreage filed as required by part 718 of this title and §1412.66 of this part.

Eligible ARC-IC producers will receive payment **only** when they have enrolled with an interest in the planted acreage of covered commodities on 1 or more ARC-IC enrolled farms.

Shares reported on FSA-578 will be used to determine producers that are eligible to claim shares for ARC-IC payments, if applicable. However, **only** producers who sign ARC-IC contracts will be issued payments.

The payment shares under ARC-IC differ greatly from ARC-CO or PLC, in that producers (including owners) whose **only** interest in the farm consist of interests in nonprogram crop or idle acreage are **not** permitted to receive an ARC-IC payment on the farm.

136 ARC-IC Payment Shares (Continued)

B Example

FSN 1 has 300 acres of cropland.

- The farm consists of 150 acres of total base acres, 75 acres of peanuts and 75 acres of soybean base acres.

- In 2014, the:

  - owner of the farm has 100 percent share of 150 acres of grassland that is cropland for his cattle as reported on FSA-578

  - operator or other producer of the farm has 100 percent interest in 150 acres of tillable cropland on the farm and plants the 150 acres to corn. He pays appropriate cash rent to the owner of the farm, as reported on FSA-578.

- The owner previously received 100 percent of the direct and CC payment on the farm under the 2008 Farm Bill. The farm was **not** in ACRE under the 2008 Farm Bill.

The farm has been elected and enrolled into ARC-IC for the 2014 Farm Bill. The 2014 ARC-IC payment calculation will be based on corn benchmark, guarantee, and current year revenue. The payment will be issued 100 percent to the operator or other producer of the farm. The owner of the farm will **not** receive an ARC-IC payment because the owner has no share interest in covered commodity acreage reported planted on the farm in 2014.

137 ARC-IC Calculation at the Producer Level

A ARC-IC Payment Calculation

The ARC-IC payment is calculated at the producer level. Each producer sharing ARC-IC enrolled farms will have a payment rate calculated. The producers ARC-IC payment will be determined based on the their interest in the ARC-IC enrolled farms in the State and will have benchmark, guarantees and current year revenues weighted across all ARC-IC enrolled farms the producer has an interest.

B ARC-IC Producer Payment Rate

The ARC-IC producer payment rate will be calculated for each producer sharing in covered commodities on enrolled ARC-IC farms, if applicable. The producer's share is calculated share interest across all enrolled ARC-IC farms in which the producer has an interest.

Producers who share in covered commodities on enrolled ARC-IC farms may have different payment rates established.

The payment rate for the producer, if triggered, will be the same payment rate per acre for all participating farms for which the producer has an interest.

137 ARC-IC Calculation at the Producer Level (Continued)

C ARC-IC Multiple Producer and Farm Calculation

To demonstrate the calculation of ARC-IC, the concept of filling producer buckets may be beneficial. The following example:

- provides for an operator bucket with 2 enrolled ARC-IC farms and an owner bucket with only 1 enrolled ARC-IC farm
- illustrates how different producers with some common farms may have different payment rates.

Operator Bucket					
Weighted Benchmark Revenue and Guarantee Calculation					
Farm	**Crop**	**Percent Planted Across All Farms**	**Farm Benchmark Revenue**	**Weighted Farm Benchmark Revenue**	**Guarantee (86 Percent)**
920	Corn	51.80 Percent	$816.50	$422.95	
1032	Corn	40.70 Percent	$828.88	$337.31	
1032	Soybeans	7.50 Percent	$572.14	$42.91	
			Totals	$803.17	$690.73

Actual Revenue Calculation						
Farm	**Crop**	**Farm Level Revenue**	**Producer Share of Crop**	**Producer Share of Revenue**	**Producer Share of Acres**	**Producer Revenue**
920	Corn	$83,925.60	100 Percent	$83,925.60	127.16	
1032	Corn	$72,000.00	50 Percent	$36,000.00	50.00	
1032	Soybeans	$8,784.00	50 Percent	$4,392.00	9.20	
Totals				$124,317.60	186.36	$667.08

Payment Calculation		
ARC Guarantee	**Actual Crop Revenue**	**Shortfall**
$690.73	$667.08	$23.65
Maximum Pay Rate is 10 Percent of Farm Benchmark Revenue = $80.32		

Farm	**Total Base Acres**	**65 Percent of Total Base Acres**	**Share From FSA-578**	**Payment Rate**	**Payment**
920	126.50	82.20	100 Percent	$23.65	$1,944
1032	113.00	73.50	50 Percent	$23.65	$869

137 ARC-IC Calculation at the Producer Level (Continued)

C ARC-IC Multiple Producer and Farm Calculation (Continued)

Owner Bucket					
Weighted Benchmark Revenue and Guarantee Calculation					
Farm	**Crop**	**Percent Planted Across All Farms**	**Farm Benchmark Revenue**	**Weighted Farm Benchmark Revenue**	**Guarantee (86 Percent)**
1032	Corn	84.50 Percent	$828.88	$700.40	
1032	Soybeans	15.50 Percent	$572.13	$88.68	
			Totals	$789.08	$678.61

Actual Revenue Calculation						
Farm	**Crop**	**Farm Level Revenue**	**Producer Share of Crop**	**Producer Share of Revenue**	**Producer Share of Acres**	**Producer Revenue**
1032	Corn	$72,000.00	50 Percent	$36,000.00	50.00	
1032	Soybeans	$8,784.00	50 Percent	$4,392.00	9.20	
Totals				$40,392.00	59.20	$682.30

Payment Calculation		
ARC Guarantee	**Actual Crop Revenue**	**Shortfall**
$678.61	$682.30	$0.00
Maximum Pay Rate is 10 Percent of Farm Benchmark Revenue = $78.91		

Farm	Total Base Acres	65 Percent of Total Base Acres	Share From FSA-578	Payment Rate	Payment
1032	113.00	73.5	50 Percent	$0.00	$0.00

138 ARC-IC Payment Rate Cap

A ARC-IC Payment Cap

The ARC-IC payment rate for a producer **cannot** exceed 10 percent of the producer's ARC-IC weighted farm benchmark revenue.

B Example

Producer A has a weighted ARC-IC farm benchmark of $500 per acre. The producer's ARC-IC weighted guarantee is $430 per acre. In 2014, Producer A's weighted revenue per acre of all covered commodities planted on ARC-IC crops is $365 per acre. The ARC-IC loss per acre is $65 per acre ($430 - $365 = $65 per acre). The ARC-IC 10 percent cap is $50 per acre ($500 ARC-IC benchmark x 10 percent). The ARC-IC payment rate per acre for Producer A is limited to the cap of $50 per acre.

Note: In this example, the ARC-IC payment rate per acre is limited to the 10 percent of weighted benchmark revenue.

139 ARC-IC Contracts

A ARC-IC Participant Contract Requirements

Participants enrolling under ARC-IC contract agree to accurately:

- record shares of planted acres of covered commodities reported on FSA-578 so that producers on the farm receive ARC-IC payments that are fair and equitable, as determined by COC

- submit a report of production for the farm and tract no later than the crop acreage reporting date for the crop, according to 2-CP, in the year immediately following the crop year of the reported crop acreage, for each covered commodity or peanuts for which an acreage report of planted acres greater than zero acres was filed.

Note: Zero production reports are acceptable.

B Acceptable Records of Production

At FSA's discretion, documentation may be requested to substantiate a production certification. Records of production acceptable to FSA may include those specified in:

- crop insurance and NAP records that may include loss records or take actual yield from the APH database

- commercial receipts, settlement sheets, warehouse ledger sheets, or load summaries of the crop that was sold or otherwise disposed of through commercial channels, provided the records are reliable or verifiable as determined by FSA

- documentary evidence, such as contemporaneous measurements, truck scale tickets, and contemporaneous diaries, as necessary to verify the information provided, if the crop has been fed to livestock or otherwise disposed of other than through commercial channels, if the records are reliable or verifiable as determined by FSA

- loan and LDP records.

139 ARC-IC Contracts (Continued)

C Yield Basis

For each covered commodity and peanuts planted on a farm having a valid ARC-IC contract for the current year, the yield of each of the 5 most recent years will be the higher of either of the following:

- ARC-IC substitute yield that is 70 percent of T-Yield
- actual farm yield per planted acre determined by dividing the total actual production on the farm by the farm's total planted acres
- ARC-IC assigned yield when the crop was **not** planted in the benchmark year (100 percent of county average yield).

In subsequent years, the higher of the farm's actual yield or ARC-IC substitute yield will be used to compute the benchmark farm yield.

Exception: Farms that have zero planted acres (that is prevented planted or managerial decision) will receive the ARC-IC assigned yield (100 percent of county average yield).

140 (Reserved)

141 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate

A Example 1

The following example was computed using the following information:

- 1 farm enrolled in ARC-IC with 1 producer
- FSN 920 with operator having 100 percent share and owner having 0 percent share.

Cropland 1/	Corn Base Acres 1/	Soybean Base Acres 1/	2014 Corn Planted Acres 2/	2014 Soybean Planted Acres 2/
127.16	66.10	60.40	127.16	0.00

1/ Cropland and base acre elements are from FRMS.
2/ Planted acres are from FSA-578.

FSN 920 – ARC-IC - Corn (Benchmark Revenue)				
Year	**Price (Higher of MYA or Reference Price)**		**Yield 1/**	**Revenue**
	MYA	**Reference Price**		
2009	~~$3.55~~	$3.70	180	$666.00 per acre
2010	$5.18	~~$3.70~~	194	$1004.92 per acre
2011	$6.22	~~$3.70~~	191	~~$1188.02 per acre~~
2012	$6.89	~~$3.70~~	113	$778.57 per acre
2013	$4.50	~~$3.70~~	131	~~$589.50 per acre~~
5-Year Olympic Average of Benchmark Farm Revenue				$816.50 per acre

1/ In this example, the substitute yield was 105 bu. (150 bu. x 70 percent) for each year and was **not** used in the farm's ARC-IC benchmark calculation.

Data for the Farm Benchmark Yield and Revenue
Benchmark farm revenue **must** be calculated for every covered commodity planted on ARC-IC in the current crop year for the previous 5 years. The basic calculation for a benchmark revenue is a price times a yield. Each FSA FSN has this revenue calculation. For ARC-IC, the: • price used is the higher of MYA or reference price • yield used is the higher of the actual or substitute yield. In years where the applicable covered commodity was **not** planted, an assigned yield of 100 percent of the county average yield is used. The revenues are calculated and using an Olympic average to derive the farm benchmark revenue.

141 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate (Continued)

A Example 1 (Continued)

FSN 920 ARC-IC Soybean (Benchmark Yield and Revenue)				
Year	**Price (Higher of MYA or Reference Price)**		**Yield**	**Revenue**
	MYA	**Reference Price**		
2009	$9.59	~~$8.40~~	0	$00.00 per acre
2010	$11.30	~~$8.40~~	0	$00.00 per acre
2011	$12.50	~~$8.40~~	0	$00.00 per acre
2012	$14.40	~~$8.40~~	0	$00.00 per acre
2013	$12.70	~~$8.40~~	0	$00.00 per acre
5-Year Olympic Average of Benchmark Farm Revenue				$00.00 per acre

Notes: The inclusion of the zero calculation for soybeans was shown in this example to demonstrate that, even though soybean base acres existed on the farm, no revenue calculations are made because there are zero acres of soybeans planted on this farm in the applicable year.

Zero calculations will **not** be made in subsequent examples.

FSN 920 Actual Crop Revenue Calculation					
Year	**Crop**	**Actual Yield**	**MYA Price 1/**	**Acres**	**Revenue**
2014	Corn	165 bu. per acre	$4.49 per bu.	127.6	$84,216
			Total Revenue		$84,216

1/ MYA price is higher than the national average loan rate.

Data for the Actual Crop Revenue Calculation
Actual crop revenue **must** be calculated for every covered commodity planted on ARC-IC farm in the current ARCPLC program year for the current year. The basic calculation for actual crop revenue is a price times a yield. For ARC-IC, the: • price used is the higher of MYA price or the national loan rate • yield used is the actual yield.

141 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate (Continued)

A Example 1 (Continued)

Operator Bucket

Weighted Benchmark Revenue and Guarantee Calculation

Farm	Crop	Percent Planted Across All Farms	Farm Benchmark Revenue	Weighted Farm Benchmark Revenue	Guarantee (86 Percent)
920	Corn	100 Percent	$816.50	$816.50	
			Totals	$816.50	$702.19

Actual Revenue Calculation

Farm	Crop	Farm Level Revenue	Producer Share of Crop	Producer Share of Revenue	Producer Share of Acres	Producer Revenue
920	Corn	$84,216.00	100 Percent	$84,216.00	127.16	
Totals				$84,216.00	127.16	$660.00

Payment Calculation

ARC Guarantee	Actual Crop Revenue	Shortfall
$702.19	$660.00	$42.19

Maximum Pay Rate is 10 Percent of Farm Benchmark Revenue = $81.65

Farm	Total Base Acres	65 Percent of Total Base Acres	Share From FSA-578	Payment Rate	Payment
920	126.50	82.20	100 Percent	$42.19	$3,468

Data for This Table
Producer payments are made when participating in ARC-IC. After the benchmark farm revenue and actual crop revenue are established for the farm, the producer's share **must** be determined to meet the requirement that a producer's interest across all enrolled ARC-IC farms in a State **must** be considered to calculate any revenue loss. The weighted benchmark revenue and guarantee calculation weight the producers revenue based on the applicable covered commodity's acreage to all covered commodities planted on the farm. In this instance, only 1 covered commodity is planted. The actual revenue calculation calculates the producer's share of the actual revenue to consider for the ARC-IC farm for the State. After the weighted benchmark revenue, the guarantee, and the actual crop revenue are known, a payment can be calculated. The payment rate is the difference between the ARC guarantee and the actual crop revenue **not** to exceed 10 percent of farm benchmark revenue. The payment is then calculated by multiplying the producer's share of covered commodities planted on each farm enrolled in ARC-IC farms 65 percent times the payment rate to compute a payment.

141 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate (Continued)

B Example 2

The following example will be computed using the following information:

- 1 farm enrolled in ARC-IC with 1 producer
- FSN 2566 with operator having 100 percent share and owner having 0 percent share.

Cropland 1/	Corn Base Acres 1/	Soybean Base Acres 1/	2014 Corn Planted Acres 2/	2014 Soybean Planted Acres 2/
149.45	74.70	74.80	49.50	100.00

1/ Cropland and base acre elements are from FRMS.
2/ Planted acres are from FSA-578.

FSN 2566 ARC-IC Corn (Benchmark Yield and Revenue)				
Year	Price (Higher of MYA or Reference Price)		Yield 1/	Revenue
	MYA	Reference Price		
2009	~~$3.55~~	$3.70	171	~~$632.70 per acre~~
2010	$5.18	~~$3.70~~	180	$932.40 per acre
2011	$6.22	~~$3.70~~	179	~~$1113.38 per acre~~
2012	$6.89	~~$3.70~~	142	$978.38 per acre
2013	$4.50	~~$3.70~~	163	$733.50 per acre
5-Year Olympic Average of Benchmark Farm Revenue				$816.50 per acre

1/ In this example, the substitute yield was 105 bu. (150 bu. x 70 percent) for each year and was **not** used in the farm's ARC-IC benchmark calculation.

FSN 2566 ARC-IC Soybean (Benchmark Yield and Revenue)				
Year	Price (Higher of MYA or Reference Price)		Yield 1/	Revenue
	MYA	Reference Price		
2009	$9.59	~~$8.40~~	55	$527.45 per acre
2010	$11.30	~~$8.40~~	43	~~$485.90 per acre~~
2011	$12.50	~~$8.40~~	62	~~$775.00 per acre~~
2012	$14.40	~~$8.40~~	40	$576.00 per acre
2013	$12.70	~~$8.40~~	50	$635.00 per acre
5-Year Olympic Average of Benchmark Farm Revenue				$579.48 per acre

1/ In this example, the substitute yield was 30 bu. (43 bu. x 70 percent) for each year and was **not** used in the farm's ARC-IC benchmark calculation.

141 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate (Continued)

B Example 2 (Continued)

Data for the Farm Benchmark Yield and Revenue
Benchmark farm revenue **must** be calculated for every covered commodity planted on ARC-IC in the current crop year for the previous 5 years. The basic calculation for a benchmark revenue is a price times a yield. Each FSA FSN has this revenue calculation. For ARC-IC, the: • price used is the higher of MYA or reference price • yield used is the higher of the actual or substitute yield. In years where the applicable covered commodity was **not** planted, an assigned yield of 100 percent of the county average yield is used. The revenues are calculated and using an Olympic average to derive the farm benchmark revenue. In this example, 2 covered commodities were planted on the ARC-IC farm; therefore, the revenue was calculated for each crop. This revenue will be weighted for the farm in a step in a following table.

FSN 2566 – Actual Crop Revenue Calculation					
Year	**Crop**	**Actual Yield**	**MYA Price 1/**	**Acres**	**Revenue**
2014	Corn	140 bu. per acre	$4.00 per bu.	49.5	$27,720
	Soybeans	40 bu. per acre	$12.00 per bu.	100.00	$48,000
			Total Revenue		$75,720

Data for the Actual Crop Revenue Calculation
Actual crop revenue **must** be calculated for every covered commodity planted on ARC-IC farm in the current ARCPLC program year for the current year. The basic calculation for actual crop revenue is a price times a yield. For ARC-IC, the: • price used is the higher of MYA price or the national loan rate • yield used is the actual yield. In this example, 2 crops are planted on the ARC-IC farm; therefore, 2 revenues are calculated then summed to generate the actual crop revenue for the ARC-IC farm.

141 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate (Continued)

B Example 2 (Continued)

Operator Bucket

Weighted Benchmark Revenue and Guarantee Calculation

Farm	Crop	Percent Planted Across All Farms	Farm Benchmark Revenue	Weighted Farm Benchmark Revenue	Guarantee (86 Percent)
2566	Corn	33.00	$881.43	$290.87	
2566	Soybeans	67.00	$579.48	$388.25	
			Totals	$679.12	$584.04

Actual Revenue Calculation

Farm	Crop	Farm Level Revenue	Producer Share of Crop	Producer Share of Revenue	Producer Share of Acres	Producer Revenue
2566	Corn	$27,720	100 Percent	$27,720	49.50	
2566	Soybeans	$48,000	100 Percent	$48,000	100.00	
Totals				$75,720	149.50	$506.49

Payment Calculation

ARC Guarantee	Actual Crop Revenue	Shortfall
$584.04	$506.49	$77.55

Maximum Pay Rate is 10 Percent of Weighted Farm Benchmark Revenue = $67.91

Farm	Total Base Acres	65 Percent of Total Base Acres	Share From FSA-578	Payment Rate	Payment
2566	149.50	97.20	100 Percent	$67.91	$6,601

Data for This Table

Producer payments are made when participating in ARC-IC. After the benchmark farm revenue and actual crop revenue are established for the farm, the producer's share **must** be determined to meet the requirement that a producer's interest across all enrolled ARC-IC farms in a State **must** be considered to calculate any revenue loss.

The weighted benchmark revenue and guarantee calculation weight the producers revenue based on the applicable covered commodity's acreage to all covered commodities planted on the farm. In this instance, only 1 covered commodity is planted.

The actual revenue calculation calculates the producer's share of the actual revenue to consider for the ARC-IC farm for the State.

After the weighted benchmark revenue, the guarantee, and the actual crop revenue are known, a payment can be calculated.

The payment rate is the difference between the ARC guarantee and the actual crop revenue **not** to exceed 10 percent of farm benchmark revenue.

The payment is then calculated by multiplying the producer's share of covered commodities planted on each farm enrolled in ARC-IC farms 65 percent times the payment rate to compute a payment.

141 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate (Continued)

C Example 3

The following example with 2 farms enrolled in ARC-IC will be computed using the following information:

- FSN 920, operator has 100 percent share and owner has 0 percent share

Cropland 1/	Corn Base Acres 1/	Soybean Base Acres 1/	2014 Corn Planted Acres 2/	2014 Soybean Planted Acres 2/
127.16	66.10	60.40	127.16	0.00

1/ Cropland and base acre elements are from FRMS.
2/ Planted acres are from FSA-578.

- FSN 1032, operator has 50 percent share and owner 50 percent share.

Cropland 1/	Corn Base Acres 1/	Soybean Base Acres 1/	2014 Corn Planted Acres 2/	2014 Soybean Planted Acres 2/
118.34	59.20	53.80	100.00	18.30

1/ Cropland and base acre elements are from FRMS.
2/ Planted acres are from FSA-578.

FSN 920 ARC-IC Corn (Benchmark Yield and Revenue)				
Year	**Price (Higher of MYA or Reference Price)**		**Yield 1/**	**Revenue**
	MYA	**Reference Price**		
2009	~~$3.55~~	$3.70	180	$666.00 per acre
2010	$5.18	~~$3.70~~	194	$1004.92 per acre
2011	$6.22	~~$3.70~~	191	~~$1188.02 per acre~~
2012	$6.89	~~$3.70~~	113	$778.57 per acre
2013	$4.50	~~$3.70~~	131	~~$589.50 per acre~~
5-Year Olympic Average of Benchmark Farm Revenue				$816.50 per acre

1/ In this example, the substitute yield was 105 bu. (150 bu. x 70 percent) for each year and was **not** used in the farm's ARC-IC benchmark calculation.

141 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate (Continued)

C Example 3 (Continued)

FSN 1032 ARC-IC Corn (Benchmark Yield and Revenue)				
Year	**Price (Higher of MYA or Reference Price)**		**Yield 1/**	**Revenue**
	MYA	**Reference Price**		
2009	~~$3.55~~	$3.70	195	~~$721.50 per acre~~
2010	$5.18	~~$3.70~~	164	$849.52 per acre
2011	$6.22	~~$3.70~~	146	$908.12 per acre
2012	$6.89	~~$3.70~~	150	~~$1033.50 per acre~~
2013	$4.50	~~$3.70~~	162	$729.00 per acre
5-Year Olympic Average of Benchmark Farm Revenue				$828.88 per acre

1/ In this example, the substitute yield was 105 bu. (150 bu. x 70 percent) for each year and was **not** used in the farm's ARC-IC benchmark calculation.

FSN 1032 ARC-IC Soybean (Benchmark Yield and Revenue)				
Year	**Price (Higher of MYA or Reference Price)**		**Yield 1/**	**Revenue**
	MYA	**Reference Price**		
2009	$9.59	~~$8.40~~	61	$584.99 per acre
2010	$11.30	~~$8.40~~	42	~~$474.60 per acre~~
2011	$12.50	~~$8.40~~	60	~~$750.00 per acre~~
2012	$14.40	~~$8.40~~	38	$547.20 per acre
2013	$12.70	~~$8.40~~	46	$584.20 per acre
5-Year Olympic Average of Benchmark Farm Revenue				$572.33 per acre

1/ In this example, the substitute yield was 105 bu. (150 bu. x 70 percent) for each year and was **not** used in the farm's ARC-IC benchmark calculation.

Data for the Farm Benchmark Yield and Revenue
Benchmark farm revenue **must** be calculated for every covered commodity planted on ARC-IC in the current crop year for the previous 5 years. The basic calculation for a benchmark revenue is a price times a yield. Each FSA FSN has this revenue calculation. For ARC-IC, the: • price used is the higher of MYA or reference price • yield used is the higher of the actual or substitute yield. In years where the applicable covered commodity was **not** planted, an assigned yield of 100 percent of the county average yield is used. The revenues are calculated and using an Olympic average to derive the farm benchmark revenue. In this example, 2 covered commodities are planted on one ARC-IC farm, and 1 covered commodity is planted on another ARC-IC farm; therefore, the revenue was calculated for each crop on each ARC-IC farm. This revenue will be weighted for the farm in a step in a following table.

141 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate (Continued)

C Example 3 (Continued)

FSN – 920 Actual Crop Revenue Calculation					
Year	**Crop**	**Actual Yield**	**MYA Price 1/**	**Acres**	**Revenue**
2014	Corn	165 bu. per acre	$4 per bu.	127.60	$83,925.60
			Total Revenue		$83,925.60

1/ MYA price is higher than the national average loan rate.

FSN – 1032 Actual Crop Revenue Calculation					
Year	**Crop**	**Actual Yield**	**MYA Price 1/**	**Acres**	**Revenue**
2014	Corn	180 bu. per acre	$4 per bu.	180.00	$72,000.00
	Soybeans	40 bu. per acre	$12 per bu.	18.30	$8,784.00
			Total Revenue		$80,784.00

1/ MYA price is higher than the national average loan rate.

Data for the Actual Crop Revenue Calculation
Actual crop revenue **must** be calculated for every covered commodity planted on ARC-IC farm in the current ARCPLC program year for the current year. The basic calculation for actual crop revenue is a price times a yield. For ARC-IC, the: • price used is the higher of MYA price or the national loan rate • yield used is the actual yield. In this example, 2 covered commodities are planted on one ARC-IC farm and 1 covered commodity is planted on the other ARC-IC where this producer has an interest. **Note:** On FSN 1032, the 2 revenues are calculated then summed to generate the actual crop revenue for that ARC-IC farm.

141 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate (Continued)

C Example 3 (Continued)

Operator Bucket

Weighted Benchmark Revenue and Guarantee Calculation

Farm	Crop	Percent Planted Across All Farms	Farm Benchmark Revenue	Weighted Farm Benchmark Revenue	Guarantee (86 Percent)
920	Corn	68.23	$816.50	$557.10	
1032	Corn	26.83	$828.88	$222.39	
1032	Soybeans	4.94	$572.13	$28.26	
			Totals	$807.75	$694.67

Actual Revenue Calculation

Farm	Crop	Farm Level Revenue	Producer Share of Crop	Producer Share of Revenue	Producer Share of Acres	Producer Revenue
920	Corn	$83,925.60	100 Percent	$83,925.60	127.16	
1032	Corn	$72,000.00	50 Percent	$36,000.00	50.00	
1032	Soybeans	$8,784.00	50 Percent	$4,392.00	9.20	
Totals				$124,317.60	186.36	$667.08

Payment Calculation

ARC Guarantee	Actual Crop Revenue	Shortfall
$694.67	$667.08	$27.59

Maximum Pay Rate is 10 Percent of Weighted Farm Benchmark Revenue = $80.78

Farm	Total Base Acres	65 Percent of Total Base Acres	Share From FSA-578	Payment Rate	Payment
920	126.50	82.20	100 Percent	$27.59	$2,267
1032	113.00	73.5	50 Percent	$27.59	$1,014

Data for This Table

Producer payments are made when participating in ARC-IC. After the benchmark farm revenue and actual crop revenue are established for the farm, the producer's share **must** be determined to meet the requirement that a producer's interest across all enrolled ARC-IC farms in a State **must** be considered to calculate any revenue loss.

The weighted benchmark revenue and guarantee calculation weight the producers revenue based on the applicable covered commodity's acreage to all covered commodities planted on the farm. In this instance, only 1 covered commodity is planted.

The actual revenue calculation calculates the producer's share of the actual revenue to consider for the ARC-IC farm for the State.

After the weighted benchmark revenue, the guarantee, and the actual crop revenue are known, a payment can be calculated.

The payment rate is the difference between the ARC guarantee and the actual crop revenue **not** to exceed 10 percent of farm benchmark revenue.

The payment is then calculated by multiplying the producer's share of covered commodities planted on each farm enrolled in ARC-IC farms 65 percent times the payment rate to compute a payment.

141 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate (Continued)

C Example 3 (Continued)

Owner Bucket

Weighted Benchmark Revenue and Guarantee Calculation

Farm	Crop	Percent Planted Across All Farms	Farm Benchmark Revenue	Weighted Farm Benchmark Revenue	Guarantee (86 Percent)
1032	Corn	84.50	$828.88	$700.40	
1032	Soybeans	15.50	$572.13	$88.68	
			Totals	$789.08	$678.61

Actual Revenue Calculation

Farm	Crop	Farm Level Revenue	Producer Share of Crop	Producer Share of Revenue	Producer Share of Acres	Producer Revenue
1032	Corn	$72,000.00	50 Percent	$36,000.00	50.00	
1032	Soybeans	$8,784.00	50 Percent	$4,392.00	9.20	
Totals				$40,392.00	59.20	$682.30

Payment Calculation

ARC Guarantee	Actual Crop Revenue	Shortfall
$678.61	$682.30	$0.00

Maximum Pay Rate is 10 Percent of Weighted Farm Benchmark Revenue = $78.91

Farm	Total Base Acres	65 Percent of Total Base Acres	Share From FSA-578	Payment Rate	Payment
1032	113.00	73.5	50 Percent	$0.00	$0

Data for This Table

Producer payments are made when participating in ARC-IC. After the benchmark farm revenue and actual crop revenue are established for the farm, the producer's share **must** be determined to meet the requirement that a producer's interest across all enrolled ARC-IC farms in a State **must** be considered to calculate any revenue loss.

The weighted benchmark revenue and guarantee calculation weight the producers revenue based on the applicable covered commodity's acreage to all covered commodities planted on the farm. In this instance, only 1 covered commodity is planted.

The actual revenue calculation calculates the producer's share of the actual revenue to consider for the ARC-IC farm for the State.

After the weighted benchmark revenue, the guarantee, and the actual crop revenue are known, a payment can be calculated.

The payment rate is the difference between the ARC guarantee and the actual crop revenue **not** to exceed 10 percent of farm benchmark revenue.

The payment is then calculated by multiplying the producer's share of covered commodities planted on each farm enrolled in ARC-IC farms 65 percent times the payment rate to compute a payment.

141 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate (Continued)

D Example 4

The following example will be computed with 2 farms enrolled in ARC-IC using the following information:

- FSN 111, operator has 100 percent share and owner has 0 percent share

Cropland 1/	Corn Base Acres 1/	Soybean Base Acres 1/	2014 Corn Planted Acres 2/	2014 Soybean Planted Acres 2/
127.16	66.10	60.40	127.16	0.00

1/ Cropland and base acre elements are from FRMS.
2/ Planted acres are from FSA-578.

Cropland 1/	Corn Base Acres 1/	Soybean Base Acres 1/	2014 Corn Planted Acres 2/	2014 Soybean Planted Acres 2/
118.34	59.20	53.80	100.00	18.30

1/ Cropland and base acre elements are from FRMS.
2/ Planted acres are from FSA-578.

- FSN 222, operator has 100 percent share of corn planted and owner has 100 percent share of soybeans planted.

Data for These Tables
• The cropland and the base acres elements are taken from FRMS.
• The planted acres are taken from FSA-578.
• On FSN 222, the operator has 85 percent of the covered commodities planted and the owner has 15 percent of the covered commodities planted. This percentage is needed in the payment calculation for each producer.

141 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate (Continued)

D Example 4 (Continued)

FSN 111 ARC-IC Corn (Benchmark Yield and Revenue)				
Year	**Price (Higher of MYA or Reference Price)**		**Yield 1/**	**Revenue**
	MYA	**Reference Price**		
2009	~~$3.55~~	$3.70	180	$666.00 per acre
2010	$5.18	~~$3.70~~	194	$1004.92 per acre
2011	$6.22	~~$3.70~~	191	~~$1188.02 per acre~~
2012	$6.89	~~$3.70~~	113	$778.57 per acre
2013	$4.50	~~$3.70~~	131	~~$589.50 per acre~~
5-Year Olympic Average of Benchmark Farm Revenue				$816.50 per acre

1/ In this example, the substitute yield was 105 bu. (150 bu. x 70 percent) for each year and was **not** used in the farm's ARC-IC benchmark calculation.

FSN 222 ARC-IC Corn (Benchmark Yield and Revenue)				
Year	**Price (Higher of MYA or Reference Price)**		**Yield 1/**	**Revenue**
	MYA	**Reference Price**		
2009	~~$3.55~~	$3.70	195	~~$721.50 per acre~~
2010	$5.18	~~$3.70~~	164	$849.52 per acre
2011	$6.22	~~$3.70~~	146	$908.12 per acre
2012	$6.89	~~$3.70~~	150	~~$1033.50 per acre~~
2013	$4.50	~~$3.70~~	162	$729.00 per acre
5-Year Olympic Average of Benchmark Farm Revenue				$828.88 per acre

1/ In this example, the substitute yield was 105 bu. (150 bu. x 70 percent) for each year and was **not** used in the farm's ARC-IC benchmark calculation.

141 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate (Continued)

D Example 4 (Continued)

FSN 222 ARC-IC Soybean (Benchmark Yield and Revenue)				
Year	**Price (Higher of MYA or Reference Price)**		**Yield 1/**	**Revenue**
	MYA	**Reference Price**		
2009	$9.59	~~$8.40~~	61	$584.99 per acre
2010	$11.30	~~$8.40~~	42	~~$474.60 per acre~~
2011	$12.50	~~$8.40~~	60	~~$750.00 per acre~~
2012	$14.40	~~$8.40~~	38	$547.20 per acre
2013	$12.70	~~$8.40~~	46	$584.20 per acre
5-Year Olympic Average of Benchmark Farm Revenue				$572.33 per acre

1/ In this example, the substitute yield was 105 bu. (150 bu. x 70 percent) for each year and was **not** used in the farm's ARC-IC benchmark calculation.

Data for the Farm Benchmark Yield and Revenue
Benchmark farm revenue **must** be calculated for every covered commodity planted on ARC-IC in the current crop year for the previous 5 years. The basic calculation for a benchmark revenue is a price times a yield. Each FSA FSN has this revenue calculation. For ARC-IC, the: • price used is the higher of MYA or reference price • yield used is the higher of the actual or substitute yield. In years where the applicable covered commodity was **not** planted, an assigned yield of 100 percent of the county average yield is used. The revenues are calculated and using an Olympic average to derive the farm benchmark revenue. In this example, 2 covered commodities are planted on one ARC-IC farm, and 1 covered commodity is planted on another ARC-IC farm; therefore, the revenue was calculated for each crop on each ARC-IC farm. This revenue will be weighted for the farm in a step in a following table.

141 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate (Continued)

D Example 4 (Continued)

FSN – 111 Actual Crop Revenue Calculation					
Year	**Crop**	**Actual Yield**	**MYA Price 1/**	**Acres**	**Revenue**
2014	Corn	165 bu. per acre	$4 per bu.	127.16	$83,925.60
			Total Revenue		$83,925.60

FSN – 222 Actual Crop Revenue Calculation					
Year	**Crop**	**Actual Yield**	**MYA Price 1/**	**Acres**	**Revenue**
2014	Corn	180 bu. per acre	$4 per bu.	180.00	$72,000.00
	Soybeans	40 bu. per acre	$12 per bu.	18.30	$8,784.00
			Total Revenue		$80,784.00

1/ MYA price is higher than the national average loan rate.

Data for the Actual Crop Revenue Calculation

Actual crop revenue **must** be calculated for every covered commodity planted on ARC-IC farm in the current ARCPLC program year for the current year. The basic calculation for actual crop revenue is a price times a yield. For ARC-IC, the:

- price used is the higher of MYA price or the national loan rate
- yield used is the actual yield.

In this example, 2 covered commodities are planted on one ARC-IC farm and 1 covered commodity is planted on the other ARC-IC where this producer has an interest.

Note: On FSN 222, the 2 revenues are calculated then summed to generate the actual crop revenue for that ARC-IC farm.

141 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate (Continued)

D Example 4 (Continued)

Operator Bucket					
Weighted Benchmark Revenue and Guarantee Calculation					
Farm	**Crop**	**Percent Planted Across All Farms**	**Farm Benchmark Revenue**	**Weighted Farm Benchmark Revenue**	**Guarantee (86 Percent)**
111	Corn	55.98	$816.50	$457.08	
222	Corn	44.02	$828.88	$364.87	
			Totals	$821.95	$706.88

Actual Revenue Calculation						
Farm	**Crop**	**Farm Level Revenue**	**Producer Share of Crop**	**Producer Share of Revenue**	**Producer Share of Acres**	**Producer Revenue**
111	Corn	$83,925.60	100 Percent	$83,925.60	127.16	
222	Corn	$72,000.00	100 Percent	$72,000.00	100.00	
Totals				$155,925.60	227.16	$686.41

Payment Calculation		
ARC Guarantee	**Actual Crop Revenue**	**Shortfall**
$706.88	$686.41	$20.47
Maximum Pay Rate is 10 Percent of Weighted Farm Benchmark Revenue = $82.20		

Farm	**Total Base Acres**	**65 Percent of Total Base Acres**	**Share From FSA-578**	**Payment Rate**	**Payment**
111	126.50	82.20	100 Percent	$20.47	$1,683
222	113.00	73.5	85 Percent	$20.47	$1,277

Data for This Table
Producer payments are made when participating in ARC-IC. After the benchmark farm revenue and actual crop revenue are established for the farm, the producer's share **must** be determined to meet the requirement that a producer's interest across all enrolled ARC-IC farms in a State **must** be considered to calculate any revenue loss. The weighted benchmark revenue and guarantee calculation weight the producers revenue based on the applicable covered commodity's acreage to all covered commodities planted on the farm. In this instance, only 1 covered commodity is planted. The actual revenue calculation calculates the producer's share of the actual revenue to consider for the ARC-IC farm for the State. After the weighted benchmark revenue, the guarantee, and the actual crop revenue are known, a payment can be calculated. The payment rate is the difference between the ARC guarantee and the actual crop revenue **not** to exceed 10 percent of farm benchmark revenue. The payment is then calculated by multiplying the producer's share of covered commodities planted on each farm enrolled in ARC-IC farms 65 percent times the payment rate to compute a payment.

141 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate (Continued)

D Example 4 (Continued)

Owner Bucket

Weighted Benchmark Revenue and Guarantee Calculation

Farm	Crop	Percent Planted Across All Farms	Farm Benchmark Revenue	Weighted Farm Benchmark Revenue	Guarantee (86 Percent)
222	Soybeans	100.00	$572.13	$572.13	
			Totals	$572.13	$492.03

Actual Revenue Calculation

Farm	Crop	Farm Level Revenue	Producer Share of Crop	Producer Share of Revenue	Producer Share of Acres	Producer Revenue
222	Soybeans	$8,784.00	100 Percent	$8,784.00	18.30	
Totals				$8,784.00	18.30	$480.00

Payment Calculation

ARC Guarantee	Actual Crop Revenue	Shortfall
$492.03	$480.00	$12.03

Maximum Pay Rate is 10 Percent of Weighted Farm Benchmark Revenue = $57.21

Farm	Total Base Acres	65 Percent of Total Base Acres	Share From FSA-578	Payment Rate	Payment
222	113.00	73.5	15 Percent	$12.03	$133

Data for This Table

Producer payments are made when participating in ARC-IC. After the benchmark farm revenue and actual crop revenue are established for the farm, the producer's share **must** be determined to meet the requirement that a producer's interest across all enrolled ARC-IC farms in a State **must** be considered to calculate any revenue loss.

The weighted benchmark revenue and guarantee calculation weight the producers revenue based on the applicable covered commodity's acreage to all covered commodities planted on the farm. In this instance, only 1 covered commodity is planted.

The actual revenue calculation calculates the producer's share of the actual revenue to consider for the ARC-IC farm for the State.

After the weighted benchmark revenue, the guarantee, and the actual crop revenue are known, a payment can be calculated.

The payment rate is the difference between the ARC guarantee and the actual crop revenue **not** to exceed 10 percent of farm benchmark revenue.

The payment is then calculated by multiplying the producer's share of covered commodities planted on each farm enrolled in ARC-IC farms 65 percent times the payment rate to compute a payment.

142-160 (Reserved)

Part 6 (Reserved)

161-180 (Reserved)

Part 7 ARC or PLC Election

181 Election

A Overview

[7 CFR 1412.71] Election of ARC or PLC

(a) All of the current producers on a farm must make a one-time election that is both:

(1) Unanimous, and

(2) Irrevocable.

(b) The election by current producers is to obtain—

(1) Either ARC-CO or PLC on a covered commodity-by-covered-commodity basis on the farm; or

(2) ARC-IC for all covered commodities on the farm.

(c) The election will be based on the 2014 farm structure (including any reconstitutions of farms that were initiated by August 1, 2014).

(d) Valid elections specified in paragraphs (a) and (b) of this section by current producers will apply to the 2014 farm structure and 2014 producers on the farm. The valid election will also apply to any subsequent year parent to the farm reconstitution as well as farms resulting from the parent farm as specified in §1412.73. Neither the requesting of a farm reconstitution nor the reconstitution of any farm will impact either the requirement that all current producers on a farm must make the unanimous irrevocable election in the defined election period or the valid election that was previously made by those current producers.

The 2014 Farm Bill authorizes a 1-time **irrevocable** election to obtain ARC or PLC.

An important distinction is recognizing the current producers on a farm. It is the current producers who **must** make the election decision between PLC and ARC-CO on a covered commodity-by-covered commodity basis on the farm or ARC-IC for all covered commodities and the farm. Using the term "current producer" is new and unique to the ARC and PLC Program; however, using the term "current producer" is necessary to accomplish an election decision that encompasses a previous (2014), current, and subsequent crop years (2015 through 2018) of the 2014 Farm Bill.

181 Election (Continued)

B Election Irrevocability

Unless rescinded or terminated according subparagraph 182 B, or otherwise determined to be invalid by FSA, the election made by **all** the current producers on a farm **cannot** be revoked, terminated, or modified and will remain valid for the 2014 through 2018 crop years.

C Processing Elections

[7 CFR 1412.71] (e) FSA will process elections from current producers on a farm based on the election as submitted. For example, if the current producers of a farm attest that they are all or the only current producers on the farm and FSA later learns that there was another current producer at the time of election who did not agree to the election, the election is invalid. If at any time FSA determines that an election fails to satisfy the requirements of this subpart because it did not include the unanimous agreement of all current producers on the farm at the time of election, the election will immediately be invalid. This is not a compliance provision. Only valid elections by all current producers will be recognized and used by CCC. All ARC and PLC payments that were issued to any producers on a farm based on an election later determined by CCC to be invalid, for whatever reason, regardless of whether those producers who were issued unearned payments personally made or participated in the invalid election, must be refunded with interest.

(f) Election is separate from enrollment; producers on farms that have validly completed an election by the current producers in the prescribed election period must still annually enroll as specified in subpart D for PLC and ARC payments, as applicable.

FSA's acceptance and processing of CCC-857 does **not** signify approval of the election nor does it mean FSA has determined the election to be valid. At any time following the processing of an election, FSA can determine the election invalid if it is invalid. If FSA determines an election is invalid, the election will be viewed as invalid for the farm for each and **all** program years 2014 through 2018.

181 Election (Continued)

C Processing Elections (Continued)

Election is **not** enrollment. Producers **must** enroll farms each contract year to make themselves eligible for benefits.

Elections on farms in the election period that ends March 31, 2015, **must** take place **after** yield update and/or base reallocation decisions. If a yield update or base reallocation decision is filed by a current owner and the election period has **not** yet closed, any previously filed or signed election is invalidated. A new election by current producers on the farm **must** occur after **any** yield update or base reallocation decision by a current owner.

FSA is under no obligation to notify current producers, current owners, producers or owners, or new producers or owners of whether or **not** a valid election exists or is in place, whether any current producer has rescinded or terminated an election, or whether a previously filed election has been invalidated. FSA will respond to inquiries about the status of election of a farm by any current producer or current owner on a farm, including a producer or owner who gains a producer or owner interest on the farm during the election period.

County Offices will process elections from current producers on a farm based on the election filed. For example, if the current producers of a farm agree they are all of the current producers on the farm, and FSA later learns that there was another current producer at the time of election who did **not** sign the election, the election is **invalid**.

If at any time COC determines that an election fails to satisfy the election requirements because it did **not** include the unanimous agreement of all current producers on the farm at the time of election, the election will immediately be **invalid**. This is **not** a compliance provision. Only valid elections by all current producers will be recognized. All ARC and PLC payments that were issued to any producers on a farm, based on an election later determined by COC to be invalid, for whatever reason, regardless of whether producers who were issued unearned payments personally made or participated in the invalid election, **must** be refunded with interest.

181 Election (Continued)

D Failure of All Current Producers to Make Election Decision

[7 CFR 1412.71(e)] FSA will process elections from current producers on a farm based on the election as submitted. For example, if the current producers of a farm attest that they are all or the only current producers on the farm and FSA later learns that there was another current producer at the time of election who did not agree to the election, the election is invalid. If at any time FSA determines that an election fails to satisfy the requirements of this subpart because it did not include the unanimous agreement of all current producers on the farm at the time of election, the election will immediately be invalid. This is not a compliance provision. Only valid elections by all current producers will be recognized and used by CCC. All ARC and PLC payments that were issued to any producers on a farm based on an election later determined by CCC to be invalid, for whatever reason, regardless of whether those producers who were issued unearned payments personally made or participated in the invalid election, must be refunded with interest.

If FSA learns that a current producer existed at the time of election, but failed to sign the election, the election is invalid. The invalid election will be considered as an election **not** made as described in paragraph 186.

182 Election Period

A Time of Election

[7 CFR 1412.72] Election period.

(a) The election period will be conducted in a defined period as announced by FSA. During the election period, all current producers on a farm must unanimously make the irrevocable election as described in §1412.71 to preserve the payment eligibility of all producers on the farm for 2014 and determine whether the default election (PLC) or elected option (either a combination of ARC-CO and PLC or ARC-IC) will apply to the farm.

(b) If an election is submitted by all current producers on a farm as specified in §1412.71 and paragraph (a) of this section, that election will be recognized as valid for the farm in all 2014 through 2018 crop years unless any of the following occur:
(1) The election is rescinded or terminated by any current producer on the farm in accordance with paragraph (c) of this section during the election period;
(2) The valid election is modified and replaced by another valid election by all current producers during the election period;
(3) A subsequent valid election by all current producers is made with FSA during the election period; or
(4) FSA determines the election at the time it was made was invalid for any reason.

(c) At any time during the election period, a current producer can rescind or terminate an election by providing written notice to FSA during the election period. The written notice to rescind or terminate must be physically received by FSA for CCC during the election period in order to be recognized. Immediately following receipt of such notice to rescind or terminate, the farm will be viewed as not having any effective valid election (in other words, no valid election will be determined to exist—even if there was another previous election in effect before the election that is rescinded, or terminated as specified in with this paragraph).

(d) FSA is under no obligation to notify producers, owners, current producers, or current owners on a farm that an election has been rescinded or terminated. Current producers of a farm are solely responsible for filing a valid election during the election period or in whatever time remains in an election period following the rescission or termination of an election.

182 Election Period (Continued)

A Time of Election (Continued)

(e) FSA is under no obligation to notify current producers, current owners, producers, or owners or new producers or owners of whether or not a valid election exists or is in place or whether any current producer has rescinded or terminated an election. However, FSA will respond to inquiries regarding the status of election of a farm by any current producer or current owner on a farm including a producer or owner who gains a producer or owner interest on the farm during the election period.

(f) The election period and final day in that election period in which current producers can unanimously and irrevocably elect are not a compliance requirement or provision.

Current producers on farms with base acres have the opportunity to elect ARC or PLC that will be in effect for the 2014 thorough 2018 crop years.

The election period is **November 17, 2014, through March 31, 2015**. The election **must** be made by all current producers during the election period on CCC-857.

B Rescinding or Terminating an Election

[7 CFR 1412.72(c)] At any time during the election period, a current producer can rescind or terminate an election by providing written notice to FSA during the election period. The written notice to rescind or terminate must be physically received by FSA for CCC during the election period in order to be recognized. Immediately following receipt of such notice to rescind or terminate, the farm will be viewed as not having any effective valid election (in other words, no valid election will be determined to exist—even if there was another previous election in effect before the election that is rescinded, or terminated as specified in with this paragraph).

Immediately following receipt of the written notice to rescind or terminate an election during the election period, the farm will be viewed as **not** having any valid election made (in other words, no election exists, even if there was another previous election in effect before the election that is rescinded or terminated as specified in with this subparagraph). Elections, including subsequent elections following rescission or revocation of a previous election, can only be made by all current producers on the farm by **March 31, 2015**.

183 Completing Election

A Who Must Sign

All current producers on a farm at the time of ARC or PLC election **must** sign CCC-857 making an election as described in paragraph 181. An election **not** having all required signatures of producers on a farm filed with FSA by **March 31, 2015**, will **not** be considered valid.

B Receiving Election in the County Office

As stated in subparagraph 182 A, the election is completed on CCC-857. The ARC or PLC election is a decision by all current producers on a farm on the day CCC-857 is signed.

COC will **not** make a decision on the validity or completion of CCC-857 when received in the County Office.

The employee receiving CCC-857 will sign and date indicating that CCC-857 was received in the County Office. The act of receiving CCC-857 does **not** require delegation by COC or redelegation by CED.

184 Current Producer

A Definitions

Current producer means the person or legal entity meeting the definition of producer in 7 CFR Part 718 on the day that person or legal entity is signing any form or performing any action required.

Producer means an owner, operator, landlord, tenant, or sharecropper who shares in the risk of producing a crop and who is entitled to share in the crop available for marketing from the farm, or would have shared had the crop been producer.

B Determining the Current Producer

Producers on the farm are responsible for making the determination of who are the current producers on the farm.

185 Election Options

A ARC or PLC

As discussed in paragraph 181, the current producers on a farm, with an interest in the farm's cropland, have a 1-time opportunity to collectively, unanimously, and irrevocably elect 1 of the following:

- ARC-IC for all 21 covered commodities and the farm for crop years 2014 through 2018
- ARC-CO or PLC on a covered commodity-by-covered commodity basis on the farm.

B Election Options and Description

The following table summarizes election options along with a description.

Election Decision	Description
ARC-IC	If **all** current producers on a farm elect ARC-IC, then that election is for all 21 covered commodities and for the farm. No further election decision (on a covered commodity-by-covered commodity basis) is required because ARC-IC is a "whole farm" and "all covered commodities" election.
ARC-CO or PLC (Generic base acre farms.)	Only applicable if **all** current producers on a farm have **not** elected ARC-IC. ARC-CO and/or PLC election decision **must** be made by **all** current producers on a farm and for each and **all** of the 21 covered commodities on a covered commodity-by-covered commodity basis, **regardless** of whether the farm has base acres of the covered commodity.
ARC-CO or PLC (Nongeneric base acre farms.)	Only applicable if **all** the current producers on a farm have **not** elected ARC-IC. ARC-CO and/or PLC election decision **must** be made by **all** current producers on the farm and is on a covered commodity-by-covered commodity basis. The election decision will **only** be made for each and all of the covered commodities on the farm having base acres.

186 Election Not Made

A [7 CFR 1412.74] Failure to make election.

(a) If all current producers on a farm do not make a unanimous election during the period specified in §1412.72, that farm will not have a valid election and any producer on the farm is not eligible for 2014 ARC or PLC enrollment or payments.

(b) If a valid election is not made for a farm, FSA will not make any payments with respect to the farm for the 2014 crop year and the producers on the farm will default to a PLC election for all covered commodities on the farm for the 2015 through 2018 crop years.

Current producers on farms who, for whatever reason, do **not** file an ARC or PLC election by March 31, 2015:

- render the farm and all covered commodities and producers **ineligible** to receive any 2014 payment under the ARC and PLC Program

- cause the farm to be deemed as having a PLC election apply to all 21 covered commodities on the farm for the 2015 through 2018 crop years.

186 Election Not Made (Continued)

B COC and STC Action on Elections Not Made or Incomplete

[7 CFR 1412.72(f)] The requirement of an election is mandated in the 2014 Farm Bill and as such is not subject to any of the equitable relief provisions of 7 CFR part 718, subpart D. Further, because the requirement of a unanimous irrevocable election and ramifications for not having a valid election are specified in the 2014 Farm Bill, FSA will not consider any equitable relief. There are no late-file provisions for election.

COC or STC will take no action any ARC or PLC election that is **not** timely filed or is incomplete. Accordingly, with regard to CCC-857's, FSA Offices, STC's, and/or COC's must **not** do any of the following:

- consider or make any sort of adverse decision or relief decision on CCC-857's signed by anyone after the election period has passed, **regardless** of the reason the individual or entity did **not** request to elect ARC or PLC by the election period deadline of March 31, 2015

- forward any recommendation of approval or relief for anyone who filed CCC-857 after the election period closed

- provide any right of appeal or appealability to anyone making an inquiry about election or the election period.

Notes: County Offices will **not** discourage any producer from signing CCC-857's at any time. However, FSA is **not** required to issue a determination on CCC-857's. CCC-857's will be viewed as either valid or invalid. In addition to other reasons CCC-857 may later be determined invalid by FSA, CCC-857's submitted after the election period ends is invalid.

STC's and COC's will follow this subparagraph for all CCC-857's submitted after the election period ends. No letter of determination will be issued to producers who choose to submit CCC-857's after the end of the election period.

186 Election Not Made (Continued)

C Communicating To Those Submitting CCC-857 After The Election Period Ends

FSA will acknowledge receipt of CCC-857's submitted after the end of the election period with a communication stating the following.

Dear [*Enter names of all those signing CCC-857 submitted after the end of the election period.*] This letter acknowledges receipt of a request to elect ARC or PLC under a form CCC-857, Agricultural Risk Coverage (ARC) or Price Loss Coverage (PLC) Program Election. You submitted the request to elect after the end of the election period. 7 CFR § 1412.72(f) specifies that election is **not** allowed after the end of the election period. The Farm Service Agency (FSA) appreciates your interest. Your request to elect after the end of the election period will be kept on file; however, FSA **cannot** process the election because of the limitations set forth in the Agriculture Act of 2014 (the 2014 Farm Bill). Thank you again for your interest. Sincerely, County Executive Director

187 Impact of Transfers of Land, Successions-in-Interest, Reconstitutions, and CCC-505's for CRP

A Transfers, Succession-in-Interest, and Reconstitutions

[7 CFR 1412.73] Reconstitutions of farms and election.

(a) If a new producer or new owner gains an interest in a farm after the filing of a valid election on that farm during the election period, that new producer or new owner, whether or not known to FSA or the other producers or owners on the farm, will be subject to any previously submitted valid election under §§1412.71 and 1412.72 unless that new producer or new owner modifies, rescinds, or terminates the election as a producer or owner as specified in §1412.72(c) during the remaining time in the election period.

(b) Any reconstitution request initiated after August 1, 2014, will not be made until after the end of the election period specified in §1412.72. Following the close of the election period in §1412.72, a valid election on any farm cannot be changed by any reconstitution. This means that valid elected farms can only be combined with farms having an identical election for each and every covered commodity on the farm regardless of whether there are any base acres for any and all covered commodities on the farm. Reconstitutions will not be permitted to alter a valid election or the default election that may apply to a farm.

A valid election is unaffected by subsequent changes in:

- producers on the farm
- the constitution of the farm or tracts on the farm.

If a change to a farm's constitution occurs, a copy of the parent farm's valid election **must** be placed in each resulting farm's folder.

Follow 10-CM for reconstitutions. Farms can **only** be combined with farms having identical elections.

B CCC-505 Reductions for CRP

Farms exist that have **both** of the following for a specific covered commodity:

- CCC-505 reductions for CRP that reduced the base acres to zero
- no planting history of that covered commodity from 2009 through 2012.

In these situations, the ARC or PLC election of that specific covered commodity will **not** be made until the program year that the base acres are restored to the farm when CRP-1 is voluntarily terminated, expires, or is early released.

188 ARC and PLC Program Election Examples

A Example 1, Election Decision

Farm 1 has base acres of:

- corn
- soybeans
- wheat.

All current producers decide ARC-CO or PLC is the best option for the life of the 2014 Farm Bill; therefore, the election decision for the farm is:

- corn, ARC-CO or PLC
- soybeans, ARC-CO or PLC
- wheat, ARC-CO or PLC.

B Example 2, Election Decision

Farm 2 has base acres of:

- corn
- soybeans
- wheat
- generic.

All current producers decide ARC-CO or PLC is the best option for the life of the 2014 Farm Bill; therefore, all current producers **must** elect ARC-CO or PLC for all 21 covered commodities.

188 ARC and PLC Program Election Examples (Continued)

C Example 3, Election Decision

Farm 3 has base acres of:

- corn
- soybeans
- wheat.

All current producers decide ARC-IC is the best option for the life of the 2014 Farm Bill; therefore, ARC-IC is elected for the farm. This decision is **not** at the covered commodity level because ARC-IC is a "whole farm" election.

D Example 4, Determining Current Producer

Farm 4 has base acres of:

- corn
- soybeans
- wheat.

The current producers **must** be determined. Farm owner is Bob and the farm operator is Bill who has a 2-year cash lease.

The current producer is Bill. **Only** Bill makes the election of the life of the 2014 Farm Bill.

188 ARC and PLC Program Election Examples (Continued)

E Example 5, Determining Current Producer

Farm 5 has base acres of:

- corn
- soybeans
- wheat.

The current producers **must** be determined. Farm owners are Fred and Karen, and the farm operator is Bill. Bill cash leases Fred’s land and share leases Karen’s land.

The current producers are Bill and Karen. **Only** Bill and Karen make the election for the life of the 2014 Farm Bill.

F Example 6, Determining Current Producer

Farm 6 has base acres of:

- barley
- grain sorghum
- small chickpeas.

The current producers **must** be determined. Farm owners are Fred and Karen, farm operator is Bill, and the tenant is Shelia. Bill cash leases Fred and Karen’s land. Shelia subleases 50 acres from Bill to plant alfalfa.

The current producers are Bill and Shelia. **Only** Bill and Shelia make the election for the life of the 2014 Farm Bill.

188 ARC and PLC Program Election Examples (Continued)

G Example 7, Determining Current Producer

Farm 7 has base acres of:

- corn
- wheat.

The current producers **must** be determined. Farm owners are Fred and Karen and farm operator is Bill who share leases from both Fred and Karen. Fred, Karen, and Bill shall make the farm election.

H Example 7, Determining Current Producer

Fred and Karen sell the farm to Sam, for which Bill is the farm operator and a producer, **before** March 31, 2015. Bill and Sam may do either of the following:

- take no action and maintain the existing election
- complete another election **by March 31, 2015**.

Note: FSA is under **no** obligation to provide election information to Sam, **unless** requested by Sam.

I Example 8, Determining Current Producer

Becky and Adrian own the farm and cash lease the entire farm to Christopher. Christopher's lease runs from March 1, 2014, through February 28, 2015. Christopher makes an election on January 15, 2015. Becky and Adrian terminate Christopher's lease per State law and cash lease the entire farm to Kim. Kim's lease runs from March 1, 2015, through February 29, 2016. Kim may do either of the following:

- take no action and maintain the existing election
- complete another election **before March 31, 2015**.

Note: FSA is under **no** obligation to provide election information to Kim, **unless** requested.

188 ARC and PLC Program Election Examples (Continued)

J Example 9, Reconstitutions

Farm 8 has base acres and elections of:

- corn, ARC-CO
- soybeans, PLC
- wheat, PLC.

A reconstitution request, to divide Farm 8 that has 2 tracks into 2 farms, is received in the County Office. Farm 8 is divided into the following 2 farms:

- Farm 9 (Tract 1) with the following base acres and elections:
  - corn, ARC-CO
  - soybeans, PLC
  - wheat, PLC
- Farm 10 (Tract 2) with the following base acres and elections:
  - corn, ARC-CO
  - soybeans, PLC
  - wheat, PLC.

Note: The election follows to each resulting farm with base acres.

188 ARC and PLC Program Election Examples (Continued)

K Example 10, Reconstitutions

A request to combine Farm 11 and 12 is received in the County Office.

- Farm 11 (Tract 3) with the following base acres and elections:

  - soybeans, ARC-CO
  - wheat, PLC
  - corn, ARC-CO

- Farm 12 (Tract 4) with the following base acres and elections:

  - soybeans, PLC
  - wheat, PLC
  - corn, ARC-CO.

Farm 11 and 12 **cannot** be combined because the election of soybeans on Farm 11 does **not** match the election of soybeans on Farm 12. Farms can **only** be combined with farms having the identical elections.

189 CCC-857

A Instructions for CCC-857

The following are instructions for completing CCC-857.

<table>
<tr><th>Item</th><th colspan="2">Instructions</th></tr>
<tr><td>1</td><td colspan="2">Auto-filled with program years 2014 through 2018.</td></tr>
<tr><td>2A</td><td colspan="2">Enter administrative County Office name and address.</td></tr>
<tr><td>2B</td><td colspan="2">Enter administrative County Office’s phone number (optional).</td></tr>
<tr><td>2C</td><td colspan="2">Enter administrative County Office’s FAX number (optional).</td></tr>
<tr><td>3</td><td colspan="2">Enter administrative County Office’s State code.</td></tr>
<tr><td>4</td><td colspan="2">Enter administrative County Office’s county code.</td></tr>
<tr><td>5</td><td colspan="2">Enter applicable farm’s FSN.</td></tr>
<tr><td>6</td><td colspan="2">If the current producers on the farm elect ARC-IC, check (✓).</td></tr>
<tr><td rowspan="3">7</td><td>IF the current producers on the farm do not elect ARC-IC in item 6 and the farm…</td><td>THEN the current producers must elect ARC-CO or PLC for…</td></tr>
<tr><td>does not have generic base acres</td><td>any covered commodity with base acres on the farm.</td></tr>
<tr><td>has generic base acres</td><td>each and all of the 21 covered commodities.</td></tr>
<tr><td>8A</td><td colspan="2">Enter a current producer’s name and address.</td></tr>
<tr><td>8B</td><td colspan="2">For current producer listed in item 8A, enter that producer’s e-mail address (optional)</td></tr>
<tr><td>8C</td><td colspan="2">For current producer listed in item 8A, enter the producer’s phone number (optional).</td></tr>
<tr><td>8D</td><td colspan="2">Current producer listed in item 8A shall sign.</td></tr>
<tr><td>8E</td><td colspan="2">If the person who signed on behalf of the current producer in item 8A signed in a representative capacity, enter the title of the person who signed in a representative capacity.</td></tr>
<tr><td>8F</td><td colspan="2">Enter date the person signed in item 8A.</td></tr>
<tr><td>9A</td><td colspan="2">Enter name of CCC representative that received CCC-857 from the current producers.</td></tr>
<tr><td>9B</td><td colspan="2">Enter date the person in item 9A signed CCC-857.</td></tr>
<tr><td>10</td><td colspan="2">Enter remarks (optional).</td></tr>
<tr><td>11A</td><td colspan="2">Enter same number as recorded in item 5.</td></tr>
<tr><td>11B</td><td colspan="2">Enter same number as recorded in item 3.</td></tr>
<tr><td>11C</td><td colspan="2">Enter same number as recorded in item 4.</td></tr>
<tr><td>11D</td><td colspan="2">Enter same numbers as recorded in item 1</td></tr>
<tr><td>12A</td><td colspan="2">Enter a current producer’s name and address.</td></tr>
<tr><td>12B</td><td colspan="2">For each current producer listed in item 12A, enter that producer’s e-mail address (optional)</td></tr>
<tr><td>12C</td><td colspan="2">For each current producer listed in item 12A, enter the producer’s phone number (optional).</td></tr>
<tr><td>12D</td><td colspan="2">Each current producer listed in item 12A must sign.</td></tr>
<tr><td>12E</td><td colspan="2">If anyone that signed for a current producer signed in item 12A in a representative capacity, enter the title of the person who signed in a representative capacity.</td></tr>
<tr><td>12F</td><td colspan="2">Enter date the person signed in item 12A.</td></tr>
</table>

189 CCC-857 (Continued)

B Example of CCC-857

The following is an example of CCC-857.

This form is available electronically. *(See Page 2 for Privacy Act and Paperwork Reduction Act Statements)*

CCC-857 (10-31-14) — **U.S. DEPARTMENT OF AGRICULTURE** Commodity Credit Corporation

AGRICULTURE RISK COVERAGE (ARC) AND PRICE LOSS COVERAGE (PLC) PROGRAM ELECTION

1. Program Years: **2014 through 2018**

2A. County FSA Office Name and Address *(Including Zip Code)*

2B. County FSA Office Telephone Number *(Including Area Code)*

2C. County FSA Office FAX Number *(Including Area Code)*

3. State Code

4. County Code

5. Farm Number

THIS ELECTION must be made by all current producers on the farm, and must occur by the end of the election period announced by FSA to be effective for this farm beginning with the 2014 crop year, under the terms of 7 CFR Part 1412. If an ARC or PLC election is not made, the election shall default to PLC for all covered commodities on the farm, starting with the 2015 crop year, and the farm is not eligible for any 2014 ARC or PLC payments. All current producers on the farm must sign this election, and by doing so, unanimously agree and acknowledge that: (1) this election is irrevocable for the covered commodities and the farm, or any resulting farm(s) of a reconstitution; (2) this farm may not be combined with any other farm that has base acres **and** does not have the same program election applicable for each and all covered commodities on all farms intended to be combined; (3) even though they may have made an election, they must annually enroll the farm in the ARC or PLC program in order to receive ARC or PLC benefits for that crop year;(4) they must comply with the regulations at 7 CFR Part 1412; and (5) that ARC or PLC benefits are subject to change based upon changes to law. In addition, by signing this form, all current producers on the farm certify as to the accuracy of the information set out on this form. FSA's acceptance of this signed form and use of the form does not equate to FSA's approval of the election. If FSA later determines this election was invalid under 7 CFR Part 1412, the elections on this form will not apply to the farm. Annual enrollment in the ARC or PLC program is a separate action from this election and must be performed each crop year.

6. ARC-IC Election

☐ Individual Agriculture Risk Coverage *(ARC-IC)*

This election, if made, is applicable for the farm and all covered commodities. Program elections, by crop, in Item 7 cannot be made if ARC-IC is elected for the farm.

7. Election for PLC and ARC-CO *(Check only **ONE** box per crop, if no selection was made in Item 6.)*

Crop	PLC	ARC-CO	N/A	Crop	PLC	ARC-CO	N/A	Crop	PLC	ARC-CO	N/A
Barley	☐	☐	☐	Grain Sorghum	☐	☐	☐	Rice, Long Grain	☐	☐	☐
Canola	☐	☐	☐	Lentils	☐	☐	☐	Rice, Medium Grain	☐	☐	☐
Corn	☐	☐	☐	Mustard Seed	☐	☐	☐	Safflower	☐	☐	☐
Crambe	☐	☐	☐	Oats	☐	☐	☐	Sesame Seed	☐	☐	☐
Flaxseed	☐	☐	☐	Peanuts	☐	☐	☐	Soybeans	☐	☐	☐
Garbanzo, Large	☐	☐	☐	Peas, Dry	☐	☐	☐	Sunflower Seed	☐	☐	☐
Garbanzo, Small	☐	☐	☐	Rapeseed	☐	☐	☐	Wheat	☐	☐	☐

8A. Producer's Name and Address *(Including Zip Code)*

8B. Email Address

8C. Telephone Number *(Including Area Code)*

8D. Signature of Producer (By)

8E. Title/Relationship of the Individual Signing in the Representative Capacity

8F. Date (MM-DD-YYYY)

FOR FSA USE ONLY

9A. Signature of CCC Representative

9B. Date (MM-DD-YYYY)

10. Remarks

The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the basis of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.) Persons with disabilities, who wish to file a program complaint, write to the address below or if you require alternative means of communication for program information (e.g., Braille, large print, audiotape, etc.) please contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). Individuals who are deaf, hard of hearing, or have speech disabilities and wish to file either an EEO or program complaint, please contact USDA through the Federal Relay Service at (800) 877-8339 or (800) 845-6136 (in Spanish).

*If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at **http://www.ascr.usda.gov/complaint_filing_cust.html**, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter by mail to U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at **program.intake@usda.gov**. USDA is an equal opportunity provider and employer.*

189 CCC-857 (Continued)

B Example of CCC-857 (Continued)

CCC-857 (10-31-14) Page 2 of 2

11A. Farm Number	11B. State Code	11C. County Code	11D. Program Year **2014 - 2018**

PRODUCER'S INFORMATION

12A. Producer's Name and Address *(Including Zip Code)*	12B. Email Address 12C. Telephone Number *(Including Area Code)*	
12D. Signature of Producer (By)	12E. Title/Relationship of the Individual Signing in the Representative Capacity	12F. Date (MM-DD-YYYY)
12A. Producer's Name and Address *(Including Zip Code)*	12B. Email Address 12C. Telephone Number *(Including Area Code)*	
12D. Signature of Producer (By)	12E. Title/Relationship of the Individual Signing in the Representative Capacity	12F. Date (MM-DD-YYYY)
12A. Producer's Name and Address *(Including Zip Code)*	12B. Email Address 12C. Telephone Number *(Including Area Code)*	
12D. Signature of Producer (By)	12E. Title/Relationship of the Individual Signing in the Representative Capacity	12F. Date (MM-DD-YYYY)
12A. Producer's Name and Address *(Including Zip Code)*	12B. Email Address 12C. Telephone Number *(Including Area Code)*	
12D. Signature of Producer (By)	12E. Title/Relationship of the Individual Signing in the Representative Capacity	12F. Date (MM-DD-YYYY)
12A. Producer's Name and Address *(Including Zip Code)*	12B. Email Address 12C. Telephone Number *(Including Area Code)*	
12D. Signature of Producer (By)	12E. Title/Relationship of the Individual Signing in the Representative Capacity	12F. Date (MM-DD-YYYY)

NOTE: *The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a – as amended). The authority for requesting the information identified on this form is 7 CFR Part 1412, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to determine eligibility to participate in and receive benefits under the Agriculture Risk Coverage Program and Price Loss Coverage Program. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated). Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility to participate in and receive benefits under the Agriculture Risk Coverage Program and Price Loss Coverage Program.*

This information collection is exempted from the Paperwork Reduction Act as specified in the Agricultural Act of 2014 (Pub. L. 113-79, Title I, Subtitle F, Administration).

The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. ***RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.***

190-200 (Reserved)

Part 8 (Reserved)

201-280 (Reserved)

Part 9 Eligibility and Compliance Rules

Section 1 Farm Eligibility

281 General Information

A Contract Period Compliance

Participants may receive payments with respect to the farm, if the participants agree to comply with ARC and PLC Program requirements.

B Farm Eligibility

A farm is eligible to participate in ARC or PLC if either of the following applies:

- the farm has base acres calculated for the farm
- the land on the farm was enrolled in CRP-1 that expired, was voluntarily terminated, or early released after September 30, 2013, and either of the following applies:
  - CRP-15 was protecting crop acreage bases
  - CCC-505 was used to reduce PFC acres or base acres, as applicable.

Note: Restored base acres are **not** eligible for reallocation unless they are restored before the deadline to reallocate base acres.

C Farms with 10 Base Acres or Less

Producers on farms with 10 base acres or less are **not** eligible for payments for that farm unless the producer certifies that they are a SDA or limited resource farmer or rancher.

Example: FSN 1600 has 9 base acres and is enrolled in PLC.

Linda has a 5 percent share and has certified to being a limited resource, SDA farmer or rancher.

Jeff has 10 percent share and has certified to being a limited resource, SDA farmer or rancher.

Andrew has a 85 percent share and has **not** certified to being a limited resource, SDA farmer or rancher.

Linda and Jeff’s share of this farm will be paid, but Andrew’s will **not**.

282 Eligible and Ineligible Land Uses for Base Acres

A Cropland and DCP Cropland Requirement

Land enrolled under ARC-CO and PLC contract or ARC-IC contract **must** be used for an agricultural or related activity for the applicable FY, and **not** for a nonagricultural, commercial, or industrial use.

DCP cropland and effective DCP cropland will be determined and updated according to 3-CM for ARC and PLC Program purposes, including base determinations.

If land use changes in subsequent years:

- the land use will be updated according to 3-CM
- base reductions will be processed using CCC-505, as applicable, according to subparagraph D.

282 Eligible and Ineligible Land Uses for Base Acres (Continued)

B Eligible Uses

A quantity of land equal to the total base acres for the farm **must** be used for an agricultural or conserving use. The following provides examples of land uses that are considered agricultural or related and nonagricultural.

Land uses considered **agricultural** include the following:	Land uses considered **nonagricultural** include the following:
• land meeting DCP cropland definition • sod • farm ponds • aquaculture ponds • nursery acreage devoted to in-ground plants • wildlife habitats • pasture • acreage used to raise domesticated game for restaurants • trees planted for harvest, conservation purposes, recreational uses, or BCAP • temporary hoop houses for nursery agriculture • temporary nonagricultural uses, such as parking for a field day, etc.	• golf courses and other recreational facilities • land used for commercial development, buildings, or parking lots • strip mines • permanent structures, including those for agricultural uses • land subdivided and developed for multiple residential units or other nonfarming uses if the size of tracts and density of the subdivision is such that the land is unlikely to return to the previous agricultural use.

Note: COC's will submit questionable uses to DAFP, through the State Office, for determinations.

282 Eligible and Ineligible Land Uses for Base Acres (Continued)

C Eligible Land

Base acres **cannot** exceed effective DCP cropland **except** for established double-cropping. In addition to meeting other eligibility requirements, a farm, **before** enrollment, **must** have effective DCP cropland available on the farm greater than or equal to the total base acres for the farm. See 3-CM for the definition of DCP cropland.

D Converting to Nonagricultural Use

DCP cropland converted to nonagricultural use:

- **must** be removed from cropland and DCP cropland according to 3-CM
- is **not** eligible as base acres from the date of conversion.

When conversion of DCP cropland to nonagricultural use results in base acres exceeding effective DCP cropland for the farm, farm owners, the operator, and ARC-CO and PLC contract or ARC-IC contract participants have the following available options.

IF the conversion occurred…	THEN within 30 calendar days of the conversion…
before September 30 of FY in which the conversion occurred	all owners **must** do either of the following: • complete CCC-505 to permanently reduce applicable base acres • withdraw the farm from ARC-CO and PLC contract or ARC-IC contract. Failure to reduce applicable base acres or withdraw the farm from ARC-CO and PLC contract and ARC-IC contract will result in COC terminating ARC-CO and PLC contract or ARC-IC contract. Producers **cannot** withdraw after ARC-CO and PLC contract or ARC-IC contract has expired (September 30 of the applicable FY). If there are less than 30 calendar days remaining before September 30 of FY at the time of the conversion, base acres may be left unchanged for that FY. Base reductions **must** be made before any enrollment in the immediately subsequent FY.

282 Eligible and Ineligible Land Uses for Base Acres (Continued)

D Converting to Nonagricultural Use (Continued)

IF the conversion occurred…	**THEN within 30 calendar days of the conversion…**
after September 30 of FY in which the conversion occurred	all: • owners **must** complete CCC-505 to permanently reduce applicable base acres effective for FY the conversion occurred • producers **must** refund any unearned payments made, plus interest. If owners fail to reduce applicable base acres, COC will permanently reduce applicable base acres, and conduct a thorough review of the situation to determine whether the case involves misrepresentation and/or a scheme or device that defeats the purpose of the ARC and PLC Program. See subparagraph 335 A for additional information. **Note:** Because ARC-CO and PLC contract or ARC-IC contract in effect when the conversion occurred has expired, producers do **not** have the option to withdraw from ARC-CO and PLC contract and ARC-IC contract, nor can COC terminate the expired ARC-CO and PLC contract or ARC-IC contract.

Important: Reduction in base acres or withdrawal of farm from ARC-CO and PLC contract or ARC-IC contract may result in unearned ARC or PLC payments. All unearned payments **must** be refunded.

Example 1: A farm with 200 acres of DCP cropland and 200 base acres is enrolled in FY 2015 PLC. On August 1, 2015, COC discovers 10 acres on the farm had been converted to a nonagricultural building site on May 4, 2015. COC will notify the owner and operator they **must** do either of the following within 30 calendar days:

- withdraw the farm from the FY 2015 ARC-CO and PLC contract or ARC-IC contract, and refund any payments made for the farm
- owner **must** permanently reduce base acres by 10 acres, and refund any unearned payments made.

If the producers do **not** elect either of the options within 30 calendar days, COC will terminate ARC-CO and PLC contract or ARC-IC contract and request refund of any payments made.

282 Eligible and Ineligible Land Uses for Base Acres (Continued)

D Converting to Nonagricultural Use (Continued)

Example 2: A farm with 200 acres of DCP cropland and 200 base acres was enrolled in FY 2015 PLC and is also enrolled in FY 2016 PLC. All FY 2015 PLC payments have been made for the farm. COC discovers 10 acres on the farm were converted to a nonagricultural building site on August 4, 2015. COC will notify the owner and operator they **must** permanently reduce base acres by 10 acres, and refund the unearned FY 2015 payments made.

If the producers do **not** permanently reduce applicable base acres within 30 calendar days, COC will:

- permanently reduce 10 base acres
- terminate the FY 2016 ARC-CO and PLC contract or ARC-IC contract
- request refund of any unearned payments made for FY 2015 and FY 2016.

E Land Enrolled in WBP

Land enrolled in WBP will **not** be enrolled in the ARC and PLC Program. County Offices will record land enrolled in WBP according to 3-CM.

All land enrolled in WBP may **not** be cropland. County Offices will ensure land enrolled in WBP is recorded according to 3-CM.

Important: Enrolling land into WBP may require the permanent reduction of base acres. Base acres must **not** exceed effective DCP cropland plus double-cropped acres.

Note: Subparagraph I does **not** apply to land enrolled in WBP.

282 Eligible and Ineligible Land Uses for Base Acres (Continued)

F Land Enrolled in WRP

There are 2 separate statutory provisions affecting producers enrolling land in WRP.

- The statutory provisions of the Agricultural Act of 2014 (Pub. L. 113-79), Section 1112(c) **requires** a reduction of base acres, if the sum of the base acres for a farm, together with the following acreage, exceeds the actual cropland for the farm, including the following:
  - any acreage on the farm enrolled in CRP or WRP
  - any other acreage on the farm enrolled in a conservation program for which payments are made in exchange for **not** producing an agricultural commodity on the acreage.
- WRP provisions **require** that, in some situations, owners and operators of land subject to WRP conservation easements agree to the permanent retirement of any existing base acres for the land.

NRCS has a policy requiring producers to complete CCC-505 when offering land for enrollment in WRP. NRCS will provide FSA Offices with a copy of CCC-505 when WRP easement is recorded. However, base acre reduction is **not** effective until NRCS notifies FSA that WRP easement has been recorded.

FSA County Offices **must** ensure that the provisions of **both of the statutory provisions** specified are met for producers enrolling land in WRP to ensure that USDA is **not** compensating producers for the value of the base acres retired under WRP and issuing farm ARC and PLC Program payments on the same acreage. However, a coordinated effort is **required** with NRCS with certain responsibilities applying to each Agency.

282 Eligible and Ineligible Land Uses for Base Acres (Continued)

F Land Enrolled in WRP (Continued)

NRCS requires producers to complete CCC-505 when the producer offers land for enrollment in WRP. FSA County Offices are **not** responsible for, **and must not assist** producers in, completing CCC-505 for land being offered in WRP. However when requested, FSA County Offices will provide producers with a copy of FSA-156EZ with information about the number of base acres applicable to the farm or farms, as follows:

- a **blank** FSA-910 with instructions (Exhibit 21)
- a **blank** CCC-505
- aerial maps for the applicable farm or farms.

Although NRCS is responsible for notifying FSA when WRP easements are closed, producers bear responsibility for notifying FSA of changes that affect the ARC and PLC Program eligibility. This handbook specifies that changes in the farming operation that may affect any determination after ARC-CO and PLC contract or ARC-IC contract is signed will be reported to CCC by all applicable producers by signing a revised ARC-CO and PLC contract or ARC-IC contract to reflect the change no later than September 30 of the applicable year.

Reminder: Although producers have up until the end of the contract period to report changes, if the changes cause or require the need for additional signatures or documents, the additional signatures or documents **must** be submitted by the end of the contract period. Accordingly, producers should **not** wait until September 30 to report changes.

282 Eligible and Ineligible Land Uses for Base Acres (Continued)

F Land Enrolled in WRP (Continued)

After the WRP easement is **closed**, NRCS will provide documentation about the WRP agreement, including CCC-505, to the applicable FSA County Office. FSA County Offices will follow the provisions of this table.

Note: If adequate documentation is **not** provided by NRCS to determine base acre reductions, acres on cropland, and acres on noncropland, FSA County Offices will immediately contact the applicable NRCS Office to obtain the documentation necessary to update FSA records.

Step	Action
1	**Immediately** update FRMS according to 3-CM to record the number of acres enrolled in WRP that are on DCP cropland. See 3-CM for additional information. **Note:** Acres enrolled in WRP that are on non-DCP cropland must **not** be included in the FRMS, “WRP” field.
2	• **Immediately** update FRMS according to 3-CM to reduce the base acres as specified on CCC-505 **received from NRCS** for FY in which the WRP easement was recorded or WRP cost-share restoration agreement is approved. CCC-505 includes the number of base acres that will be retired, even if the number of base acres being retired is zero. **Note:** Producers may have elected to reduce base acres to increase the value of the WRP appraisal for a WRP easement. FSA County Offices will reduce the base acres as specified on CCC-505. In some cases, there may be excess acreage on the farm that may **not** require base reduction, but the acreage will be reduced as specified on CCC-505 because those acres were designated for retirement through the WRP easement. • Notify all producers on the farm that a revised ARC-CO and PLC contract or ARC-IC contract that reflects the reduced base acres **must** be filed by: • June 1, if the reduction occurs **before** June 1 of the applicable year • September 30, if the reduction occurs **after** June 1 of the applicable year. **Note:** This step is required; however, an additional reduction may be required as determined in steps 3 through 5. County Offices **must** ensure that all steps in this table are followed.

282 Eligible and Ineligible Land Uses for Base Acres (Continued)

F Land Enrolled in WRP (Continued)

Step	Action
3	After steps 1 and 2 have been completed, County Offices will determine whether the number of base acres exceeds the effective DCP cropland plus double-cropped acreage according to paragraph 2874. If the base acres still exceed the effective DCP cropland plus double-cropped acreage, then: • an additional reduction to base acres is required • ARC-CO and PLC contract and ARC-IC contract for the applicable FY **cannot** be enrolled until the reduction of the base acres is completed • County Offices **must** follow the provisions of step 4.
4	If an additional base acre reduction is required according to step 3, County Offices will: • notify the owners of the farm that an additional reduction of base acres is required within 30 calendar days • notify all producers on the farm that a revised ARC-CO and PLC contract or ARC-IC contract **must** be filed, by September 30 of the applicable year, that reflects the reduced base acres • ensure that all provisions of 3-CM are met for updating FRMS and notifying applicable producers of the revision to the farm records. **Note:** For farms enrolled by June 1 of the applicable year, signatures on revised ARC-CO and PLC contract and ARC-IC contract **must** be received no later than September 30 of the applicable FY.

282 Eligible and Ineligible Land Uses for Base Acres (Continued)

F Land Enrolled in WRP (Continued)

Step	Action
5	If CCC-505 is **not** filed by the owners of the farm within 30 calendar days according to step 4: • COC will initiate CCC-505 reducing the base acreage according to 3-CM • COC must **not** approve a revised ARC-CO and PLC contract or ARC-IC contract **unless** all signature requirements are met by June 1 of the applicable FY **Note:** For farms enrolled by June 1, signatures on revised ARC-CO and PLC contract or ARC-IC contract **must** be received no later than September 30 of the applicable FY. • County Office will notify the producers associated with the farm of the COC determination of the reduction of base acres • County Office **must** ensure that all provisions of 3-CM are met for updating FRMS and notifying applicable producers of the revision to the farm records.

282 Eligible and Ineligible Land Uses for Base Acres (Continued)

G Land Under EWP Flood Plain Easements

Land under the EWP Flood Plain Easement is **not** eligible to be enrolled in the ARC and PLC Program beginning on the date the EWP Flood Plain Easement is filed.

Exception: Cropland under EWP Flood Plain Easement may be eligible for the ARC and PLC Program in the FY the EWP Flood Plain Easement is filed, if **both** of the following are met:

- written documentation from NRCS is submitted that allows the acreage to be planted to an annual crop for harvest in the FY the easement is filed

  Note: Depending on the date the easement is filed, the applicable NRCS manual may **not** allow planting an annual crop in FY the easement is filed.

  Important: Neither haying nor grazing is considered planting an annual crop.

- all other requirements to enroll the acreage in the ARC and PLC Program are met.

Note: Even though there may appear to be no advantage, regardless of whether land is eligible for enrollment or not, producers still may make an ARC and PLC Program election for this farm or land.

Cropland acreage under EWP Flood Plain Easement **must** be recorded according to 3-CM. The date EWP Flood Plain Easement acreage is recorded in FRMS is dependent on:

- date EWP Flood Plain Easement is filed
- whether NRCS allows the planting an annual crop for harvest in FY.

All land under EWP Flood Plain Easement may **not** be cropland. County Offices **must** ensure land under EWP Flood Plain Easement is recorded according to 3-CM.

Important: Placing land under EWP Flood Plain Easement may require the permanent reduction of base acres. Base acres **not** exceed effective DCP cropland plus double-cropped acres.

Note: Subparagraph I does **not** apply to land under EWP Flood Plain Easements.

282 Eligible and Ineligible Land Uses for Base Acres (Continued)

H Land Under Federal Conservation Programs or Restrictive Easements Other Than WBP, WRP, or EWP Flood Plain Easements

Land under a Federal restrictive easement or agreement that prohibits **all** of the following will **not** be enrolled in the ARC and PLC Program:

- annual planting of a crop for harvest as grain or lint
- haying
- grazing.

Note: See subparagraph I for easements and agreements that allow haying and/or grazing.

Land under a restrictive easement or agreement is ineligible for the ARC and PLC Program beginning in the FY the cropping, haying, and grazing restrictions are effective.

Cropland acreage under a restrictive easement or agreement will be recorded according to 3-CM.

Important: Land under a Federal restrictive easement or agreement may require the permanent reduction of base acres. Base acres will **not** exceed effective DCP cropland plus double-cropped acres.

Placing land under a restrictive easement or agreement may result in a refund of payments received by the applicable producers.

Example 1: Land is placed under an easement that prohibits all cropping, haying, and grazing of the acreage. The restrictions prohibiting cropping, haying, and grazing are effective beginning the date the easement is filed.

The easement is filed on November 4, 2014. The land under easement is ineligible for ARC or PLC beginning FY 2015.

After the land under easement is **not** eligible for ARC or PLC, the County Office **must**:

- record the cropland acreage under easement according to 3-CM
- require a reduction in base acres, if applicable
- request a refund of ARC and PLC Program payments, if applicable.

282 Eligible and Ineligible Land Uses for Base Acres (Continued)

H Land Under Federal Conservation Programs or Restrictive Easements Other Than WBP, WRP, or EWP Flood Plain Easements (Continued)

Example 2: Land is placed under a restrictive easement that prohibits all cropping, haying, and grazing of the acreage. The restrictions prohibiting cropping, haying, and grazing are effective when the producer signs the applicable agreement.

Notes: The agreement is generally signed **before** an easement is filed.

Submit questionable cases about agreement to the State Office or National Office for review if necessary.

The agreement is signed on July 1, 2015. The easement is filed on November 4, 2015. The land under easement is ineligible for the ARC and PLC Program beginning FY 2015.

After the land under easement is **not** eligible for the ARC and PLC Program, the County Office will:

- record the cropland acreage under easement according to 3-CM
- require a reduction in base acres, if applicable
- request a refund of ARC and PLC Program payments, if applicable.

I Haying and Grazing of Cropland Under a Federal Conservation Program or Restrictive Easement Except WRP, WBP, and EWP Flood Plain Easements

Land under either of the following may be eligible for ARC or PLC provided the easement or agreement, as applicable, allows haying and/or grazing of the acreage on an annual basis under normal circumstances:

- easements **other than** WRP, WBP, or EWP
- conservation programs.

282 Eligible and Ineligible Land Uses for Base Acres (Continued)

I Haying and Grazing of Cropland Under a Federal Conservation Program or Restrictive Easement Except WBP, WRP, and EWP Flood Plain Easements (Continued)

For the purposes of this paragraph, normal circumstances mean allow haying and/or grazing on an annual basis, including situations where haying and/or grazing is limited to a specific time period of the year.

Important: The following haying and/or grazing provisions are **not** considered normal circumstances:

- limited only to when emergency conditions exist
- **not** allowed on an annual basis.

Example 1: Land is placed under an easement that prohibits all cropping and all haying. However, the easement allows grazing of the acreage every third year of the life of the easement.

The easement terms do **not** allow grazing on an annual basis; therefore, the land is **not** eligible for ARC or PLC.

Example 2: Land is placed under an easement that prohibits all cropping. The easement prohibits haying and grazing of the acreage, **except** in emergency situations, as determined by the easement terms. Accordingly, the land is **not** eligible for ARC or PLC.

Example 3: Land is placed under an easement that prohibits all cropping. The easement prohibits haying and grazing of the acreage **except** for the time period of August 1 through September 30 of each year.

The easement terms allow haying or grazing **except** for specific time period; therefore, the land is eligible for ARC or PLC, provided **all** other requirements are met.

Land enrolled in CRP or GRP is **not** eligible to be enrolled in ARC or PLC. See subparagraph J. Land under CRP easement or practice lifespan requirements is **not** eligible to be enrolled in ARC or PLC. See subparagraph K.

282 Eligible and Ineligible Land Uses for Base Acres (Continued)

J Land Enrolled in CRP or GRP

Land enrolled in CRP or GRP is **not** eligible to be enrolled in the ARC and PLC Program.

Enrollment of land into CRP or GRP may require:

- reduction of base acres

  Note: See paragraph 284.

- refund of ARC and PLC Program payments, if applicable.

Note: Subparagraph I does **not** apply to land under CRP or GRP.

K Land Under CRP Easement or Practice Lifespan Requirement

Land under CRP easement or practice lifespan requirement:

- is **not** eligible to be enrolled in ARC or PLC
- will be maintained in FRMS according to 3-CM.

For CRP Signups 10, 11, and 12, participants that enrolled land in CRP to be devoted to certain CRP practices agreed to place the land under 1 of the following:

- 15- or 30-year easement
- 15- or 30-year practice lifespan requirement.

The terms and conditions of the CRP easement and practice lifespan requirements continue:

- after CRP-1 expires, for the life of the easement or practice lifespan
- the prohibition of cropping, haying, and grazing the acreage.

Note: Subparagraph I does **not** apply to land under CRP easement or practice lifespan requirement.

283 Acre Reductions for CRP, GRP, or WRP Enrollment

A General Rule

The sum of the following will **not** exceed DCP cropland on the farm, **except** to the extent there is an established double-cropped history on the farm:

- all base acres
- cropland enrolled in:
  - CRP
  - EWP
  - WBP
  - WRP
- cropland or DCP cropland enrolled in GRP
- cropland enrolled in any conservation program for which payments are made in exchange for **not** producing an agricultural commodity.

B When to Determine Reduction Acres for CRP and GRP

County Offices will calculate the number of acres on a farm that may be enrolled in CRP or GRP, without requiring a reduction to base acres, at the time the producer submits AD-1153, CRP-2, or CRP-2C.

When the producer determines to reduce base acres on a farm because of enrolling in CRP or GRP, the producer **must** complete CCC-505 at the time the acres are being offered for CRP or GRP.

Note: Producers may elect to modify the number of acres to be offered for CRP or GRP, instead of reducing base acres on the farm.

283 Acre Reductions for CRP, GRP, or WRP Enrollment (Continued)

C When to Determine Reduction Acres for WRP

County Offices will follow the provisions in paragraph 282 immediately when notified by NRCS that the WRP easement is closed or the cost-share restoration agreement is approved.

Reminder: There are 2 separate statutory provisions affecting producers enrolling land in WRP and County Offices will ensure that base acres are reduced, if necessary, to satisfy both provisions.

D Determining Reduction Acres

County Offices will use the following to determine whether enrolling land into:

- CRP or GRP will require a reduction in any of the following:
  - base acres
  - number of acres offered for CRP
  - number of acres offered for GRP
- WRP will require a reduction in base acres according to 2014 Farm Bill statutory provisions.

Step	Action
1	Print FSA-156EZ for farm on which the acres are being offered for enrollment into CRP, GRP, or WRP. See 3-CM to print FSA-156EZ.
2	From FSA-156EZ, determine the number of double-cropped base acres by subtracting total base acreage from effective DCP cropland acres.
3	Add: • effective DCP cropland from FSA-156EZ, plus • result of step 2. **Note:** If the result of step 2 is negative, use the effective DCP cropland.
4	From FSA-156EZ, determine the total base acres for the farm.
5	Subtract result of step 3 from result of step 4.

283 Acre Reductions for CRP, GRP, or WRP Enrollment (Continued)

D Determining Reduction Acres (Continued)

<table>
<tr><th>Step</th><th colspan="3">Action</th></tr>
<tr><td rowspan="4">6</td><td>IF the result of step 5 is…</td><td>AND the program is…</td><td>THEN…</td></tr>
<tr><td>negative</td><td></td><td>1 or more tracts on the farm are out-of-balance
correct out-of-balance tracts according to 3-CM and return to step 1.</td></tr>
<tr><td rowspan="2">zero</td><td>CRP or GRP</td><td>no cropland or DCP cropland acres on the farm can be enrolled into CRP or GRP unless base acres are reduced in an amount equal to the number of acres offered for CRP or GRP. An additional reduction may be required if the farm has double-cropped acreage included in the base acres. See 3-CM for additional information on updating acreage information in FRMS.

Note: Land that does not meet the definition of either cropland or DCP cropland may be eligible to be enrolled in GRP. Enrolling this land into GRP has no impact on any of the following:
total cropland on the farm
total DCP cropland on the farm
base acres.</td></tr>
<tr><td>WRP</td><td>no cropland or DCP cropland acres on the farm can be devoted to WRP unless base acres are reduced by the number of acres being recorded for the WRP easement or cost-share restoration agreement. An additional reduction may be required if the farm has double-cropped acreage included in the base acres. See 3-CM for additional information on updating acreage information in FRMS.</td></tr>
</table>

283 Acre Reductions for CRP, GRP, or WRP Enrollment (Continued)

D Determining Reduction Acres (Continued)

<table>
<tr><th>Step</th><th colspan="3">Action</th></tr>
<tr><td rowspan="3">6
(Cntd)</td><td>IF the result of step 5 is…</td><td>AND the program is…</td><td>THEN…</td></tr>
<tr><td rowspan="2">greater than zero</td><td>CRP or GRP</td><td>• cropland acres or DCP cropland acres in an amount equal to the result of step 5 may be enrolled in CRP or GRP without a reduction to base acres on the farm

• cropland acres or DCP cropland acres in an amount exceeding the result of step 5 may not be enrolled in CRP or GRP without a corresponding reduction in base acres on the farm.

Note: Land that does not meet the definition of either cropland or DCP cropland may be eligible to be enrolled in GRP. Enrolling this land into GRP has no impact on any of the following:

• total cropland on the farm
• total DCP cropland on the farm
• base acres.</td></tr>
<tr><td>WRP</td><td>• cropland acres or DCP cropland acres in an amount equal to the result of step 5 may be devoted to WRP without reduction to base acres on the farm

Note: NRCS may require the producer to file CCC-505 to reduce the base acres. See paragraph 282.

• cropland acres or DCP cropland acres in an amount exceeding the result of step 5 cannot be devoted to WRP unless base acres are reduced on the farm.</td></tr>
</table>

283 Acre Reductions for CRP, GRP, or WRP Enrollment (Continued)

E Producer Options

When enrollment in CRP or GRP will result in a reduction of base acres on the farm, the owner will, at the time AD-1153, CRP-2, or CRP-2C is submitted, elect 1 of the following:

- reduce the number of acres offered for CRP or GRP to an amount that results in no reduction to base acres

- execute CCC-505 to reduce applicable number of base acres on the farm

- reduce a combination of the number of acres offered for CRP or GRP and the number of base acres on the farm.

Notes: When CCC-505 is executed because of land offered for enrollment in CRP or GRP, base acres must **not** be reduced until:

- applicable CRP-1 becomes effective
- CCC-920 is approved.

If acres offered for CRP or GRP are **not** accepted in CRP or GRP, applicable base acres will **not** be reduced.

Example 1: FSN 1 consists of the following:

- 100 acres effective DCP cropland
- 100 acres cropland
- 0 double-cropped acres
- 90 base acres.

Owner of FSN 1 offers 15 cropland acres for enrollment in CRP during general signup. The number of cropland acres that may be enrolled in CRP on FSN 1 without requiring a reduction to base acres is 10 acres (100 + 0 – 90 = 10). Therefore, the owner **must** elect 1 of the following at the time CRP-2 is submitted:

- reduce the number of cropland acres offered for CRP by at least 5 acres

- execute CCC-505 to reduce base acres by at least 5 acres

- reduce a combination of the number of acres offered for CRP and the number of base acres by a total of 5 acres.

283 Acre Reductions for CRP, GRP, or WRP Enrollment (Continued)

E Producer Options (Continued)

Example 2: FSN 200 consists of the following:

- 100 acres effective DCP cropland
- 75 cropland acres
- 25 double-cropped acres
- 125 base acres.

Owner of FSN 200 offers 15 cropland acres for enrollment in CRP during general signup. The number of cropland acres that may be enrolled in CRP on FSN 200 without requiring a reduction to base acres is 0 acres (100 + 25 – 125 = 0). Therefore, the owner **must** elect 1 of the following at the time CRP-2 is submitted:

- **not** offer any cropland acres for enrollment in CRP
- execute CCC-505 to reduce base acres by at least 15 acres
- reduce a combination of the number of acres offered for CRP and the number of base acres by a total of 15 acres.

Example 3: FSN 50 consists of the following:

- 60 acres effective DCP cropland
- 50 acres cropland
- 0 double-cropped acres
- 50 base acres.

Owner of FSN 50 offers 20 cropland acres for enrollment in GRP. The number of cropland acres that may be enrolled in GRP on FSN 50 without requiring a reduction to base acres is 10 acres (60 + 0 – 50 = 10). Therefore, the owner **must** elect 1 of the following at the time AD-1153 is submitted:

- reduce the number of acres offered for GRP by at least 10 acres
- execute CCC-505 to reduce base acres by at least 10 acres
- reduce a combination of the number of acres offered for GRP and the number of base acres by a total of 10 acres.

283 Acre Reductions for CRP, GRP, or WRP Enrollment (Continued)

E Producer Options (Continued)

Example 4: FSN 300 consists of the following:

- 60 acres effective DCP cropland
- 50 acres cropland
- 0 double-cropped acres
- 50 base acres.

Owner of FSN 300 offers 10 acres of DCP cropland that does **not** meet the definition of cropland for enrollment in GRP. The number of acres of DCP cropland acres that may be enrolled in GRP on FSN 300 without requiring a reduction to base acres is 10 acres (60 + 0 – 50 = 10). Therefore, the owner is **not** required to reduce either base acres or the number of acres offered to enroll in GRP.

Example 5: FSN 400 consists of the following:

- 60 acres effective DCP cropland
- 60 acres cropland
- 0 double-cropped acres
- 60 base acres.

Owner of FSN 400 offers 40 noncropland and/or non-DCP cropland acres for enrollment in GRP. The number of DCP cropland acres that may be enrolled in GRP on FSN 400 without requiring a reduction to base acres is 0 acres (60 + 0 – 60 = 0). However, the acres offered for enrollment in GRP are noncropland and/or non-DCP cropland acres. Therefore, the owner is **not** required to reduce either base acres or the number of acres offered to enroll in GRP.

283 Acre Reductions for CRP, GRP, or WRP Enrollment (Continued)

F When to Complete CCC-505 to Reduce Base Acres

When the producer elects to reduce base acres because of enrollment in CRP or GRP, the producer will complete CCC-505 at the time the acres are offered for CRP or GRP.

If the producer elects to retire base acres for enrollment in WRP, the producer will provide CCC-505 to NRCS. NRCS will provide CCC-505 to FSA when the easement is closed.

Reminder: Even if the producer files CCC-505 with NRCS, FSA is still required to ensure that benefits are **not** issued to the producer for both programs. County Offices will follow the provisions of paragraph 282 to ensure that base acres are reduced properly.

G Effective Date of Base Acre Reduction for CRP

Base acre reductions required because of CRP participation will become effective for the same FY the corresponding CRP-1 becomes effective.

The ARC and PLC Program year entered on CCC-505 will be the ARC and PLC Program year in which the corresponding CRP-1 becomes effective. The County Office will file copy of CCC-505 in **both** the applicable ARCPLC and CRP folders, when base acres are reduced according to 3-CM because of CRP participation.

Example: Cropland was offered for enrollment in CRP on May 5, 2015. CRP-1 was effective October 1, 2015. CCC-505 to reduce base acres was signed by all owners at the time CRP-1 was submitted (May 5, 2015) with a program year of 2016 (equal to FY of CRP-1).

Base acre reductions will become effective October 1, 2015 (FY 2016). If acres offered for CRP are **not** accepted, then base acres will **not** be reduced.

Important: Reduction of base acres may result in ARC or PLC overpayment and request for refund.

283 Acre Reductions for CRP, GRP, or WRP Enrollment (Continued)

H Effective Date of Base Acre Reduction for GRP

Base acre reductions because of GRP participation will be effective as follows:

- date GRP easement is filed, if land was enrolled using an easement
- date CCC-920 is approved by CCC.

The County Office **must** file copy of CCC-505 in **both** the applicable DCP and GRP folder.

Important: Reduction of base acres may result in ARC or PLC overpayment and request for refund.

I Effective Date of Base Acre Reduction for WRP

Base acre reduction because of enrollment in WRP will be effective as follows:

- date WRP easement is closed
- date WRP cost-share restoration agreement is approved.

County Offices **must** file a copy of CCC-505 in the applicable ARCPLC folder.

Important: Reduction of base acres may result in ARC or PLC overpayment and request for refund.

283 Acre Reductions for CRP, GRP, or WRP Enrollment (Continued)

J Restoration of Base Acres Reduced for Enrollment in CRP after September 30, 2013

Base acres reduced because of cropland enrollment into CRP after September 30, 2013, may be restored to the farm if CRP-1 is voluntarily terminated, provided there is sufficient DCP cropland available and all other requirements are met.

Important: To ensure that the applicable base acres may be restored to a farm, CCC-505 **must** include all information required according to paragraph 23, including the information required in CCC-505, item 16. Incomplete CCC-505's may result in base acres **not** being restored to a farm.

K Restoration of Base Acres Reduced for Enrollment in GRP

Base acres reduced because of enrollment into GRP may be restored to the farm when **both** of the following are met, provided there is sufficient DCP cropland available and all other requirements are met:

- land is no longer enrolled in GRP
- life of easement has expired.

Important: To ensure that the applicable base acres may be restored to a farm, CCC-505 **must** include all information required according to paragraph 23, including the information required in CCC-505, item 16. Incomplete CCC-505's may result in base acres **not** being restored to a farm.

284 Protecting Base Acres

A Requirement

[7 CFR 1412.69] Control of noxious weeds.

CTAP participants and enrolled ARC and PLC contract participants agree to effectively control noxious weeds and otherwise maintain the land on the farm in accordance with sound agricultural practices; and use the land on the farm for an agricultural or conserving use, and not for a nonagricultural commercial, industrial, or residential use.

B Approved Covers and Practices

STC will determine measures necessary to protect idle base acres from erosion and propagation of weeds, including noxious weeds, throughout the crop year STC determinations will be provided to County Offices for publication throughout the ARC and PLC Program year. Determine, on a State-by-State basis, as follows:

- COC, in conjunction with the NRCS District Conservationist, may recommend the cover crops or practices

- STC will consult with State technical committees to determine whether additional practices that further the goals of these organizations and groups can be developed.

C Suggested Covers

Suggested covers include, but are **not** limited to:

- annual, biennial, or perennial grasses and legumes, including sweet sorghums, sorghum grass crosses, and sudans

- volunteer stands, other than weeds

- crop residue from using no till or minimum till practices

- perennial covers approved for cost-share assistance.

285 HELC and WC

A HELC and WC Compliance

Producers **must** certify HELC and WC compliance on AD-1026 and meet the requirements according to 6-CP to qualify for ARC and PLC Program benefits.

COC will follow procedure in 6-CP for producers determined ineligible because of HELC and/or WC violation.

B Terminating ARC-CO and PLC Contracts or ARC-IC Contracts for HELC and/or WC Violation

In addition to denying benefits for HELC and/or WC violation, COC will determine whether the violation is serious enough to warrant terminating ARC-CO and PLC contract or ARC-IC contract, with respect to the producer determined ineligible according to 6-CP, on each farm in which the producer has an interest.

Producers whose shares are terminated **must** be notified by letter of the following:

- ARC-CO and PLC contract or ARC-IC contract is in violation and will be terminated with respect to the producer on each farm in which the producer has an interest
- the producer forfeits all rights to receive ARC-CO and PLC contract or ARC-IC contract payments, for any year in which they are determined ineligible, on each farm in which the producer has an interest
- the producer **must** refund all ARC-CO and PLC contract or ARC-IC contract payments received by the producer on each farm the producer has an interest in during the period of the violation, plus interest
- reason for violation
- appeal rights according to 1-APP.

286 Planting Flexibility

A Plantings on Base Acres

Any commodity may be planted on:

- any land payment, including base acres, on a farm **not** enrolled on ARC-CO and PLC contract or ARC-IC contract

- nonbase acres of a farm enrolled on ARC-CO and PLC contract or ARC-IC contract

- payment acres of a farm enrolled on ARC-CO and PLC contract or ARC-IC contract, **except** for the following:

  - fruits
  - vegetables, other than mung beans and pulse crops
  - wild rice.

B FAV Plantings

See Exhibit 24 for a list of FAV’s.

287 FAV and Wild Rice Planting Limitations

A Statutory Provisions

Planting FAV’s or wild rice on payment acres enrolled in the ARC and PLC Program is prohibited **unless** the commodity is destroyed without benefit before harvest.

Note: Payment acres are equal to 65 percent of base acres for a farm enrolled in ARC-IC, and 85 percent of base acres for a farm enrolled in ARC or PLC-CO.

Producers may plant FAV’s and wild rice on payment acres enrolled in ARC or PLC, if the FAV and/or wild rice is planted in a double-cropping practice with covered commodities in any region designated as having a history of double-cropping covered commodities or peanuts with FAV’s or wild rice (paragraph 290).

Failure to comply with FAV and wild rice provisions of this part will result in an acre-for-acre payment reduction.

See paragraph 288 for compliance determinations, including when prohibited commodities are destroyed before harvest.

287 FAV and Wild Rice Planting Limitations (Continued)

B Farms Not Enrolled in the ARC and PLC Program

Base acres are established for each farm according to Part 2. The base acres on a farm are maintained and remain connected to the farm regardless of whether the farm is enrolled in the ARC and PLC Program.

Planting and harvesting FAV's or wild rice on base acres on a farm that is **not enrolled** in the ARC and PLC Program is **not** prohibited.

C Determining Available Acres for FAV Planting

County Offices will determine available free acres for planting FAV and wild rice on the farm according to the following.

Reminder: Producers wanting to reduce base acres to avoid an acre-for-acre reduction **must** do so before planting the FAV crop.

Step	Action
1	Determine effective DCP cropland on the farm.
2	Determine number of double-cropped acres on farm.
3	Add result of step 1 and step 2.
4	Total payment acres for all covered commodities for the farm.
5	Subtract result of step 4 from the result of step 3.

287 FAV and Wild Rice Planting Limitations (Continued)

C Determining Available Acres for FAV Planting (Continued)

<table>
<tr><th>Step</th><th colspan="2">Action</th></tr>
<tr><td rowspan="3">6</td><td>If the result of step 5 is…</td><td>THEN…</td></tr>
<tr><td>equal to zero or negative</td><td>producers may plant up to either of the following:

• 15 percent of the base acres on the farm to FAV and/or wild rice, if enrolled in PLC or ARC-CO

• 35 percent of the base acres on the farm to FAV and/or wild rice, if enrolled in ARC-IC.

Producers who elect to reduce base acres to plant FAV must reduce the base acres by the following:

• number of FAV acres intended to be planted, plus
• total double-cropped acreage for the farm.

Note: The total double-cropped acreage for the farm must be included in the number of acres to be reduced, because FAV cannot be planted on base acres and without the reduction to the double-cropped acreage, the producer may be earning payments on acres that are planted to FAV.</td></tr>
<tr><td>greater than zero</td><td>the result is the number of available acres for FAV planting without an acre-for-acre payment reduction. A base acre reduction is required, if the total intended FAV acres exceeds the available acres determined in step 5.</td></tr>
</table>

288 Compliance Determinations

A Exemptions

Wild rice and all FAV's, including FAV's grown for seed or ornamentals planted on payment acres enrolled in the ARC and PLC Program, will be considered when determining payment reductions, with the following **exemptions**:

- FAV's that are designated as and meet the definition of a home garden

- FAV's **planted and reported** with an intended use listed, as follows, **and** the producer pays a fee to cover the cost of a farm visit to verify that the crop has **not** been harvested as FAV:

  - cover **only**
  - foraging
  - green manure
  - grazing
  - left standing
  - silage

- mung beans and pulse crops.

  Notes: Pulse crops include:

    - dry peas, including:

      - Austrian
      - green
      - Umatilla
      - wrinkled seed
      - yellow

    - lentils

    - small chickpeas (desi garbanzo beans)

    - large chickpeas (kabuli garbanzo beans).

288 Compliance Determinations (Continued)

A Exemptions (Continued)

Important: Not all peas are dry peas and; therefore, **not** included in the FAV exemption. Peas grown for the following markets are **not** dry peas, and are **not** eligible for the FAV dry pea exemption:

- canning
- fresh
- frozen.

Example: Green snap peas intended for the fresh market are **not** dry peas. Planting green snap peas intended for the fresh market on payment acres enrolled in ARC or PLC will result in a payment reduction **unless** they are planted in an approved double-cropping practice.

Intentions **must** be declared when the acreage report is filed. Producers **cannot** subsequently change the intended use of reported FAV acreage to home garden, green manure, or forage to negate a payment reduction.

See 2-CP for instructions on how to report the acres of:

- peas grown for the canning, fresh, or frozen market
- FAV's with an intended use of forage, green manure, or home garden.

288 Compliance Determinations (Continued)

B FAV and/or Wild Rice Determination Timing

FAV's and wild rice are considered planted for harvest at the time of planting. Producers **cannot** negate the payment reduction by:

- subsequently filing CCC-505 to reduce base acreage after June 1 of the applicable year
- withdrawing from ARC-CO and PLC contract or ARC-IC contract after June 1 of the applicable year
- changing the intended use of the crop.

Payment reductions are based on when the fruit, vegetable, or wild rice is or would be harvested.

Example: FAV's planted on payment acres in either September or October 2015, for harvest in the 2016 contract year, will result in a 2016 contract year acre-for-acre payment reduction.

C Multiple FAV's on Same Acreage in Same FY

Multiple plantings of any FAV on the same acreage in a FY will be considered only once for compliance purposes. However, FAV's **must** be planted on the same acreage.

Example: Producer A plants and harvests 20 acres of tomatoes. After the tomatoes are harvested, Producer A plants and harvests carrots on the same 20 acres. For payment reduction purposes, only 20 acres of FAV's are considered.

If the carrots and tomatoes were planted on different acreage, there would have been 40 acres of FAV's when determining acreage for the payment reductions.

288 Compliance Determinations (Continued)

D Perennial FAV's

Perennial FAV's, such as apples, oranges, strawberries, and nut crops, will be considered FAV's beginning FY in which they are planted and each succeeding year they are on payment acres enrolled in the ARC and PLC Program. Nut crops are considered FAV's.

Note: See Exhibit 24 for a list of FAV's.

E Destruction of Nonperennial FAV's and Wild Rice Before Harvest

Nonperennial FAV's and wild rice planted on payment acres enrolled in the ARC and PLC Program that are destroyed without benefit **before** harvest will **not** result in an acre-for-acre payment reduction, if **all** of the following are met:

- producer notifies COC that the commodity has been or will be destroyed without benefit **before** harvest
- COC conducts a producer-paid-for farm visit and verifies that the commodity was destroyed without benefit **before** harvest
- producer revises FSA-578 to record the acres remaining for harvest according to 2-CP.

Unless the destruction of the commodity is verified with a producer-paid-for farm visit, COC will consider FAV and wild rice harvested for compliance and payment reduction purposes.

Important: Cover only foraging, green manure, grazing, left standing, and silage may be considered destroyed.

288 Compliance Determinations (Continued)

E Destruction of Nonperennial FAV's and Wild Rice Before Harvest (Continued)

Example 1: FSN 25 has 225 acres of cropland with the following:

- 80 acres of wheat base acres
- 80 acres of corn base acres
- 40 acres of soybean base acres.

Joe Brown enrolls all 200 base acres in FY 2015 PLC. Mr. Brown plants 165 acres of soybeans and 60 acres of potatoes.

Of the 60 acres planted to potatoes, 25 acres are planted on nonbase acres and 35 acres are planted on the farm's base acres. Because this farm is enrolled in PLC, the producer can plant up to 15 percent of the farm's base acres to FAV and/or wild rice (200 base acres x 15 percent = 30 acres).

Mr. Brown notifies COC that 5 acres of potatoes have been destroyed without benefit **before** harvest and pays for a COC farm visit to verify the destruction. COC conducts a producer-paid-for farm visit and verifies that 5 acres of potatoes were destroyed without benefit **before** harvest. Mr. Brown revises FSA-578 to indicate that 55 acres of potatoes planted.

In this example, there will be no payment reduction. The FY 2015 payments for the farm are **not** affected by the 5 acres of destroyed potatoes on base acres.

288 Compliance Determinations (Continued)

E Destruction of Nonperennial FAV's and Wild Rice Before Harvest (Continued)

Example 2: FSN 365 has 225 acres of cropland with the following:

- 80 acres of wheat base acres
- 80 acres of corn base acres
- 40 acres of soybean base acres.

Mary White enrolls all 200 acres of base acres in ARC-IC for FY 2015. Mrs. White plants 110 acres of corn and 115 acres of wild rice.

Of the 115 acres planted to wild rice, 25 acres are planted on nonbase acres and 90 acres are planted on the farm's base acres. Because this farm is enrolled in ARC-IC, the producer can plant up to 35 percent of the farm's base acres to FAV and/or wild rice (200 base acres x 35 percent = 70 acres).

Mrs. White notifies COC that 20 acres of wild rice have been destroyed **before** harvest and pays for a COC farm visit to verify destruction.

COC conducts a producer-paid-for farm visit; however, it **cannot** verify that 20 acres of wild rice were destroyed **before** harvest. COC will **not** modify FSA-578 for FSN 365. COC will apply an acre-for-acre payment reduction according to 4-CP.

288 Compliance Determinations (Continued)

F Destruction of Perennial FAV's and Wild Rice Before Harvest

For compliance determinations, FAV's and wild rice are considered planted for harvest at the time of planting.

The destruction of perennial FAV's or wild rice before harvest does **not** negate the planting violation.

Example: FSN 1101 has 225 acres of cropland with the following:

- 80 acres of wheat base acres
- 80 acres of corn base acres
- 40 acres of soybean base acres.

Jack Green enrolls all 200 base acres in ARC-CO for FY 2015. Mr. Green plants 165 acres of corn and 60 acres of apple trees.

Of the 60 acres planted to apple trees, 25 acres are planted on nonbase acres and 35 acres are planted on the farm's base acres. Because this farm is enrolled in ARC-CO, the producer can plant up to 15 percent of the farm's base acres to FAV and/or wild rice (200 base acres x 15 percent = 30 acres).

Mr. Green notifies COC that 5 acres of apple trees have been destroyed.

There is no provision to allow the destruction of perennial FAV's or wild rice planted on base acres to negate a payment reduction in this situation. COC will **not** modify FY 2015 FSA-578 for FSN 1101. COC will handle the 5-acre payment reduction according to 4-CP.

289 Examples of Basic Rule

A Basic Farm Data

The following farm data applies to examples 1 through 6 of the basic rule:

- 300 acres of cropland
- 100 base acres for corn
- 100 base acres for wheat
- base acres are enrolled in PLC
- there is only 1 producer on the farm
- farm is **not** administratively located in FAV and wild rice double-cropping region.

B Example 1

Corn Base Acre	Wheat Base Acre	Other Cropland
100 acres corn	100 acres wheat	100 acres carrots harvested

There is no payment reduction applied in this example. Any FAV or wild rice may be planted on nonbase acres.

289 Examples of Basic Rule (Continued)

C Example 2

Corn Base Acre	Wheat Base Acre	Other Cropland
50 acres lentils 50 acres mung beans	50 acres oats 50 acres dry peas	100 acres carrots harvested

Producers may plant mung beans and pulse crops on base acres. Nonbase acres may be planted to carrots (or any fruit, vegetable, or wild rice). There is no payment reduction in this example.

Note: Lentils and dry peas are pulse crops.

D Example 3

Corn Base Acre	Wheat Base Acre	Other Cropland
100 acres corn	100 acres wheat	50 acres carrots harvested followed by 50 acres lettuce harvested followed by 50 acres watermelons harvested 50 acres wild rice harvested

There is no payment reduction in this example. FAV's and wild rice are permitted on nonbase acres.

In this example, the same 50 acres were planted and harvested 3 times to a fruit or vegetable (carrots, lettuce, and watermelons). For compliance purposes, there are only 100 acres of FAV's and wild rice on the farm in this example.

289 Examples of Basic Rule (Continued)

E Example 4

Corn Base Acre	Wheat Base Acre	Other Cropland
100 acres corn	100 acres wheat	50 acres carrots planted June 15 and harvested July 30
		50 acres watermelon planted August 15 and harvested September 30

There is no payment reduction in this example. FAV's and wild rice are permitted on nonbase acres.

In this example, there were never more than 50 acres of fruits or vegetables (carrots and watermelons) on the farm at any given time. However, for compliance purposes, there are 100 acres of FAV's on the farm in this example.

289 Examples of Basic Rule (Continued)

F Example 5

Corn Base Acre	Wheat Base Acre	Other Cropland
100 acres wheat	50 acres mung beans --- 50 acres wild rice harvested	100 acres carrots harvested

An acre-for-acre payment reduction WILL apply in this example. Planting mung beans on base acres is permitted. Planting carrots (or any fruit, vegetable, or wild rice) is permitted on nonbase acres. However, the planting of wild rice (or any fruit, vegetable, or wild rice) on PLC payment acres is prohibited.

PLC payment acres in this example equal 170 acres, which leaves 30 base acres that could be planted to FAV and/or wild rice without a payment reduction
(200 base acres x 15 percent = 30). Because this producer planted 50 acres of wild rice on base acres, an acre-for-acre payment reduction will be applied for the 20 payment acres that were planted to wild rice.

See 4-CP for payment reductions because of FAV's or wild rice were planted on ARC and PLC Program payment acres.

289 Examples of Basic Rule (Continued)

G Example 6

Corn Base Acre	Wheat Base Acre	Other Cropland
100 acres wheat	65 acres mung beans ---------------- 35 acres carrots planted, but 5 acres destroyed before harvest	100 acres carrots harvested

There is no payment reduction in this example. Planting mung beans on base acres is permitted. Planting carrots (or any fruit, vegetable, or wild rice) is permitted on nonbase acres. Because this farm is enrolled in PLC, 30 base acres can be planted to FAV and/or wild rice (200 base acres x 15 percent = 30 acres). This producer planted 35 acres of carrots on base acres and 5 acres on payment acres.

However, in this example:

- the producer destroyed the 5 acres of carrots planted on payment acres before harvest
- COC conducted a producer-paid-for farm visit and verified the 5 acres of carrots were destroyed before harvest
- FSA-578 was modified to record the 5 acres of carrots destroyed without benefit.

The PLC payment is unaffected because the FAV planted on PLC payment acres was destroyed before harvest and verified by a producer-paid-for farm visit.

289 Examples of Basic Rule (Continued)

H Example 7

The following farm data applies to example 7 of the basic rule:

- 300 acres of DCP cropland
- 100 base acres for corn
- 100 base acres for wheat
- base acres are enrolled in PLC
- John Smith is the farm owner and is also the farm operator
- Mr. Smith cash rents 60 acres to Tim Jones (Mr. Jones is listed as another tenant)
- Mr. Smith signs ARC-CO and PLC contract or ARC-IC contract for 100 percent of the payments
- farm is **not** administratively located in FAV and wild rice double-cropping region.

Corn Base Acre	Wheat Base Acre	Other DCP Cropland
100 acres corn (Mr. Smith)	65 acres wheat (Mr. Smith)	60 acres soybeans (Mr. Jones)
	35 acres sweet corn (Mr. Smith)	40 acres sweet corn (Mr. Smith)

Mr. Smith has 100 percent share of PLC payments; therefore, although there is another producer on the farm, Mr. Smith has 100 percent of the base acres on the farm. Because Mr. Smith has all the base acres on the farm, the 60 acres he cash rented to Mr. Jones **must** be nonbase acres. Mr. Jones has no interest in, or control of, any base acres on the farm, is **not** a signatory to ARC-CO and PLC contract or ARC-IC contract, and does **not** receive any share of PLC payments for the farm.

Important: If the 60 acres rented to Mr. Jones were base acres, Mr. Jones would have been required to sign ARC-CO and PLC contract or ARC-IC contract and receive a share of the payments for the farm. See Part 1 for general information regarding signature and program payment eligibility requirements.

289 Examples of Basic Rule (Continued)

H Example 7 (Continued)

Because Mr. Jones planted a commodity other than FAV’s or wild rice on the nonpayment acres he cash rents, the amount of nonbase acres available to be planted to FAV’s or wild rice without resulting in a payment reduction for the farm is reduced by 60 acres. Accordingly, there are only 40 acres (300 – 200 – 60 = 40) of nonbase acres available to be planted to FAV’s or wild rice in this example.

Planting sweet corn (or any fruit, vegetable, or wild rice) is permitted on nonbase acres.

Mr. Smith can plant up to 15 percent of the base acres on this farm to FAV and/or wild rice without a payment reduction being applied (200 base acres x 15 percent= 30). Because he planted 35 acres of sweet corn on base acres, an acre-for-acre payment reduction will be applied for the 5 acres of sweet corn that were planted on the farm’s payment acres.

See 4-CP for payment reductions because of FAV’s or wild rice planting on payment acres.

J Example 8

FSN 400 is enrolled in ARC-IC and has:

- 100 acres of effective DCP cropland
- 20 acres of double-cropped acres
- 120 acres of base acres, including 10 for wheat, 80 for corn, and 30 for soybeans.

Producer A informs the County Office of the intent to plant 50 acres of FAV.

Because the farm is enrolled in ARC-IC, the producer is permitted to plant up to 35 percent of his base acres to FAV and/or wild rice without penalty (120 base acres x 35 percent = 42). Therefore, the producer is **required** to reduce base acreage **before** FAV are planted to avoid a payment reduction.

In cases where the base acres exceed the effective DCP cropland on the farm, the base acre reduction **must** include the double-crop acreage and **not** just the acres being planted to FAV.

In this example, the producer **must** reduce the base acres by 28 acres.

290 FAV and Wild Rice Double-Cropping Region Exception

A Double-Cropping Exception

The double-cropping exception provides that FAV's and wild rice may be planted on payment acres enrolled in the ARC and PLC Program without payment reduction, if FAV or wild rice, as applicable, is planted in a double-cropping cycle with a covered commodity planted in a designated double-cropping region established by STC.

Note: See subparagraph C for double-cropping regions.

B Determining Double-Cropping FAV's and/or Wild Rice With Covered Commodity

For the purpose of determining FAV and wild rice double-cropping regions, double-cropping FAV's or wild rice with covered commodities means planting and harvesting a covered commodity **for grain** in cycle with planting and harvesting FAV or wild rice on the same acreage, in a 12-month period, with the ability to plant and harvest the same 2 crops in the immediately succeeding 12-month period, under normal growing conditions.

FAV or wild rice may be planted before or after the covered commodity to be considered double-cropped.

C Double-Cropping Regions

FAV and wild rice double-cropping regions were established by STC, in consultation with NIFA, Land Grant Universities, and other agencies, based on the planting history for the region.

Note: Double-cropping of FAV's or wild rice in cycle with covered commodities or **must** be customary for the region.

290 FAV and Wild Rice Double-Cropping Region Exception (Continued)

C Double-Cropping Regions (Continued)

Established FAV and wild rice double-cropping regions:

- **must** be, at a minimum, an entire county
- borders **must** follow county lines
- were determined on a county-by-county basis
- will **not** be an area greater than the entire county.

To be eligible for this exception, the farm **must** be administratively located in a county established as FAV and wild rice double-cropping region. Do **not** consider the physical location of the farm in this determination.

D COC Determining FAV and Wild Rice Double-Cropping

COC, in designated FAV and wild rice double-cropping regions, will, each FY, consider acreage double-cropped for determining FAV and/or wild rice double-cropped exception if **all** of the following are met:

- a fruit, vegetable, or wild rice is planted in cycle with a covered commodity or peanuts on the same acreage

- both crops were planted with reasonable expectations and realistic possibilities of harvesting each crop in a 12-month period

- both crops meet the definition of double-cropping in 2-CP.

Important: For covered commodities, harvesting means **harvested as grain**.

Example 1: Wheat is planted, but because of adverse weather, the wheat is abandoned and the acreage is planted to green beans. If this occurs in a designated FAV and wild rice double-cropping region where wheat can be planted, harvested for grain, and followed by the planting and harvesting of green beans in a double-cropping situation within a 12-month period, this may be considered double-cropped, even though the green beans were planted early.

If the same situation occurs in a designated double-cropping region where wheat **cannot** be planted, harvested, and followed by the planting and harvesting of green beans in a double-cropping situation within a 12-month period, it is **not** double-cropping.

290 FAV and Wild Rice Double-Cropping Region Exception (Continued)

D COC Determining FAV and Wild Rice Double-Cropping (Continued)

Example 2: Wheat is planted and taken for hay **before** disposition. Carrots are then planted on the same base acres. If this occurs in a designated double-cropping region where carrots could have been planted and harvested following the harvest of the wheat for grain, this may be considered double-cropping.

If wheat **cannot** be carried to harvest as grain followed by the planting and harvesting of carrots on the same acreage in the same 12-month period, it is **not** double-cropping.

Any fruit, vegetable, or wild rice may be double-cropped with any covered commodity or peanuts; however, COC **must** be satisfied that both crops could be harvested within a 12-month period, and again during the immediately succeeding 12-month period, under normal growing conditions for the county. If COC determines both crops could **not** be harvested in a 12-month period double-cropping cycle under normal growing conditions, the crops will **not** be considered double-cropped and this exception will **not** apply.

E FAV and Wild Rice Double-Cropping Flexibility

FAV's or wild rice planted in a double-cropping situation with a covered commodity or peanuts on a farm administratively located in an established FAV and wild rice double-cropping region will **not** result in ARC or PLC payment reduction.

Any farm administratively located in an established FAV and wild rice double-cropping region may double-crop FAV's or wild rice in cycle with a covered commodity.

Provisions of this exception are **not** crop specific. Any fruit, vegetable, or wild rice may be double-cropped with any covered commodity.

291 Prevented Planting Provisions for FAV and Wild Rice Double-Cropping Exception

A Purpose of Prevented Planted Credit

The purpose of prevented planted credit is to allow a farm to remain eligible for the FAV and wild rice double-cropping exception when a natural disaster or a quarantine imposed by a State or local agency prevents the covered commodity from being planted.

Prevented planting provisions only apply to the covered commodity in a double-cropping practice with FAV or wild rice in an established double-cropping region.

B Definition of Prevented Planting

Prevented planting means the inability to plant crop acreage with proper equipment during the established planting period for the crop. A producer **must** be able to prove, to COC's satisfaction, that the:

- producer intended to plant the eligible crop acreage
- eligible crop acreage could **not** be planted because of a natural disaster or a quarantine imposed by a State or local agency.

C Final Planting Dates

The FCIC-established final planting dates will be used for prevented planting determinations.

Note: Spring wheat does **not** need to be planted as a replacement for winter wheat when the winter wheat is prevented from planting.

If FCIC-established final planting dates are **not** available, STC will establish the final planting date consistent with 1-NAP.

D Applying for Prevented Planting Credit

The producer **must** apply for prevented planted credit according to 2-CP.

292 (Reserved)

293 Examples of Double-Cropping Region Exception

A Basic Farm Data

The following farm data applies to the double-cropping examples:

- 100 acres of cropland
- 100 base acres for wheat
- base acres are enrolled in ARC-CO.

B Example 1

The farm in this example is administratively located in an established FAV and wild rice double-cropping region. COC determined that both commodities (wheat followed by carrots) can be harvested in a double-cropping situation within a 12-month period, and again in the immediately succeeding 12-month period, under normal growing conditions.

Wheat Base Acres
100 acres wheat harvested for grain followed by 100 acres carrots harvested

No payment reduction is applied in this example because of the following:

- the farm is administratively located in an established FAV and wild rice double-cropping region

- the carrots were double-cropped with a covered commodity (wheat)

- COC determined both commodities can be harvested in a double-cropping situation within a 12-month period, and again in the immediately succeeding 12-month period, under normal growing conditions.

ARC-CO payments are unaffected.

293 Examples of Double-Cropping Region Exception (Continued)

C Example 2

The farm in this example is administratively located in an established FAV and wild rice double-cropping region. COC determined that all commodities (lettuce and carrots followed by soybeans and grain sorghum) can be harvested in a double-cropping situation within a 12-month period, and again in the immediately succeeding 12-month period, under normal growing conditions.

Wheat Base Acres
50 acres lettuce harvested and 50 acres carrots harvested followed by 75 acres soybeans harvested for grain and 25 acres grain sorghum harvested for grain

No payment reduction is applied in this example because all the following are met:

- the farm is administratively located in an established FAV and wild rice double-cropping region
- both the lettuce and carrots were double-cropped with a covered commodity (soybeans or grain sorghum)
- COC determined all commodities can be harvested in a double-cropping situation within a 12-month period, and again in the immediately succeeding 12-month period, under normal growing conditions.

PLC payments are unaffected.

293 Examples of Double-Cropping Region Exception (Continued)

D Example 3

The farm in this example is **not** administratively located in an established FAV and wild rice double-cropping region.

Wheat Base Acres
100 acres carrots harvested followed by 100 acres corn harvested for grain

This farm does **not** meet the double-cropping exception. The carrots were harvested in a double-cropping situation with a covered commodity; however, the farm is **not** administratively located in an established FAV and wild rice double-cropping region.

Because this farm is enrolled in ARC-CO, the producer can plant up to 15 percent of the farm's base acres to FAV and/or wild rice (100 base acres x 15 percent = 15 acres). Because the entire 100 base acres were planted to carrots, there will be an acre-for-acre payment reduction applied for the 85 payment acres that were planted to carrots.

See 4-CP for payment reductions.

293 Examples of Double-Cropping Region Exception (Continued)

E Example 4

The farm in this example is administratively located in an established FAV and wild rice double-cropping region and has enrolled in PLC. COC determined that both commodities (carrots followed by corn) can be harvested in a double-cropping situation within a 12-month period, and again in the immediately succeeding 12-month period, under normal growing conditions.

Wheat Base Acres
100 acres carrots harvested followed by 70 acres corn harvested for grain

The farm in this example is located in an established FAV double-cropping region; however, only 70 of the 100 acres of carrots were planted in a double-cropping situation with a covered commodity (corn).

In this example, 30 acres of carrots were planted on base acres that are **not** in a double-cropping situation with a covered commodity. Because this farm is enrolled in PLC, FAV and/or wild rice can be planted on up to 15 percent of the farm's base acres (15 acres in this example). Accordingly, there will be an acre-for-acre payment reduction for the 15 acres of carrots planted on the farm's payment acres in this example.

See 4-CP for payment reductions.

293 Examples of Double-Cropping Region Exception (Continued)

F Example 5

The farm in this example is administratively located in an established FAV and wild rice double-cropping region and is enrolled in ARC-IC. COC determined that the 2 commodities (spring wheat followed by tomatoes) **cannot** be harvested in a double-cropping situation within a 12-month period, and again in the immediately succeeding 12-month period, under normal growing conditions.

Wheat Base Acres
100 acres spring wheat failed followed by 100 acres tomatoes harvested

The farm in this example is located in an established FAV and wild rice double-cropping region. The producer planted 100 acres of spring wheat that failed. After the spring wheat failed, the producer planted and harvested 100 acres of tomatoes on the failed spring wheat acreage.

In this example, the producer is allowed to plant FAV and/or wild rice on up to 35 percent of the farm's base acres (35 acres in this example). Therefore, the producer has planted 65 acres of tomatoes on the farm's payment acres, so there will be an acre-for-acre payment reduction applied, because COC determined that spring wheat could **not** be harvested for grain followed by tomatoes in a double-cropping situation within a 12-month period, and again during the immediately succeeding 12-month period, under normal growing conditions.

See 4-CP for FAV and/or wild rice payment reductions.

293 Examples of Double-Cropping Region Exception (Continued)

G Example 6

The farm in this example is administratively located in an established FAV and wild rice double-cropping region and is enrolled in ARC-CO. COC determined that both commodities (wheat followed by carrots) can be harvested in a double-cropping situation within a 12-month period, and again in the immediately succeeding 12-month period, under normal growing conditions.

Wheat Base Acres
100 acres prevented planted wheat followed by 100 acres carrots harvested

In this example, the producer submitted a request for prevented planted acreage credit for 100 acres of wheat according to this paragraph. COC approved the notice of loss for 100 acres of prevented planted wheat, and the farm maintained eligibility for the FAV and wild rice double-cropping exception.

The harvesting of 100 acres of carrots on base acres enrolled in ARC-CO in this example will **not** result in a payment reduction because all of the following are met:

- the farm is administratively located in an established FAV and wild rice double-cropping region
- COC approved the notice of loss for prevented planted acreage credit for the farm to maintain eligibility for the FAV and wild rice double-cropping exception
- COC determined that both commodities can be harvested in a double-cropping situation within a 12-month period, and again in the immediately succeeding 12-month period, under normal growing conditions.

ARC-CO payments are unaffected.

294-304 (Reserved)

Section 2 Producer Eligibility

305 General Information

A Eligible Producer

Producers eligible to enter into ARC-CO and PLC contract or ARC-IC contract are:

- an owner of a farm who has a share of contract acreage and assumes all or part of the risk of producing a crop on base acres
- a producer, other than an owner, on base acres with a share- or cash-rent lease for the crop year covered by the FY contract.

Important: A producer on a farm with an interest in only nonbase acres is **not** eligible to enter into ARC-CO and PLC contract or ARC-IC contract on that farm.

The amount of nonbase acres available to be planted to FAV and wild rice without resulting in a payment reduction may be reduced when there is a producer on a farm with interest in only nonbase acres. See:

- paragraph 296 for examples
- 4-CP to calculate nonbase acres on a farm available to be planted to FAV or wild rice without resulting in a payment reduction.

Only producers who sign ARC-CO and PLC contract or ARC-IC contract can be considered to have applied for an ARC and PLC Program payment. Producers who have a reported share of a covered commodity reported on FSA-578, but who may **not** have signed ARC-CO and PLC contract or ARC-IC contract, are **not** eligible for any ARC and PLC Program payments **unless** they sign ARC-CO and PLC contract or ARC-IC contract.

305 General Information (Continued)

B Terms of Enrollment

Producers who participate in the ARC and PLC Program **must** fully comply with the terms and conditions of ARC-CO and PLC contract or ARC-IC contract, and in return will be eligible to receive ARC or PLC payments, if applicable.

C Producer Agreement to Program Requirements

Before producers on a farm may receive ARC and PLC Program payments, with respect to the farm, the producers will agree, during the crop year for which payments are made and in exchange for the payments, to:

- maintain compliance with HELC and/ or WC provisions on all their land
- use acreage equal to the base acres for an agricultural or conserving use
- **not** plant perennial FAV's or harvest annual FAV's (other than lentils, mung beans, and dry peas) or harvest wild rice on base acres

  Note: See paragraph 290 for exceptions to FAV and wild rice planting limitations.

- timely submit a report of all cropland acreage on the farm on an annual basis
- if participating in ARC-IC, satisfy production and reporting requirements according to Parts 2 and 4, as applicable.

306 Payment Limitation and AGI

A Payment Limitations

The ARC and PLC Program is subject to a $125,000 payment limitation. This limitation will include all payments received **directly** or **indirectly** per person or legal entity for all covered commodities **except** peanuts.

A separate payment limitation of $125,000 is provided for payments received **directly** or **indirectly** for peanuts **only**.

Note: The $125,000 payment limitation provided for the ARC and PLC Program includes any payments received through MAL gains and LDP's for any and all commodities, **not** just covered commodities, **except** peanuts. The peanut only limitation includes peanut ARC, PLC, MAL gains and LDP's.

B AGI

See 5-PL for AGI provisions.

307 Commodities Grown Under Contract on Base Acres

A Background

In recent years, the number and kinds of commercial grower contracts have increased. These contracts differ greatly in the amount of risk borne by the company and the grower.

Under commercial grower contracts, any of the following may occur:

- the grower has no share of the crop, but may have risk

  Note: The grower in this instance is actually an independent contractor or custom farmer for the company.

- both the company and grower share in the crop and in the risk of producing the crops

- only the grower shares in the crop and in the risk of producing the crops.

Note: This paragraph does **not** apply to hybrid seed contracts.

307 Commodities Grown Under Contract on Base Acres (Continued)

B Eligibility for Payments

The following provides guidance for determining eligibility for payments when crops under a commercial grower contract are produced on base acres.

IF the grower has...	THEN, if otherwise eligible, the grower is...
a share of the crop and has all or some of the risk in producing the crop or crops grown on base acres	eligible to receive all of an ARC or PLC payment on base acres.
no share of the crop under the grower contract but may have some or none of the risk in producing a crop that is grown on base acres	**not** eligible to receive an ARC or PLC payment for base acres, because the grower does **not** meet the definition of a producer on base acres.
a share of the crop under the grower contract and also some, but **not** all of the risk in producing a crop that is grown on base acres	• eligible to receive a portion of an ARC or PLC payment • **not** eligible to receive the entire ARC or PLC payment for base acres.

Note: Growers who have no share of a crop grown on base acres are always ineligible for payments on those acres, regardless of risk.

C COC Review of Commercial Grower Contracts

COC will:

- determine:
  - whether the signatories to a commercial grower contract meet the definition of producer provided in Exhibit 2 and 7 CFR Part 1412
  - whether a crop that is subject to a commercial grower contract is grown on base acres
  - who shares in the crop and in the risk of producing a crop that is subject to a commercial grower contract and grown on base acres
- ensure that the payment shares on ARC-CO and PLC contract or ARC-IC contract are fair and equitable considering the grower’s actual crop share and risk in producing the crop.

Note: In determining whether a grower of hybrid seed is a producer, COC will **not** take into consideration the existence of a hybrid seed contract.

307 Commodities Grown Under Contract on Base Acres (Continued)

D COC Approval of Payment Shares

COC will approve the ARC and PLC Program payment shares if all other eligibility requirements are met and both of the following apply:

- producers with a designated payment share meet the definition of producer on all of base acres on the farm that payment is being requested
- payment shares are established according to this paragraph and criteria in Part 6.

Notes: All producers on the farm **must** sign ARC-CO and PLC contract or ARC-IC contract designating payment shares to be eligible for payment. Producers who do **not** sign ARC-CO and PLC contract or ARC-IC contract will be ineligible for payment for their share of ARC-CO and PLC contract or ARC-IC contract.

If after filing FSA-578 it is determined that producers who do **not** appear on ARC-CO and PLC contract or ARC-IC contract have certified to having a share interest in a covered commodity, those producers **must** sign ARC-CO and PLC contract or ARC-IC contract for their share of that covered commodity to be eligible for payment consideration. If the producer does **not** sign ARC-CO and PLC contract or ARC-IC contract, then that share interest will **not** be paid to anyone.

Farm enrolled in ARC-IC and any enrolled ARC-CO and PLC farms with generic base acres will have payment shares determined based on FSA-578; therefore, it is important that producers understand the importance of enrolling their interest in covered commodities planted on farms.

308 Handling Minor Children and Bankruptcies

A Eligibility of Minor Child

A minor is eligible to participate in the ARC and PLC Programs if any of the following conditions exist:

- the right of majority has been conferred on the minor by court proceedings or law
- a guardian has been appointed to manage the minor's property and the applicable ARC and PLC Program documents are executed by the guardian
- a bond is furnished under which a surety guarantees any loss incurred for which the minor would be liable had the minor been an adult.

B If Bankruptcy Occurs Before ARC-CO and PLC Contract or ARC-IC Contract Approval

COC will follow this table when a producer files for bankruptcy **before** ARC-CO and PLC contract or ARC-IC contract approval.

Step	Action
1	Contact the OGC regional attorney through the State Office for guidance.
2	Approve ARC-CO and PLC contract or ARC-IC contract if **both** of the following apply: • OGC regional attorney authorizes ARC-CO and PLC contract or ARC-IC contract approval • producer submitted ARC-CO and PLC contract or ARC-IC contract by enrollment deadline.
3	See 1-CM for producer signature requirements.

C If Bankruptcy Occurs After ARC-CO and PLC Contract and ARC-IC Contract Approval

When bankruptcy occurs after ARC-CO and PLC contract and ARC-IC contract approval, contact the OGC regional attorney through the State Office for instructions and guidance.

309 Federal and State Agencies

A Eligibility of Federal Agencies

With the exception of BIA, Federal Agencies are **ineligible** for payments. Other eligible producers on the farm may receive payments.

BIA may accept ARC and PLC Program payments for eligible producers on tribal and allotted land.

B Eligibility of State Agencies

See 5-PL for the eligibility of State agencies.

Reports, Forms, Abbreviations, and Redelegations of Authority

Reports

None

Forms

This table lists all forms referenced in this handbook.

Number	Title	Display Reference	Reference
AD-1026	Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) Certification (Includes Form AD-1026 Appendix)		4, 285
AD-1153	Application for Long-Term Contracted Assistance Through the _________ Program		283
CCC-505	Voluntary Permanent Base Acre Reduction	23	Text, Ex. 2
CCC-517	Tract Redistribution Form		21, 22, 41
CCC-857	Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) Program Election	189	Text
CCC-858	Base Reallocation and Yield Update Decision for Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) Program	Ex. 7	41, 65
CCC-859	Price Loss Coverage (PLC) Yield Worksheet	91	66, 83, 87
CCC-902	Farm Operating Plan for Payment Eligibility 2009 and Subsequent Program Years		4
CCC-920	Grassland Reserve Program Contract		23, 283
CCC-941	Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information - Agricultural Act of 2014		4
CRP-1	Conservation Reserve Program Contract		5, 21-23, 42, 187, 281-283
CRP-2	Conservation Reserve Program Worksheet		283
CRP-2C	Conservation Reserve Program Worksheet (For Continuous Signup)		283
CRP-15 1/	Agreement for Reduction of Bases, Allotments, and Quotas		42, 281
FSA-156EZ	Abbreviated 156 Farm Record		282, 283
FSA-578	Report of Acreage		Text, Ex. 2
FSA-658	Record of Production and Yield		65, 81
FSA-910	Wetland Reserve Program Projected DCP Base Reduction Worksheet	Ex. 21	282

1/ CRP-15 is obsolete.

Reports, Forms, Abbreviations, and Redelegations of Authority

Abbreviations Not Listed in 1-CM

Approved Abbreviations	Term	Reference
2002 Farm Bill	Farm Security and Rural Investment Act of 2002	64, 65
2008 Farm Bill	Food, Conservation, and Energy Act of 2008 (Pub. L. 110 246)	1, 64, 136
2014 Farm Bill	Agricultural Act of 2014, Title 1 (Pub. L. 113-79)	Text, Ex. 2
ARC	agriculture risk coverage	Text, Ex. 2
ARC-CO	agriculture risk coverage – county	Text, Ex. 2
ARC-IC	agriculture risk coverage – individual	Text, Ex. 2
CC	counter-cyclical	1, 5, 23, 61-64, 67, 68, 138, Ex. 7
CTAP	Cotton Transition Assistance Program	1, 21-23, 42, 284
FRMS	Farm Records Management System	42, 64, 141, 282, 283
MYA	marketing year average	Text, Ex. 2
P&CP	planted and considered planted	24, 26, 102, 111, 116, 131, Ex. 2
PFC	production flexibility contract	42, 64, 281
PLC	price loss coverage	Text, Ex. 2
T-yield	transitional yield	117, 132, Ex. 2

Redelegations of Authority

COC may redelegate authority to approve CCC-505's, ARC-CO and PLC contracts, and ARC-IC contracts to CED, in routine cases. Redelegation shall be documented in COC minutes.

Definitions of Terms Used in This Handbook

2014 Farm Structure

2014 farm structure means the farm as it was last constituted as of September 30, 2014.

Actual Average County Yield

Actual average county yield means the yield calculated as the crop year production of a covered commodity in the county, divided by the commodity's total planted acres for a crop year in the county, as determined by FSA.

Separate irrigated and non-irrigated yields will be established in a county having a sufficient number of farms with P&CP acreage history of a covered commodity in 2009 through 2012, as determined by FSA. These separate yields will only be established where at least an average of 25 percent of a covered commodity's P&CP acreage was irrigated in 2009 through 2012, and at least an average of 25 percent of the same covered commodity's P&CP acreage in that county was non-irrigated in 2009 through 2012.

Actual Crop Revenue

Actual crop revenue means revenue calculated as follows for:

- ARC-CO, for a crop year of a covered commodity, the actual average county yield per planted acre of the covered commodity, times the higher of either MYA price of the covered commodity or the national average loan rate for the covered commodity

- ARC-IC, for a producer on a farm for a crop year that is based on the producer's enrolled share of planted acres of all covered commodities on all farms for which ARC-IC has been elected, and in which the producer has an interest for which the producer enrolled, the sum of the results of the following calculation for each covered commodity on the farm:

  - total production of the covered commodity for all farms in the State in which the producer has an interest, times

  - higher of either the MYA price or national loan rate for the covered commodity, divided by

  - producer's share of the planted acres of the covered commodity in a State.

Definitions of Terms Used in This Handbook (Continued)

Actual Yield

Actual yield means, for ARC-IC, the yield calculated by dividing the farm's total production of the covered commodity by the total planted acres on the ARC-IC farm.

ARC Guarantee

ARC guarantee means, for a crop year for a covered commodity, 86 percent of the benchmark revenue for ARC-CO or ARC-IC.

ARC Substitute Yield

ARC substitute yield means 70 percent of the county T-yield.

Note: To establish the ARC benchmark yield for a covered commodity, a yield is required to be obtained for each of the previous 5 years to calculate the Olympic average. The statute provides for a substitute yield to be used in a year or years where the county yield is lower than 70 percent of the county T-yield. The substitute yield will automatically be used if there is a year or years where the county yield per planted acre is lower than 70 percent of the county T-yield.

ARC-IC Benchmark Farm Yield

ARC-IC Benchmark Farm Yield means the actual yield per **planted** acre or substitute yield for the farm for each of the five most recent crops years, not including the current year. The benchmark farm yield is calculated for the initially planted covered commodity or any approved covered commodity in an approved double-cropping rotation.

ARC-IC Payment Rate Cap

ARC-IC payment rate cap means the ARC-IC payment rate that is capped at 10 percent of the ARC-IC farm's weighted benchmark revenue.

ARC-IC Payment Shares

ARC-IC payment shares mean the payment shares for ARC-IC that are based on each producer's share interest in covered commodities planted on the enrolled ARC-IC farms, as reported on FSA-578. Producers, including owners that have no share interest in the covered commodity planted on enrolled ARC-IC farm, will **not** receive an ARC-IC payment for the ARC-IC farms.

Definitions of Terms Used in This Handbook (Continued)

ARC-IC Farm

ARC-IC farm means the producer's interests in all of the producer's farms having an ARC-IC election and enrollment in the State.

ARC-CO Benchmark Revenue

ARC-CO benchmark revenue means the calculation made by multiplying the 5-year Olympic average county yield for the specific covered commodity, times the 5 year Olympic average MYA price for the covered commodity. The ARC-CO benchmark revenue is recalculated each year, 2014 through 2018. The 5 Year Olympic average:

- yield uses the **higher of** the county yield or 70 percent of the substitute yield
- average price uses the **higher of** the MYA price or the national loan rate for the covered commodity.

Assigned Yield

Assigned yield means, for benchmark revenue, 100 percent of the county average yield.

Note: Yield is assigned when, to establish a benchmark revenue for a covered commodity, that covered commodity has zero planted acres in the 5 years of the benchmark period.

Average Historical County Yield

Average historical county yield means the 5-year Olympic average of actual average county yields for the most recent 5 years (substituting 70 percent of the county T-yield as defined in this part in each year where the actual average county yield is less than 70 percent of the county T-yield).

Note: Separate irrigated and non-irrigated yields will be established in a county having a sufficient number of farms with P&CP acreage history of a covered commodity in 2009 through 2012, as determined by FSA. These separate yields will only be established where at least an average of 25 percent of a covered commodity's P&CP acreage was irrigated in 2009 through 2012 and at least an average of 25 percent of the same covered commodity's P&CP acreage in that county was non-irrigated in 2009 through 2012.

Definitions of Terms Used in This Handbook (Continued)

Base Acres

[7 CFR 1412.3] Base acres mean, with respect to a covered commodity on a farm, the number of acres in effect under sections 1001 and 1301 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8702, 8751), as adjusted pursuant to sections 1101, 1108, and 1302 of such Act (7 U.S.C. 8711, 8718, 8752), as in effect on September 30, 2013, subject to any reallocation, adjustment, or reduction under Subpart B of this part. The term 'base acres' includes any generic base acres planted to a covered commodity or are eligible subsequently planted crop acreage.

Benchmark Revenue for ARC-CO

Benchmark revenue for ARC-CO means the product obtained by multiplying the average historical county yield excluding each of the crop years with the highest and lowest yields times the MYA price excluding each of the crop years with the highest and lowest prices for the most recent 5 crop years.

Benchmark Revenue for ARC-IC

Benchmark revenue for ARC-IC means a producer's share of all covered commodities planted on all farms in the State for which individual ARC has been elected and enrolled and in which the producer has an interest.

FSA will calculate the benchmark revenue for ARC-IC using the following 3 steps, based on the producer's planted commodities.

Step	Action
1	For each covered commodity for each of the most recent 5 crop years, the: • yield per planted acre (substituting 70 percent of the county T-yield in each year where the yield per planted acre is less than 70 percent of the county T-yield); times • MYA price for the most recent 5 crop years.
2	For each covered commodity, the average of the revenues determined under **step 1** for the most recent 5 crop years, **excluding** each of the crop years with the highest and lowest revenues.
3	For each of the 2014 through 2018 crop years, the benchmark revenue for the ARC-IC farm is the sum of the amounts determined under **step 2** for all covered commodities on such farms, adjusted to reflect the ratio between the total number of P&CP acres and eligible subsequently planted crop acreage on such farms to a covered commodity and the total P&CP acres and eligible subsequently planted crop acreage of all covered commodities planted on such farms. If a producer has an interest in multiple farms that have enrolled in ARC-IC, the ARC-IC benchmark revenue for that producer will be a weighted average of the benchmark revenue for those multiple farms.

Definitions of Terms Used in This Handbook (Continued)

Benchmark Farm Yield

Benchmark Farm Yield means, for years the covered commodity was planted, five years of actual average farm yields with a 70 percent of the county T-yield being substituted for in each year in the benchmark where the actual yield is less than 70 percent of the county T-yield. For years the covered commodity was not planted, the benchmark farm yield for the covered commodity will be assigned 100 percent of the county average yield.

Covered Commodity

[7 CFR 1412.3] Covered commodity means wheat, oats, and barley (including wheat, oats, and barley used for haying and grazing), corn, grain sorghum, long grain rice, medium grain rice, pulse crops, soybeans, other oilseeds, and peanuts.

Note: Cotton is **not** a covered commodity. What were cotton base acres on September 30, 2013, as adjusted, are generic base acres for ARC and PLC as of October 1, 2013.

Current Owner

Current owner means the person or legal entity meeting the definition of owner in 7 CFR Part 718 on the day that person or legal entity is signing any form or performing any action.

Example: A required signature of a "current owner" is the person or legal entity is the owner on the day the person or legal entity is signing the form or performing the action.

Current Producer

Current producer means the person or legal entity meeting the definition of producer in 7 CFR Part 718 on the day that person or legal entity is signing any form or performing any action.

Example: A required signature of a "current producer" is the person or legal entity is the producer on the day the person or legal entity is signing the form or performing the action.

Definitions of Terms Used in This Handbook (Continued)

Effective Price

Effective price means the higher of the national:

- average market price received by producers during the 12-month marketing year for the covered commodity (also known as the MYA price), as determined by FSA; or
- average loan rate as defined in this part for the covered commodity in effect for the crop year, which is the same as the loan rate for a marketing assistance loan for the commodity for that crop year.

Eligible Crops

Eligible crops mean, for:

- ARC-CO, each specific covered commodity with base acres on the farm

  Note: Producers are **not** required to plant the covered commodity on the farm to be eligible for an ARC-CO payment on the farm.

- ARC-IC enrolled farms, **only** covered commodity acreage planted.

  Note: Eligible crops are used in the ARC-IC farm calculation. Production and revenue from nonparticipating ARC-IC farms and from nonprogram crop production and revenue are **not** included in the ARC-IC benchmark, guarantee, or payment calculations.

Eligible Producers

Eligible producer means an owner of a farm with an ownership share of a crop, or a producer other than the owner on a farm with a share of a crop, who assumes all or part of the risk of producing a crop on the farm.

Note: Cash rent owners are **not** eligible producers for payments.

Farm Structure

Farm structure means the constitution of the farm. References to “farm structure” can be by date or crop year. When references to farm structure are by crop year, that means the farm as was last constituted as specified in 7 CFR Part 718 subpart C in that crop year.

Definitions of Terms Used in This Handbook (Continued)

Generic Base Acres

Generic base acres mean the number of base acres for upland cotton in effect as of September 30, 2013, subject to any adjustment or reduction under 7 CFR Part 1412. Generic base acres are always the same as upland cotton base acres. Generic base acres **cannot** be reallocated.

Home Garden

Home garden means an area of fruits and/or vegetables on a farm planted for the consumption and home usage of a producer. Home gardens are **excluded** from acreage considered as FAV. If the total garden acreage on a farm is not used for home usage of a producer, the entire garden acreage will be considered as FAV.

Limited Resource Farmer

Limited resource farmer means a farmer or rancher who is **both** of the following:

- a person whose direct or indirect gross farm sales do not exceed $176,800 (2014 program year) in each of the 2 calendar years that precede the most immediately preceding complete taxable year before the relevant program year that corresponds to the relevant program year (for example, for the 2014 program year, the 2 years would be 2011 and 2012), adjusted upwards in later years for any general inflation

- a person whose total household income was at or below the national poverty level for a family of 4 in each of the same 2 previous years referenced in bullet 1.

Note: Limited resource farmer or rancher status can be determined using a web site available through the NRCS Limited Resource Farmer and Rancher Online Self Determination Tool at **http://www.lrftool.sc.egov.usda.gov/tool.aspx**.

Marketing Year

Marketing year means the 12-month period beginning in the calendar year the crop is normally harvested as follows:

- barley, oats, and wheat: June 1 through May 31

- canola, dry edible peas, flax, lentils, and rapeseed: July 1 through June 30

- peanuts and rice: August 1 through July 31

- chickpeas, corn, crambe, grain sorghum, mustard, safflower, sesame, soybeans, and sunflowers: September 1 through August 31.

Definitions of Terms Used in This Handbook (Continued)

Market Year Average (MYA) Price

MYA price means the national average price received by producers during the 12-month marketing year, as determined by FSA, for the relevant crop of the covered commodity.

National Average Loan Rate

National average loan rate means the loan rate established for a crop year of the covered commodity as specified in 7 CFR Part 1421.

Parent Farm

Parent farm means an active farm involved in an anticipated reconstitution.

Payment Acres

[7 CFR 1412.3] Payment acres mean:

(1) For the purpose of PLC and ARC when county coverage has been selected under Subpart D, but subject to §1412.47, the payment acres for each covered commodity on a farm shall be equal to 85 percent of the base acres for the covered commodity on the farm.

(2) In the case of ARC when individual coverage has been selected under Subpart D, but subject to §1412.47, the payment acres for a farm shall be equal to 65 percent of the base acres for all of the covered commodities on the farm.

Payment Yield

[7 CFR 1412.3] Payment yield means for a farm for a covered commodity the yield established under subpart C of this part.

Plug Yield for ARC-IC

Plug yield for ARC-IC means 70 percent of T-yield for the county that is used in the benchmark revenue calculation when the covered commodity was planted in the applicable year in the benchmark.

Note: If actual yield for that year is below 70 percent of the T-yield for the crop, then 70 percent of the T-yield will be used instead.

Definitions of Terms Used in This Handbook (Continued)

Producer

Producer means an owner, operator, landlord, tenant, or sharecropper who shares in the risk of producing a crop and who is entitled to share in the crop available for marketing from the farm, or would have shared had the crop been producer.

Producer Share

Producer share means, for ARC-IC, each producer sharing in covered commodities on enrolled ARC-IC farms will share in the ARC-IC payment, if applicable, that is calculated across all enrolled ARC-IC farms in which producers have interest.

Note: Producers who share in covered commodities on enrolled ARC-IC farms can have different payment rates established. The payment rate for the producer, if triggered, will be the same payment rate per acre for all participating farm's in which the producer has an interest.

Reference Price

Reference price means the statutory price used the PLC program to determine PLC payment rates. Reference prices are as follows.

Crop	Price	Crop	Price	Crop	Price
Barley	$4.95 per bu.	Chickpeas, Large	$21.54 per cwt.	Chickpeas, Small	$19.04 per cwt.
Corn	$3.70 per bu.	Grain Sorghum	$3.95 per bu.	Lentils	$19.97 per cwt.
Oats	$2.40 per bu.	Oilseeds, Other	$20.15 per cwt.	Peas, Dry	$11.00 per cwt.
Peanuts	$535 per ton	Rice, Long Grain	$14.00 per cwt.	Rice, Medium Grain	$14.00 per cwt.
Soybeans	$8.40 per bu.	Wheat	$5.50 per bu.		

Definitions of Terms Used in This Handbook (Continued)

SDA Farmer or Rancher

SDA farmer or rancher means a farmer or rancher who is a member of a socially disadvantaged group whose members have been subjected to racial, ethnic, or gender prejudice because of their identity as members of a group without regard to their individual qualities. SDA groups include the following and **no** others **unless** approved in writing by the Deputy Administrator:

- American Indians or Alaskan Natives
- Asians or Asian-Americans
- Blacks or African-Americans
- Hispanics or Hispanic-Americans
- Native Hawaiians or other Pacific Islanders
- Women.

Substitute Yield

Substitute yield means a yield that is used in place of an actual yield on a farm when the PLC yield is being updated. A substitute yield is calculated by establishing a simple average yield per planted acre in a county and multiplying by 75 percent.

Transitional Yield (T-Yield)

T-yield means the yield determined according to Federal Crop Insurance Act, Section 502(b) (7 U.S.C. 1502(b)).

Weighted Farm Benchmark Revenue

Weighed farm benchmark revenue means placing a value on the applicable covered commodity's farm benchmark revenue based on the percentage of acres planted to that covered commodity when compared to the total number of covered commodities planted on the farm.

CCC-858, Base Reallocation and Yield Update Decision for Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) Programs

A Completing CCC-858

Complete CCC-858 according to this table.

Item	Action
1	Prefilled with the effective dates of the base acre reallocation and yield update.
2A	Insert applicable administrative County Office name and address.
2B	Insert applicable administrative County Office's telephone number (optional).
2C	Insert applicable administrative County Office's FAX number (optional).
3	Insert State code for the applicable farm in item 5.
4	Insert county code for the applicable farm in item 5.
5	Insert applicable FSN.
6A	Check (✓) if an owner has chosen to maintain the base acres as in effect on September 30, 2013.
6A(1)	If item 6A is checked (✓), insert name of all covered commodities that existed on the farm as of September 30, 2013.
6A(2)	Insert number of base acres of the applicable covered commodity listed in item 6A(1).
6B	Check (✓) if an owner has chosen to reallocate base acres.
6B(1)	If item 6B is checked (✓), insert name of all reallocated covered commodities on the farm.
6B(2)	Insert number of base acres of the covered commodity listed in item 6B(1).
6C(1)	Check (✓) if an owner chooses the default "cropland" option to move the reallocated base acres to tracts on the farm.
6C(2)	Check (✓) if an owner chooses the "owner designation" option to move the reallocated base acres to tracts on the farm.
7A	List crops in (1) and applicable CC yields in (2) where an owner chose to maintain the existing CC yields on the farm.
7B	List crops in (1) and applicable updated yields in (2) where an owner chose to update the program payment yield on the farm according to paragraph 62.
8	Insert applicable owner's name and address.
9A	A current owner or representative **must** sign.
9B	If: • the current owner signing is **not** signing in the representative capacity, leave blank • anyone other than the current owner is signing in a representative capacity for the current owner, enter the title or relationship of the person signing on the current owner's behalf.
9C	Enter date signed.
10A	CCC representative receiving CCC-858 **must** sign.
10B	Enter date received by the CCC representative.
11	Enter same FSN as in item 5.
12A	Enter same State code as in item 3.
12B	Enter same county code as in item 4.
12C	Enter same program years as in item 1.
13A	Enter applicable tract number for the farm identified in item 11.
13B	Enter applicable commodity with base acres that exist on the tract identified in 13A.
13C	Enter applicable base acres for the commodity identified in item 13B.
13D	Enter yield for the applicable commodity identified in item 13C.

CCC-858, Base Reallocation and Yield Update Decision for Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) Programs (Continued)

B Example of CCC-858

The following is an example of CCC-858.

This form is available electronically.

CCC-858 (09-23-14) — **U.S. DEPARTMENT OF AGRICULTURE**, Commodity Credit Corporation

BASE REALLOCATION AND YIELD UPDATE DECISION FOR AGRICULTURE RISK COVERAGE (ARC) AND PRICE LOSS COVERAGE (PLC) PROGRAMS

1. Program Years: **2014 through 2018**

2A. County FSA Office Name and Address *(Including Zip Code)*

2B. County FSA Office Telephone Number *(Including Area Code)*

2C. County FSA Office FAX Number *(Including Area Code)*

3. State Code

4. County Code

5. Farm Number

NOTE: *The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a – as amended). The authority for requesting the information identified on this form is 7 CFR Part 1412, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to determine eligibility to participate in and receive benefits under the Agriculture Risk Coverage Program and Price Loss Coverage Program. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated). Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility to participate in and receive benefits under the Agriculture Risk Coverage Program and Price Loss Coverage Program.*

This information collection is exempted from the Paperwork Reduction Act as specified in the Agricultural Act of 2014 (Pub. L. 113-79, Title I, Subtitle F, Administration). The provisions of criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. ***RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.***

THE BASE ACRE REALLOCATION AND YIELD UPDATE DECISION is made by the undersigned current owner of the farm identified above. If FSA receives conflicting yield update or base acre reallocation requests from another current owner, all current owners will be required to resolve their dispute providing CCC with written evidence of the dispute resolution by the end of the yield update period or reallocation period.

FARM BASE ACRE REALLOCATION

☐ 6A. I agree to maintain the farm's 2013 base acres on the following crops, excluding cotton acres

(1) Commodity	(2) Base Acres

☐ 6B. I agree to reallocate base acres on the following crops, excluding cotton base acres, not to exceed the total base acres in effect on September 30, 2013 *(see page 2 for tract designation, if applicable)*

(1) Commodity	(2) Base Acres

6C. Tract Reallocation Method
☐ (1) Crop Land
☐ (2) Owner Designation

FARM YIELD UPDATE

7A. I agree to use the farm's 2013 Counter Cyclical (CC) yield for the PLC yield for the following crops.

(1) Commodity	(2) CC Yield

7B. I agree to update the PLC yield for the following crops based on 90 percent of the farm's 2008 through 2012 average yield per planted acre, excluding any year(s) when no acreage was planted

(1) Commodity	(2) PLC Yield

8. Owner's Name and Address *(Including Zip Code)*

9A. Signature of Owner (By)	9B. Title/Relationship of the Individual Signing in the Representative Capacity	9C. Date (MM-DD-YYYY)
10A. Signature of CCC Representative		10B. Date (MM-DD-YYYY)

CCC-858, Base Reallocation and Yield Update Decision for Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) Programs (Continued)

B Example of CCC-858 (Continued)

CCC-858 (09-23-14) Page 2 of 2

11. Farm Number	12A. State Code	12B. County Code	12C. Program Years 2014 - 2018

TRACT DESIGNATION

13A. Tract	13B. Commodity	13C. Base Acres	13D. Tract Yield	13A. Tract	13B. Commodity	13C. Base Acres	13D. Tract Yield
13A. Tract	13B. Commodity	13C. Base Acres	13D. Tract Yield	13A. Tract	13B. Commodity	13C. Base Acres	13D. Tract Yield
13A. Tract	13B. Commodity	13C. Base Acres	13D. Tract Yield	13A. Tract	13B. Commodity	13C. Base Acres	13D. Tract Yield
13A. Tract	13B. Commodity	13C. Base Acres	13D. Tract Yield	13A. Tract	13B. Commodity	13C. Base Acres	13D. Tract Yield

FSA-910, Wetland Reserve Program Projected ARCPLC Base Acre Reduction Worksheet

This form is available electronically.

FSA-910 (12-04-06)

U.S. DEPARTMENT OF AGRICULTURE
Farm Service Agency

A. State:

B. County:

C. Farm Number:

WETLAND RESERVE PROGRAM
PROJECTED DCP BASE REDUCTION WORKSHEET

This worksheet has been developed to assist landowners with determining whether a base reduction is required for the Direct and Counter-Cyclical Program due to an offer of acreage for enrollment into the Wetland Reserve Program. The use of this worksheet is voluntarily and is not a requirement to participate in either the Direct and Counter-Cyclical Program or the Wetlands Reserve Program.

PART A – INFORMATION ABOUT THIS FARM
Determine this information from the FSA-156EZ form obtained from the local FSA Office for the applicable farm.

1. CROPLAND	2. DCP CROPLAND	3. EFFECTIVE DCP CROPLAND	4. DOUBLE-CROPPED ACRES	5. TOTAL DCP BASE ACREAGE

6. Is there more than one tract associated with this farm? ☐ YES ☐ NO
If "YES", see the note in Item 16 if a projected DCP base reduction is required.

7. Available cropland acreage for the farm.
Effective DCP cropland in Item 3 minus total DCP base acreage in Item 5. If the result is negative, enter 0. ►

8. Double-cropped acreage included in total DCP base acres.
Item 5 minus Item 3. If the result is negative, enter 0. ►

PART B – PROJECTED DCP BASE REDUCTION

9. Proposed total number of **cropland** acres being offered for WRP enrollment.

Note: Acreage offered for enrollment in WRP may be on cropland and/or non-cropland acreage. Landowner(s) should only enter the number of acres that are on cropland in this field. Non-cropland acres should not be included on this worksheet.

10. Available cropland acreage for the farm determined in Item 7.

11. Initial DCP base reduction for the farm based on the proposed WRP offer recorded in Item 9.
Item 9 minus Item 10. If the result is negative, enter 0.

12. Revised effective DCP cropland. *(Item 3 minus Item 11)*

13. Is the available double-cropped acreage determined in Item 8 greater than the revised effective DCP cropland determined in Item12?

☐ YES. Subtract the revised effective DCP cropland determined in Item12 from the available double-cropped acres for the farm determined in Item 8. ►

Note: Double-cropped acreage cannot be greater than the effective DCP cropland. Therefore then an additional reduction to DCP base acres is required.

☐ NO. Enter zero. ►

14. Total projected DCP base reduction required for the farm **based on the proposed WRP offer recorded in Item 9**. (*Item 11 plus Item 13)* ►

15. Number of additional DCP base acres that are voluntarily retired through enrollment in WRP. ►

Note: Landowners may opt to retire DCP base acres over and above the required reduction determined in Item 14. If so, enter the number of DCP base acres being retired through the WRP offer.

16. Total projected DCP base reduction for the farm **based on the proposed WRP offer.** *(Item 14 plus Item 15)* ►

Note: The number of acres determined in Item 16 should be used to complete the CCC-505 form, which is required to be filed when an offer for enrollment in WRP is filed. If the proposed number of acres entered in Item 9 for enrollment in WRP is increased or decreased, landowners should prepare another worksheet to ensure the correct number of DCP base acres are reduced.

If "YES" was selected in Item 6 indicating there are multiple tracts on the farm, landowners may also have the option of redistributing DCP base acres to other tracts on the farm in order to retain DCP base acres for higher valued crops. Landowners should contact the local FSA county office to obtain additional information regarding the potential redistribution of DCP base acres.

DISCLAIMER: Completion of this worksheet does not obligate the landowner to enroll acreage into WRP and should only be used as a guide to determine whether a DCP base reduction is required based on the proposed number of cropland acres that may be offered for WRP enrollment. If the landowner opts to enroll acreage into WRP, it is recommended that this worksheet be completed by the landowner to determine the number of DCP base acres that are required to be reduced based on the landowner's intentions. If DCP base acres are voluntarily retired through the WRP easement or are required to be reduced based on the acres being enrolled in WRP, landowners must complete a CCC-505, Voluntary Permanent Direct and Counter-Cyclical Program (DCP) Base Acres Reduction, form when the WRP offer is filed. Acres included on the CCC-505 will be reduced from the DCP base acres for the farm when the WRP easement is recorded. This reduction is permanent for the fiscal year in which the WRP offer is recorded and producers are not eligible for DCP payments on the reduced acreage. Reduction of DCP base acres included on a CCC-505 shall not be returned to the farm.

Landowners should contact the local FSA County Office to obtain a blank CCC-505 form, a copy of the FSA-156EZ for the farm, and copies of aerial maps associated with the farm or to obtain additional information regarding reductions of DCP base acres. A blank CCC-505 can also be obtained by visiting the following web site - http://forms.sc.egov.usda.gov/eforms/mainservlet.

List of FAV's

The following crops are FAV's.

Note: The list may **not** be all inclusive.

acerola ("Barbados cherry")	cherimoyas ("sugar apples")
antidesma	canary melon
apples	cantaloupes
apricots	cardoon
arugula	casaba melon
aronia (chokeberry)	cassava
artichokes	cherries
asparagus	Chinese bitter melon
atemoya ("custard apple")	Chinese mustard
avocados	chicory
babaco papayas	Chinese cabbage
bananas	Chinese water chestnuts
beans (**except** adzuki, faba, lupin, mung, and soybeans)	chufes
beets (other than sugar)	citron
blackberries	citron melon
black-eyed peas	coffee
blueberries	collards
bok spare choy	cowpeas
boysenberries	crabapples
breadfruit	cranberries
broccoflower	cressie greens
broccolo-cavalo	crenshaw melons
broccoli	cucumbers
Brussel sprouts	currants
cabbage	cushaw
cailang	daikon
caimito	dasheen
calabaza	dates
carambola ("star fruit")	dry edible beans
calaboose	dunga
carob	eggplant
carrots	elderberries elut
cascadeberries	endive
cauliflower	escarole
celeriac	etou
celery	feijoas
chayote	figs

List of FAV's (Continued)

gai lien	mongosteen
gailon	moqua
galanga	mulberries
genip	murcotts
gooseberries	mushrooms
grapefruit	mustard greens
grapes	nectarines
guambana	nuts (except peanuts)
guavas	ny Yu
guy choy	okra
honeydew melon	olallieberries
huckleberries	olives
jackfruit	onions
Jerusalem artichokes	opo
jicama	oranges
jojoba	papaya
kale	paprika
kenya	parsnip
kiwifruit	passion fruits
kohlrabi	peaches
kumquats	pears
leeks	peas (**except** Austrian, green, Umatilla, wrinkled, and yellow)
lemons	all peppers
lettuce	persimmon
limequats	Persian melon
limes	pimentos
lobok	pineapple
loganberries	pistachios
longon	plantain
loquats	plumcots
lotus root	plums
lychee ("litchi")	pomegranates
mandarins	potatoes
mangos	prunes
marionberries	pummelo
mar bub	pumpkins
melongene	quinces
mesple	radicchio
mizuna	radishes

List of FAV's (Continued)

raisins	Swiss chard
raisins (distilling)	sweet corn
rambutan	sweet potatoes
rape greens	tangelos
rapini	tangerines
raspberries	tangos
recao	tangors
rhubarb	taniers
rutabaga	taro root
santa claus melon	tau chai
salsify	tindora
saodilla	tomatillos
sapote	tomatoes
savory	turnip greens
scallions	turnips
shallots	watercress
shiso	watermelons
spinach	white sapote
squash	yams
strawberries	yu choy
suk gat	