

FSA HANDBOOK

Agriculture Risk Coverage and Price Loss Coverage Program

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For State and County Offices

SHORT REFERENCE

1-ARCPLC
(Revision 1)

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

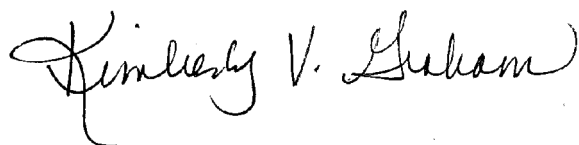
UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

**Agriculture Risk Coverage and
Price Loss Coverage Program
1-ARCPLC (Revision 1)**

Amendment 3

Approved by: Acting Deputy Administrator, Farm Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraph 4 A has been amended to:

- remove late-filed contracts as a routine case
- add that delegation will not include the authority to act on late-filed contracts.

Subparagraph 61 D has been added to clarify production from approved double-cropped acres.

Part 4, PLC, has been added to provide to provide policy for the Price Loss Coverage Program.

Part 5, ARC, has been added to provide policy for the Agriculture Risk Coverage Program.

Exhibit 2 has been amended to add new definitions.

Exhibit 15 has been added to provide the list of counties and covered commodities that have irrigated and nonirrigated guarantees and actual revenues.

Exhibit 16 has been added to provide a display reference and instructions for CCC-863.

Exhibit 17 has been added to provide examples of producer notification letters.

Amendment Transmittal (Continued)

B Obsolete Material

Notice ARCPLC-74 is obsolete.

Page Control Chart		
TC	Text	Exhibit
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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 Agriculture Improvement Act of 2018 (Pub. L. 115-334) (the 2018 Farm Bill). Included in this handbook are instructions about the following:

- 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
- updating PLC yields
- eligibility and compliance rules for participating in ARC and/or PLC.

B ARC and PLC Purpose and Eligibility

The 2014 and 2018 Farm Bills include choices between an income support program where the revenue target can move up and down with the market, and an income support price-based program where the reference price is fixed for the duration of the respective Farm Bill.

The ARC program establishes revenue targets, **not** price targets. The revenue target for ARC-CO is based on county average yields and U.S. crop MYA prices. A 5-year Olympic average is used for yields (removing high and low) of the previous 5 years under ARC-CO. ARC-CO uses a 5-year Olympic average (removing high and low) for price. This means that under ARC-CO, 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-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.

ARC covers only part of the revenue target.

PLC is a modified version of the CC portion of DCP from the 2008 Farm Bill. PLC prices are set in the 2018 Farm Bill for the duration of the 2018 Farm Bill, similar to the former CC payment program. For PLC, these are called reference prices. PLC makes payments based on historical base acres, although the base acres of covered commodities under the 2014 Farm Bill may differ from the 2018 Farm Bill based on seed cotton added as a covered commodity.

1 Overview (Continued)

B ARC and PLC Purpose and Eligibility (Continued)

A significant difference between the 2014 and 2018 Farm Bills is the election between ARC and PLC that is made. Under the 2014 Farm Bill, an election was irrevocably made by **all current producers on a farm that was irrevocable for the life of the 2014 Farm Bill**. Under the 2018 Farm Bill, the election decision will be made in 2019 and producers then have the option of changing the election in 2021, 2022, or 2023. Under the 2014 Farm Bill, all current producers on farm are **required to affirmatively and unanimously** elect ARC or PLC during a single election 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. Under the 2018 Farm Bill, the producers on farm are **required to affirmatively and unanimously** elect ARC or PLC during the first election period for crop year 2019, and, if an election is **not** made, the farm will be ineligible for payments in the 2019 crop year and default to the election that was made for the 2015 through 2018 crop years. Farms with producers who do **not** make a valid election in the election period announced in this rule will **not** be eligible for 2019 crop year payments.

Under the 2014 Farm Bill, producers were ineligible for payments under ARC and PLC payments 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 were SDA farmer or rancher or a limited resource farmer or rancher. The 2018 Farm Bill, likewise, has a 10-acre limitation; however, producer payment eligibility on a farm having 10 or less base acres is no longer dependent on just the single farm. The producer on a farm with 10 base acres or less may remain eligible for payment if the total base acres from all enrolled farms in which the producer has an interest is greater than 10 base acres. Under the 2018 Farm Bill, any SDA farmer or rancher, limited resource farmer or rancher, beginning farmer, or veteran 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) as amended by the Agriculture Improvement Act of 2018 (Pub. L. 115-334) and the regulations found at 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
- 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] (a) ARC and PLC are administered under the general supervision of the Executive Vice-President, CCC, and will be carried out by 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:

(1) Correct, or require a county committee to correct, any action taken by such county committee that is not in accordance with the regulations of this part; or

(2) Require a county committee to withhold taking any action that is not in accordance with 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 any non-statutory deadline specified in this part.

(f) Items of general applicability to program participants, including, but not limited to, application periods, application deadlines, internal operating guidelines issued to State and county offices, prices, yields, and payment factors established for ARC or PLC, are not subject to appeal in accordance with part 780 of this title.--*

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 CCC-862's and CCC-866's disapproved by COC
- ensure the COF has reviewed the report "Producers with Base Acres interest Greater than Reported Interest" prior to the end of the contract period
- ensure the COC or designee has approved all CCC-862's and CCC-866's within 30 days of the end of the enrollment period
- *--ensure the County Office has reviewed the report in CCMS "Contracts that Expired on Sept. 30" in order for base acres to be restored to the farm prior to the end of the enrollment period--*
- review the Base Acreage and Yield Adjustment Report to identify unauthorized base acre and yield adjustments every 90 days and prior to rollover
- provide SED with a written report of all reviews.

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 10-CM, paragraph 294. 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.

3 DD Responsibilities (Continued)

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.
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 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
- in questionable cases, determine that a producer has the right and authority to participate in ARC or PLC on a farm in question. COCs may request supporting documentation, such as a lease, to support a producer's claimed share of base acres on a farm
- elect whether or **not** to redelegate authority to CED to approve ARC and PLC Program documents and contracts in routine cases.

Notes: Routine cases include approval of successor-in-interest cases * * *.

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.

--Delegation will not include the authority to act on late-filed contacts.--

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
- review the report “Producers with Base Acres interest Greater than Reported Interest” prior to the end of the contract period
- **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 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.

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] 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, seed cotton, pulse crops, soybeans, other oilseeds, and peanuts.--

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, Medium Grain
Safflower	Seed Cotton	Sesame	Soybeans
Sunflower Seed	Wheat		

5 Basic ARC and PLC Program Information (Continued)

B Base Acres

--[7 CFR 1412.3] Base acres means, with respect to a covered commodity on a farm, the number of acres in effect on September 30, 2013, as defined in the regulations in 7 CFR part 1412, subpart B that were in effect on that date, subject to any reallocation, adjustment, or reduction. The term “base acres” includes any unassigned 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 cropland minus the amount of that cropland which is any of the following:

- in CRP
- *--in WRE--*
- 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 can only be reduced on CCC-505.

5 Basic ARC and PLC Program Information (Continued)

C Payment Acres

*--[7 CFR 1412.3] Payment acres means:

(1) For the purpose of ARC-CO and PLC, subject to planting flexibility provisions as specified §1412.46, the payment acres for each covered commodity on a farm will be equal to 85 percent of the covered commodity's base acres on the farm.

(2) For the purpose of ARC-IC, subject to planting flexibility provisions as specified in §1412.46, the payment acres for a farm will be equal to 65 percent of all the covered commodity base acres 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.

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 effective reference price and 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 covered commodity base acres.	Payments determined by individual covered commodity base acres.	Payments determined by all covered commodities combined planted 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 required.	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 22 covered commodities.

5 Basic ARC and PLC Program Information (Continued)

F Deadlines

The following table lists some important deadlines.

Date	Event
2-CP	Acreage reporting date.
July 15	Final date to report production for the preceding crop year for farms enrolled in ARC-IC.
September 3, 2019	Election and enrollment begin for crop year 2019.
October, 2019	Election and Enrollment begin for crop year 2020.
March 15, 2020	Election and enrollment end for crop year 2019.
June 30, 2020	Election and Enrollment end for crop year 2020.
October of each contract year after 2020	Election and enrollment begin for the applicable year.
March 15 of each contract year after 2020	Election and enrollment end for the applicable year.

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 and 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 effective reference price and the effective price.
- 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.

6 Payments and Limitations (Continued)

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.

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.

(b) 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 cannot exceed \$125,000.

(c) 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 cannot exceed \$125,000.

E 10-Acre Rule Provision

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

The 10-acre provision also does not apply if the sum of the base acres on the farm, when combined with the base acres of other farms in which the producer has an enrolled producer share interest greater than zero, is more than 10 acres.

6 Payments and Limitations (Continued)

F 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.

G Sequestration Reduction

In general, sequestration entails the permanent cancellation of budgetary resources by a uniform percentage. This uniform percentage reduction is applied to all programs, projects, and activities within a budget account.

For ARC and PLC payments, a sequestration percentage will be applied to the payment amount determined after all reductions have been applied, including payment limitation provisions. The sequestration amount is reduced from the determined payment amount for the producer receiving the payment as the last step before sending the payment information to NPS. The sequestered amount is applied to the producer receiving the payment after payments have been attributed for payment limitation purposes.

Example: Corporation A, an entity receiving a payment on FSN 1, had a PLC payment that computed to be \$147,000. After the payment limitation was applied, the net payment was \$125,000. The payment was then sequestered at 6.8 percent. After the sequestration was applied, the payment that the entity received was \$116,500.

The sequestered amount is equal to the computed payment multiplied by the percentage as shown in the following table.

FOR contracts approved in FY...	THE sequestration will be...
2019	6.2 percent
2020	5.9 percent
2021	TBA
2022	TBA
2023	TBA
2024	TBA

7 Contract Requirements

A Signing CCC-862, ARC-IC Contract and CCC-866 ARC-CO and PLC Contract

To participate on FSN's having valid elections including default elections, for:

- ARC-CO and PLC, all the farm's producers sharing in contract base acres are required to designate shares and sign CCC-866 for each FSN enrolled
- ARC-IC, all producers sharing in any of the covered commodities planted on the ARC-IC elected FSN **must** sign CCC-862 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 is administered based on the physical location of base acres.

B CCC-866, ARC-CO and PLC Contract and CCC-862, ARC-IC Contract Requirements

Producers signing CCC-862 and CCC-866 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 on the farm according to sound agricultural practices
- file an acreage report with respect to all crops and all cropland on the farm

Note: The farm is considered to have met the requirement of reporting all crops and cropland if the certified cropland on the farm is within the larger of 1 percent of the cropland on the farm or 0.5 acre.

- notify FSA when there is a transfer of or change of interest of a producer

Note: See paragraph 6 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 CCC-862 or CCC-866 for the FY, unless the producers succeeding to the acreage enter into CCC-862 or CCC-866 for the farm and agree to assume the CCC-862 or CCC-866 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 (if participating in PLC or ARC-CO) or who assumes all or part of producing covered commodities planted on the farm (if participating in ARC-IC)
- a producer, other than an owner, on an eligible farm with a share-rent arrangement or cash-lease agreement.

Note: 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.

C Loss of Interest in Base Acres on a Farm

If a producer loses interest in the base acres on a farm, for ARC-CO, PLC, or planted acres on ARC-IC, 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 CCC-866, ARC-CO and PLC Contract and CCC-862, ARC-IC Contract

A Common Management Provisions

Follow 1-CM for policy concerning signatures.

B Withdrawing CCC-862, ARC-IC Contract and CCC-866, ARC-CO and PLC Contract During the Enrollment Period

The end of the enrollment period for each ARCPLC program year:

- 2019 is March 15, 2020
- 2020 is June 30, 2020
- 2021 through 2023, March 15 of each ARCPLC program year.

C Terminating CCC-862, ARC-IC Contract and CCC-866, ARC-CO and PLC Contract

CCC-862 or CCC-866 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, 2020, for each of the 2019 and 2020 program years
- September 30 of the program year for each of the 2021 and subsequent program years.

CCC-862 or CCC-866 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] **Base acres** means, with respect to a covered commodity on a farm, the number of acres in effect on September 30, 2013, as defined in the regulations in 7 CFR part 1412, subpart B that were in effect on that date, subject to any reallocation, adjustment, or reduction. The term “base acres” includes any unassigned base acres.

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	Seed Cotton	Sesame	Soybeans
Sunflower Seed	Wheat		

B Adjustments to Base Acres

Base acres may be increased if CRP-1 applicable to the farm expires, is voluntarily terminated, or is released by the Secretary.

21 Definition and Limitation (Continued)**C 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
- any cropland acreage enrolled in:
 - CRP
 - *--WRE--*
- 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 and PLC

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 at any time. A reduction:

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

Note: Complete and process CCC-505 according to 10-CM.

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

Note: Each crop's 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, when the base reduction was made for reasons other than CRP enrollment.

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.

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.

23-40 (Reserved)

Section 2 Methods for Base Acre Reallocation

41 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 base acres that were reduced on CCC-505 to be enrolled in CRP into ARCPLC.

Important: Only reinstated base acreage from CRP-1's that expire, are voluntarily terminated, or early released after September 30, 2018, are eligible to be enrolled into the applicable year's CCC-862 or CCC-866 providing base acreage reinstatement, enrollment, or application are completed by the applicable enrollment or application deadline.

If base acres were eligible to be restored, the reinstated base acres:

- will 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 CC yield for this crop at the time the applicable acreage was removed
- if a CC yield was **not** assigned or **cannot** be found for the applicable crop on the farm, then the county average CC yield will be assigned for the applicable crop
- are subject to the program election made for the farm and/or crop by the election deadline according to Part 7

See 10-CM for updating CRM and FRMS.

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

A Policy (Continued)

- if the covered commodity to be restored has base acres that exist on the farm before the restoration, then:
 - restore the base acres to the applicable tract and farm
 - the covered commodity's election is the election that is in place and will apply for that covered commodity on the farm
 - the covered commodity will receive the PLC yield currently established for the crop on the farm

Note: No further yield update is allowed.

- if the covered commodity to be restored does **not** have base acres that exist on the farm before the restoration, then:
 - *--restore the base acres to the applicable tract and farm once all producers (according to paragraph 181) have completed an election--* for the applicable covered commodity on CCC-866-1 according to paragraph 42
 - *--the election must be completed by the **later of**, 30 calendar days from notification or the end of the election period for the applicable program year.

Note: Because there is no election for crop year 2020, the deadline is 30 calendar days from the notification.

- failure to make an election by the deadline will result in a default election of PLC for the applicable base crop being restored on the farm.--*

Exception: Restored base acres on ARC-IC farms are not required to make an election.

Note: As required in paragraph 186, a resulting farm from a parent farm that made a PLC or ARC-CO election cannot make an ARC-IC election.

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

A Policy (Continued)

- the covered commodity will receive a PLC yield equal to the **higher of** the following:
 - CC yield for the crop at the time the applicable base acreage was reduced
 - county average CC yield for the applicable crop.

Notes: County average CC yield information may be found at <http://www.fsa.usda.gov/arc-plc>, under ARC/PLC Program Data, and will be displayed as “Counter-Cyclical Payment Yields by County (XLS, 761 KB).

The owner will have the opportunity to update the yield using the farm’s actual yield per planted acre for the 2013 through 2017 crop years. The opportunity to update the yield must be completed during the 30-calendar-day notification period.

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

See Exhibit 2 for the definition of voluntarily terminated.

41 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 Adjustments 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.

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

C Timing of Adjustments 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 in FY...
before September 30, 2019	have base acres reinstated to the farm to be used for: • election of ARC or PLC • enrollment into 2019 ARC or PLC	2019, subject to CCC-862 or CCC-866 if applicable.
September 30, 2019 through September 30, 2023	have base acres reinstated to the farm for the applicable year, 2020 through 2023, to be used for: • election of ARC or PLC (2021 through 2023) • enrollment into CCC-862 or CCC-866 for the applicable year	in which base acres are reinstated and subject to CC-862 or CCC-866.

Note: Eligible acreage **must** be included on CCC-862 or CCC-866 by the applicable ARCPLC enrollment deadline established for the applicable year to be eligible for ARCPLC.

41 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. CRP-1 became effective on October 1, 2020. Before enrollment of the 100.00 acres of cropland into CRP, FSN 56 had:

- 500.00 acres cropland
- 410.00 base acres
- 0.00 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 on FSN 56 to 400.00 acres. After enrollment of the 100.00 acres of cropland into CRP, FSN 56 has:

- 500.00 acres cropland
- 400.00 base acres
- 100.00 CRP acres
- 10.00 wheat base acres reduced on CCC-505.

On September 1, 2021, Jane Smith voluntarily terminates 2.30 acres from CRP. The 2.30 acres will be used for a horse pasture. The voluntary termination of 2.30 acres from CRP was approved by the applicable CCC official. After the voluntary termination of the 2.30 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 2.30 wheat base acres are available for enrollment into ARCPLC
- increase the base acres on FSN 56 to 402.3
- notate the 2.30 base acre reinstatement in the CCC-505 "Remarks" section.

After the modifications to FY 2021 FRMS have been completed, FSN 56 has:

- 500.00 acres cropland
- 402.30 base acres
- 97.70 CRP acres
- 7.70 base acres reduced on CCC-505.

41 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, 2022. Before enrollment of the 100 acres of cropland into CRP, FSN 119 had:

- 500.00 acres cropland
- 410.00 base acres
- 0.00 CRP acres.

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 400.00 acres. After enrollment of the 100 acres of cropland into CRP, FSN 119 has:

- 500.00 acres cropland
- 400.00 base acres
- 100.00 CRP acres
- 10.00 wheat base acres reduced on CCC-505.

On July 1, 2023, Mike Jones voluntarily terminates 2.30 acres from CRP. The 2.30 acres will be used to build a house and out buildings. The voluntary termination of 2.30 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:

- 497.70 acres cropland
- 400.00 base acres
- 97.70 CRP acres
- 10.00 wheat base acres reduced on CCC-505.

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

F Example 3

Joe Brown enrolled 10.00 acres of cropland on FSN 989 in CRP during signup. CRP-1 became effective on October 1, 2020. Before enrollment of the 10.00 acres of cropland into CRP, FSN 989 had:

- 25.00 acres cropland
- 20.00 base acres
- 0.00 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 15.00 acres. After enrollment of the 10 acres of cropland into CRP, FSN 989 has:

- 25.00 acres cropland
- 15.00 base acres
- 10.00 CRP base acres
- 5.00 wheat base acres reduced on CCC-505.

On May 1, 2021, Joe Brown sold 15.00 acres of non-CRP land. As a result of the land sale, FSN 989 has:

- 10.00 acres cropland
- 0.00 base acres
- 10.00 CRP acres
- 5.00 wheat base acres reduced on CCC-505.

41 Adjusting Base Acres for CRP-1 Expiration, Voluntary Termination, or Early Release (Continued)**F Example 3 (Continued)**

On May 15, 2021, Joe Brown voluntarily terminated his CRP-1. Joe Brown will use 7 acres to build a house, out buildings, and a tennis court; and 3.00 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 3.00 wheat base acres are available for enrollment into ARCPLC
- increase the base acres on FSN 989 to 3.00 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 2021 FRMS are completed, FSN 989 has:

- 3.00 acres cropland
- 3.00 base acres
- 0.00 CRP acres
- 2.00 wheat base acres reduced on CCC-505.

42 CCC-866-1

A Instructions for CCC-866-1

The following are instructions for completing CCC-866-1. When all the producers of a farm sign CCC-866-1, those producers are indicating the election of a covered commodity when base acres are returned to a farm when a CRP-1 expired, was voluntarily terminated, or was subject to an early out.

Item	Instructions
1	Enter the program year that the base acres are returned to the farm, one of the years between and including 2019 through 2023.
2A	Enter administrative County Office's name and address.
2B	Enter administrative County Office's Phone Number (optional).
2C	Enter administrative County Office's Fax Number (optional).
3	Enter administrative County Office's State code.
4	Enter administrative County Office's county code.
5	Enter applicable farm's FSN.
6	Enter the applicable covered commodity returned to the farm.
7	Enter the applicable covered commodity recorded in 6 and all the producers on the farm will elect either PLC or ARC-CO. If: • there were no covered commodities on the farm prior to this restoration, producers may elect ARC-IC • if all the producers on the farm had elected ARC-IC prior to this election, then ARC-IC must be selected.
8A	Enter the producer's name and address.
8B	For the producer listed in item 8A, enter that producer's e-mail address (optional).
8C	For the producer listed in item 8A, enter the producer's phone number (optional).
8D	Producer listed in item 8A shall sign.
8E	If the person who signed on behalf of the producer in item 8A signed in a representative capacity, enter the title of the person who signed in a representative capacity.
8F	Enter date the person signed in item 8D.
9A	The CCC representative shall sign indicating acceptance of CCC-866-1.
9B	Enter the date the CCC representative signed in 9A.

42 CCC-866-1

B Example of CCC-866-1

The following is an example of CCC-866-1.

This form is available electronically. CCC-866-1 U.S. DEPARTMENT OF AGRICULTURE (07-23-19) Commodity Credit Corporation				1. Program Years:			
ELECTION FOR BASE ACRES RETURNED TO THE FARM				2A. County FSA Office Name and Address (Including Zip Code)			
				2B. County FSA Office Telephone No. (Including Area Code)		2C. County FSA Office FAX No. (Including Area Code)	
				3. State Code	4. County Code	5. Farm Number	6. Covered Commodity
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 the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), the Agricultural Act of 2014 (7 U.S.C. 9015) as amended by the Agriculture Improvement Act of 2018 (Pub. L. 115-334) and 7 CFR Part 1412. 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. Paperwork Reduction Act (PRA) Statement: The information collection is exempted from the Paperwork Reduction Act as specified in 7 U.S.C. 9091(c)(2)(B). 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 - FARM ELECTION							
THIS ELECTION must be unanimously made by the PRODUCERS on the farm and must occur within 30 days of being notified by FSA to be effective for this farm beginning in the crop year identified in Item 1, under the terms of 7 CFR Part 1412. If an ARC or PLC election is not made or is not made by the election deadline, the election for the covered commodity shall default to PLC on the farm for the crop year identified in Item 1 through 2023. If the farm currently has an ARC-IC election, the farm will remain in ARC-IC. All 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 on 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 enroll the farm in the ARC or PLC program in order to receive ARC or PLC income support; (4) they must comply with the regulations at 7 CFR Part 1412; and (5) that ARC or PLC income support is subject to change based upon changes to law. In addition, by signing this form, all producers on the farm certify as to the accuracy of the election 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. Enrollment in the ARC or PLC program is a separate action from this election and must be performed to participate in the ARC or PLC program.							
7. To indicate the election, check only ONE box.							
Covered Commodity	PLC ☐	ARC-CO ☐	ARC-IC ☐				
PART B - PRODUCER'S INFORMATION							
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)			
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)			
PART C - FOR FSA USE ONLY							
9A. Signature of CCC Representative				9B. Date (MM-DD-YYYY)			

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B Example of CCC-866-1 (Continued)

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PART D - PRODUCER'S INFORMATION		
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)
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)
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)
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)
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)

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43-60 (Reserved)

--Part 3 PLC Yields*Section 1 PLC Yield Overview****61 General Information****A Yield Update Option**

The 2018 Farm Bill allows any owner of a farm a 1-time optional opportunity in 2020 to update the PLC yields for each covered commodity with base acres for the 2020 through 2023 crop years. The decision to update a yield is made on a covered commodity-by-covered commodity basis as determined by the owner on the farm.

Program payment yields under the 2018 Farm Bill are used **only** with PLC and are referred to as PLC yields for all farms, regardless of program election.

The PLC yield, under the 2018 Farm Bill, is either the farm's former PLC yield for the covered commodity in effect on September 30, 2018, or the updated yield. The owner of the farm may choose to update the PLC yield on all applicable FSA farms, regardless of PLC, ARC-CO, or ARC-IC election starting with the 2020 crop year. The updated yield will only be used under PLC to calculate PLC payments for covered commodities on the farm.--*

*--61 General Information (Continued)

B Yield Update Formula

The calculation for updating the PLC yield for a covered commodity is as follows:

- **All covered commodities except seed cotton**

Based on 90 percent of the farm's 2013 through 2017 simple average yield per planted acre, excluding any year that no acreage was planted to the covered commodity. If the yield in any of these years is less than 75 percent of the county yield, then 75 percent of the 2013 through 2017 average county yield will be substituted for that year.

- **Seed cotton**

Based on 90 percent of the farm's 2013 through 2017 simple average lint yield per planted acre, excluding any year that no acreage was planted to upland cotton, multiplied by 2.4. If the yield in any of these years is less than 75 percent of the county yield, then 75 percent of the 2013 through 2017 average county yield will be substituted for that year.

The farm's updated PLC yield is then multiplied by the ratio obtained by dividing the average of the:

- 2008 through 2012 National average yield per planted acre for the covered commodity, by
- 2013 through 2017 National average yield per planted acre for the covered commodity.

Note: This ratio cannot be less than 90 percent or greater than 100 percent and will be established at the National Office on a covered commodity basis and will be called the national yield factor.

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 in CRM-FR will use the larger of the actual yield or the substitute yield when making the yield update calculation.--*

61 General Information (Continued)**C Subsequent Crop Acres and PLC Yield Update**

Initial planted covered commodity crop acreage and production are used to update PLC yields using the years 2013 through 2017. Acreage and production of a subsequently planted covered commodity crop are excluded while updating the yield.

***--D Double-Cropped Acres and PLC Yield Updates**

Approved double-cropped acres and production are used to update PLC yields using the years 2013 through 2017.--*

E National Yield Factor

The following chart provides the National Yield Factor for all covered commodities.

Covered Commodity	National Yield Factor	Covered Commodity	National Yield Factor	Covered Commodity	National Yield Factor
Barley	0.9437	Lentils	1.0000	Rice, Temp Japonica	0.9591
Canola	0.9634	Mustard Seed	0.9460	Safflower	1.0000
Chickpeas, Large	1.0000	Oats	0.9524	Seed Cotton	0.9000
Chickpeas, Small	0.9760	Peanuts	0.9273	Sesame Seed	0.9673
Corn	0.9000	Peas, Dry	0.9988	Soybeans	0.9000
Crambe	1.0000	Rapeseed	1.0000	Sunflower Seed	0.9396
Flaxseed	1.0000	Rice, Long	0.9330	Wheat	0.9545
Grain Sorghum	0.9077	Rice, Medium	0.9887		

*--62 Yield Update Decision

A Decision to Update or Retain PLC Yield

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

Note: The farm's PLC yield, after the update decision is completed, will be equal to or greater than the farm's 2018 PLC 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 end of the contract year, the farm's 2018 PLC yields for each covered commodity will be carried forward as the farm's PLC yields for the 2020 through 2023 crop years.

Owners have the option of updating yields regardless of PLC, ARC-CO, or ARC-IC election.

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 the year prior to the program year, for determining guarantees and payments, if applicable. The PLC yield that is based on 2013 through 2017 data is **not** used for ARC.--*

*--62 Yield Update Decision (Continued)

B Irrigated and Nonirrigated Yields

The 2018 Farm Bill does **not** allow for establishing separate irrigated and nonirrigated payment yields for covered commodities in the PLC Program.

The PLC yield for a covered commodity that is from both irrigated and nonirrigated acreage will either be the farm's current PLC 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, 2013 through 2017.

Note: Under ARC-CO, FSA will establish an irrigated and nonirrigated ARC-CO guarantee for counties that meet the irrigated/nonirrigated criteria. Separate irrigated and nonirrigated 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 may be made by any owner of the farm and does **not** require all owners to sign the update.

The yield update decision by any owner will remain as filed, **unless** 1 or more of the other farm's 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 owner disagreement of the yield update, COC will invalidate the original yield update decision and wait for all the farm's owners' resolution. If a subsequent unanimous decision of the yield update **cannot** be agreed to by all the farm's owners by the end of the 2020 contract year, the farm's yield will default to the prior PLC yield.

Any owner of a farm in 2020 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 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 yield update process.

Note: The producer is not required to re-sign a contract if the yield is updated after contract initiation, enrollment or approval.--*

--62 Yield Update Decision (Continued)*D Yield Update Revision and Deadline**

Any owner's decision to update a yield can be made through the end of the yield update period of **September 30, 2020**. Any ARCPLC contract initiated, enrolled, or approved prior to the yield update will not require a producer to re-sign.

If a request to update a yield is **not** filed by **September 30, 2020**, the current PLC yield will be used as the farm's PLC yield for the 2020 through 2023 crop years.

E Yield Certification at the Farm Level

The PLC payment yield, as determined by the farm owner, must 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.

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

63 (Reserved)

***--64 Historical FSA Yields**

A Yields on FSA Farms

FSA's current FRMS contains PLC yield for each covered commodity with 2019 crop base acres

Crop	Base Acres	PLC Yield
Wheat	100.00	30 bu.
Corn	100.00	89 bu.

B 2002 and 2008 Direct and CC Yields

The 2002 Farm Bill authorized the following:

- direct payment yields 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.
- CC yield, to issue CC payments, if triggered, 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
- bases acres 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 used.--*

--64 Historical FSA Yields (Continued)*C 2014 PLC Yields**

The 2014 Farm Bill authorized the following:

- The farm's current owner had a 1-time opportunity, on a covered commodity by covered commodity basis, to:
 - retain the CC Yields that were established on the farm for the covered commodity in effect on September 30, 2013 as the PLC yield
 - update the yield based on 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 was authorized if the farm's yield per planted acre in any year fell below 75 percent of the 2008 through 2012 simple county average yield per planted acre.
- The certified yield was made at the farm level.
- After September 30, 2014, upland cotton was no longer a covered commodity and was converted to generic base acres. The upland cotton counter cyclical yield was not maintained with the generic base acres in the farm's farm record (CRM and FRS). The direct yield was renamed the CTAP yield and was maintained because of the CTAP program.

Note: CTAP Yields are not maintained under the 2018 Farm Bill.--*

***--64 Historical FSA Yields (Continued)**

D Seed Cotton Yields

The 2018 Bipartisan Budget Act authorized the following:

- seed cotton as a covered commodity for the 2018 crop year
- owners of a farm with generic base acres a 1-time opportunity to retain the CC yield for upland cotton, as listed in Farm Records as of September 30, 2013, multiplied by 2.4
- update of the upland cotton yield to 90 percent of a simple average of upland cotton yield per planted acres on the farm for each of the 2008 through 2012 crop years, excluding any year in which upland cotton was not planted, multiplied by 2.4.--*

--65 Certification of Yields*A Certified Yields**

PLC yields may be updated on a covered commodity-by-covered commodity basis at the discretion of the owner on the farm.

The owner may certify to an actual yield for each covered commodity with base acres that was planted on the farm in any year, during the 2013 through 2017 crop years. The certified yield will be made at the farm level.

Note: The yield certification policy is the same as the prior yield update policy where a producer's certification is required and certified production records for each year are **not** 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. An owner who certifies to a farm yield is **required** to retain the records used to certify to the applicable crop yields through the 2023 crop year. Farms selected for yield review that are determined to have an invalid or incorrect certification of yield will have the yield corrected; overpayments **must** be refunded, if applicable. 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 update the PLC yield is solely the current owner's 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 2023 crop year
- CCC-863's from the ARC-IC program will be provided to the operator or owner of the farm, by request, and may be used by an owner to certify PLC yields on the farm.
- 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 2023 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-867 (paragraph 89), 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 an 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 the 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 2013 through 2017 period, if the farm's yield per planted acre for any year 2013 through 2017, falls below 75 percent of the 2013 through 2017 simple county average yield per planted acre for each covered commodity.

The substitute yield is calculated at 75 percent of the 2013 through 2017 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 2013 through 2017.

A substitute yield is **not** used in years of zero planting of the covered commodity during the 2013 through 2017 crop years. According to the 2018 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 2013 through 2017 covered commodity years.

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

Corn Yield Example 1: All years, 2013 through 2017, have yield data and may be used to certify to yields for use in the yield update calculation.

VVA NDR:				
<u>Year</u>	<u>Acres</u>	<u>Yield</u>	<u>Flg</u>	<u>Land</u>
				<u>Description/FSN</u>
2008	91.30	161.00	A	
2009	118.20	150.00	A	
2010	91.30	169.00	A	
2011	118.20	191.00	A	
2012	91.30	189.00	A	
2013	72.70	165.00	A	
2014	91.40	156.00	A	
2015	117.70	196.00	A	
2016	91.40	206.00	A	
2017	117.67	125.00	A	
		<u>Prior Yld</u>	<u>T-Yield</u>	<u>ARH ADJ Yield</u>
Rate Yield:		171.00	187.00	170.00
APH Yield:		182.00		0.00

--*

*--65 Certification of Yields (Continued)

E RMA and NAP Data (Continued)

Corn Yield Example 2: Only 2016 and 2017 has yield data that may be used to certify to yields for usage in the yield update calculation. The years of 2013, 2014, and 2015 were zero planted acre years and are **not** used in the yield update calculation.

Note: 2015 is not listed because the crop was not planted on the unit.

WA Nbr:				
Year	Acres	Yield	Yield Flg	Land Description/FSN
0	0.00	0.00		
0	0.00	0.00		
0	0.00	0.00		
0	0.00	0.00		
0	0.00	0.00		
0	0.00	0.00		
2013	0.00	187.00	L	
2014	0.00	187.00	L	
2016	65.00	205.00	A	
2017	37.35	212.00	A	
		Prior Yld	T-Yield	ARH ADJ Yield
Rate Yield:		198.00	192.00	187.00
APH Yield:		199.00		0.00

F Yield Certification Form and Instructions

See paragraph 89 for an example of CCC-867 and instructions.

G Yield Update Software

The software used to update yields and instructions is forthcoming.--*

--66 Modifications to Yield Certifications*A Yield Certification Modifications**

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

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

- documented on a copy of the original CCC-867
- initialed and dated by the owner
- approved by COC.

There is no deadline for modifications to yield certifications. Any payments generated will be made immediately. Any refunds must be collected immediately.

Notes: Modifications to the yield (higher or lower) may have impact on ARCPLC payments.

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

When completing an ARCPLC review (spot check) or correcting a yield and RMA data was used by the producer to certify the yield, the County Office is not to request any documentation, such as production evidence. This review can be accomplished by reviewing CIMS data and producer-provided RMA data. In all cases, it should be verified that RMA data exists. The exact yield number certified is not required to match because of differences in farm and unit structure between FSA and RMA.

It is important to remember that RMA units and FSA FSN's do not match in most cases; therefore, blended RMA yields may have been used to arrive at the certified FSN yield. COC will not request a producer's documentation if the certified yields appear to be representative of the RMA data.--*

--66 Modifications to Yield Certifications (Continued)*B Examples of Modifications to Yield Certifications**

Example 1: An owner certified yield data by the production reporting deadline, that the production from a crop of soybeans was 37 bushels per acre based on RMA records. Later, RMA 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-867, if the 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 owner who updated the yield that is responsible for the update and evidence needed to substantiate the update.

Example 2: A 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 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.--*

***--66 Modifications to Yield Certifications (Continued)**

C PLC Yield Correction Policy

County Offices will use the policies set forth in this paragraph to correct PLC yields on a farm when the owner or FSA has found an erroneous yield.

The following are PLC yield corrections that may be approved by COC:

- a mathematical error was found in calculating the PLC yield
- owner made an error when certifying a yield in any of the years the covered commodity was planted (2013 through 2017)
- yields were not loaded properly in the yield update software by FSA.

Other yield corrections may be considered and require submission to STC or designee for review and concurrence.

County Offices will thoroughly document the yield correction and review the yield data with COC. COC's determination will be documented in the COC Executive minutes and reviewed by DD for concurrence.

Note: Owners are not required to sign a new CCC-867 for PLC yield corrections according to this paragraph.--*

--66 Modifications to Yield Certifications (Continued)*D Yield Correction Notification Policy**

Notification of yield corrections to owners and operators on the farm is required if corrections to yields of covered commodities on the farm are discovered.

Note: Appeal rights must be provided.

E Effects of PLC Yield Corrections

A comparison of the corrected PLC yield to the certified PLC yield will be performed at the final approved PLC yield at the farm level, not at the tract level.

If the farm level corrected PLC yield in comparison to the certified PLC yield reveals a discrepancy where the County Office made an error during the yield certification process resulting in an inaccurately certified yield by the owner:

- the PLC yield will be corrected for each year beginning in 2020 and subsequent years

Note: Tolerance is not applicable.

- COC is not required to make a good faith determination as FSA made the error
- any overpayment or underpayment will be processed for each applicable year a yield is corrected.

PLC yield corrections must be documented in the COC minutes.

Example: A producer's approved PLC yield is 100 bu./acre for corn. The yield correction for each of the PLC update years (2013 through 2017) results in the new farm level PLC yield being calculated at 96 bu./acre.

The certified farm level PLC yield of 100 bu./acre will be corrected to 96 bu./acre. The County Office will complete the correction for 2020 and subsequent years.--*

--66 Modifications to Yield Certifications (Continued)*F PLC Yield Correction Adjustments**

If the farm level corrected PLC yield in comparison to the certified PLC yield reveals a discrepancy where the owner made an error during the yield update period:

- COC must determine whether the owner acted in good faith when providing the certified yield during the yield update period

Note: If COC determines:

- “good faith” on behalf of the owner:
 - correct the final PLC yield at the farm level for 2020 and all subsequent years
 - process any overpayments or underpayments for each year
- “lack of good faith” on behalf of the owner:
 - correct the final PLC yield to the PLC yield that existed for the crop on the farm before the yield update period for 2020 and subsequent years
 - process any overpayments or underpayments for each year.
- COC’s determination will be documented in the executive minutes.

Note: See paragraph 247 to determine whether misrepresentation, inaccurate representation, scheme, or device has occurred.--*

--67 Hybrid Seed or Popcorn*A Yield Certification**

An owner on a farm having hybrid seed or popcorn may request to use:

- subparagraph B for hybrid seed
- subparagraph C for popcorn.

B Hybrid Seed Separate Methods

Owners may use any of the following separate methods to certify and update PLC yields for any covered commodities grown for hybrid seed for each crop year 2013 through 2017. If more than 1 method is applicable to the farm, the owner may select the method to be used. If an owner does **not** select a method, the farm's yield will remain unchanged from the CC yield.

IF...	AND...	THEN the current owner may certify to the...
both commercial crop acreage and hybrid seed acreage is grown on the farm	both the commercial and the hybrid seed acres are irrigated or nonirrigated	yield per planted acre from the commercial acreage to the hybrid seed 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 for the specific year the hybrid seed was grown, as determined by STC.
the entire county grows hybrid seed	neither of the previous 2 methods in this table apply	county average yield of an adjacent county for the specific year the hybrid seed was grown, as determined by STC.
neither of the previous 3 methods in this table apply		county average yield for the specific year the hybrid seed was grown, as determined by STC.

Note: In States where irrigated and nonirrigated yields exist for hybrid seed crops, commercial equivalents are limited to 120 percent of the applicable irrigated or nonirrigated county yield, as determined by STC. For counties that do **not** have a separate irrigated or nonirrigated county yield, STC's may (**not** required) establish separate irrigated or nonirrigated county yields for hybrid seed acres for certified yield updating purposes **only**. If separate irrigated and nonirrigated yields are **not** established, then the blended county average yield must be used, **not** the PLC substitute yield.--*

*--67 Hybrid Seed or Popcorn (Continued)

C Popcorn Yield Certification Conversion Policy

An owner on a farm having popcorn may request to use a conversion factor of 29.7 to convert pounds to bu. for the specific years the crop was grown, 2013 through 2017. This factor can only be used if a “commercial corn yield” from harvested acres is **not** available on the farm. If commercial corn was harvested on the farm, then the conversion factor must **not** be used and the popcorn acres will be assigned the commercial corn yield associated with the farm. To convert popcorn yields (pounds) when an appropriate commercial corn yield is **not** available on the farm, divide the popcorn yield in pounds by 29.7 to obtain an equivalent commercial corn yield in bu.

Example: A 5,000 pound popcorn yield divided by 29.7 would be equivalent to 168 bu. field corn yield, rounded to the nearest bu.

Use the following table to determine when to use the commercial corn yield or the conversion factor.

IF there is...	THEN...
irrigated commercial corn on the farm	apply the same yield to the irrigated popcorn acres.
nonirrigated commercial corn on the farm	apply the same nonirrigated yield to nonirrigated popcorn acres.
no commercial corn on the farm	use the factor to determine the popcorn yield, regardless if the popcorn is irrigated or nonirrigated.
irrigated commercial corn on the farm only and there is nonirrigated popcorn on the farm only	use the factor to determine the popcorn yield.
nonirrigated commercial corn on the farm only and there is irrigated popcorn on the farm only	use the factor to determine the popcorn yield.

--*

*--68 Yield Update Examples

A Example 1

In this example, a producer planted peanuts in all 5 years of the yield period 2013 through 2017. The 2017 crop year yield is lower than the substitute yield (75 percent of the 2013 through 2017 county average yield). The substitute yield will be used for 2017.

The 5-year average yield on the farm is calculated at 3,506 pounds per acre. The PLC yield is 90 percent of 3,506 pounds per acre multiplied by the national yield factor of 92.73 percent or 2,926 pounds per acre.

The owner may choose to keep the PLC yield of 2,972 pounds per acre or update the yield to 2,926 pounds per acre.

Note: In this example the National Office determined that the average of the 2013 through 2017 national average yield per planted acre for the covered commodity divided by the average of the 2013 through 2017 national average yield per planted acre is 92.73 percent for peanuts.

Farm 1	Covered Commodity is Peanuts					Current PLC Yield is 2972 Lbs. Per Acre		
	2013	2014	2015	2016	2017	Total 1/	Average Yield 2/	PLC Yield at 90 Percent – Adjusted 3/
Covered Commodity Yield	3819	3557	3441	4111	2422	17,529	3506	2926 lbs. per acre
Substitute Yield at 75 Percent	2601	2601	2601	2601	2601			
1/ Total of 2013 through 2017 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, rounded to the nearest whole number. 5-Year Average of Planted Acreage $(3819 + 3557 + 3441 + 4111 + 2601 = 17529 \div 5 = 3505.80)$ 3/ PLC Yield at 90 Percent Adjusted is calculated figuring a 92.73 percent ratio obtained by dividing - the average of the 2008 through 2012 national average yield per planted acre for the covered commodity by - the average of the 2013 through 2017 national average yield per planted acre for the covered commodity. Note: This number may not be less than 90 percent or greater than 100 percent and will be determined at the National Office (see paragraph 61). Yield update decision is to retain the peanut PLC yield of 2,972 pounds per acre.								

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*--68 Yield Update Examples (Continued)

B Example 2

In this example, a producer planted corn in 3 years of the yield period 2013 through 2017. The 2017 crop year yield is lower than the substitute yield (75 percent of the 2013 through 2017 county average yield). The 2017 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 139 bu. Per acre. The PLC yield is 90 percent of 139 bu. per acre multiplied by the national yield factor of 90 percent or 113 bu. per acre.

The owner may choose to keep the current PLC yield of 112 bu. per acre or update the yield to 113 bu. per acre.

Farm 2	Covered Commodity is Corn					Current PLC Yield is 112 Bu. Per Acre		
	2013	2014	2015	2016	2017	Total 1/	Average Yield 2/	PLC Yield at 90 Percent – Adjusted 3/
Covered Commodity Yield	Zero Planted	Zero Planted	135	160	119	417	139.00	113 bu. Per acre
Substitute Yield at 75 Percent	122	122	122	122	122			
1/ Total of 2015 through 2017 covered commodity year yields. 2013 and 2014 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, rounded to the nearest whole number. 3-Year Average of Planted Acreage ($135 + 160 + 122 = 417 \div 3 = 139.00$) 3/ PLC Yield at 90 Percent Adjusted is calculated figuring a 90 percent ratio obtained by dividing - the average of the 2008 through 2012 national average yield per planted acre for the covered commodity by - the average of the 2013 through 2017 national average yield per planted acre for the covered commodity. Note: This number may not be less than 90 percent or greater than 100 percent and will be determined at the National Office (see paragraph 61).								
Yield update decision is to update the corn PLC yield to 113 bu. per acre.								

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*--68 Yield Update Examples (Continued)

C Example 3

In this example, soybeans were planted in 4 of the 5 years, 2013 through 2017. In 2014, the 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 2017 crop year yield is lower than the substitute yield (75 percent of the 2013 through 2017 county average yield). Both the 2013 and the 2017 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 42 bu. per acre. The PLC yield is 90 percent of 40 bu. per acre multiplied by the national yield factor of 90 percent or 34 bu. per acre.

The current owner may choose the current PLC yield of 32 bu. per acre, or the calculated PLC yield of 34 bu. per acre.

Farm 3	Covered Commodity is Soybeans					Current PLC Yield is 32 Bu. Per Acre		
	2013	2014	2015	2016	2017	Total 1/	Average Yield 2/	PLC Yield at 90 Percent-Adjusted 3/
Covered Commodity Yield	Zero Planted	Planted No Production Evidence 0	47	60	26	167	42	34 bu. per acre
Substitute Yield at 75 Percent	30	30	30	30	30			
<u>1/</u> Total of 2013 through 2014 covered commodity year yields. 2013 covered commodity year is zero planted and excluded from the calculation. 2014 and 2017 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, rounded to the nearest whole number. 4-Year Average of Planted Acreage $(30 + 47 + 60 + 30 = 167 \div 4 = 41.75)$ <u>3/</u> PLC Yield at 90 Percent Adjusted is calculated figuring a 90 percent ratio obtained by dividing - the average of the 2008 through 2012 national average yield per planted acre for the covered commodity by - the average of the 2013 through 2017 national average yield per planted acre for the covered commodity. Note: This number may not be less than 90 percent or greater than 100 percent and will be determined at the National Office (see paragraph 61).								
Yield update decision is to update the soybean PLC yield to 34 bu. per acre.								

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*--68 Yield Update Examples (Continued)

D Example 4

In this example, a producer planted wheat in 1 year of the yield period 2013 through 2017. The yield for the 1 year of planting is greater than the substitute yield (75 percent of the 2013 through 2017 county average yield).

Using 1 year of yield data from the 2015 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 multiplied by the national yield factor of 95.45 percent or 52 bu. per acre.

The current owner may choose to keep the current PLC yield of 32 bu. per acre or update the yield to 52 bu. per acre.

Farm 4	Covered Commodity is Wheat					Current CC Yield is 32 Bu. Per Acre		
	2013	2014	2015	2016	2017	Total <u>1/</u>	Average Yield <u>2/</u>	PLC Yield at 90 Percent-Adjusted <u>3/</u>
Covered Commodity Yield	Zero Planted	Zero Planted	60	Zero Planted	Zero Planted	60.00	60.00	52 bu. per acre
Substitute Yield at 75 Percent	45	45	45	45	45			
<u>1/</u> Total of the 2015 covered commodity average year yield. 2013, 2014, 2016, and 2017 years are zero planted and excluded from the calculation. <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. 1-Year Average of Planted Acreage ($60 \div 1 = 60.00$) <u>3/</u> PLC Yield at 90 Percent Adjusted is calculated figuring a 95.45 percent ratio obtained by dividing - the average of the 2008 through 2012 national average yield per planted acre for the covered commodity by - the average of the 2013 through 2017 national average yield per planted acre for the covered commodity. Note: This number may not be less than 90 percent or greater than 100 percent and will be determined at the National Office (see paragraph 61). Yield update decision is to update the wheat PLC yield to 52 bu. per acre.								

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*--68 Yield Update Examples (Continued)

E Example 5

In this example, a producer planted upland cotton in rotation on the farm, 2013, 2015, and 2017 during the period 2013 through 2017. The 2017 yield is less than the substituted yield (75 percent of the 2013 through 2019 county average yield). The 2017 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 1,137 bu. per acre. The PLC yield is 90 percent of 1,137 pounds per acre multiplied by the national yield factor of 90 percent multiplied by 2.4 or 2,210 pounds per acre.

Note: In this table, yield data is recorded as lint pounds until converted to seed cotton pounds in the final step.

The owner may choose to keep the PLC yield of 1286 bu. per acre or the updated yield of 2210 bu. per acre.

Farm 5	Covered Commodity is Upland Cotton					PLC Yield is 1286 Bu. Per Acre		
	2013	2014	2015	2016	2017	Total 1/	Average Yield 2/	PLC Yield at 90 Percent– Adjusted 3/ Times 2.4 (4/)
Covered Commodity Yield	1210	Zero Planted	1450	Zero Planted	650	3410	1137	2,210 lb. per acre
Substitute Yield at 75 Percent	750	750	750	750	750			
1/ Total of 2013, 2015, and 2017 covered commodity year yields. 2014 and 2016 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, rounded to the nearest whole number. 3-Year Average of Planted Acreage (1210 + 1450 + 750 = 3410 ÷ 3 = 1136.67) 3/ PLC Yield at 90 Percent Adjusted is calculated figuring a 90 percent ratio obtained by dividing - the average of the 2008 through 2012 national average yield per planted acre for the covered commodity by - the average of the 2013 through 2017 national average yield per planted acre for the covered commodity. Note: The national yield may not be less than 90 percent or greater than 100 percent and will be determined at the National Office (see paragraph 61). 4/ Upland Cotton lint yield is multiplied by 2.4 factor to convert to seed cotton Yield update decision is to update the upland cotton PLC yield to 2,210 pounds per acre.								

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69-80 (Reserved)

***--Section 2 Certified Yield Compliance**

81 Records of Production

A Yield Certifications

Yield 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.

A yield certification by a farm's owner does **not** require submitting production records to support the certified yield, unless selected by FSA for review.--*

--81 Records of Production (Continued)*B Acceptable Records**

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

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

- production data previously reported to FSA on CCC-863 under the ARC-IC program

Note: CCC-863's on file at FSA for the ARC-IC program for the farm will be made available to current year farm owners or operators for the purpose of yield updating or ARC-IC production reporting on request.

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

Note: CCC-658's on file at FSA for the ACRE program for the farm will be made available to current year farm owners or operators for the purpose of yield updating 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
- nonverifiable documentary evidence determined to be reliable by FSA, such as contemporaneous measurements, truck scale tickets, pick records, grain yield monitors, 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 (or part of the farm, as applicable) as enrolled in ARCPLC.--*

--81 Records of Production (Continued)*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 year
- 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.

Step	Action
1	Date-stamp hard copy records with County Office name.
2	Photocopy date-stamped production records submitted by the current owner or producer.
3	Place photocopied date-stamped records in the producer's County Office file.
4	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.
5	Review current owner's or producer's farm file for previously submitted production evidence. Ensure that the records have not been duplicated.
6	Ensure that the current owner or producer understands that the production records must be: • complete and represent the farm's total harvested production • for the correct farm, crop year, and acreage.
7	Review all production records provided by the current owner or producer and farm, 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, but are not verifiable, follow step 8 • support the current owner's or producer's certification for the farm, and are verifiable, the records are acceptable • do not support or agree with the current owner's or producer's farm certification, advise the current owners or producer that the production records are not acceptable and will not be used. Note: The substitute yield for ARC-IC and PLC yield update will be used. 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.

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*--81 Records of Production (Continued)

E COC Responsibilities (Continued)

Step	Action	
8	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.	
	IF...	THEN...
	similar levels of production were experienced on neighboring farms or the level of production is consistent with the ARCPLC substitute yield	the current owner's or producer's certification, supported by some record of production, may be considered reliable and acceptable.
	records do not support the current owner's or producer's certification	COC will assign the substitute yield for ARC-IC or PLC yield updates, as applicable.

--*

--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 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.

Note: When RMA data is used and COC is satisfied that data is acceptable, the farm is no longer subject to spot check requirements.--*

--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 Production That is Farm-Stored and/or Used for Seed, Silaged, Hayed, or Grazed**

A Determining Acceptable Yield When Production Remains Farm Stored and/or Used for Seed, Silaged, Hayed, or Grazed

The following policy applies to determining production for covered commodities that are farm-stored and/or used for seed, silage, hayed or grazed.

WHEN production from covered commodities planted on the FSA farm...	AND...	THEN the...
is farm-stored and has not been sold or fed or used for seed	the grain was measured by FSA or crop insurance representative	producer may certify and the COC may accept the measured quantity. Note: Data may be obtained from RMA or NAP APH database records if applicable.
is farm-stored and has not been sold or fed or used for seed	was not measured	producer may certify, using contemporaneous records, and the COC may accept the yield per acre certified using subparagraph 81 E, step 8.

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***--83 Production That is Farm-Stored and/or Used for Seed, Silaged, Hayed, or Grazed (Continued)**

A Determining Acceptable Yield When Production Remains Farm Stored and/or Used for Seed, Silaged, Hayed, or Grazed (Continued)

WHEN production from covered commodities planted on the FSA farm...	AND...	THEN the...
is farm-stored and has been fed or used for seed	was not measured	producer may certify, using contemporaneous records, and the COC may accept the yield per acre certified using subparagraph 81 E, step 8.
is used for seed	producer provides written certification that: • disposition was by planting • production is not included in any other record • seeding rate • number of acres planted.	producer may certify and the COC may accept the yield certified using the subparagraph 81 E, step 8.
has 100 percent of the acreage taken for silage or hay	there are no records of silage or hay production per acre	producer may certify and COC may accept the substitute yield for ARC-IC or PLC yield update, as applicable, to the acreage.
has 100 percent of the acreage taken for silage or hay	there are acceptable records of production	producer may certify and COC may accept the converted tons of silage or hay using the factors in paragraph 85. Note: If production has been converted for LDP and/or loan by RMA or NAP, then use that production.

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***--83 Production That is Farm-Stored and/or Used for Seed, Silaged, Hayed, or Grazed (Continued)**

A Determining Acceptable Yield When Production Remains Farm Stored and/or Used for Seed, Silaged, Hayed, or Grazed (Continued)

WHEN production from covered commodities planted on the FSA farm...	AND...	THEN the...
has partial acreage of the crop taken for grain and partial acreage taken for silage, hay, or graze	does not have records of grain production available for any acres of the farm	producer may certify and COC will assign the substitute yield for ARC-IC or PLC yield update, as applicable, to the acreage taken for silage, hayed or grazed.
has partial acreage of the crop taken for grain and partial acreage taken for silage, hay, or graze	does have records of grain production available on the portion of the acreage of the farm taken for grain	producer may certify and COC may accept the higher of either of the following: • actual yield or substitute yield from the acreage taken for grain applied to the acreage taken for silage, hay, or graze and use the grain yield • substitute yield for the farm.
has 100 percent of the acreage for the crop is taken for grazing	does not have an appraisal or other documentation showing production per acre for the crop	producer may certify and COC may accept the substitute yield for ARC-IC or PLC yield update, as applicable, to the acreage.

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--84 Determining Farm Yield When Owner's Update Was Not for a 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 within the farm during the benchmark period for ARC-IC or the 2013 through 2017 years for yield update period **cannot** be obtained
- 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 the applicable crop years. The following process will be used to calculate the farm yield:

- assign production from the substitute yield for ARC-IC or 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 substitute yield for ARC-IC or PLC yield will be applicable at the farm level, if the substitute yield on the farm is higher than the yield calculated in this subparagraph.--*

***--84 Determining Farm Yield When Owner's Update Was Not for a Complete Farm (Continued)**

C Partial Yield Update Example

The partial substitute yield can be used when the producer currently farms land, but he/she did **not** farm the land in 1 or more of the 2013 through 2017 crop years.

Example: Producer added a 150.00 acres of land to his operation in 2017.

- He does **not** have production records in 2013 on 100.00 acres of wheat, because he did **not** farm those acres in 2013.
- He does have production records for the other 50.00 acres of wheat, because he farmed those acres in 2013.

Wheat plantings on the farm were as follows.

Year	2013	2014	2015	2016	2017
Acres	150.00	0.00	0.00	0.00	200.00

$$\begin{array}{rcl}
 2013: & 100 \text{ acres} \times 38 \text{ bushels (substitute yield)} & = 3,800 \text{ bu.} \\
 & \underline{50 \text{ acres} \times 45 \text{ bushels (actual yield)}} & = \underline{2,250} \text{ bu.} \\
 & 150 \text{ acres} & = 6,050 \text{ bu.}
 \end{array}$$

$$6,050 \text{ bu.} \div 150.00 \text{ acres} = 40 \text{ bu. per acre } \underline{1/}$$

1/ Enter **40 bu.** on CCC-867 for 2013 year.--*

--85 Silage and Hay Production Evidence and Grazed Acreage*A Policy**

Silage or hay production (tonnage) that is a matter of record and meets paragraph 81 criteria may be converted to bu. using conversion factors in this subparagraph.

Note: If RMA has converted silage to bu., producers may certify, and COC's accept, RMA production (bu.) as converted.

B 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.).--*

--85 Silage and Hay Production Evidence and Grazed Acreage (Continued)*C Hay Production**

Acceptable records of hay production must be converted to bu. by multiplying the tonnage by the following conversion factors:

- 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.

D Silage or Hay 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.

E COC Guidelines for Approving Silage or Hay 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.--*

--86 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
- producers.

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 subparagraphs E and F for example.

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

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.--*

--86 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-867. 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 B through G for examples of apportioning production based on alternative methods approved by COC.--*

--86 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 2013 crop was harvested
- settlement sheet for 20,000 bu. after the 2014 harvest, but before any 2015 harvest
- planted acres were:
 - 90.00 acres in 2013
 - 110.00 acres in 2014
- the owner has **not** requested COC to consider an alternative method of apportioning, according to subparagraph D.

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:
 - (2013): $90 \div 200 = .4500$
 - (2014): $110 \div 200 = .5500$
- multiply the acreage percentage for each year times the commingled production:
 - $30,000 \text{ bu.} \times .45 = 13,500 \text{ bu.}$ attributed to 2013
 - $30,000 \text{ bu.} \times .55 = 16,500 \text{ bu.}$ attributed to 2014.--*

--86 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 2014 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 2014 crop ($6,000 + 4,000 = 10,000$)
- divide LDP quantities for each respective FSN by the sum of LDP quantities for the 2014 crop year, to determine a percentage applicable to each FSN, as follows:
 - FSN 100 $6,000 \div 10,000 = .6000$ (4 decimal places)
 - FSN 200 $4,000 \div 10,000 = .4000$ (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):
 - $10,150 \text{ bu.} \times .6000 = 6,090 \text{ bu.}$ attributed to FSN 100
 - $10,150 \text{ bu.} \times .4000 = 4,060 \text{ bu.}$ 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.--*

--86 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 2015 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 2015 crop ($20,000 + 35,000 = 55,000$)
- divide APH quantities for each respective FSN by the sum of APH quantities for the 2015 crop year, to determine a percentage applicable to each FSN, as follows:
 - FSN 100 $20,000 \div 55,000 = .3636$ (4 decimal places)
 - FSN 200 $35,000 \div 55,000 = .6364$ (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):
 - $54,650 \text{ bu.} \times .3636 = 19,871 \text{ bu.}$ attributed to FSN 100
 - $54,650 \text{ bu.} \times .6364 = 34,779 \text{ bu.}$ 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 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.--*

--88 ARCPLC Yield Review*A Introduction**

The 2018 Farm Bill allows any owner of a farm an opportunity to update the PLC yield for 1 or more covered commodities on the farm for PLC or to establish farm level benchmark and current year yields for farms that have elected ARC-IC.

The yields for PLC and ARC-IC are required to be certified as a yield per acre. The yield review process requires FSA to review the accuracy of the certified yields. This may require the review of the actual production records for the farm.

Note: As a general rule, yields certified for PLC or ARC-IC supported by the RMA yield data, are **not** subject to further review by COC, unless COC questions the data. The review of RMA yield data means **only** that County Offices verify RMA data was, in fact, used to certify farm yields.

It is the responsibility of the producers on the farm to retain and make available to COC, production records of the covered commodities being reviewed. This includes RMA yield data used by owner, only when COC questions the accuracy of the RMA data. The yield review process will be required annually through the 2023 crop year.

This section provides policy and procedure for conducting the certified yield reviews for:

- yields reported on the CCC-867 for the PLC yield update process for the farm
- certified yields for ARC-IC benchmark and actual yield calculations as reported on the ARC-IC CCC-863 for the farm.

Note: PLC Yield Reviews will be conducted after the PLC Yield Update process is complete. Future guidance be provided when to conduct the review.

B PLC Yields Exceeding PLC County Average Farm Level Yield

A report will be provided that will identify farm level PLC yields that are outliers from the specific covered commodity in a county.

County Offices will be **required** to review this report when published to identify farms with Farm Level PLC yields are outside the range established by the National Office. Once these farms and associated PLC yields have been selected, the owner of the farm will be required to document the production that was certified to establish the PLC yield.--*

*--88 ARCPLC Yield Review (Continued)

C PLC Yield Review

For situations where the PLC yield was updated with the 2018 Farm Bill, the County Office may request documentation to support the yields certified when calculating the PLC yield.

IF the...	THEN...
COC review determines that PLC yield is reasonable based on surrounding farm yields and cultural practices	document the determination in the COC minutes and no further action is required.
COC cannot determine that PLC yield is reasonable based on surrounding farm yields and cultural practices	document the determination in the COC minutes and notify the farm owner that production evidence is required to support the farm yield.
COC cannot determine that PLC yield is reasonable based on surrounding farm yields and cultural practices and the owner documents the yield using production evidence from any year that supports the PLC yield	document the determination in the COC minutes and no further action is required. Note: The PLC yield may have been rolled over from the 2014 Farm Bill; however, if the owner can provide production evidence to support the yield from a more recent year, COC may consider the yield verified. Example: A barley yield of 72 bushels was rolled over from the 2014 Farm Bill. The landowner provides COC with production records from 2013 documenting that the farm in question had an 84-bushel yield. The PLC yield of 72 may be determined acceptable.

--*

*--88 ARCPLC Yield Review (Continued)

C PLC Yield Review (Continued)

IF the...	THEN...
COC cannot determine that PLC yield is reasonable based on surrounding farm yields and cultural practices and the owner cannot document the yield to COC's satisfaction	COC will: • identify 3 farms with similar yield capability, including: • land • cultural practices • irrigation practices • average the yields from the 3 similar farms Note: The yields used in the average must be yields that have been verified with production evidence. • request assistance from STC or STC representative if 3 similar farms are not available for the county Note: Assign the needed yields based on the STC or STC representative's information. • assign the yield computed above to the farm and document all facts in executive session COC minutes, including: • yields established using 3 similar farms • farm receiving the yield • farms used to establish the yield • notify the owner of the new PLC yield using the Notification of Base Acres and Yield.

Note: PLC yield will not increase as a result of this yield review.--*

***--88 ARCPLC Yield Review (Continued)**

D Selection of Farms - ARC-IC Benchmark and Actual Yields Review

Farms that are **enrolled** in ARC-IC are subject to spot check based on the following:

- 2-CP, subparagraph 322 D
- any producer included on the 2019-2023 National Spot Check Review and subsequent year registers

Note: This selection and review will occur annually through 2023.

Annually, review 5 percent of enrolled ARC-IC farms, including farms identified on the National Spot Check Register for the applicable year.--*

--88 ARCPLC Yield Review (Continued)*E CED and County Office Responsibilities**

County Office personnel will:

- ensure the following for farms selected for yield review:
 - if yields were certified using RMA data, research the FSA Report of Yield Data, CIM's (RMA production reports), or other RMA data available to verify certified yields were, in fact, RMA yield data
 - when completing an ARCPLC review (spot check) or correcting a yield and RMA data was used by the producer to certify the yield, the County Office may not need to request any documentation, such as production evidence

Notes: This review can be accomplished by reviewing the report of yield data from RMA, CIMS data, and producer-provided RMA data. In all cases, it should be verified that RMA data exists. The exact yield number certified is not required to match because of differences in farm and unit structure between FSA and RMA.

It is important to remember that RMA units and FSA FSN's do not match in the majority of cases; therefore, blended RMA yields may have been used to arrive at the certified FSN yield. COC will not request a producer's documentation if the certified yields appear to be representative of the RMA data.

- yields certified using data from FSA-658 in the ACRE program require no additional review or spot check
- if additional verification of RMA data is needed, contact the current producer and/or owner or operator who submitted the certified yield data on the farm to provide the additional RMA data to County Office for review
- if RMA data was **not** used nor found to support yield certification at the farm level, contact the current producer and/or owner or operator who submitted the certified yield data on the farm to provide the production data used to certify the yields on the farm to the County Office--*

***--88 ARCPLC Yield Review (Continued)**

E CED and County Office Responsibilities (Continued)

- assist producers with decommingling production, assignment of partial plug yields, or assignment of similar farm yields, as applicable, to determine the accuracy of the yield certified

Note: This may include requesting the producer to help identify which RMA units or records were used to certify the yields on each respective farm.

- review farm-level yields selected for review with COC for determination
- provide farm-level yield review results to the applicable producers of farms reviewed
- correct farm-level yield, if applicable.

Note: Owners and operators are **not** required to be notified if the farm-level yield is not corrected because of tolerance.--*

*--88 ARCPLC Yield Review (Continued)

F COC Responsibilities

The following are COC responsibilities:

- ensure reviews of covered commodity yields on farms are completed in a timely manner
- ensure that applicable producers of the farm are notified of the review and the findings

Note: This requires notifying the owners and/or operators on the farm at the time the yields were provided or update.

- inform producers on the farm of their responsibility to provide documents to support yield certification when requested by COC
- as a general rule, yields certified for PLC or ARC-IC that are supported by the RMA yield data are **not** subject to further review by COC, **unless** COC questions the data
- when completing an ARCPLC review (spot check) or correcting a yield and RMA data was used by the producer to certify the yield, the COC may not need to request any documentation, such as production evidence

Notes: This review can be accomplished by reviewing the report of yield data from RMA, CIMS data, and producer-provided RMA data. In all cases, it should be verified that RMA data exists. The exact yield number certified is not required to match because of differences in farm and unit structure between FSA and RMA.

Further, if the producer certified a yield and used the report of yield data from RMA, FSA may accept the producer's certification unless COC determines the yield does not appear to reflect the actual yield for farms with similar growing conditions.

It is important to remember that RMA units and FSA FSN's do not match in the majority of cases; therefore, blended RMA yields may have been used to arrive at the certified FSN yield. COC will not request a producer's documentation if the certified yields appear to be representative of the RMA data.--*

***--88 ARCPLC Yield Review (Continued)**

F COC Responsibilities (Continued)

- yields certified using data from CCC-658 in the ACRE program require no additional review or spot check.

Notes: RMA yield data would include the RMA yield reports outlined in APH yield reports that show each specific year's yield for the unit.

In cases where COC questions the accuracy of the certified yields, COC may require the actual production records be provided for review.

COC and County Office staff will request that the current producer and/or the owner or operator that provided the certified yield provide records as outlined in this section.

Notes: On farms with both irrigated and nonirrigated production of a crop, the yield must be calculated as a "blended" yield at the farm level.

If the evidence provided according to this table does **not** support the yield certification made by the owner/producer, COC may request additional information.--*

--88 ARCPLC Yield Review (Continued)*G Production Evidence Not Available**

There may be instances where production evidence is **not** available because of changes in ownership or other circumstances beyond the current owner's control. In these cases, COC will determine if good faith applies. If good faith is determined, the following actions apply:

- for the final approved PLC yields at the farm level, the yield will be adjusted on the farm to the **higher** of the following:
 - PLC yield that existed on the farm **before** the yield update
 - recalculated yield using the substitute yield of 75 percent of the county average yield in the years for which production evidence is **not** available
- for ARC-IC yields at the farm level, the actual or applicable benchmark yield will be adjusted to the following:
 - actual yield will be set at 100 percent of the applicable year's ARC-CO yield
 - benchmark yields for each affected year will be 80 percent of the T-yield

If production evidence is not available and good faith is **not** determined, the following actions apply:

- for the final approved PLC yields at the farm level, the yield will be adjusted on the farm to the PLC yield that existed for that crop on the farm prior to the yield update
- for ARC-IC yields, the benchmark and actual yields will be adjusted to the following:
 - actual yield will be set at 100 percent of the applicable year's ARC-CO yield
 - benchmark yields for each affected year will be set at 80 percent of the T-yield.--*

*--88 ARCPLC Yield Review (Continued)

H Tolerance

The yield review may result in differences in certified versus verifiable yields at the farm level. The comparison of yield for tolerance purposes is made as follows:

- at the final approved PLC yield level for the farm
- for each applicable year's benchmark or current year yield for ARC-IC for the farm.

After review of the RMA data or production evidence provided, if applicable, COC will determine the final yield for the applicable covered commodity to determine whether the yield was certified correctly. In cases where FSA determines a different resulting yield than the yield accepted by FSA, a tolerance will apply to the calculation before corrective action will be required.

For farms with differences in yields, a yield tolerance of up to 5 percent (over or under) of the actual determined yield will be applicable. A correction of yield is **not** permitted unless the tolerance has been exceeded.

Example : A producer's certified PLC yield is 40 bu. Per acre for wheat. The review of the production records for each of the PLC update years 2013 through 2017 results in new farm-level yield being calculated at 39 bu. Per acre.

The tolerance calculation is as follows:

39 bu. (correct yield) X 5% = 1.95 (2 bu.)

The certified yield must be within 2 bu. Of the actual determined yield.

Because the certified yield is within 1 bu. Of the actual determined yield, the approved farm level PLC yield of 40 bu. Per acre is within the established tolerance and no additional correction is needed on this farm. The PLC yield will remain at 40 bu. Per acre for the farm.--*

--88 ARCPLC Yield Review (Continued)*I Yield Adjustments**

If review of the production evidence reveals a discrepancy in the reported yield, determine if the difference between the actual yield and the certified yield is within the tolerance as outlined in subparagraph H as follows:

- if the difference is within the 5 percent tolerance, the yield is accepted as certified and no further adjustment is permitted
- if the difference exceeds the 5 percent tolerance, and **good faith is determined**, the farm-level yield will be adjusted as follows:
 - for PLC yields, the final approved PLC yield will be corrected in Farm Records for each year from 2020 to the current year. The farm PLC yield shall never be adjusted below the PLC yield on the farm prior to the yield update

Note: Any overpayments or underpayments must be processed accordingly.

- for ARC-IC benchmark and actual yields, correct the yield for each applicable year on the farm in the ARC-IC Benchmark software for both benchmark and actual yields

Note: Any overpayments or underpayments must be processed accordingly. If payments were determined through a spreadsheet, payments will need to be manually recalculated.--*

*--88 ARCPLC Yield Review (Continued)

I Yield Adjustments (Continued)

- if the difference exceeds the 5 percent tolerance, and **good faith is not determined**, the farm-level yield will be adjusted as follows:
 - for PLC yields, the final approved PLC yield will be adjusted to PLC yield that existed for that crop on the farm before the yield update

Note: If a PLC yield did not exist because the crop is a new cover commodity on the farm the PLC yield must be the average county CC yield for that covered commodity.

- for ARC-IC yields, the benchmark and actual yields will be adjusted to the following:
 - actual yield will be set at the higher of:
 - 100 percent of the applicable year's ARC-CO yield
 - the actual yield
 - benchmark yields for each affected year will be set at:
 - the lower of 80 percent of the T-yield
 - the actual yield.

Note: If it is determined that a producer's certified yield is incorrect through the PLC yield review or ARC-IC yield spot check, the yield must be corrected in the producer's ARC-IC **and** PLC yield records, as applicable.

Example: County Office is completing an ARC-IC yield review for Producer A. All yields in the producer's benchmark are certified correctly with the exception of the 2015 crop year. Producer A certified a yield of 70 bu. Per acre; however, his RMA records show that his 2015 yield was 62 bu. Per acre. Further review shows that he also used the certified yield of 62 bu. Per acre in his PLC yield certification. Therefore, the PLC yield should be recalculated to determine if tolerance has been exceeded. If tolerance has been exceeded, the PLC yield will also need to be corrected.--*

***--88 ARCPLC Yield Review (Continued)**

J Appeal Rights

County Offices will notify applicable producers and owners of:

- COC's determined yield
- actions taken
- amount of refund or additional payment, if applicable
- appeal rights according to 1-APP.

K Action on Appeal of Yield

The STC representative will review PLC yields and:

- concur, if yields are documented and justified
- require corrective action, if yields are **not** justified.

County Offices will issue a revised notice after the STC representative has concurred that yields were established using 3 similar farms.

Note: PLC yields that were computed based on information certified by the landowner will not be adjusted using 3 similar farms.--*

*--89 CCC-867

A Example of CCC-867

The following is an example of CCC-867.

This form is available electronically.

CCC-867 (07-23-19)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation		1. Program Years: 2020 through 2023					
YIELD UPDATE FOR THE PRICE LOSS COVERAGE (PLC) PROGRAM				2A. County FSA Office Name and Address (Including Zip Code)					
				2B. County FSA Office Telephone No. (Including Area Code)		2C. County FSA Office FAX No. (Including Area Code)			
				3. State Code	4. County Code	5. Farm No.	6. Covered Commodity		
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 the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), the Agricultural Act of 2014 (7 U.S.C. 9015) as amended by the Agriculture Improvement Act of 2018 (Pub. L. 115-334) and 7 CFR Part 1412. 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. Paperwork Reduction Act (PRA) Statement: The information collection is exempted from the Paperwork Reduction Act as specified in 7 U.S.C. 9091(c)(2)(B). 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.									
THE FARM PLC YIELD UPDATE DECISION is made by an owner of the farm identified in Item 5 above. If FSA receives conflicting yield update from another owner, 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.									
FARM YIELD UPDATE									
7. I agree to update the PLC yield for the covered commodity, identified in Item 6 above, based on 90 percent of the farm's 2013 through 2017 average yield per planted acre, excluding any year(s) when no acreage was planted times a national factor determined by dividing the 2008-12 national yield by the 2013-2017 national yield. The covered commodity's national yield factor is _____.									
7A. 2013 Yield	7B. 2014 Yield	7C. 2015 Yield	7D. 2016 Yield	7E. 2017 Yield	7F. Total	7G. Average Yield	7H. Multiplied by 2.4 (If Seed Cotton)	7I. Multiplied by 90%	7J. Multiplied by yield Factor (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)	

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.

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*--89 CCC-867 (Continued)

B Instructions for Completing CCC-867

Complete CCC-867 according to this table.

Item	Instruction	
1	Prefilled to indicated Program Years 2020 through 2023.	
2A	Enter FSA County Office name and address (optional).	
2B	Enter FSA County Office telephone number (optional).	
2C	Enter FSA County Office FAX number (optional).	
3	Enter state code.	
4	Enter county code.	
5	Enter FSN.	
6	Enter applicable covered commodity.	
7	Complete this section to report a yield at the farm level only in the years the covered commodity was planted in 2013 through 2017.	
	National Yield Factor	Use the National Yield Factor from paragraph 61 for each covered commodity
	7A – 7E 2013 – 2017	Enter the actual yield resulting from planted acres of the applicable covered commodity for 2013 through 2017. If seed cotton, use lint pounds of cotton. Enter an “X” if the covered commodity was not planted.
	7F Total	Add the 2013 through 2017 yields together.
	7G Average Yield	Divide 7F by the number of years a yield was entered in 7A through 7E. If an “X” is in any year, that means the covered commodity was not planted and that year is not counted.
	7H Seed Cotton Factor	If the covered commodity is seed cotton, multiply 7G by 2.4
	7I 90% Factor	- For all covered commodities except seed cotton, multiply 7G times 90%. - For seed cotton, multiply 7H times 90%.
	7J National Yield Factor	Multiply 7I by the National Yield Factor above to arrive at the PLC Yield for the farm.
8	Enter the name and address of a farm owner for the farm identified in item 5.	

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*--89 CCC-867 (Continued)

B Instructions for Completing CCC-867 (Continued)

Item	Instruction
9A	The owner identified in item 8 must sign.
9B	If the individual signing in item 9A is signing in a representative capacity for the owner, a title/relationship must be listed. If the individual in item 9A is the signatory, then no entry is required.
9C	Enter the date the owner or person signing in a representative capacity signs CCC-867.
10A	Enter the CCC representative that accepted the CCC-867.
10B	Enter the date the CCC representative accepted the CCC-867.

--*

90-100 (Reserved)

Parts 4-6 (Reserved)

101-180 (Reserved)

***--Part 4 PLC**

101 PLC Overview

A PLC General Information

PLC provides price protection to producers who have a share of and a risk in base acres in years where the prices for those commodities fall below the effective reference prices as determined by the Secretary for those commodities.--*

*--101 PLC Overview (Continued)

B Policy

PLC payments are authorized for a covered commodity when the effective price for the commodity is less than the effective reference price of the commodity as determined by the Secretary.

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 the covered commodity in effect for the applicable marketing year.

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

- an amount equal to 115 percent of the reference price for a covered commodity; or
- an amount equal to the greater of:
 - the reference price for a covered commodity; or
 - 85 percent of the average of the MYA price of the covered commodity for the most recent 5 crop years available, excluding each of the crop years with the highest and lowest MYA price.

The **payment rate** for a covered commodity is the difference between the reference price and effective reference price (as determined in this part). If the difference between the effective 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 part; times
- payment yield (PLC yield on the farm) for the applicable covered commodity; times
- payment acres (85 percent of the applicable covered commodity's base acres on the farm).

Payments will be made as soon as practical after October 1 in the year following the applicable marketing year for the covered commodity. For example, 2019 program year payments will be made after October 1, 2020.

PLC payments are **not** dependent on the planting of the applicable covered commodity.--*

--102 Reference and Effective Reference Prices*A Reference Price**

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

Crop	Reference Price	Crop	Reference Price
Barley <u>1/</u>	\$4.95 per bu.	Peanuts	\$0.2675 per lb.
Canola	\$20.15 per cwt.	Rapeseed	\$20.15 per cwt.
Chickpeas, Large (Garbanzo Bean, Kabuli)	\$21.54 per cwt.	Rice, Long Grain	\$14.00 per cwt.
Chickpeas, Small (Garbanzo Bean, Desi)	\$19.04 per cwt.	Rice, Medium Grain <u>2/</u>	\$14.00 per cwt.
Corn	\$3.70 per bu.	Rice, Temperate Japonica <u>3/</u>	\$16.10 per cwt.
Crambe	\$20.15 per cwt.	Safflower	\$20.15 per cwt.
Dry Peas	\$11.00 per cwt.	Sesame Seed	\$20.15 per cwt.
Flaxseed	\$11.28 per bu.	Seed Cotton <u>4/</u>	\$0.367 per lb.
Grain Sorghum	\$3.95 per bu.	Soybeans	\$8.40 per bu.
Lentils	\$19.97 per cwt.	Sunflower	\$20.15 per cwt.
Mustard	\$20.15 per cwt.	Wheat	\$5.50 per bu.
Oats	\$2.40 per bu.		

1/ Barley price is based on the price of “all barley” not the “feed barley” price.

2/ Medium and short grain rice grown outside of California.

3/ Medium and short grain rice grown in California.

4/ Seed Cotton price is a weighted average of upland cotton lint and cottonseed prices.

Note: These reference prices are set for 2019 through 2023 and will **not** change from year to year.--*

--102 Reference and Effective Reference Prices (Continued)*B Effective Reference Price**

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

2019			
Crop	Effective Reference Price	Crop	Effective Reference Price
Barley	\$4.95 per bu.	Peanuts	\$0.2675 per lb.
Canola	\$20.15 per cwt.	Rapeseed	\$23.17 per cwt.
Chickpeas, Large (Garbanzo Bean, Kabuli)	\$24.77 per cwt.	Rice, Long Grain	\$14.00 per cwt.
Chickpeas, Small (Garbanzo Bean, Desi)	\$20.60 per cwt.	Rice, Medium Grain	\$14.00 per cwt.
Corn	\$3.70 per bu.	Rice, Temperate Japonica	\$17.30 per cwt.
Crambe	\$23.17 per cwt.	Safflower	\$20.15 per cwt.
Dry Peas	\$11.00 per cwt.	Sesame Seed	\$23.17 per cwt.
Flaxseed	\$11.284 per bu.	Seed Cotton	\$0.3670 per lb.
Grain Sorghum	\$3.95 per bu.	Soybeans	\$8.40 per bu.
Lentils	\$22.33 per cwt.	Sunflower	\$20.15 per cwt.
Mustard	\$23.17 per cwt.	Wheat	\$5.50 per bu.
Oats	\$2.40 per bu.		

--*

--103 PLC Payment Example 1*A Farm Data**

This example was computed using the following information.

Farm 2100

Crop	Base Acres	Planted Acres	PLC Yield
Wheat	100.00	0.00	30 bu.
Corn	100.00	110.00	80 bu.
Soybeans	100.00	165.00	45 bu.
Total	300.00	275.00	

B PLC Payment Rate Calculation

The following table provides an example of the payment rate calculation.

Crop	Effective Reference Price				Effective Price			PLC Payment Rate
	Lesser Of:			Effective Reference Price				
	115% of Reference Price	Greater Of:			Greater Of:		Effective Price	
		Olympic Avg. of MYA x 85%	Reference Price		MYA <u>1</u> / Price	Loan Rate		
Wheat	\$6.33	\$4.42	\$5.50	\$5.50	\$5.15	\$2.94	\$5.15	\$0.35
Corn	\$4.26	\$3.03	\$3.70	\$3.70	\$3.60	\$1.95	\$3.60	\$0.10
Soybean	\$9.66	\$8.19	\$8.40	\$8.40	\$8.60	\$6.40	\$8.60	\$0.00

1/ MYA prices are hypothetical in this example.

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

The reference price becomes the effective reference price for all the crops in this example because the 5-year average of MYA prices times 85 percent is less than the reference price for each respective crop.

For wheat, the PLC payment rate has been calculated as \$0.35 (\$5.50 effective reference price minus the \$5.15 effective price).

For corn, the PLC payment rate has been calculated as \$0.10 (\$3.70 effective reference price minus the \$3.60 effective price).

For soybeans, the PLC payment rate has been calculated as \$0.00 because the effective price of \$8.60 is greater than the effective reference price of \$8.40--*

--103 PLC Payment Example 1 (Continued)*C PLC Payment Calculation**

The following table provides an example of the payment calculation.

Crop	Base Acres	Payment Percentage <u>1/</u>	Payment Rate	PLC Yield	PLC Payment
Wheat	100.00	85	\$0.35	30 bu.	\$892
Corn	100.00	85	\$0.10	80 bu.	\$680
Soybeans	100.00	85	\$0.00	45 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.--*

--104 PLC Payment Example 2*A Farm Data**

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

Farm 1400

Crop	Base Acres	Planted Acres	PLC Yield
Corn	100.00	333.00	198 bu.
Soybeans	100.00	0.00	56 bu.
Seed Cotton	80.00	0.00	2450 lb
Unassigned Generic	20.00	--	--
Total	300.00	333.00	

1/ Generic base acres were reallocated according to the Bipartisan Budget Act of 2018, converting generic base acres to seed cotton, unassigned generic or other covered commodity base acres based on the planting history of the farm. The payment in this example was calculated using 100.00 acres of corn base, 100.00 acres of soybean base and 80.00 acres of seed cotton base for a total of 280.00 acres. The 20.00 acres of unassigned generic base are ineligible for payment.

The crops planted on this farm have no bearing on the payment calculation.--*

*--104 PLC Payment Example 2 (Continued)

B PLC Payment Rate Calculation

The following table provides an example of the payment rate calculation.

Crop	Effective Reference Price				Effective Price			PLC Payment Rate
	Lesser Of:			Effective Reference Price	Greater Of:		Effective Price	
	115% of Reference Price	Greater Of:			MYA 1/ Price	Loan Rate		
		Olympic Avg. of MYA x 85%	Reference Price					
Corn	\$4.26	\$3.03	\$3.70	\$3.70	\$3.60	\$1.95	\$3.60	\$0.10
Soybean	\$9.66	\$8.19	\$8.40	\$8.40	\$8.60	\$6.40	\$8.60	\$0.00
Seed Cotton	\$0.4221	\$0.3356	\$0.367	\$0.367	\$0.3432	\$0.2500	\$0.3432	\$0.0238

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.

The reference price becomes the effective reference price for all the crops in this example because the 5-year Olympic average of MYA prices times 85 percent is less than the reference price for each respective crop.

For corn, the PLC payment rate has been calculated as \$0.10 because the effective price of \$3.60 is less than the effective reference price of \$3.70.

For soybeans, the PLC payment rate has been calculated as \$0.00 because the effective price of \$8.60 is higher than the effective reference price of \$8.40.

For seed cotton, the PLC payment rate has been calculated as \$0.0238 because the effective price of \$0.3432 is less than the effective reference price of \$0.367.--*

--104 PLC Payment Example 2 (Continued)*C PLC Payment Calculation**

The following table provides an example of the payment calculation.

Crop	Base Acres	Payment Percentage <u>1/</u>	Payment Rate	PLC Yield	PLC Payment
Soybeans	100.00	85	\$0.00	56 bu.	\$0
Corn	100.00	85	\$0.10	198 bu.	\$1683
Seed Cotton	80.00	85	\$0.0238	2450	\$3965
Unassigned Generic Base Acres <u>2/</u>	20.00	0	0	0	0

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

2/ Unassigned generic base acres are ineligible for payment.--*

105-107 (Reserved)

--Part 5 ARC*Section 1 ARC and Features****108 ARC Overview****A ARC Program Background**

ARC is an income support program designed to cover a portion of a farmer's out-of-pocket losses (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). All producers on the farm may unanimously 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 entire farm. For both PLC and ARC-CO, the payment calculation is based on base acres.

The 2018 Farm Bill, Section 1105 (Pub. L. 115-334), authorizes ARC-CO and ARC-IC as alternatives to PLC. ARC-CO or ARC-IC is elected on CCC-862 or CCC-866, by **all** producers with an interest in cropland on a farm, it is irrevocable for the effective period of election 2019 through the 2023 crop year. An election for 2019 and 2020 **must** be made on CCC-862 or CCC-866 for 2019 by March 15, 2020. If an election is **not** made by March 15, 2020, then the farm will **default** to the election on the farm from 2014 through 2018 and **no payments** earned for the 2019 crop year.

Beginning with the 2021 crop year however, producers on the farm have the option to the change the election on an annual basis through 2023 on the farm. The new election request must be a unanimous decision by all producers on the farm. If an election is not made in any year 2021 through 2023, then the election for the previous year remains for the current year.

IF an election by all producers on the farm was...	THEN the election was...
made by March 15, 2020	irrevocably effective for 2019 through 2023 crop years with the option to change the election annually starting in 2021 through 2023.
not made by March 15, 2020	default to the election from 2014 through 2018 and irrevocably effective for 2019 through 2023 crop years, with the option to change annually starting in 2021. No payments earned for 2019 on the farm.

Election will be made on CCC-862 or CCC-866.

Notes: An election may be withdrawn according to paragraph 182.

Another tenant that is a producer on noncropland acres only is **not** required to sign CCC-862 or CCC-866.

A producer with interest in CRP **only** is **not** required to sign CCC-862 or CCC-866.--*

--108 ARC Overview (Continued)*B Comparing ARC-CO and ARC-IC**

ARC offers income support through 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 income support through 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 or yields from the farm.
- ARC-IC provides income support through 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. The producer's individual yields are used in the ARC-IC revenue calculation.

Exception: ARC-IC enrolled farms can use approved prevented planted acres when 100 percent of the intended planted acres of covered commodities are approved for prevented planting by FSA.--*

*--108 ARC Overview (Continued)

B Comparing ARC-CO and ARC-IC (Continued)

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

ARC-CO Election	ARC-IC Election
Producers elect ARC-CO according to crop base acres on the farm.	Producers elect ARC-IC for all crop base acres on the farm, not each specific crop base acreage.
Payments are issued on a percentage of each covered commodity's base acres.	Payments are issued on percent of total base acres on the farm.
No requirement to plant a covered commodity.	Payments are calculated using the plantings of covered commodities on the farm. No revenues calculated or 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 effective reference price times 5-year Olympic average of the higher of historical county yield or 80 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 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 times farm revenue shortfall calculated in this column, not to exceed 10 percent of the benchmark producer revenue.

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109-112 (Reserved)

*--Section 2 Using ARC-CO

113 ARC-CO

A ARC-CO Features

ARC-CO provides income support through revenue calculations, 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. The benchmark revenue is based on county level historic yields and prices of covered commodities. Producers may elect ARC-CO, as an alternative to PLC, on a covered commodity-by-covered commodity basis on the farm. For ARC-CO, the payment calculation is based on base acres of the specific covered commodity. ARC-CO payments are calculated on 85 percent of the specific base acres and payment rate is limited (capped) to 10 percent of the benchmark county revenue calculation for the specific year.

Notes: Prevented planting acres are **not** included in ARC-CO calculations.

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

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.

ARC-CO revenue calculations are based on the "physical location" county of base acres on tracts, weighted and summarized to the farm level, on an elected and enrolled farm. ARC-CO revenue calculations are **not** based on administrative county.

An ARC-CO payment on a farm is equal to 85 percent of the specific covered commodity's base acres times the calculated ARC-CO payment rate. Producers are **not** required to plant the covered commodity; however, producers **must** have a share of base acres and share in the risk of producing an agricultural commodity on the farm to receive a share of an ARC-CO payment.--*

*--113 ARC-CO (Continued)

B ARC-CO Benchmark Yield

[7 CFR 1412.3] **Average historical county yield** means the 5-year Olympic determined by FSA as the average of actual average county yields for the most recent 5 years for which data is available, substituting 80 percent of the county transitional yield as defined in this part in each year in which the actual average county yield is less than 80 percent of the county transitional yield. Separate irrigated and nonirrigated yields will be established in a county having a sufficient number of farms with P&CP acreage history of a covered commodity in 2013 through 2017. These separate yields will be established for counties where a covered commodity's P&CP acreage was both irrigated and nonirrigated in 2013 through 2017. If needed, a trend-adjusted yield factor will be used to adjust the yield taking into consideration, but not exceeding, the trend-adjusted yield factor that is used to increase yield history under the crop insurance endorsement under the Federal Crop Insurance Act (7 U.S.C. 1501-1520).

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 an ARC-CO 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 the average county historical yield per planted acre for the covered commodities in the county for the 5 crop years preceding the year prior to the program year, **excluding** each of the crop years with the highest and lowest county yields (Olympic Average).

IF the benchmark revenue yield is being calculated for...	THEN the 5 most recent crop years are...
crop year 2019	2013 through 2017.
crop year 2020	2014 through 2018.
crop year 2021	2015 through 2019.
crop year 2022	2016 through 2020.
crop year 2023	2017 through 2021.

Average historical county yields are the 5-year Olympic average of actual average county yields and substituting 80 percent of the county transitional yield in each year where the actual average county yield is less than 80 percent of the county transitional yield. Producers are **not** required to submit production evidence since county level yields are used for each covered commodity in ARC-CO.--*

*--113 ARC-CO (Continued)

C ARC-CO Benchmark Yield Calculation Example

The following is an example benchmark yield calculation using the 5-year Olympic average for crop year **2019**.

Corn	2013	2014	2015	2016	2017	5-Year Olympic Average Benchmark Yield
County Yield <u>1/</u>	184	163	183	112	155	167
ARC Substitute Yield (80% T) <u>2/</u>	119	119	119	119	119	

1/ Actual average county yield is the yield calculated as the production of the covered commodity in the county divided by the commodity's total planted acres for a crop year in a county. For wheat, barley, oats, corn, and grain sorghum, planted acres are defined as harvested acres plus unharvested acres. Separate irrigated and nonirrigated yields will be established to the maximum extent possible according to subparagraph B and Exhibit 15.

2/ ARC substitute yield is based on T-yield data used by RMA or NAP.

D ARC-CO Benchmark Price Calculation

An ARC-CO benchmark price is **required** for each covered commodity to determine the benchmark revenue for that covered commodity. The ARC-CO benchmark price is the higher of MYA price or the effective reference price for the covered commodity on the farm for the 5 crop years preceding the year prior to the program year, **excluding** each of the crop years with the highest and lowest prices (Olympic Average). These prices are national prices and are **not** specific to an individual county.

The price of each of the 5 years preceding the year prior to the program year will be the **higher of** either of the following:

- MYA price determined by NASS and provided to the National Office per covered commodity
- effective reference price for the covered commodity.--*

*--113 ARC-CO (Continued)

E ARC-CO Benchmark Price Calculation Example

The following is an example benchmark price calculation using the 5-year Olympic average for crop year **2019**.

Corn	2013	2014	2015	2016	2017	5-Year Olympic Average Price
MYA Price <u>1</u> /	\$3.55	\$5.18	\$6.22	\$6.89	\$4.50	\$5.30
Effective Reference Price <u>1</u> /	\$3.70	\$3.70	\$3.70	\$3.70	\$3.70	

1/ MYA price and effective 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 average MYA price for the most recent 5 crop years available, excluding each of the crop years with the highest and lowest prices and substituting the effective reference price in each year where the MYA price is less than the effective reference price. If a county has separate irrigated and nonirrigated yields established for a covered commodity, the benchmark revenue calculated by FSA for that farm and covered commodity will be weighted based on the farm's historical irrigated percentage.

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.--*

*--113 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 **2019**.

Corn	2013	2014	2015	2016	2017	5-Year Olympic Average Yield <u>1/</u>
Average Historical County Yield	184	163	183	112	155	167 bu.
ARC Substitute Yield (80% T)	119	119	119	119	119	
Corn	2013	2014	2015	2016	2017	5-Year Olympic Average Price <u>2/</u>
MYA Price	\$3.55	\$5.18	\$6.22	\$6.89	\$4.50	\$5.30
Effective Reference Price	\$3.70	\$3.70	\$3.70	\$3.70	\$3.70	
ARC-CO Benchmark Revenue for Corn						
167 bu.	\$5.30			\$885.10 <u>3/</u>		

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.

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

--*

--113 ARC-CO (Continued)*J ARC-CO Guarantee**

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 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. If a county has separate irrigated and nonirrigated yields established for a covered commodity, the actual crop revenue calculated for a farm with that covered commodity will be weighted by FSA based on the farm's historical irrigated percentage.

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

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

*--113 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	\$2.20	\$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 covered commodity. If the ARC-CO payment calculates to a negative number or zero, then an ARC-CO payment is **not** earned for the applicable covered 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

--*

*--113 ARC-CO (Continued)

O ARC-CO Payment Calculation

[7 CFR 1412.53] (b) Provided all provisions of this part, including but not limited to ARC-CO election and enrollment, have been satisfied for the contract year, 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 and covered commodity were enrolled in ARC-CO and the farm's weighted and summarized ARC-CO actual crop revenue was less than the farm's weighted and summarized ARC-CO guarantee.

(2) Payment is equal to the result of multiplying the payment acres for the covered commodity times the difference between the farm's weighted and summarized actual crop revenue and the ARC-CO guarantee, not to exceed 10 percent of the farm's weighted and summarized 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 CCC-866.

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

Corn Base Acres	Payment Percentage	Share From CCC-866	ARC-CO Payment Rate	Producer Payment
100.00	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 contract base acres and do **not** require the actual planting of a covered commodity crop.--*

--114 ARC-CO Payment Calculation Example*A Farm Example**

The following table provides farm information used for this ARC-CO example, where the farm and tract are **physically located in one county**. 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

--*

*--114 ARC-CO Payment Calculation Example (Continued)

B ARC-CO Payment Calculation

The following table provides an example of how the **2019 ARC-CO** selected price is calculated, based on the MYA and effective reference prices that are calculated using yield and price data collected during the 5-year period from 2013 through 2017.

	2013	2014	2015	2016	2017
Wheat					
Yield <u>1</u> /	44	51	65	31	46
ARC Substitute Yield <u>2</u> /	32	32	32	32	32
MYA Price <u>3</u> /	\$6.78	\$4.87	\$5.70	\$7.24	\$7.77
Reference Price <u>4</u> /	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50
Corn					
Yield <u>1</u> /	125	100	165	110	95
ARC Substitute Yield <u>2</u> /	84	84	84	84	84
MYA Price <u>3</u> /	\$3.55	\$5.18	\$6.22	\$6.89	\$4.50
Reference Price <u>4</u> /	\$3.70	\$3.70	\$3.70	\$3.70	\$3.70
Soybeans					
Yield <u>1</u> /	38	41	29	48	33
ARC Substitute Yield <u>2</u> /	29	29	29	29	29
MYA Price <u>3</u> /	\$9.59	\$11.30	\$12.50	\$14.40	\$12.95
Reference Price <u>4</u> /	\$8.40	\$8.40	\$8.40	\$8.40	\$8.40
Grain Sorghum					
Yield <u>1</u> /	90	40	75	80	99
ARC Substitute Yield <u>2</u> /	60	60	60	60	60
MYA Price <u>3</u> /	\$3.22	\$5.02	\$5.99	\$6.33	\$4.25
Reference Price <u>4</u> /	\$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 80 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/ Effective Reference price.

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

--114 ARC-CO Payment Calculation Example (Continued)*C 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 <u>1/</u>	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.

D ARC-CO Actual Revenue

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

Crop	County Actual Per Acre Yield	2019 MYA Price <u>1/</u>	National Average Loan Rate	Actual Revenue <u>2/</u>
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 2019 MYA price or the national average loan rate. In this example, the 2019 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 2019 MYA price or the national average loan rate.--*

--114 ARC-CO Payment Calculation Example (continued)*E 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 <u>1/</u>	10 Percent of Benchmark Revenue <u>2/</u>	ARC-CO Payment Rate <u>3/</u>
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 113 H. The price used to complete the actual revenue calculation is the higher of the 2019 MYA price or the national average loan rate. In this example, the 2019 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 2019 MYA price or the national average loan rate.--*

--114 ARC-CO Payment Calculation Example (continued)*F 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 25.00 acres were planted.
- Wheat triggered a payment even though wheat was **not** planted on the farm.--*

--115 ARC-CO Physical Location Revenue Calculations*A Background**

Generally, a farm's administrative county is the same as the farm and tract's physical location. However, there are farms administered in one county while one or more tracts of the farm are physically located in other counties.

B Policy

The 2018 Farm Bill requires ARC-CO revenue calculations be based on the "physical location" of a farm's base acres. The calculations are of the farm's ARC-CO benchmarks, guarantees, and actual revenues based on the physical location of a tract(s) as determined by FSA, **weighted for each tract's base acres of the covered commodity**. The **weighted revenues** will then be **summarized** to the farm level to determine overall revenue for each covered commodity on the administrative farm that is enrolled in ARC-CO. This means where \$0 payment rates were computed for a county (because a revenue shortfall was not sustained), the actual calculated revenue (not the \$0 payment rate) must be weighted for base acres on a tract in that county to arrive at the determination of a farm level revenue loss. Revenue for base acres of one covered commodity in one county may reduce the overall revenue shortfall of that covered commodity on the farm. Further, the overall revenue shortfall that a farm must sustain on a covered commodity could vary greatly between different covered commodities.

A tract may actually contain land in more than one physical location county; however, FSA records have recorded each tract in only one physical location county. Farm records will each have FSA's designated physical location county for each tract. The weighted revenue calculations for all tracts will be summarized at the farm level to determine overall farm revenue shortfalls and ARC-CO payment eligibility.

Note: ARC-IC and PLC are not affected by this policy.--*

--116 ARC-CO Physical Location Revenue Calculation - Example 1*A Information**

The following example illustrates the calculations involved for weighting benchmarks, guarantee, and actual revenue with two tracts which then will be summarized to the farm level to determine the payment rate calculation and 10 percent of weighted benchmark for the summarized farm. This example may not reflect all the computations. The example is not intended to portray an actual case.

B Farm Data

FSN 1 is administratively located in County A.

- Tract 1 is physically located in County A
- Tract 2 is physically located in County B.

Tract	Physical Location	Corn Base Acres	Soybean Base Acres
1	County A <u>1/</u>	35.60	32.10
2	County B	19.60	16.40

1/ Administrative County for FSN 1.

C County Revenue Data

The following tables show the county revenue calculations for corn and soybeans in County A and County B.

County A	Benchmark Revenue	Guarantee	Actual Revenue
Corn	\$878.14	\$755.20	\$666.00
Soybeans	\$576.69	\$495.95	\$505.00

County B	Benchmark Revenue	Guarantee	Actual Revenue
Corn	\$851.69	\$732.45	\$621.60
Soybeans	\$601.23	\$517.06	\$474.70

--*

--116 ARC-CO Physical Location Revenue Calculation - Example 1 (Continued)*D Weighted Payment Rate Calculation**

The following tables show the weighted payment rate calculation for corn and soybeans.

Crop	County	Base Acres	Weighted Average Benchmark Revenue	Weighted Average Guarantee	Weighted Average Actual Revenue	Weighted Payment Rate (uncapped)
Corn	A	35.60	{(878.14 x 35.60)}	{(755.20 x 35.60)}	{(666.00 x 35.60)}	
	B	19.60	{(851.69 x 19.60)}	{(732.45 x 19.60)}	{(621.60 x 19.60)}	
			÷ (35.60 + 19.60)	÷ (35.60 + 19.60)	÷ (35.60 + 19.60)	
Total			\$868.75	\$747.12	\$650.23	\$96.89 <u>1/</u>

1/ The weighted cap on this farm for corn would be \$868.75 x 10% = \$86.88. In this example the weighted payment rate would be capped at \$86.88.

Crop	County	Base Acres	Weighted Average Benchmark Revenue	Weighted Average Guarantee	Weighted Average Actual Revenue	Weighted Payment Rate (uncapped)
Soybeans	A	32.10	{(576.69 x 32.10)}	{(495.95 x 32.10)}	{(505.00 x 32.10)}	
	B	16.40	{(601.23 x 16.40)}	{(517.06 x 16.40)}	{(474.70 x 16.40)}	
			÷ (32.10 + 16.40)	÷ (32.10 + 16.40)	÷ (32.10 + 16.40)	
Total			\$584.99	\$503.09	\$494.75	\$8.34 <u>1/</u>

1/ The weighted cap on this farm for soybeans would be \$584.99 x 10% = \$58.50. In this example, the cap would not be applied.

E Payment Calculation

The following table summarizes the farm payment based on the physical location of the base acres.

Crop and/or Location	Physical Location Calculation
Summarized Average Corn	85% x 55.20 base acres x \$86.88 = \$4,076
Summarized Average Soybeans	85% x 48.50 base acres x \$8.34 = \$344
Total Payment	\$4,420

--*

--117 ARC-CO Physical Location Revenue Calculation - Example 2*A Information**

The following example illustrates the calculations involved for weighting benchmarks, guarantee, and actual revenue with three tracts which then will be summarized to the farm level to determine the payment rate calculation and 10 percent of weighted benchmark for the summarized farm. This example may not reflect all the computations. The example is not intended to portray an actual case

B Farm Data

FSN 1 is administratively located in County A.

- Tract 1 is physically located in County A
- Tract 2 is physically located in County B
- Tract 3 is physically located in County C.

Tract	Physical Location	Corn Base Acres	Soybean Base Acres
1	County A <u>1/</u>	35.60	32.10
2	County B	19.60	16.40
3	County C	58.60	58.40

1/ Administrative County for FSN 1.

C County Revenue Data

The tables below show the county revenue calculations for corn and soybeans in County A, County B, and County C.

County A	Benchmark Revenue	Guarantee	Actual Revenue
Corn	\$878.14	\$755.20	\$666.00
Soybeans	\$576.69	\$495.95	\$505.00

County B	Benchmark Revenue	Guarantee	Actual Revenue
Corn	\$851.69	\$732.45	\$621.60
Soybeans	\$601.23	\$517.06	\$474.70

County C	Benchmark Revenue	Guarantee	Actual Revenue
Corn	\$851.69	\$732.45	\$621.60
Soybeans	\$485.40	\$417.44	\$525.20

--*

*--117 ARC-CO Physical Location Revenue Calculation - Example 2

D Weighted Payment Rate Calculation

The following tables show the weighted payment rate calculation for corn and soybeans.

Crop	County	Base Acres	Weighted Average Benchmark Revenue	Weighted Average Guarantee	Weighted Average Actual Revenue	Weighted Payment Rate (uncapped)
Corn	A	35.60	{(878.14 x 35.60) + (851.69 x 19.60) + (856.98 x 58.60)}	{(755.20 x 35.60) + (732.45 x 19.60) + (737.00 x 58.60)}	{(666.00 x 35.60) + (621.60 x 19.60) + (662.30 x 58.60)}	
	B	19.60				
	C	58.60	÷ (35.60 + 19.60 + 58.60)	÷ (35.60 + 19.60 + 58.60)	÷ (35.60 + 19.60 + 58.60)	
Total			\$862.69	\$741.91	\$656.45	\$85.46 <u>1/</u>

1/ The weighted cap on this farm for corn would be $\$862.69 \times 10\% = \86.27 . In this example the weighted payment rate would be \$85.46 since it did not exceed the cap.

Crop	County	Base Acres	Weighted Average Benchmark Revenue	Weighted Average Guarantee	Weighted Average Actual Revenue	Weighted Payment Rate (uncapped)
Soybeans	A	32.10	{(576.69 x 32.10) + (601.23 x 16.40) + (485.40 x 58.40)}	{(495.95 x 32.10) + (517.06 x 16.40) + (417.44 x 58.40)}	{(505.00 x 32.10) + (474.70 x 16.40) + (525.20 x 58.40)}	
	B	16.40				
	C	58.40	÷ (32.10 + 16.40 + 58.40)	÷ (32.10 + 16.40 + 58.40)	÷ (32.10 + 16.40 + 58.40)	
Total			\$530.58	\$456.30	\$511.39	\$0.00 <u>1/</u>

1/ The weighted cap on this farm for soybeans would be $\$584.99 \times 10\% = \58.50 . In this example, the cap would not be applied since the weighted payment rate is \$0.00.--*

--117 ARC-CO Physical Location Revenue Calculation - Example 2*E Payment Calculation**

The following table summarizes the farm payment based on the physical location of the base acres.

Crop and/or Location	Physical Location Calculation
Summarized Average Corn	85% x 113.80 base acres x \$85.46 = \$8,267
Summarized Average Soybeans	85% x 106.90 base acres x \$0.00 = \$0
Total Payment	\$8,267

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118-121 (Reserved)

***--Section 3 Irrigated and Nonirrigated Yields in ARC-CO**

122 Using Irrigated and Nonirrigated Yields in ARC-CO

A Designating Crops and Counties with Separate Irrigated and Nonirrigated Benchmark Revenues, Guarantees, and Actual Revenues

If a county meets **either** of the following requirements, then separate irrigated and nonirrigated benchmark revenues, guarantees, and actual revenues will be maintained for the covered commodity:

- **RMA data for irrigated acreage and nonirrigated acreage** in 3 of the years 2013 through 2017
- **both of the following:**
 - FSA irrigated and nonirrigated data must indicate the county had at least 10 percent irrigated and 10 percent nonirrigated in the county between the years 2013 and 2017
 - an average of 5,000.00 acres was planted in the county every year 2013 through 2017.

The counties and crops that carry separate irrigated and nonirrigated benchmark revenues, guarantees, and actual revenues are listed in Exhibit 15.

Note: Using irrigated and nonirrigated data has **no** bearing on PLC and ARC-IC. PLC uses the PLC yield comprised of an all or blended yield across the county. ARC-IC requires the certification of **all** the production from ARC-IC whether it is irrigated or nonirrigated.--*

--122 Using Irrigated and Nonirrigated Yields in ARC-CO*B Principle for Using Irrigated and Nonirrigated Benchmark Revenues, Guarantees, and Actual Revenues**

As required by the 2018 Farm Bill, separate irrigated and nonirrigated benchmark revenues, guarantees, and actual revenues will be used to calculate ARC-CO payments for qualifying counties and covered commodities.

Only the counties and farms with land physically located in an approved IR/NI county that meet the irrigated and nonirrigated criteria established by the Secretary will have a HIP (historical irrigated percentage) payment factor calculated for the applicable covered commodity on the farm elected and enrolled in ARC-CO.

If a farm has land **physically located** in an **approved IR/NI county and crop**, then a HIP **MUST** be established on the farm, **regardless** of the administrative county of the farm for that covered commodity.--*

--123 Historical Irrigated Percentage*A HIP Definition**

HIP means the percentage of the covered commodity that was irrigated (P&CP) divided by the total acreage of the covered commodity (P&CP) between the years 2013 through 2017 on the farm.

Note: HIP subtracted from 1.0000 will be the nonirrigated portion of the applicable covered commodity base acres. In cases where, during the 2013 through 2017 period, there was no irrigated acreage planted for the covered commodity on the farm, HIP for the covered commodity on the farm will be 0 and the nonirrigated payment factor will be 100 percent ($1.0000 - 0 \text{ HIP} = 1.0000$ or 100 percent nonirrigated).--*

***--123 Historical Irrigated Percentage (Continued)**

B HIP Calculation

Example:

Farm 1, Boone County, Iowa – 100.00 Soybean base acres

- Tract 201, located in Boone County, 75.00 Soybean base acres

Note: Boone County **not** approved for IR/NI Soybeans

- Tract 306, located in Story County, 25.00 Soybean base acres

Note: Story County approved for IR/NI Soybeans

Result: A HIP must be established for the farm for calculating revenues on Tract 306.

The HIP payment factor will remain with the farm and covered commodity for the 2019 through 2023 crop years. The HIP payment factor will not change.

The irrigated and nonirrigated benchmark revenues, guarantees, and actual revenues will be weighted by physical location and summarized to the farm level accord to the following step-by-step process.

Step	Process
1	Identify the list of counties and crops (Exhibit 15).
2	Determine HIP for a covered commodity in an approved irrigated/nonirrigated county on a farm by dividing the 2013 through 2017 P&CP irrigated acres of that covered commodity on the farm by the total 2013 through 2017 P&CP of the total irrigated and nonirrigated P&CP for that same covered commodity. This calculation is completed for each covered commodity on a farm that: • is administratively located in a county identified in step 1 • contains base acres of the covered commodity identified in step 1 • is participating in ARC-CO. HIP is used to determine the number of base acres that are used in the irrigated revenue calculation and the number of base acres that are used in the nonirrigated revenue calculation. This value will be stored in CRM and FRMS and does not change.

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--123 Historical Irrigated Percentage (Continued)*B HIP Calculation (Continued)**

Step	Process
3	To determine if the applicable covered commodity triggers a payment for the crop and county identified in step 1, the HIP will be multiplied by the base acres of the applicable covered commodity and use in “weighting” the irrigated benchmark revenues, guarantees, and actual revenues by physical location. Next, subtract the HIP from 1.0000 and multiply by the base acres of the applicable covered commodity and use in “weighting” the nonirrigated benchmark revenues, guarantees, and actual revenues by physical location. Upon weighting the irrigated and nonirrigated benchmark revenues, guarantees, and actual revenues of base acres by physical location a payment rate, if calculated, will be summarized to the farm level.
4	Irrigated and nonirrigated covered commodity payments may offset each other due to the requirement under the 2018 Farm Bill of calculating revenues based on “physical location” of the tract and farm.

C HIP Data

The initial HIP will be prefilled with available data from CARS from 2013 through 2017. Situations exist where HIP does **not** reflect the actual percentage of irrigated covered commodities on the farm over the 5-year period, 2013 through 2017. The situation arises when tracts on farms have been reconstituted. Because of the tract reconstitution, a manual HIP **must** be calculated and entered into Farm Records by a County Office employee.

County Office employees may manually calculate HIP at the request of the producer according to subparagraph B, step 2, and enter HIP into the appropriate Farm Records software.--*

--123 Historical Irrigated Percentage (Continued)*D HIP on Farms Transferred from Non-HIP County to a HIP County**

When a farm is administratively transferred from a non-HIP county to a HIP county and 1 or more of the covered commodities on the farm elected ARC-CO, a HIP must be determined. County Offices will follow the policy in this paragraph by establishing a HIP for the farm when the transfer is approved. HIP will be determined based on the farm structure as it exists in the transferring county in the year the transfer is approved, and before any reconstitutions associated with the transfer. HIP is determined using the IR and NI acreage reported for the years 2013 through 2017.

Example 1: FSN 100 is made up of Tract 1 and Tract 2 and is currently administered in a non-HIP county. Tract 2 will be transferred to a HIP eligible county. HIP will be determined using the IR and NI acreage reported for the years 2013 through 2017 for FSN 100 (both Tract 1 and Tract 2).

Example 2: FSN 200 is made up of Tract 3 and is currently administered in a non-HIP county. Tract 3 will be transferred to a HIP eligible county and combined with Tract 4 as one farm after the transfer. HIP will be determined using the IR and NI acreage reported for the years 2013 through 2017 for FSN 200 (Tract 3). When Tract 3 is transferred and combined with Tract 4, a new HIP will be determined for the resulting farm using the weighted method.--*

***--124 ARC-CO Irrigated and Nonirrigated Covered Commodities and Counties**

A List of Covered Commodities and Counties

Counties and covered commodities that meet the threshold identified in subparagraph 122 A have been designated counties for applying irrigated and nonirrigated yields under ARC-CO (Exhibit 15).

B Policy

For the covered commodities and counties identified in subparagraph A, a farm's ARC-CO payments will be calculated using HIP applied to the base acres of the applicable covered commodity for weighting of the guarantees and revenues. A factor (HIP subtracted by 1.000) will then be applied to the base acres of the applicable covered commodity for weighing the nonirrigated revenues. Once a weighted benchmark revenue, guarantee and actual revenue have been computed by physical location a payment rate will be summarized to the farm level. HIP is fixed for the life of the Farm Bill.

For example, if 30 percent of the historical corn P&CP acres on the farm were irrigated, HIP would be 30 percent.--*

--125 ARC-CO Irrigated and Nonirrigated Farm Payment Calculation – Example 1*A Information**

In this example, the farm is physically located in an approved HIP county.

B Farm Data

FSN 1, with one tract, has the following data. This county meets the threshold to have separate irrigated and nonirrigated acreage for corn.

Crop	HIP	Base Acres	Planted Acres
Corn	79 percent	100.00	110.00 irrigated
Totals		100.00	110.00 irrigated

Note: For ARC-CO, there is no requirement to plant a covered commodity to receive a payment. The HIP is based on the farm's planting history between 2013 and 2017 as reported to FSA.

C ARC-CO Yield and Price Data

Given the following yield and price data collected during the 5-year period from 2013 through 2017, this table displays the calculation for the 2019 ARC-CO benchmark period.

	2013	2014	2015	2016	2017
Corn Irrigated					
Yield <u>1</u> /	220	215	204	195	228
ARC Substitute Yield <u>2</u> /	240	240	210	210	240
MYA Price <u>3</u> /	\$3.55	\$5.18	\$6.22	\$6.89	\$4.50
Effective Reference Price <u>4</u> /	\$3.70	\$3.70	\$3.70	\$3.70	\$3.70
Corn Nonirrigated					
Yield <u>1</u> /	125	100	165	110	95
ARC Substitute Yield <u>2</u> /	84	84	84	84	84
MYA Price <u>3</u> /	\$3.55	\$5.18	\$6.22	\$6.89	\$4.50
Effective Reference Price <u>4</u> /	\$3.70	\$3.70	\$3.70	\$3.70	\$3.70

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

2/ 80 percent of the RMA-established T-yield for the county.

3/ Hypothetical MYA price.

4/ Effective Reference price is statutory.--*

***--125 ARC-CO Irrigated and Nonirrigated Farm Payment Calculation – Example 1 (Continued)**

D ARC-CO Average Historical Benchmark Yield

The average historical benchmark yield is computed by calculating the 5-year Olympic average of the yield data in the ARC-CO data table in subparagraph C.

Crop	Selected Yields <u>1/</u>			Average
Corn Irrigated	220	215	210	215
Corn Nonirrigated	125	100	110	112

1/ Selected yields from ARC-CO data in subparagraph C, **excluding** the high and low yield.

E ARC-CO Average Historical Benchmark Price for Subparagraph B Example

The average historical benchmark price is computed by calculating the 5-year Olympic average of the price data.

Crop	Selected Prices <u>1/</u>			Average
Corn	\$5.18	\$6.22	\$4.50	\$5.30

1/ Selected prices from ARC-CO data in subparagraph C, **excluding** the high and low price.--*

--125 ARC-CO Irrigated and Nonirrigated Farm Payment Calculation – Example 1 (Continued)*F ARC-CO Benchmark and Guarantee for Subparagraph B Example**

The following table calculates the:

- 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 <u>1/</u>	HIP	Weighted Benchmark <u>2/</u>	Weighted Guarantee <u>3/</u>
Corn Irrigated	215	\$5.30	\$1,139.50	79%	\$900.21	\$774.18
Corn Nonirrigated	112	\$5.30	\$593.60	$1.00 - .79 = .21$	\$124.66	\$107.21
Total					\$1024.87	\$881.39

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

2/ Weighted benchmark revenues using HIP.

3/ Weighted guarantee which is 86 percent of the weighted benchmark revenue.

G ARC-CO Actual Revenue for Subparagraph B Example

The following table provides an example of how ARC-CO actual revenue is calculated.

Crop	County Actual Per Acre Yield	2019 MYA Price <u>1/</u>	National Average Loan Rate	Actual Revenue <u>2/</u>	HIP	Weighted Actual Revenue <u>3/</u>
Corn Irrigated	230	\$5.25	\$1.95	\$1,207.50	79%	\$953.93
Corn Nonirrigated	72	\$5.25	\$1.95	\$378.00	$1.00 - .79 = 21\%$	\$79.38
TOTAL						\$1033.31

1/ Hypothetical MYA price.

2/ County yield times higher of 2019 MYA price or national average loan rate.

3/ Weighted Actual Revenue using HIP.--*

--125 ARC-CO Irrigated and Nonirrigated Farm Payment Calculation – Example 1 (Continued)*H Weighted ARC-CO Payment Rate Calculations for Subparagraph B Example**

The following table provides an example of how ARC-CO payment rate is calculated for approved irrigated and nonirrigated covered commodity.

Crop	ARC-CO Weighted Benchmark	ARC-CO Weighted Guarantee	ARC-CO Weighted Actual Revenue	Revenue Shortfall
Corn	\$1024.87	\$881.39	\$1033.31	\$0.00

I ARC-CO Payment Rate Calculation for Subparagraph B Example

The following table provides an example of how ARC-CO payment rate is calculated.

Crop	ARC-CO Weighted Guarantee	ARC-CO Weighted Actual Revenue	Shortfall <u>1/</u>	10 Percent Weighted Benchmark Revenue	ARC-CO Payment Rate <u>2/</u>
Corn	\$881.39	\$1033.31	\$0.00	\$102.49	\$0.00

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

2/ Smaller of shortfall or 10 percent of ARC-CO weighted benchmark revenue.

J ARC-CO Farm Payment Calculation

The following table provides an example of how the ARC-CO payment is calculated.

Crop	Base Acres	Payment Percentage	Payment Rate	ARC-CO Payment <u>1/</u>
Corn	100.00	85	\$0.00	\$0.00

1/ Weighted irrigated and nonirrigated corn did **not** trigger a payment.--*

--126 ARC-CO Irrigated and Nonirrigated Farm Payment Calculation – Example 2*A Information**

FSN 6200 has two tracts located in two separate counties with the **administrative farm being an approved irrigated and nonirrigated county for soybeans in County A**. The administrative county meets the threshold to have separate irrigated and nonirrigated acreage for soybeans where a HIP has been established.

Some of the calculations that are shown in paragraph 125 are not shown in this example.

B Farm Data

The following table details the covered commodity, base acres, and HIP in two counties.

Farm	County	Tract#	Separate IR/NI Yield for Soybeans	Soybean Base Acres	HIP
6200	A	9900	IR/NI Yield	100.00	90%
	B	9000	ALL Yield	40.00	

Note: For ARC-CO, there is no requirement to plant a covered commodity to receive a payment. The HIP is based on the **farm's** planting history between 2013 and 2017 as reported to FSA. In this example, tract 9000 is located in a nonapproved IR/NI county so the "ALL" yield is utilized in the revenue calculation.--*

--126 ARC-CO Irrigated & Nonirrigated Farm Payment Calculation – Example 2 (Continued)*C ARC-CO HIP Benchmark Revenue Data for the Farm**

The following table calculates the ARC-CO HIP benchmark revenues

County	Tract #	Average Benchmark Yield	Average Benchmark Price	ARC-CO Benchmark Revenue <u>1/</u>	HIP	HIP Benchmark Revenue <u>2/</u>
A	9900	48 (IR)	\$12.27	\$588.96 (IR)	90%	\$530.06
		40 (NI)		\$490.80 (NI)	10%	\$49.08
B	9000	48 (ALL)		\$588.96(ALL)	N/A	\$588.96

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

2/ Benchmark revenues weighted using the farm's HIP of 90 percent.

Note: IR denotes "Irrigated" yield data, NI denotes "Nonirrigated" yield data and ALL denotes the "All" yield data for the applicable counties.

D ARC-CO HIP Actual Revenue Data for the Farm

The following table calculates the ARC-CO HIP actual revenue

County	Tract #	Average Actual Yield	Average Actual Price	ARC-CO Actual Revenue <u>1/</u>	HIP	HIP Actual Revenue <u>2/</u>
A	9900	50 (IR)	\$10.10	\$505.00 (IR)	90%	\$454.50
		35 (NI)		\$353.50 (NI)	10%	\$35.35
B	9000	35 (ALL)		\$353.50(ALL)	N/A	\$353.50

1/ ARC-CO actual revenue equals the average actual yield times the average actual price.

2/ Actual revenues weighted using the farm's HIP of 90 percent.

Note: IR denotes "Irrigated" yield data, NI denotes "Nonirrigated" yield data and ALL denotes the "All" yield data for the applicable counties.--*

--126 ARC-CO Irrigated & Nonirrigated Farm Payment Calculation – Example 2 (Continued)*E ARC-CO Weighted Benchmark, Guarantee Revenue and Actual Revenue**

The following table calculates the:

- Weighted Benchmark Revenue
- ARC-CO weighted guarantee (86 percent of the weighted benchmark revenue)
- Weighted Actual Revenue
- Weighted Payment Rate summarized at the farm level.

Crop	County	Base Acres	Weighted Average Benchmark Revenue	Weighted Average Guarantee (86% of Benchmark)	Weighted Average Actual Revenue	Weighted Payment Rate (uncapped)
Soybeans	A	100.00	{(530.06 + 49.08 x 100.00)}	{(455.85 + 42.21 x 100.00)}	{(454.50 + 35.35 x 100.00)}	
	B	40.00	+ {(588.96 x 40.00)} ÷ (100.00 + 40.00)	+ {(506.51 x 40.00)} ÷ (100.00 + 40.00)	+ {(353.50 x 40.00)} ÷ (100.0 + 40.00)	
Total			\$581.95	\$500.47	\$450.89	\$49.58 <u>1/</u>

1/ Smaller of shortfall or 10 percent of ARC-CO weighted benchmark revenue of \$58.20.

F ARC-CO Farm Payment Calculation

The following table provides an example of how the ARC-CO payment is calculated.

Crop	Base Acres	Payment Percentage	Payment Rate	ARC-CO Payment <u>1/</u>
Soybeans	140.00	85	\$49.58	\$5900

1/ Weighted irrigated and nonirrigated soybeans triggered a payment.--*

--127 ARC-CO Irrigated and Nonirrigated Farm Payment Calculation – Example 3*A Information**

FSN 4500 has two tracts located in two separate counties with the **administrative farm being an approved irrigated and nonirrigated county for soybeans in County A along with County B**. The administrative county meets the threshold to have separate irrigated and nonirrigated acreage for soybeans where a HIP has been established.

Some of the calculations that are shown in paragraph 133 are not shown in this example.

B Farm Data

The following table details the covered commodity, base acres, and HIP in two counties.

Farm	County	Tract#	Separate IRR/NI Yield for Soybeans	Soybean Base Acres	HIP
4500	A	6701	IR/NI Yield	100.00	90%
	B	9000	IR/NI Yield	40.00	

Note: For ARC-CO, there is no requirement to plant a covered commodity to receive a payment. The HIP is based on the “farm’s” planting history between 2013 and 2017 as reported to FSA. In this example, tract 9000 is also located in an approved IR/NI county so both IR and NI yields are utilized in the revenue calculation.

C ARC-CO HIP Benchmark Revenue Data for the farm

The following table calculates the ARC-CO HIP benchmark revenues.

County	Tract #	Average Benchmark Yield	Average Benchmark Price	ARC-CO Benchmark Revenue <u>1/</u>	HIP	HIP Benchmark Revenue <u>2/</u>
A	6701	48 (IR)	\$12.27	\$588.96 (IR)	90%	\$530.06
		40 (NI)		\$490.80 (NI)	10%	\$49.08
B	9000	55 (IR)		\$674.85 (IR)	90%	\$607.37
		48 (NI)		\$588.96 (NI)	10%	\$58.90

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

2/ Benchmark revenues weighted using the farm’s HIP of 90 percent.

Note: IR denotes “Irrigated” yield data, NI denotes “Nonirrigated” yield data for the applicable counties.--*

--127 ARC-CO Irrigated and Nonirrigated Farm Payment Calculation – Example 3 (Continued)*D ARC-CO HIP Actual Revenue Data for the farm**

The following table calculates the ARC-CO HIP actual revenue.

County	Tract #	Average Actual Yield	Average Actual Price	ARC-CO Actual Revenue <u>1/</u>	HIP	HIP Actual Revenue <u>2/</u>
A	6701	50 (IR)	\$10.10	\$505.00 (IR)	90%	\$454.50
		35 (NI)		\$353.50 (NI)	10%	\$35.35
B	9000	50 (IR)		\$505.00 (IR)	90%	\$454.50
		35 (NI)		\$353.50 (NI)	10%	\$35.35

1/ ARC-CO actual revenue equals the average actual yield times the average actual price.

2/ Actual revenues weighted using the farm's HIP of 90 percent.

Note: IR denotes "Irrigated" yield data, NI denotes "Nonirrigated" yield data for the applicable counties.

E ARC-CO Weighted Benchmark, Guarantee Revenue and Actual Revenue

The following table calculates the:

- Weighted Benchmark Revenue
- ARC-CO weighted guarantee (86 percent of the weighted benchmark revenue)
- Weighted Actual Revenue
- Weighted Payment Rate summarized at the farm level.

Crop	County	Base Acres	Weighted Average Benchmark Revenue	Weighted Average Guarantee (86% of Benchmark)	Weighted Average Actual Revenue	Weighted Payment Rate (uncapped)
Soybeans	A	100.00	{(530.06 + 49.08) x 100.0}	{(455.85+42.21 x 100.0)}	{(454.50+35.35 x 100.0)}	
	B	40.00	+ {(607.37 + 58.90 x 40.0)} ÷ (100.0+40.0)	+ {(522.34+50.65 x 40)} ÷ (100.0+40.0)	+ {(454.50+35.35 x 40.0)} ÷ (100.0+40.0)	
Total			\$604.03	\$519.47	\$489.85	\$29.62 <u>1/</u>

1/ Smaller of shortfall or 10 percent of ARC-CO weighted benchmark revenue of \$60.40.--*

***--127 ARC-CO Irrigated and Nonirrigated Farm Payment Calculation – Example 3 (Continued)**

F ARC-CO Farm Payment Calculation

The following table provides an example of how the ARC-CO payment is calculated.

Crop	Base Acres	Payment Percentage	Payment Rate	ARC-CO Payment <u>1/</u>
Soybeans	140.00	85	\$29.62	\$3525

1/ Weighted irrigated & nonirrigated soybeans triggered a payment.--*

128-132 (Reserved)

***--Section 4 Yield Cascade Used in ARC-CO**

133 Yields Used in ARC-CO

A Yields and Yield Cascade

As mentioned in subparagraphs 116 B and L, county level yields are needed to calculate the ARC-CO benchmark and actual revenue. A county yield is computed by calculating the crop year production of a covered commodity divided by the commodity's total planted acres in that crop year. For wheat, barley, oats, corn, and grain sorghum, planted acres are defined as harvested acres plus unharvested acres. Separate irrigated and nonirrigated yields apply according to paragraph 130 and Exhibit 15.

In determining the yield for a county, FSA uses data in order from the following data sources and is discussed in this paragraph:

- RMA
- NASS data available for STC's to establish the yield
- if no RMA or NASS data available, STC's will use the best available data.

Notes: When NASS data is available and RMA data does not exist, STC's will use the NASS data to establish the ARC-CO yield. If the STC chooses not to use the available NASS data, then an exception request must be documented and available for review that includes the data or information to support the requested change in the NASS yield.

RMA and NASS yield data comprises approximately 90 percent of the **base** acres enrolled in ARC-CO. The remaining 10 percent of base acres uses data compiled by STC's using the best available data they can acquire.--*

--133 Yields Used in ARC-CO (Continued)*B RMA County Yield Data**

RMA county yield data is obtained from producers enrolled in RMA policies for that crop in the county. This yield data may be furnished by RMA policy holders in an APH certification (when the applicable policy holder did **not** have a crop loss) or loss adjustment (when the applicable producer did have a crop loss). RMA county yield data is not furnished to the public except as a component of FSA's yield cascade.

RMA county yield data is not furnished to FSA until late summer, immediately before the end of the fiscal year. For example, RMA county yield data for 2019 corn crop is not furnished to FSA until the late summer of 2020.

Once the RMA data is furnished to FSA, the data is then published by FSA and becomes the ARC-CO yield.

C NASS County Yield Data

When RMA county data is not available, NASS county data shall be used by STC's as the primary source for determining the county yield in computing the benchmark and actual revenue for ARC-CO. If the STC determines **not to** utilize the NASS county data, then STC minutes must document the reason and data used to for the yield.

NASS data is normally obtained by FSA early in the succeeding calendar year for the applicable contract year. For example, NASS county yields for the 2019 corn crop is received from NASS during the spring of 2020.--*

--134 Other Yield Information*A STC Calculated Yields where NASS County Yield Data is Missing or is Not Representative**

In certain situations, RMA or NASS county yield data is not available or does not represent the actual county yield. In order to establish either the benchmark yield or actual year yield, STC's must establish a county yield(s) in any year where the yield was not attainable, using the best available information, such as:

- yields from a contiguous county
- NAP yields that were established for the covered commodity
- in cases where STC's cannot find supporting yield data, STC can request the local COC to provide information/documentation at the local level that can be submitted and reviewed by STC
- State or district level NASS data
- State yield data from contiguous States.

Note: Some counties and covered commodities have been designated as both an irrigated and nonirrigated county (HIP). For these counties, STC's are required to provide both irrigated and nonirrigated yields. For other counties and covered commodities, yields are not broken out between irrigated and nonirrigated practices and are designated as "All".

When completing the yield for each covered commodity and year, the State Office **must** provide the county yield (that is 100 percent of the county yield).--*

--134 Other Yield Information*B Missing T-Yields**

T-yields are used as the substitute yield for low yields in the benchmark years for ARC-CO and ARC-IC. FSA presently has T-yields that are the weighted T-yields from RMA for covered commodities that were insured in the applicable county in the applicable year. When the covered commodity did **not** have crop insurance in the county in the year in question, the STC will be requested to assign a NAP T-yield that covered commodity in that county.

STC will first assign the NAP T-yield for the covered commodity in that county, as applicable. For counties that have both IR and NI yield data, STC will determine a T-yield for both practices. In cases where STC did **not** determine a NAP T-yield for the covered commodity or county, STC must follow policy in 1-NAP to establish a NAP county-expected T-yield for that covered commodity and county.

T-yields computed according to the policy in 1-NAP and used solely in the ARC and PLC programs are **not** required to be loaded into NCT.

STC's will be contacted by the National Office in any year where a missing yield or T-yield is required to complete the ARC-CO or ARC-IC benchmark and/or actual revenue.--*

135-137 (Reserved)

*--Section 5 Using ARC-IC

138 ARC-IC

A ARC-IC Features

ARC-IC provides income support at the farm level and is calculated separately for each producer who shares in a planted covered commodity in the current year.

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

- for each planted covered commodity on the farm, production **must** be reported initially for the 5 benchmark years in addition to the current year and must be updated annually thereafter
- ARC-IC farms **must** be enrolled in an annual contract to be included in the ARC-IC benchmark revenue, 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. Farms enrolled in ARC-IC that have **no** covered commodities planted on the farm are **not** eligible for an ARC-IC payment.

Exception: ARC-IC enrolled farms can use approved prevented planted acres when 100 percent of the intended planted acres of covered commodities on the farm are approved for prevented planting.

- producers on an ARC-IC farm who do **not** share in at least one planted covered commodity are **not** entitled to an ARC-IC payment
- ARC-IC payments are 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 in covered commodities planted on ARC-IC enrolled farms. The same payment rate is used to determine the producer's payment for each ARC-IC enrolled farm in which the producer has a share interest in planted covered commodities.
- it is possible for a producer on an ARC-IC enrolled farm to receive an ARC-IC payment and the other producers who have share interest in the covered commodities on the same farm to **not** receive a payment depending on each individual's calculated payment rate considering their share in planted covered commodities from all ARC-IC enrolled farms in the State.--*

--138 ARC-IC (Continued)*A ARC-IC Features (Continued)**

ARC-IC payments are triggered when the current year revenue for all covered commodities planted on the ARC-IC farm falls below 86 percent of the ARC-IC benchmark revenue for the ARC-IC farm.

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.

B ARC-IC Farm for a Producer

All ARC-IC farms in the State in which the producer is enrolled for the current program year are included in a single ARC-IC revenue calculation to determine an ARC-IC payment rate for the producer (this may be referred to as the producer's "bucket").

Notes: 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.

In cases where an ARC-IC farm is enrolled after a producer's payment rate has already been determined, the payment rate will need to be recalculated. Overpayments or underpayments will be processed accordingly.--*

--138 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 planted covered commodity for each of the most recent 5 crop years available:

(i) Yield per planted acre (substituting 80 percent of the county transitional yield in each year where the yield per planted acre is less than 80 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 effective reference price in each year where the MYA price is less than the effective 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 available, excluding each of the crop years with the highest and lowest revenues; and

(3) For each of the 2019 through 2023 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.--*

--138 ARC-IC (Continued)*C ARC-IC Farm Benchmark Revenue (Continued)**

The ARC-IC farm's benchmark revenue is calculated only on covered commodities that were planted in the current year on the ARC-IC farm. The ARC-IC benchmark revenue is calculated using the 5-year Olympic average of a farm's annual revenues from the 5 years preceding the year prior to the current program year. The annual revenues are determined by multiplying the higher of the farm's actual yield for the year or assigned and/or substitute yield by the higher of the MYA or effective reference price. The Olympic average revenue is then calculated by dropping the high and low annual revenues and averaging together the remaining three.

The ARC-IC benchmark revenue is weighted across all planted covered commodities from all of the producer's ARC-IC enrolled farms in the state based on the specific covered commodity's planted acres percentage of the total planted covered commodities on the ARC-IC farm.

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

A separate ARC-IC weighted benchmark revenue is calculated for each producer who shares in a covered commodity planted on an ARC-IC enrolled farm.

Note: The total farm revenues will be based on all covered commodity acreage regardless of crop type or irrigation practice. Irrigated and nonirrigated covered commodities will have blended yields and revenues calculated across ARC-IC farms for both benchmark and actual yields. Similarly, spring wheat and winter wheat will have one wheat yield to include all types.--*

--138 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 enrolled 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.

The ARC-IC farm's actual revenue is computed using the farm's actual yield, as certified by the producer, multiplied by the higher of the MYA price or national loan rate for the covered commodity.

The ARC-IC actual revenue is weighted across all planted covered commodities from all of the producer's ARC-IC enrolled farms in the state based on the specific covered commodity's planted acres percentage of the total planted covered commodities on the ARC-IC farm.

A separate ARC-IC weighted actual revenue is calculated for each producer who shares in a covered commodity planted on an ARC-IC enrolled farm.

Note: The total farm revenues will be based on all covered commodity acreage regardless of crop type or irrigation practice. Irrigated and nonirrigated covered commodities will have blended yields and revenues calculated across ARC-IC farms for both benchmark and actual yields. Similarly, spring wheat and winter wheat will have one wheat yield to include all types.

E ARC-IC Guarantee

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

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

--138 ARC-IC (Continued)*F ARC-IC Yield Certifications**

[7 CFR 1412.66(c)] (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.--***

*--138 ARC-IC (Continued)

F ARC-IC Yield Certifications (Continued)

Producers on an ARC-IC enrolled farm **must** certify yields for all planted covered commodities to establish the benchmark and current year revenues.

Note: County Offices must follow Part 3 for certification of yields for covered commodities planted on farms enrolled into the ARC-IC program. The policy provides conversion factors for silage and/or hay production along with grazed acreage provisions for covered commodities planted on ARC-IC farms.

In the initial year that a covered commodity is planted on an ARC-IC enrolled farm, the participant is **required** to certify the yield for each year of the benchmark period and for the current year. In each subsequent year that the commodity is planted on the ARC-IC farm, the producer will be required to certify only the current year yield as the benchmark is already established.

To certify production for the benchmark yield, the following substitute/assigned yields may be used.

IF the crop was...	THEN...
planted in the benchmark year	the larger of the certified yield or 80 percent of T-yield is used.
not planted in the benchmark year	100 percent of the ARC-CO yield for each applicable year is used.

The ARC-IC substitute/assigned yields are found at https://www.fsa.usda.gov/programs-and-services/arcplc_program/arcplc-program-data/index. Select the “Non-Program Year Specific Data” option then select “Farm Bill 2018.”

- 80 percent of T-yield, select the report titled “80-percent of the FSA County T-yield”
- 100 percent of the ARC-CO yield, select the report titled, “20XX ARC-County Yield, Revenue and Payment Rates” where 20XX represents the applicable program year. (This report will be made available as soon as the data is obtained.)

Note: Substitute yields are not used for the actual year yield.

See:

- Exhibit 16 to complete CCC-863
- Exhibit 17 for an example letter requesting yield certifications from producers on ARC-IC farms.

Substitute/assigned yields must be available for all years in the benchmark period. If a substitute/assigned yield is not available, county offices must submit a request to the State Office Program Specialist that the yield be established by the STC.--*

***--138 ARC-IC (Continued)**

G ARC-IC Certified Yield Reporting Deadline

Certifications for benchmark and actual year yields must be provided on the CCC-863 by July 15th of the subsequent crop year.

Note: For 2019, certification of benchmark and actual year yield deadline is July 15, 2020.

COC may accept as timely filed any yield certification after the applicable deadline listed in this subparagraph, if the yield is certified before the issuance of any ARC-IC payment and COC approves the certification.--*

*--138 ARC-IC (Continued)

H ARC-IC Producer Payment

[7 CFR 1412.53(e)] Provided all provisions of this part, including but not limited to ARC-IC election and enrollment, have been satisfied for the contract year, 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.

Payment acres for each producer are equal to 65 percent of the total base acres of all covered commodities on each enrolled farm multiplied by the producer's share of the planted covered commodities on the farm.

The payment rate for the producer is the difference between the producer's ARC-IC farm guarantee and the actual ARC-IC farm's crop revenue for each covered commodity, weighted across all enrolled ARC-IC farms. The payment rate for the producer, will be applied to all participating ARC-IC farms in which the producer has an interest.

Payment shares are determined based on the producer's share of the covered commodities planted and reported on FSA-578; however, a producer can never earn payment on more base acres than they have cropland to support according to paragraph 217.

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

*--138 ARC-IC (Continued)

I ARC-IC Payment Example

Producer A is owner and operator of FSN 1 and has 100 percent interest in 60.00 corn base acres and 40.00 soybean base acres. There are no additional base acres on the farm. This is the only farm for which ARC-IC is elected and enrolled by the producer. The producer plants the entire farm to wheat.

ARC-IC Calculation Component	Amount
ARC-IC weighted 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 weighted benchmark.	\$ 25
Payment Rate (Smaller of shortfall or 10 percent of ARC-IC weighted benchmark)	\$ 10
2019 base acres.	100.00
ARC-IC payment acres (total base acres X 65%).	65.00
ARC-IC payment (payment rate x payment acres x producer's share of planted covered commodities).	\$650

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*--139 ARC-IC Farm Benchmark and Guarantee

A ARC-IC Benchmark Farm Yield

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 five years preceding the year prior to the program year.

IF the benchmark farm yield is being calculated for...	THEN the 5 most recent crop years are...
2019	2013 through 2017
2020	2014 through 2018
2021	2015 through 2019
2022	2016 through 2020
2023	2017 through 2021

Benchmark farm yields are **required** to be established the first year that a covered commodity is planted on an ARC-IC enrolled farm and are updated each year with the actual production from planted acres on the farm with a substitute/assigned 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 crop/intended use are the only acres considered in ARC-IC and are the acres for which a benchmark farm yield **must** be established.

For the purposes of this paragraph, the benchmark period for 2019 includes crop years 2013 through 2017, 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. A substitute or assigned yield will be used in the benchmark in the following instances:

- if, in the benchmark year, the farm did **not** have planted acres of the specific covered commodity, FSA will assign 100 percent of the ARC-CO yield for that year or years in the benchmark
- if the certified yield falls below 80 percent of the county's T-yield, a substitute yield equal to 80 percent of the T-yield will be assigned.--*

--139 ARC-IC Farm Benchmark and Guarantee (Continued)*B ARC-IC Benchmark Yields**

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

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

C ARC-IC Assigned Yields

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

The assigned yield will be 100 percent of the ARC-CO yield for the covered commodity. The assigned yields are determined according to paragraph 138.--*

--139 ARC-IC Farm Benchmark and Guarantee (Continued)*D Example of ARC-IC Benchmark Farm Yield Calculation Using Assigned Yields**

In 2019, the enrolled ARC-IC farm has 200.00 base acres, as follows:

- 100.00 base acres of wheat
- 100.00 base acres of soybeans.

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 revenue for canola will be based on 5 years of assigned yields at 100 percent of the ARC-CO yields established for crop years 2013 through 2017.

E ARC-IC Substitute Yields

ARC-IC substitute yields are determined by using RMA or FSA NAP T-yield data. ARC-IC substitute yields can be found by following the instructions in subparagraph 138 F.

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 (80 percent of the covered commodity's T-yield).

Substitute yields must be available for each year in the benchmark period. In some situations, the ARC-IC substitute yields will be blank for certain years for counties, because T-yields were **not** calculated for these crops by RMA or FSA. If an ARC-IC substitute yield is not available, the County Office must submit a request to the State Office Program Specialist that the STC establish the missing yield.--*

--139 ARC-IC Farm Benchmark and Guarantee (Continued)*F ARC-IC Benchmark Farm Yields after Reconstitutions and Owner/Operator Changes**

Benchmark yields will be maintained as follows, in cases of farm reconstitutions and owner/operator changes:

- ARC-IC child farms resulting from a farm division will each maintain the benchmark yield(s) established for the parent farm **unless** a written request is submitted to have benchmark yields recalculated based upon the yields from each specific tract in the child farm. The decision to recalculate yields must be unanimous and requested in writing by each landowner and producer who shares in the planted covered commodities on the child farms within 30 days following the issuance of the notification of the reconstitution.

Note: A sample letter to notify producers of this option is available in Exhibit 17.

- An ARC-IC child farm resulting from a farm combination will have a blended benchmark yield calculated by dividing the total production from both parent farms for each applicable year by the total planted acres of the covered commodity from both parent farms for each applicable year.
- Yields certified by a previous owner/operator will be maintained for the farm and will be available to establish benchmark revenues for subsequent owner/operators on the farm.

Note: Certified yields are subject to spot check according to paragraph 90. If the subsequent owner/operator will not have access to production records to support the certified yield(s), they have the option to certify to zero yields in the years the crop was planted on the farm during the benchmark period; at which point, the substitute yield of 80% of the T-yield will be used in the benchmark calculation. CIMS data may be used to satisfy the spot check requirements, if available.--*

--139 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 period and the current year.

The yields will consist of producer-certified yields. Producers will be **required** to submit production evidence to COC, upon request, for review according to subparagraph 81.

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
- Effective reference price for the crop according to paragraph 102.--*

--139 ARC-IC Farm Benchmark and Guarantee (Continued)*I ARC-IC Producer Guarantee**

The ARC-IC producer guarantee is the producer's ARC-IC benchmark farm revenue, as weighted, multiplied by 86 percent.

To receive an ARC-IC payment, the current year revenue for all covered commodities planted on all ARC-IC enrolled farms for the producer **must** fall below the ARC-IC producer guarantee.

J Example of the ARC-IC Benchmark Farm Revenue Calculation

The following is an example of how the ARC-IC benchmark farm revenue is calculated.

ARC-IC Corn (Benchmark Yield and Revenue)			
Price (Higher of MYA or Effective Reference Price)		Yield ^{1/}	Revenue
MYA	Effective Reference Price		
\$4.46	\$3.70	180	\$802.80 per acre
\$3.70	\$3.70	194	\$717.80 per acre
\$3.61	\$3.70	191	\$706.70 per acre
\$3.36	\$3.70	113	\$418.10 per acre
\$3.36	\$3.70	131	\$484.70 per acre
5-Year Olympic Average of Benchmark Farm Revenue			\$636.40 per acre

^{1/} In this example, the substitute yield is 112 bu. (140 x 80 percent) for each year and was not used in the farm's ARC-IC benchmark calculation because all actual yields exceed the substitute yield.--*

*--139 ARC-IC Farm Benchmark and Guarantee (Continued)

K Example of the ARC-IC Producer Guarantee Calculation

Example of an ARC-IC farm with 1 crop planted with only 1 producer.

Crop	Percent of all Covered Commodities Planted Across All Farms	Benchmark Revenue <u>1/</u>	Weighted Benchmark <u>2/</u>	Producer Guarantee (86 Percent of Benchmark)
Corn	100 percent	\$636.40	\$636.40	\$547.30

1/ The benchmark revenue is hypothetical. The calculation is not included in this example.

2/ The weighted benchmark is determined by multiplying the calculated benchmark revenue by the percentage provided in column 2 for each planted covered commodity.

Example of an ARC-IC farm with 2 crops planted with only 1 producer.

Crop	Percent of all Covered Commodities Planted Across All Farms <u>1/</u> <u>2/</u>	Benchmark Revenue <u>2/</u>	Weighted Benchmark <u>3/</u>	Producer Guarantee (86 Percent of Benchmark)
Corn	60 percent	\$636.40	\$381.84	
Oats	40 percent	\$427.50	\$171.00	
Totals			\$552.84	\$475.44

1/ There are a total of 200.00 acres of planted covered commodities on this producer's ARC-IC enrolled farm(s); 120.00 acres of corn and 80.00 acres of oats.

2/ These values are hypothetical. The calculations are not included in this example.

3/ The weighted benchmark is determined by multiplying the calculated benchmark revenue by the percentage provided in column 2 for each planted covered commodity.--*

--140 ARC-IC Actual Revenue*A Purpose**

The actual crop revenue is needed to determine if there is a revenue shortfall in the current year that 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 production from all covered commodities planted on all ARC-IC enrolled farms in the state by the higher of either the applicable MYA price or national loan rate.

B ARC-IC Producer's Actual Crop Revenue – Example 1

The following table provides an example of an ARC-IC farm with 1 crop planted with only 1 producer.

Crop	Actual Yield	MYA Price <u>1/</u>	Planted Acres	Revenue	Revenue Per Acre	Producer Share of Crop	Producer Revenue
Corn	147 bu. per acre	\$3.60 per bu.	127.60	\$67,525.92	\$529.20	100 percent	\$529.20

1/ In this example, the MYA price is **higher** the national loan rate.

C ARC-IC Producer's Actual Crop Revenue – Example 2

The following table provides an example of an ARC-IC farm with 2 crops planted with only 1 producer.

Crop	Actual Yield	MYA Price <u>1/</u>	Planted Acres	Revenue	Revenue Per Acre	Producer Share of Crop	Producer Revenue
Corn	147 bu. per acre	\$3.60 per bu.	127.60	\$67,525.92		100 percent	
Oats	59 bu. per acre	\$2.65 per bu.	99.00	\$15,478.65		100 percent	
Totals			226.60	\$83,004.57	\$366.30	100 percent	\$366.30

1/ In this example, the MYA price is **higher** the national loan rate.--*

***--141 ARC-IC Producer Payment**

A ARC-IC Producer Payment Policy

ARC-IC payments are made on enrolled ARC-IC farms when the producer's current year revenue for all covered commodities planted on the ARC-IC farm falls below the ARC-IC guarantee.

ARC-IC payments are capped at 10 percent of the ARC-IC farm's weighted benchmark revenue.

B Example of the ARC-IC Producer's Payment Calculation

ARC-IC payments are calculated according to the following example. Data for the calculation comes from paragraphs 139 and 140.

Benchmark	Guarantee	Actual Revenue Per Acre	Producer Revenue Loss or Shortfall	
\$636.40	\$547.30	\$529.20	\$18.10	

Total Base Acres	65 Percent of Total Base Acres	Share From FSA-578	Producer Payment Rate <u>1/</u>	Producer Payment
126.50	82.23	100 percent	\$18.10	\$1488

1/ Payment rate is the lesser of the calculated payment rate (\$18.10 per acre) **or** 10 percent of the farm benchmark revenue (cap) \$636.40 x 10 percent = \$63.64 per acre.--*

--142 ARC-IC Crops and Acreage*A Planted Acres of Covered Commodities Required**

To be eligible for an ARC-IC payment on an ARC-IC elected and enrolled farm, covered commodities **must** be **planted** in the current year on the farm. Only initial planted and approved double-cropped covered commodities, as reported on the FSA-578, are considered planted for ARC and PLC Program purposes.

Exception: Prevent plant acres are **not** included in either the benchmark or current year calculations. However, an ARC-IC farm that is enrolled and has 100 percent approved prevented planting of covered commodities **will** include the prevent plant acres in the revenue calculations.

B Crops Eligible for ARC-IC Payments

The following covered commodities are eligible for ARC-IC payments:

- barley
- canola
- chickpeas, large
 - Garbanzo - Kabuli (large chickpea) (GAR)
- chickpeas, small
 - Garbanzo - Kabuli (small chickpea) (GAS)
 - Garbanzo - Desi (small chickpea) (GAD)
- corn
- crambe
- flaxseed
- grain sorghum--*

***--142 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)
- rice, Temperate Japonica
- safflower
- seed cotton
- sesame seed
- soybeans
- sunflower seed
- wheat.--*

*--142 ARC-IC Crops and Acreage (Continued)

C Intended Uses of ARC-IC Crops

The following table 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	GR, PR, SD
Chickpeas, Large	Garbanzo, Large Kabuli (GAR)	DE, FG, PR, FH, SD
Chickpeas, Small	- Garbanzo, Small Kabuli (GAS) - Garbanzo, Desi (GAD)	
Corn	- White - Yellow - Amylose - Popcorn - Waxy	FG, GR, SD
Cotton, Upland		
Crambe		GR, SD
Flaxseed	All	GR, OL, PR, SD
Grain Sorghum	All	FG, GR, SD, SG
Lentils		DE, FG, GZ
Mustard Seed	All	GR, 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, GR, GZ, PR, 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, PR, SD
Wheat	All	FG, GR, GS, GZ, SD

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--142 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 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.

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

The following are crop status codes for the first character field on FSA-578 that are eligible for 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/WR 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.

Note: Only initially planted covered commodities are eligible for ARC-IC. In cases where the initially planted covered commodity is intended for green manure, left standing, or cover only is destroyed and planted to a covered commodity intended for grain, the covered commodity intended for grain is considered the initial planted crop. Follow 2-CP to revise FSA-578 from green manure, left standing, or cover only to the covered commodity for grain.--*

--142 ARC-IC Crops and Acreage (Continued)*E Eligible ARC-IC Crop Examples**

The following are examples to demonstrate crop/production eligibility for the ARC-IC program:

- Farmer Bill plants 1000.00 acres of HRW wheat on his enrolled ARC-IC farm in 2019; all acres fail, and the acreage is subsequently fallowed for the remainder of the year. 1000.00 acres of HRW wheat are an eligible crop for ARC-IC and will be reported with a zero yield.
- Farmer Jill plants 1000.00 acres of HRW wheat on her enrolled ARC-IC farm in 2019; all acres fail. Farmer Jill subsequently replants the acreage to HRS wheat, which generates production of 50 bu/acre. In this example, the production from the HRS wheat would **not** be considered in the actual revenue calculation as it was not the initial crop. The 1000.00 acres of failed HRW would be the eligible crop for ARC-IC and will be reported with a zero yield.

Note: Subsequent crops are ineligible for ARC-IC.

- ABC Corp plants 1.00 acre of canola on their ARC-IC enrolled farm in 2019. They also report 500.00 acres of prevent planted corn. In this example, the 500.00 acres of corn are ineligible for ARC-IC because there is 1.00 acre of a planted covered commodity.

Note: Prevent planted acres can only be included in the ARC-IC calculations if 100 percent of the farm's covered commodities are prevented from being planted.--*

--143 ARC-IC Payment Shares*A Shares of ARC-IC Payments**

[7 CFR 1412.54(f)] 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.**

Eligible ARC-IC producers will receive payment **only** when they have 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 receive ARC-IC payments, if applicable. However, **only** producers who sign CCC-862 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, even if they have an interest in the farm's base acres.--*

--143 ARC-IC Payment Shares (Continued)*B Example**

FSN 1 has 300.00 acres of cropland.

- The farm consists of 150.00 total base acres; 75.00 base acres of peanuts and 75.00 base acres of soybeans.
- In 2019, the:
 - owner of the farm has 100 percent share of 150.00 acres of grassland that is used for grazing as reported on FSA-578
 - operator of the farm has 100 percent interest in 150.00 acres of tillable cropland on the farm and plants the 150 acres to corn as reported on FSA-578. He pays appropriate cash rent to the owner of the farm.
- The owner previously received 100.00 percent of the PLC payment on the farm under the 2014 Farm Bill. The farm was **not** in ARC-IC under the 2014 Farm Bill.

The farm has been elected and enrolled into ARC-IC for the 2019 crop year. The 2019 ARC-IC payment calculation will be based on the benchmark, guarantee, and current year revenue of the corn planted on the farm. 100 percent of the payment shares (150.00 base acres) will be attributed to the operator, as he planted 100 percent of the covered commodities on the farm. Because the operator has an interest in 150.00 acres of cropland, that share is acceptable.

100 percent of the payment will be issued to the operator 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 planted on the farm in 2019, as reported on the FSA-578.--*

***--144 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 in covered commodities planted on ARC-IC enrolled farms will have a separate payment rate calculated. The producer's ARC-IC payment will be determined based on their interest in all ARC-IC enrolled farms in the state and will have benchmark, guarantee and current year revenues weighted across all ARC-IC enrolled farms in the state in which 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 planted covered commodities on enrolled ARC-IC farms. Producers who share in the same covered commodities planted on enrolled ARC-IC farms may have different payment rates established.

The payment rate for the producer will be applied to all enrolled ARC-IC farms in which the producer has an interest.--*

*--144 ARC-IC Calculation at the Producer Level (Continued)

C ARC-IC Multiple Producer and Farm Calculation

To demonstrate the calculation of ARC-IC payments, the concept of filling producer buckets may be beneficial. The following example:

- includes 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 of Covered Commodities Planted Across All Farms	Farm Benchmark Revenue	Weighted Farm Benchmark Revenue	Guarantee (86 Percent)	
920	Corn	68.23 percent	\$816.50	\$557.10		
1032	Corn	26.83 percent	\$828.88	\$222.39		
1032	Soybeans	4.94 percent	\$572.14	\$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 Per Acre
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/ Payment Rate 1/		
\$694.67		\$667.08		\$27.59		
Maximum Pay Rate is 10 Percent of 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	82.23	100 percent	\$27.59	\$2,269	
1032	113.00	73.45	50 percent	\$27.59	\$1,013	

1/ This calculated payment rate will be applied to all enrolled ARC-IC farms in which the operator has an interest.--*

*--144 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 of Covered Commodities Planted Across All Farms	Farm Benchmark Revenue	Weighted Farm Benchmark Revenue	Guarantee (86 Percent)	
1032	Corn	84.46 percent	\$828.88	\$700.07		
1032	Soybeans	15.54 percent	\$572.14	\$88.91		
			Totals	\$788.98	\$678.52	
Actual Revenue Calculation						
Farm	Crop	Farm Level Revenue	Producer Share of Crop	Producer Share of Revenue	Producer Share of Acres	Producer Revenue Per Acre
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/ Payment Rate 1/		
\$678.52		\$682.30		\$0.00		
Maximum Pay Rate is 10 Percent of Farm Benchmark Revenue = \$78.90						
Farm	Total Base Acres	65 Percent of Total Base Acres	Share From FSA-578	Payment Rate	Payment	
1032	113.00	73.45	50 Percent	\$0.00	\$0.00	

1/ This calculated payment rate will be applied to all enrolled ARC-IC farms in which the owner has an interest.--*

--145 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 revenue of \$500 per acre. The producer's ARC-IC weighted guarantee is \$430 per acre. In 2019, Producer A's weighted revenue per acre of all covered commodities planted on ARC-IC farms is \$365 per acre. The ARC-IC loss per acre is \$65 ($\$430 - \$365 = \65 per acre). The ARC-IC payment rate cap is \$50 per acre ($\500 ARC-IC weighted benchmark revenue 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 since the loss suffered by the producer exceeds the payment rate cap.--*

--146 ARC-IC Contracts and Contractual Requirements*A ARC-IC Participant Contract Requirements**

Participants enrolling under CCC-862 agree to accurately:

- report shares of planted acres of covered commodities 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 July 15 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 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 includes the following:

- 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.

See paragraph 81 for more information regarding acceptable production records.--*

***--146 ARC-IC Contracts and Contractual Requirements (Continued)**

C Yields Used in the ARC-IC Benchmark

For each covered commodity planted on a farm having a valid CCC-862 for the current year, the yield in each of the benchmark years will be the higher of the following:

- ARC-IC substitute yield that is 80 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 ARC-CO yield). This would include ineligible prevent plant acres or 0.00 planted acres due to a management decision.--*

147-152 (Reserved)

*--Section 6 ARC-IC Examples

153 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate**A Example 1**

The following example will be computed using the following information:

- 1 farm enrolled in ARC-IC with 1 producer
- 1 covered commodity planted on farm
- FSN 920 with operator having 100 percent share and owner having 0 percent share.

Cropland <u>1/</u>	Corn Base Acres <u>1/</u>	Soybean Base Acres <u>1/</u>	2019 Corn Planted Acres <u>2/</u>	2019 Soybean Planted Acres <u>2/</u>
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 Effective Reference Price)		Yield <u>1/</u>	Revenue
	MYA	Effective Reference Price		
2013	\$4.46	\$3.70	180	\$802.80 per acre
2014	\$3.70	\$3.70	194	\$717.80 per acre
2015	\$3.61	\$3.70	191	\$706.70 per acre
2016	\$3.36	\$3.70	113	\$418.10 per acre
2017	\$3.36	\$3.70	131	\$484.70 per acre
5-Year Olympic Average of Benchmark Farm Revenue				\$636.40 per acre

- 1/ In this example, the substitute yield was 112 bu. (140 bu. x 80 percent) for each year and was **not** used in the farm's ARC-IC benchmark calculation because the actual yields exceed the substitute yield.--*

153 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate (Continued)

A Example 1 (Continued)

Data for the Farm Benchmark Revenue	
For each covered commodity planted on the ARC-IC farm in the current crop year, a benchmark revenue must be established by calculating an annual revenue for the 5 years preceding the year prior to the program year. The basic revenue calculation for each year in the benchmark period is a price multiplied by a yield. An Olympic Average Revenue is then calculated by dropping the highest and the lowest calculated revenues and averaging together the remaining three. Each ARC-IC enrolled FSA FSN has this revenue calculation for each planted covered commodity on the farm. For ARC-IC, the:	
- price used is the higher of MYA or effective 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.	

Note: Although there are soybean base acres on the farm, no revenue calculations will be made for soybeans, as none were planted in the current year. Revenue calculations are only made for commodities that are planted in the current year.

FSN 920 Actual Crop Revenue Calculation					
Year	Crop	Actual Yield	MYA Price ^{1/}	Acres	Revenue
2019	Corn	145 bu. Per acre	\$3.60 per bu.	127.16	\$66,377.52
			Total Revenue		\$66,377.52

^{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 an enrolled ARC-IC farm in the current program year. The basic calculation for actual crop revenue is a price multiplied by 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, as certified by the producer.	
Note: Substitute/Assigned yields are not used for actual revenue calculations.	

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***--153 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 of Covered Commodities Planted Across All Farms	Farm Benchmark Revenue	Weighted Farm Benchmark Revenue	Guarantee (86 Percent)	
920	Corn	100 percent	\$636.40	\$636.40		
			Totals	\$636.40	\$547.30	
Actual Revenue Calculation						
Farm	Crop	Farm Level Revenue	Producer Share of Crop	Producer Share of Revenue	Producer Share of Acres	Producer Revenue
920	Corn	\$66,377.52	100 percent	\$66,377.52	127.16	
Totals				\$66,377.52	127.16	\$522.00
Payment Calculation						
ARC Guarantee			Actual Crop Revenue		Shortfall	
\$542.38			\$522.00		\$20.38	
Maximum Pay Rate is 10 Percent of Farm Benchmark Revenue = \$63.64						
Farm	Total Base Acres		65 Percent of Total Base Acres	Share From FSA-578	Payment Rate	Payment
920	126.50		82.23	100 percent	\$20.38	\$1,676

Data for the Operator's Bucket	
After the benchmark farm revenue and actual crop revenue are established for the farm, the producer's share must be determined to ensure 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 percentage of all covered commodities planted on the ARC-IC farm. In this instance, only 1 covered commodity is planted on the farm and only 1 farm is enrolled into ARC-IC for this producer.	
The actual revenue calculation calculates the producer's share of the actual revenue from all planted covered commodities on all ARC-IC enrolled farms in the State.	
After the weighted benchmark revenue, the guarantee, and the actual crop revenue are known, a payment rate can be calculated.	
The payment rate is the difference between the ARC-IC 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 ARC-IC enrolled farm multiplied by 65 percent of the total base acres on the farm, multiplied by the producer's calculated payment rate.	

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***--153 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
- 2 covered commodities planted on farm
- FSN 2566 with operator having 100 percent share and owner having 0 percent share.

Cropland <u>1/</u>	Corn Base Acres <u>1/</u>	Soybean Base Acres <u>1/</u>	2019 Corn Planted Acres <u>2/</u>	201 Soybean Planted Acres <u>2/</u>
149.5	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 Revenue)				
Year	Price (Higher of MYA or Effective Reference Price)		Yield <u>1/</u>	Revenue
	MYA	Effective Reference Price		
2013	\$4.46	\$3.70	171	\$762.66 per acre
2014	\$3.70	\$3.70	180	\$666.00 per acre
2015	\$3.61	\$3.70	179	\$662.30 per acre
2016	\$3.36	\$3.70	142	\$525.40 per acre
2017	\$3.36	\$3.70	163	\$603.10 per acre
5-Year Olympic Average of Benchmark Farm Revenue				\$643.80 per acre

- 1/ In this example, the substitute yield was 120 bu. (150 bu. x 80 percent) for each year and was **not** used in the farm's ARC-IC benchmark calculation because the actual yields exceed the substitute yield in each year.--*

***--153 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate (Continued)**

B Example 2 (Continued)

FSN 2566 ARC-IC Soybean (Benchmark Revenue)				
Year	Price (Higher of MYA or Effective Reference Price)		Yield <u>1/</u>	Revenue
	MYA	Effective Reference Price		
2013	\$13.00	\$8.40	55	\$715.00 per acre
2014	\$10.10	\$8.40	43	\$434.30 per acre
2015	\$8.95	\$8.40	62	\$554.9 per acre
2016	\$9.47	\$8.40	40	\$378.80 per acre
2017	\$9.33	\$8.40	50	\$466.50 per acre
5-Year Olympic Average of Benchmark Farm Revenue				\$485.23 per acre

1/ In this example, the substitute yield was 34 bu. (43 bu. x 80 percent) for each year and was **not** used in the farm's ARC-IC benchmark calculation because the actual yields exceed the substitute yield in each year.

Data for the Farm Benchmark Revenue
For each covered commodity planted on the ARC-IC farm in the current crop year, a benchmark revenue must be established by calculating an annual revenue for the 5 years preceding the year prior to the program year. The basic revenue calculation for each year in the benchmark period is a price multiplied by a yield. An Olympic Average Revenue is then calculated by dropping the highest and the lowest calculated revenues and averaging together the remaining three. Each ARC-IC enrolled FSA FSN has this revenue calculation for each planted covered commodity on the farm. For ARC-IC, the: • price used is the higher of MYA or effective 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. 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 following step.

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***--153 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate (Continued)**

B Example 2 (Continued)

FSN 2566 – Actual Crop Revenue Calculation					
Year	Crop	Actual Yield	MYA Price <u>1/</u>	Acres	Revenue
2019	Corn	140 bu. per acre	\$3.60 per bu.	49.5	\$24,948.00
	Soybeans	40 bu. per acre	\$8.60 per bu.	100.00	\$34,400.00
			Total Revenue		\$59,348.00

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 the ARC-IC farm in the current ARCPLC program year. The basic calculation for actual crop revenue is a price multiplied by 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, as certified by the producer.
In this example, 2 crops are planted on the ARC-IC farm; therefore, 2 actual revenues are calculated then summed to generate the actual crop revenue for the ARC-IC farm.

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***--153 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	33.11	\$643.80	\$213.16		
2566	Soybeans	66.89	\$485.23	\$324.57		
			Totals	\$537.73	\$462.45	
Actual Revenue Calculation						
Farm	Crop	Farm Level Revenue	Producer Share of Crop	Producer Share of Revenue	Producer Share of Acres	Producer Revenue
2566	Corn	\$24,948	100 percent	\$24,948	49.50	
2566	Soybeans	\$34,400	100 percent	\$34,400	100.00	
Totals				\$59,348	149.50	\$396.98
Payment Calculation						
ARC Guarantee		Actual Crop Revenue		Shortfall		
\$462.45		\$396.98		\$65.47		
Maximum Pay Rate is 10 Percent of Weighted Farm Benchmark Revenue = \$53.77						
Farm	Total Base Acres	65 Percent of Total Base Acres	Share From FSA-578	Payment Rate	Payment	
2566	149.50	97.18	100 percent	\$53.77	\$5,225	

Data for the Operator's Bucket
After the benchmark farm revenue and actual crop revenue are established for the farm, the producer's share must be determined to ensure the requirement that a producer's interest across all ARC-IC enrolled farms in a State are 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 percentage of all covered commodities planted on the farm. In this instance, 2 covered commodities were planted.
The actual revenue calculation calculates the producer's share of the actual revenue from all ARC-IC enrolled farms in the State.
After the weighted benchmark revenue, the guarantee, and the actual crop revenue are known, a payment rate can be determined.
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 ARC-IC enrolled farm multiplied by 65 percent of the farm's total base acres, multiplied by the producer's calculated payment rate.

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***--153 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate (Continued)**

C Example 3

The following example demonstrates a scenario in which one producer will receive a payment on a farm, but the other producer does not receive a payment.

The example will be computed using the following information:

- 2 farms enrolled in ARC-IC with 2 producers
- 2 covered commodities planted on farms
- FSN 920, operator has 100 percent share and owner has 0 percent share

Cropland <u>1/</u>	Corn Base Acres <u>1/</u>	Soybean Base Acres <u>1/</u>	2019 Corn Planted Acres <u>2/</u>	2019 Soybean Planted Acres <u>2/</u>
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 <u>1/</u>	Corn Base Acres <u>1/</u>	Soybean Base Acres <u>1/</u>	2019 Corn Planted Acres <u>2/</u>	2019 Soybean Planted Acres <u>2/</u>
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 Revenue)				
Year	Price (Higher of MYA or Effective Reference Price)		Yield <u>1/</u>	Revenue
	MYA	Effective Reference Price		
2013	\$4.46	\$3.70	180	\$802.80 per acre
2014	\$3.70	\$3.70	194	\$717.80 per acre
2015	\$3.61	\$3.70	191	\$706.70 per acre
2016	\$3.36	\$3.70	113	\$418.10 per acre
2017	\$3.36	\$3.70	131	\$484.70 per acre
5-Year Olympic Average of Benchmark Farm Revenue				\$636.40 per acre

- 1/ In this example, the substitute yield was 105 bu. (131 bu. x 80 percent) for each year and was **not** used in the farm's ARC-IC benchmark calculation because the actual yields exceed the substitute yield in each year.--*

***--153 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 Revenue)				
Year	Price (Higher of MYA or Effective Reference Price)		Yield 1/	Revenue
	MYA	Effective Reference Price		
2013	\$4.46	\$3.70	195	\$869.70 per acre
2014	\$3.70	\$3.70	164	\$606.80 per acre
2015	\$3.61	\$3.70	146	\$540.20 per acre
2016	\$3.36	\$3.70	150	\$555.00 per acre
2017	\$3.36	\$3.70	162	\$599.40 per acre
5-Year Olympic Average of Benchmark Farm Revenue				\$587.07 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 Revenue)				
Year	Price (Higher of MYA or Effective Reference Price)		Yield 1/	Revenue
	MYA	Effective Reference Price		
2013	\$13.00	\$8.40	61	\$793.00 per acre
2014	\$10.10	\$8.40	42	\$424.20 per acre
2015	\$8.95	\$8.40	60	\$537.00 per acre
2016	\$9.47	\$8.40	38	\$359.86 per acre
2017	\$9.33	\$8.40	46	\$429.18 per acre
5-Year Olympic Average of Benchmark Farm Revenue				\$463.46 per acre

1/ In this example, the substitute yield was 27 bu. (34 bu. x 80 percent) for each year and was **not** used in the farm's ARC-IC benchmark calculation because the actual yields exceed the substitute yield in each year.

Data for the Farm Benchmark Revenue
For each covered commodity planted on the ARC-IC farm in the current crop year, a benchmark revenue must be established by calculating an annual revenue for the 5 years preceding the year prior to the program year. The basic revenue calculation for each year in the benchmark period is a price multiplied by a yield. An Olympic Average Revenue is then calculated by dropping the highest and the lowest calculated revenues and averaging together the remaining three. Each ARC-IC enrolled FSA FSN has this revenue calculation for each covered commodity planted on the farm. For ARC-IC, the: • price used is the higher of MYA or effective 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. In this example, 2 covered commodities are planted on one ARC-IC enrolled farm, and 1 covered commodity is planted on another ARC-IC enrolled farm; therefore, three benchmark revenues have been calculated. These revenues will be weighted for the farm in the operator and owner's bucket table.

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***--153 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
2019	Corn	180 bu. per acre	\$3.60 per bu.	127.16	\$82,399.68
			Total Revenue		\$82,399.68

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
2019	Corn	140 bu. per acre	\$3.60 per bu.	100.00	\$50,400.00
	Soybeans	25 bu. per acre	\$9.33 per bu.	18.30	\$4,268.48
			Total Revenue		\$54,668.48.

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 the ARC-IC farm in the current ARCPLC program year. The basic calculation for actual crop revenue is a price multiplied by 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, as certified by the producer.	
In this example, 2 covered commodities are planted on one ARC-IC enrolled farm and 1 covered commodity is planted on the other ARC-IC enrolled farm.	
Note: On FSN 1032, the 2 revenues are calculated then summed to generate the actual crop revenue for that ARC-IC farm.	

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***--153 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	68.25	\$636.40	\$434.34		
1032	Corn	26.84	\$587.07	\$157.57		
1032	Soybeans	4.91	\$463.46	\$22.76		
			Totals	\$614.67	\$528.62	
Actual Revenue Calculation						
Farm	Crop	Farm Level Revenue	Producer Share of Crop	Producer Share of Revenue	Producer Share of Acres	Producer Revenue
920	Corn	\$82,399.68	100 percent	\$82,399.68	127.16	
1032	Corn	\$50,400.00	50 percent	\$25,200.00	50.00	
1032	Soybeans	\$4,268.48	50 percent	\$2,134.24	9.15	
Totals				\$109,733.92	186.31	\$588.99
Payment Calculation						
ARC Guarantee		Actual Crop Revenue		Shortfall		
\$528.62		\$588.99		\$0.00		
Maximum Pay Rate is 10 Percent of Weighted Farm Benchmark Revenue = \$61.47						
Farm	Total Base Acres	65 Percent of Total Base Acres	Share From FSA-578	Payment Rate	Payment	
920	126.50	82.23	100 percent	\$0.00	\$0	
1032	113.00	73.45	50 percent	\$0.00	\$0	

Data for the Operator's Bucket
After the benchmark farm revenue and actual crop revenue are established for the farm, the producer's share must be determined to ensure 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 percentage of all covered commodities planted on the ARC-IC farm. In this instance, 2 covered commodities were planted on one farm and one covered commodity was planted on the other farm. The actual revenue calculation calculates the producer's share of the actual revenue from all ARC-IC enrolled farms in the State. After the weighted benchmark revenue, the guarantee, and the actual crop revenue are known, a payment rate can be calculated. The payment rate is the difference between the ARC-IC guarantee and the actual crop revenue not to exceed 10 percent of ARC-IC farm's weighted benchmark revenue. The payment is then calculated by multiplying the producer's share of covered commodities planted on each farm enrolled in ARC-IC multiplied by 65 percent of the total base acres on the farm multiplied by the producer's payment rate.

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***--153 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	84.53	\$587.07	\$496.25		
1032	Soybeans	15.47	\$463.46	\$71.70		
			Totals	\$567.95	\$488.44	
Actual Revenue Calculation						
Farm	Crop	Farm Level Revenue	Producer Share of Crop	Producer Share of Revenue	Producer Share of Acres	Producer Revenue
1032	Corn	\$50,400.00	50 percent	\$25,200.00	50.00	
1032	Soybeans	\$4,268.48	50 percent	\$2,134.24	9.15	
Totals				\$27,334.24	59.15	\$462.12
Payment Calculation						
ARC Guarantee		Actual Crop Revenue		Shortfall		
\$488.44		\$462.12		\$26.32		
Maximum Pay Rate is 10 Percent of Weighted Farm Benchmark Revenue = \$56.80						
Farm	Total Base Acres	65 Percent of Total Base Acres	Share From FSA-578	Payment Rate	Payment	
1032	113.00	73.45	50 percent	\$26.32	\$966.60	

Data for the Owner's Bucket
After the benchmark farm revenue and actual crop revenue are established for the ARC-IC farm, the producer's share must be determined to ensure 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 percentage of all covered commodities planted on the ARC-IC farm. In this instance, 2 covered commodities were planted on 1 farm.
The actual revenue calculation calculates the producer's share of the actual revenue for all ARC-IC enrolled farms in the State.
After the weighted benchmark revenue, the guarantee, and the actual crop revenue are known, a payment rate can be calculated.
The payment rate is the difference between the ARC guarantee and the actual crop revenue not to exceed 10 percent of ARC-IC farm's weighted benchmark revenue.
The payment is then calculated by multiplying the producer's share of covered commodities planted on each farm enrolled in ARC-IC multiplied by 65 percent of the farm's total base acres, multiplied by the producer's calculated payment rate.
In this case, the owner receives a payment on farm 1032; however, the operator did not earn a payment on farm 1032 because the operator's ARC-IC farm (see operator's bucket) did not suffer a revenue loss.

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***--153 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate (Continued)**

D Example 4

The following example demonstrates a scenario in which there are two covered commodities planted on an ARC-IC enrolled farm; however, only one producer shares in each of the planted covered commodities.

The example will be computed using the following information:

- 2 farms enrolled in ARC-IC with 2 producers
- 2 covered commodities planted on farms
- FSN 111, operator has 100 percent share and owner has 0 percent share

Cropland <u>1/</u>	Corn Base Acres <u>1/</u>	Soybean Base Acres <u>1/</u>	2019 Corn Planted Acres <u>2/</u>	2019 Soybean Planted Acres <u>2/</u>
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 222, operator has 100 percent share of corn planted and owner has 100 percent share of soybeans planted.

Cropland <u>1/</u>	Corn Base Acres <u>1/</u>	Soybean Base Acres <u>1/</u>	2019 Corn Planted Acres <u>2/</u>	2019 Soybean Planted Acres <u>2/</u>
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.--*

***--153 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 Revenue)				
Year	Price (Higher of MYA or Effective Reference Price)		Yield <u>1/</u>	Revenue
	MYA	Effective Reference Price		
2013	\$4.46	\$3.70	180	\$802.80 per acre
2014	\$3.70	\$3.70	194	\$717.80 per acre
2015	\$3.61	\$3.70	191	\$706.70 per acre
2016	\$3.36	\$3.70	113	\$418.10 per acre
2017	\$3.36	\$3.70	131	\$484.70 per acre
5-Year Olympic Average of Benchmark Farm Revenue				\$636.40 per acre

1/ In this example, the substitute yield was 112 bu. (140 bu. x 80 percent) for each year and was **not** used in the farm's ARC-IC benchmark calculation because the actual yields exceed the substitute yield in each year.

FSN 222 ARC-IC Corn (Benchmark Revenue)				
Year	Price (Higher of MYA or Effective Reference Price)		Yield <u>1/</u>	Revenue
	MYA	Effective Reference Price		
2013	\$4.46	\$3.70	195	\$869.70 per acre
2014	\$3.70	\$3.70	164	\$606.80 per acre
2015	\$3.61	\$3.70	146	\$540.20 per acre
2016	\$3.36	\$3.70	150	\$555.00 per acre
2017	\$3.36	\$3.70	162	\$599.40 per acre
5-Year Olympic Average of Benchmark Farm Revenue				\$587.07 per acre

1/ In this example, the substitute yield was 112 bu. (140 bu. x 80 percent) for each year and was **not** used in the farm's ARC-IC benchmark calculation because the actual yields exceed the substitute yield in each year.--*

***--153 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 Revenue)				
Year	Price (Higher of MYA or Effective Reference Price)		Yield ^{1/}	Revenue
	MYA	Effective Reference Price		
2013	\$13.00	\$8.40	61	\$793.00 per acre
2014	\$10.10	\$8.40	42	\$424.20 per acre
2015	\$8.95	\$8.40	60	\$537.00 per acre
2016	\$9.47	\$8.40	38	\$359.86 per acre
2017	\$9.33	\$8.40	46	\$429.18 per acre
5-Year Olympic Average of Benchmark Farm Revenue				\$463.46 per acre

1/ In this example, the substitute yield was 27 bu. (34 bu. X 80 percent) for each year and was **not** used in the farm's ARC-IC benchmark calculation because the actual yields exceed the substitute yield in each year.

Data for the Farm Benchmark Revenue
For each covered commodity planted on the ARC-IC farm in the current crop year, a benchmark revenue must be established by calculating an annual revenue for the 5 years preceding the year prior to the program year. The basic revenue calculation for each year in the benchmark period is a price multiplied by a yield. An Olympic Average Revenue is then calculated by dropping the highest and the lowest calculated revenues and averaging together the remaining three. Each ARC-IC enrolled FSA FSN has this revenue calculation. For ARC-IC, the: • price used is the higher of MYA or effective 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. 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, a benchmark revenue was calculated for each crop on each ARC-IC farm. The total farm benchmark revenue will be weighted in a following step

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***--153 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
2019	Corn	120 bu. per acre	\$3.60 per bu.	127.16	\$54,933.12
			Total Revenue		\$54,933.12

FSN 222 Actual Crop Revenue Calculation					
Year	Crop	Actual Yield	MYA Price 1/	Acres	Revenue
2019	Corn	164 bu. per acre	\$3.60 per bu.	100.00	\$59,040.00
	Soybeans	40 bu. per acre	\$8.60 per bu.	18.30	\$6,295.20
			Total Revenue		\$65,335.20

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 an ARC-IC enrolled farm in the current program year. The basic calculation for actual crop revenue is a price multiplied by 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, as certified by the producer.	
In this example, 2 covered commodities are planted on one ARC-IC enrolled farm and 1 covered commodity is planted on the other ARC-IC enrolled farm; therefore, three actual revenues are calculated. On FSN 222, the 2 revenues are calculated then summed to generate the actual crop revenue for that ARC-IC enrolled farm.	

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***--153 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	\$636.40	\$356.26		
222	Corn	44.02	\$587.07	\$258.43		
			Totals	\$614.69	\$528.63	
Actual Revenue Calculation						
Farm	Crop	Farm Level Revenue	Producer Share of Crop	Producer Share of Revenue	Producer Share of Acres	Producer Revenue
111	Corn	\$54,933.12	100 percent	\$54,933.12	127.16	
222	Corn	\$59,040.00	100 percent	\$59,040.00	100.00	
Totals				\$113,973.12	227.16	\$501.73
Payment Calculation						
ARC Guarantee			Actual Crop Revenue		Shortfall	
\$528.63			\$501.73		\$26.90	
Maximum Pay Rate is 10 Percent of Weighted Farm Benchmark Revenue = \$61.47						
Farm	Total Base Acres	65 Percent of Total Base Acres	Share From FSA-578	Payment Rate	Payment	
111	126.50	82.23	100 percent	\$26.90	\$2,212	
222	113.00	73.45	84.53 percent 1/	\$26.90	\$ 1,670	

1/ On Farm 222, the operator has 100 percent of the corn planted on the farm; however, corn is **not** the only planted covered commodity on the farm. Farm 222 also has 18.30 acres of soybeans planted by the owner. Therefore, the operator can only be paid on 84.53 percent of the farm's base acres. (100.00 planted acres of corn divided by 118.30 total acres of planted covered commodities on enrolled farm).

Note: Shares are determined from the acres of covered commodities reported on the FSA-578.--*

***--153 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate (Continued)**

D Example 4 (Continued)

Data for the Operator's Bucket
After the benchmark farm revenue and actual crop revenue are established for the farm, the producer's share must be determined to ensure 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 percentage of all covered commodities planted on the farm. In this instance, only 1 covered commodity was planted on the operator's 2 enrolled ARC-IC farms
The actual revenue calculation calculates the producer's share of the actual revenue from all planted covered commodities on all enrolled ARC-IC farms in the State.
After the weighted benchmark revenue, the guarantee, and the actual crop revenue are known, a payment rate 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's weighted benchmark revenue.
The payment is then calculated by multiplying the producer's share of covered commodities planted on each ARC-IC enrolled farm multiplied by 65 percent multiplied by the producer's calculated payment rate.

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***--153 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	\$463.46	\$463.46		
			Totals	\$463.46	\$398.58	
Actual Revenue Calculation						
Farm	Crop	Farm Level Revenue	Producer Share of Crop	Producer Share of Revenue	Producer Share of Acres	Producer Revenue
222	Soybeans	\$6,295.20	100 percent	\$6,295.20	18.30	
Totals				\$6,295.20	18.30	\$344.00
Payment Calculation						
ARC Guarantee			Actual Crop Revenue		Shortfall	
\$398.58			\$344.00		\$54.58	
Maximum Pay Rate is 10 Percent of Weighted Farm Benchmark Revenue = \$46.35						
Farm	Total Base Acres	65 Percent of Total Base Acres	Share From FSA-578	Payment Rate	Payment	
222	113.00	73.45	15.47 percent 1/	\$46.35	\$527	

1/ On Farm 222, the owner has 100 percent of the soybeans planted on the farm; however, soybeans are **not** the only planted covered commodity on the farm. Farm 222 also has 100.00 acres of corn planted by the operator. Therefore, the owner can only be paid on 15.47 percent of the farm's base acres. (18.30 planted acres of corn divided by 118.30 total acres of planted covered commodities on enrolled farm).

Note: Shares are determined from the acres of covered commodities reported on the FSA-578.--*

***--153 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate (Continued)**

D Example 4 (Continued)

Data for the Owner's Bucket
After the benchmark farm revenue and actual crop revenue are established for the farm, the producer's share must be determined to ensure 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 percentage of all covered commodities planted on the farm. In this instance, only 1 covered commodity is planted on the owner's one enrolled ARC-IC farm. The actual revenue calculation calculates the producer's share of the actual revenue from all planted covered commodities on all enrolled ARC-IC farms in the State. After the weighted benchmark revenue, the guarantee, and the actual crop revenue are known, a payment rate 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's weighted benchmark revenue. The payment is then calculated by multiplying the producer's share of covered commodities planted on each ARC-IC enrolled farm multiplied by 65 percent of the farm's total base acres, multiplied by the producer's calculated payment rate.

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***--153 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate (Continued)**

E Example 5

The following example demonstrates a scenario where one ARC-IC enrolled farm has been approved by FSA for 100 percent prevented planted acres of covered commodities, thereby meeting the prevent plant exception, and one ARC-IC enrolled farm that has planted acres of covered commodities and some acres of covered commodities approved as prevented planted.

- FSN 111, operator 100 percent share, owner 0 percent share
- 250.00 acres of corn and 250.00 acres of soybeans are approved by FSA for prevent planting. No other covered commodities are planted on the ARC-IC enrolled farm; therefore, the farm meets the prevented planting exception.
- 250.00 acres of corn and 250.00 acres of soybeans will be used in the ARC-IC benchmark and actual year revenue calculation
- zero production will be used to calculate current year revenue since all covered commodities were approved for prevent planting.

Cropland <u>1/</u>	Corn Base Acres <u>1/</u>	Soybean Base Acres <u>1/</u>	2019 Corn Planted Acres <u>2/</u>	2019 Soybean Planted Acres <u>2/</u>
600.00	200.00	350.00	0	0
			250.00 prevented planted	250.00 prevented planted

1/ Cropland and base acre elements are from FRMS.

2/ Planted and prevented planted acres are from FSA-578.--*

***--153 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate (Continued)**

E Example 5 (Continued)

- FSN 222, operator/owner 100 percent share
- 425.00 acres of soybeans are approved by FSA for prevented planting. 425.00 acres of corn are planted on the farm; therefore, the farm does **not meet** the prevented planting exception
- 425.00 acres of corn will be used in the ARC-IC benchmark and actual revenue calculations
- only production from the planted corn acres will be used to calculate the farm's actual revenue.

Note: The prevented planted exception under ARC-IC was not met on FSN 222; therefore, the 425.00 acres of prevented planted soybeans are excluded from all revenue calculations.

Cropland <u>1/</u>	Corn Base Acres <u>1/</u>	Soybean Base Acres <u>1/</u>	2019 Corn Planted Acres <u>2/</u>	2019 Soybean Planted Acres <u>2/</u>
1000.00	350.00	500.00	425.00	0
				425.00 prevented planted

1/ Cropland and base acre elements are from FRMS.

2/ Planted and prevented planted acres are from FSA-578.--*

***--153 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate (Continued)**

E Example 5 (Continued)

FSN 111 ARC-IC - Corn (Benchmark Revenue)				
Year	Price (Higher of MYA or Effective Reference Price)		Yield <u>1/</u>	Revenue
	MYA	Effective Reference Price		
2013	\$4.46	\$3.70	110	\$490.60 per acre
2014	\$3.70	\$3.70	130	\$481.00 per acre
2015	\$3.61	\$3.70	100	\$370.00 per acre
2016	\$3.36	\$3.70	140	\$518.00 per acre
2017	\$3.36	\$3.70	120	\$444.00 per acre
5-Year Olympic Average of Benchmark Farm Revenue				\$471.87 per acre

1/ In this example, the substitute yield is 104 bu. (130 x 80 percent) for each year and was **not** used in the farm's ARC-IC benchmark calculation because the actual yields exceed the substitute yield in each year.

FSN 111 ARC-IC - Soybean (Benchmark Revenue)				
Year	Price (Higher of MYA or Effective Reference Price)		Yield <u>1/</u>	Revenue
	MYA	Effective Reference Price		
2013	\$13.00	\$8.40	28	\$364.00 per acre
2014	\$10.10	\$8.40	40	\$404.00 per acre
2015	\$8.95	\$8.40	30	\$268.50 per acre
2016	\$9.47	\$8.40	45	\$426.15 per acre
2017	\$9.33	\$8.40	35	\$326.55 per acre
5-Year Olympic Average of Benchmark Farm Revenue				\$364.85 per acre

1/ In this example, the substitute yield is 21 bu. (26 x 80 percent) for each year and was **not** used in the farm's ARC-IC benchmark calculation because the actual yields exceed the substitute yield in each year.--*

***--153 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate (Continued)**

E Example 5 (Continued)

FSN 222 ARC-IC - Corn (Benchmark Revenue)				
Year	Price (Higher of MYA or Effective Reference Price)		Yield ^{1/}	Revenue
	MYA	Effective Reference Price		
2013	\$4.46	\$3.70	115	\$512.90 per acre
2014	\$3.70	\$3.70	135	\$499.50 per acre
2015	\$3.61	\$3.70	120	\$444.00 per acre
2016	\$3.36	\$3.70	150	\$555.00 per acre
2017	\$3.36	\$3.70	140	\$518.00 per acre
5-Year Olympic Average of Benchmark Farm Revenue				\$510.13 per acre

^{1/} In this example, the substitute yield is 104 bu. (130 x 80 percent) for each year and was **not** used in the farm's ARC-IC benchmark calculation because the actual yields exceed the substitute yield in each year.

Data for the Farm Benchmark Yield/Revenue
For each covered commodity planted on the ARC-IC farm in the current crop year, a benchmark revenue must be established by calculating an annual revenue for the 5 years preceding the year prior to the program year. The basic revenue calculation for each year in the benchmark period is a price multiplied by a yield. An Olympic Average Revenue is then calculated by dropping the highest and the lowest calculated revenues and averaging together the remaining three. Each ARC-IC enrolled FSA FSN has this revenue calculation for each planted covered commodity. For ARC-IC, the: • price used is the higher of MYA or effective 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. In this example, 2 covered commodities are approved prevented planted on FSN 111 and 1 covered commodity is planted on FSN 222, thus three benchmark revenues were calculated. Because FSN 111 was approved for 100 percent prevented planted acreage of covered commodities, this FSN used the approved prevented planted crops to compute the revenue. All revenues will be weighted in a following step.

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***--153 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate (Continued)**

E Example 5 (Continued)

FSN 111 Actual Crop Revenue Calculation					
Year	Crop	Actual Yield	MYA Price <u>1/</u>	Acres	Revenue
2019	Corn	0 bu. per acre	\$3.60 per bu.	250	\$0
	Soybeans	0 bu. per acre	\$8.60 per bu.	250	\$0
				Total Revenue	\$0
FSN 222 Actual Crop Revenue Calculation					
Year	Crop	Actual Yield	MYA Price <u>1/</u>	Acres	Revenue
2019	Corn	160 bu. per acre	\$3.60 per bu.	425	\$244,800.00
				Total Revenue	\$244,800.00

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 (or considered planted) on an enrolled ARC-IC farm in the current program year. The basic calculation for actual crop revenue is a price multiplied by 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, as certified by the producer. In this example, 2 covered commodities are approved prevented planted on FSN 111 and 1 covered commodity is planted on FSN 222; therefore, three actual revenues are calculated.. FSN 111 has approved prevented planted acres with zero production; therefore, revenue is calculated at \$0 per acre.

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***--153 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate (Continued)**

E Example 5 (Continued)

Operator Bucket						
Weighted Benchmark Revenue and Guarantee Calculation						
Farm	Crop	Percent of Covered Commodities Planted (or Prevented Planted) Across All Farms	Farm Benchmark Revenue	Weighted Farm Benchmark Revenue	Guarantee (86 Percent)	
111	Corn	27.03	\$471.87	\$127.55		
111	Soybeans	27.03	\$364.85	\$98.62		
222	Corn	45.95	\$510.13	\$234.40		
			Totals	\$460.57	\$396.09	
Actual Revenue Calculation						
Farm	Crop	Farm Level Revenue	Producer Share of Crop	Producer Share of Revenue	Producer Share of Acres	Producer Revenue
111	Corn	\$0	100 percent	\$0	250.00	
111	Soybeans	\$0	100 percent	\$0	250.00	
222	Corn	\$244,800.00	100 percent	\$244,800.00	425.00	
Totals				\$244,800.00	925.00	\$264.65
Payment Calculation						
ARC Guarantee		Actual Crop Revenue			Shortfall	
\$396.09		\$264.65			\$131.44	
Maximum Pay Rate: 10 percent of Weighted Farm Benchmark Revenue = \$46.06						
Farm	Total Base Acres	65 Percent of Total Base Acres	Share (FSA-578)	Payment Rate 1/	Payment	
111	550.00	357.50	100 percent	\$46.06	\$16,466	
222	850.00	552.50	100 percent	\$46.06	\$25,448	

^{1/} In this scenario, the operator suffered a significant revenue shortfall due to the 0 revenue from farm 111. However, the payment rate is capped at 10 percent of the farm's benchmark revenue so the producer is not fully compensated for their lost revenue.--*

***--153 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate (Continued)**

E Example 5 (Continued)

Data for the Operator's Bucket
After the benchmark farm revenue and actual crop revenue are established for the farm, the producer's share must be determined to ensure 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 percentage of all covered commodities planted on the farm. In this instance, FSN 111 is 100 percent prevented planted for all covered commodities and FSN 222 has a covered commodity planted on the farm; therefore, a weight is assigned to each covered commodity on each farm based on the percentage of covered commodities planted (or considered planted on FSN 111, because 100 percent of all covered commodities were approved prevented planted) across all ARC-IC farms where this operator has an interest. For FSN 111, the 100 percent of prevent plant acres of corn and soybeans result in zero revenue. FSN 222 and its revenue is included with FSN 111 to calculate a revenue loss on the Operator's ARC-IC farm. The actual revenue calculation calculates the producer's share of the actual revenue from all planted (or considered planted on FSN 111, because 100 percent of all covered commodities were approved prevented planted) covered commodities on all enrolled ARC-IC farms in the State. After the weighted benchmark revenue, the guarantee, and the actual crop revenues are determined, a payment rate can be calculated for the producer. The payment rate is the difference between the ARC guarantee and the actual crop revenue not to exceed 10 percent of producer's weighted benchmark revenue. The payment is then calculated by multiplying the producer's share of covered commodities planted on each ARC-IC enrolled farm multiplied by 65 percent of the total base acres multiplied by the producer's calculated payment rate. In this example, FSN 111 is considered to have planted corn and soybean acres in 2019, for ARC-IC calculation purposes because 100 percent of the farm's covered commodities were approved for prevented planting.

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***--153 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate (Continued)**

F Example 6

The following example will be computed with 2 farms enrolled in ARC-IC. The producer planted a covered commodity on FSN 222; however, FSN 333 was entirely planted to alfalfa (noncovered commodity).

Note: For ARC-IC payment purposes, only enrolled farms with planted covered commodities are eligible for ARC-IC payment; therefore, FSN 333 is **not** an eligible ARC-IC farm, because **no** covered commodities were planted on FSN 333, only alfalfa.

FSN 222, operator has 100 percent share of corn planted on the farm.

Cropland <u>1/</u>	Wheat Base Acres <u>1/</u>	Soybean Base Acres <u>1/</u>	2019 Corn Planted Acres <u>2/</u>
127.16	66.10	60.40	127.16

1/ Cropland and base acre elements are from FRMS.

2/ Planted acres are from FSA-578.

FSN 333, operator has 100 percent share of alfalfa planted on the farm.

Cropland <u>1/</u>	Corn Base Acres <u>1/</u>	Soybean Base Acres <u>1/</u>	2019 Covered Commodity Planted Acres <u>2/</u>
118.34	59.20	53.80	0

1/ Cropland and base acre elements are from FRMS.

2/ Planted acres are from FSA-578.

Note: No covered commodities are planted on this farm.

FSN 222 ARC-IC Corn (Benchmark Revenue)				
Year	Price (Higher of MYA or Effective Reference Price)		Yield <u>1/</u>	Revenue
	MYA	Effective Reference Price		
2013	\$4.46	\$3.70	180	\$802.80 per acre
2014	\$3.70	\$3.70	194	\$717.80 per acre
2015	\$3.61	\$3.70	191	\$706.70 per acre
2016	\$3.36	\$3.70	113	\$418.10 per acre
2017	\$3.36	\$3.70	131	\$484.70 per acre
5-Year Olympic Average of Benchmark Farm Revenue				\$636.40 per acre
<u>1/</u> In this example, the substitute yield is 112 bu. (140 x 80 percent) for each year and was not used in the farm's ARC-IC benchmark calculation because the actual yields exceed the substitute yield in each year.				

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***--153 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate (Continued)**

F Example 6 (Continued)

Data for the Farm Benchmark Yield/Revenue	
For each covered commodity planted on the ARC-IC farm in the current crop year, a benchmark revenue must be established by calculating an annual revenue for the 5 years preceding the year prior to the program year. The basic revenue calculation for each year in the benchmark period is a price multiplied by a yield. An Olympic average revenue is then calculated by dropping the highest and the lowest calculated revenues and averaging together the remaining three. Each ARC-IC enrolled FSA FSN has this revenue calculation for each planted covered commodity. For ARC-IC, the: - price used is the higher of MYA or effective 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. In this example: FSN 222: One covered commodity planted (corn) with 100 percent share to the operator; therefore, benchmark revenues, guarantees, and actual revenues will be calculated for corn. FSN 333: No covered commodity was planted on the ARC-IC farm, thus no benchmark revenues, guarantees or actual revenues will be calculated for this farm.	

FSN 222 Actual Crop Revenue Calculation			
Actual Yield	MYA Price <u>1/</u>	Acres	Revenue
140 bu. Per acre	\$3.60 per bu.	127.16	\$64,088.64
		Total Revenue	\$64,088.64

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 an ARC-IC enrolled farm in the current program year. The basic calculation for actual crop revenue is a price multiplied by a yield. For ARC-IC, the: - price used is the higher of the marketing year average price or the national loan rate - yield used is the actual yield, as certified by the producer. In this example, 1 covered commodity was planted on one ARC-IC enrolled farm (FSN 222) and no covered commodity was planted on the other ARC-IC enrolled farm (FSN 333). Note: FSN 333 did not have an Actual Crop Revenue calculated since the entire farm was planted to alfalfa.	

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***--153 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate (Continued)**

F Example 6 (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)	
222	Corn	100.00	\$636.40	\$636.40		
			Totals	\$636.40	\$547.30	
Actual Revenue Calculation						
Farm	Crop	Farm Level Revenue	Producer Share of Crop	Producer Share of Revenue	Producer Share of Acres	Producer Revenue
222	Corn	\$64,088.64	100 percent	\$64,088.64	127.16	
Totals				\$64,088.64	127.16	\$504.00
Payment Calculation						
ARC Guarantee			Actual Crop Revenue		Shortfall	
\$547.30			\$504.00		\$43.30	
Maximum Pay Rate is 10 percent of Weighted Farm Benchmark Revenue = \$63.64						
Farm	Total Base Acres	65 Percent of Total Base Acres	Share From FSA-578	Payment Rate	Payment	
222	126.50	82.23	100 percent	\$43.30	\$3,561	
333	113.00	73.45 1/	100 percent	N/A	N/A	

^{1/} These acres are ineligible for payment as no covered commodity was planted on farm 333.

Data for the Operator's Bucket
After the benchmark farm revenue and actual crop revenue are established for the farm, the producer's share must be determined to ensure 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 percentage of all covered commodities planted on the ARC-IC farm. In this instance, since 1 covered commodity is planted on 1 farm enrolled in ARC-IC, a weight of 100 percent was assigned to that covered commodity for the operator's bucket. The actual revenue calculation calculates the producer's share of the actual revenue from all planted covered commodities on all enrolled ARC-IC farms in the State. Since 1 covered commodity is planted on 1 farm enrolled in ARC-IC, a weight of 100 percent was assigned to that covered commodity for the operator's bucket.

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***--153 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate (Continued)**

F Example 6 (Continued)

Data for the Operator's Bucket (Continued)
After the weighted benchmark revenue, the guarantee, and the actual crop revenue are determined, a payment rate 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's weighted benchmark revenue.
The payment is then calculated by multiplying the producer's share of covered commodities planted on each ARC-IC enrolled farm multiplied by 65 percent of the farm's total base acres multiplied by the producer's calculated payment rate.
Note: FSN 333 is not eligible for an ARC-IC payment since covered commodities were not planted on the farm.

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***--153 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate (Continued)**

G Example 7

The following example demonstrates a scenario in which a producer would be attributed more base acres than they have cropland to support based on their share of the farm's planted covered commodities as reported on the FSA-578.

The example will be computed using the following information:

- FSN 225 is enrolled in ARC-IC
- 1 covered commodity planted on farm by Operator A
- alfalfa planted on farm by Owner B.

Cropland <u>1/</u>	Corn Base Acres <u>1/</u>	Soybean Base Acres <u>1/</u>	2019 Corn Planted Acres <u>2/</u>	2019 Soybean Planted Acres <u>2/</u>
200	100.00	100.00	150.00	0.00

1/ Cropland and base acre elements are from FRMS.

2/ Planted acres are from FSA-578.

Note: The remaining 50 acres of cropland are planted to alfalfa. Owner B has 100% of those acres according to the FSA-578.

FSN 225 ARC-IC - Corn (Benchmark Revenue)				
Year	Price (Higher of MYA or Effective Reference Price)		Yield <u>1/</u>	Revenue
	MYA	Effective Reference Price		
2013	\$4.46	\$3.70	180	\$802.80 per acre
2014	\$3.70	\$3.70	194	\$717.80 per acre
2015	\$3.61	\$3.70	191	\$706.70 per acre
2016	\$3.36	\$3.70	113	\$418.10 per acre
2017	\$3.36	\$3.70	131	\$484.70 per acre
5-Year Olympic Average of Benchmark Farm Revenue				\$636.40 per acre

1/ In this example, the substitute yield was 112 bu. (140 bu. x 80 percent) for each year and was **not** used in the farm's ARC-IC benchmark calculation because the actual yields exceed the substitute yield in each year.--*

***--153 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate (Continued)**

G Example 7 (Continued)

Data for the Farm Benchmark Revenue					
For each covered commodity planted on the ARC-IC farm in the current crop year, a benchmark revenue must be established by calculating an annual revenue for the 5 years preceding the year prior to the program year. The basic revenue calculation for each year in the benchmark period is a price multiplied by a yield. An Olympic Average Revenue is then calculated by dropping the highest and the lowest calculated revenues and averaging together the remaining three. Each ARC-IC enrolled FSA FSN has this revenue calculation for each planted covered commodity. For ARC-IC, the:					
- price used is the higher of MYA or effective 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.					

FSN 225 Actual Crop Revenue Calculation					
Year	Crop	Actual Yield	MYA Price <u>1/</u>	Acres	Revenue
2019	Corn	145 bu. per acre	\$3.60 per bu.	150.00	\$78,300.00
Total Revenue					\$78,300.00

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 an enrolled ARC-IC farm in the current program year. The basic calculation for actual crop revenue is a price multiplied by 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, as certified by the producer.					

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***--153 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate (Continued)**

G Example 7 (Continued)

Operator Bucket						
Weighted Benchmark Revenue and Guarantee Calculation						
Farm	Crop	Percent of Covered Commodities Planted Across All Farms	Farm Benchmark Revenue	Weighted Farm Benchmark Revenue	Guarantee (86 Percent)	
225	Corn	100 percent	\$636.40	\$636.40		
			Totals	\$636.40	\$547.30	
Actual Revenue Calculation						
Farm	Crop	Farm Level Revenue	Producer Share of Crop	Producer Share of Revenue	Producer Share of Acres	Producer Revenue
225	Corn	\$78,300.00	100 percent	\$78,300.00	150.00	
Totals				\$78,300.00	150.00	\$522.00
Payment Calculation						
ARC Guarantee			Actual Crop Revenue		Shortfall	
\$547.30			\$522.00		\$25.30	
Maximum Pay Rate is 10 percent of Farm Benchmark Revenue = \$63.64						
Farm	Total Base Acres 1/		65 Percent of Total Base Acres 1/	Share From FSA-578	Payment Rate	Payment 1/
225	200.00 150.00		130.00 97.5	100 percent	\$25.30	\$3,289 \$2,467

1/ Shares for ARC-IC payments are determined based upon the percentage of total planted covered commodities on the farm. In this scenario, the operator has 100 percent of the planted covered commodities on the farm; therefore, Operator A will receive 100 percent of the farm's base acres in the payment calculation. However, because there are 200.00 base acres on the farm, and Operator A only has an interest in 150.00 cropland acres, we must manually reduce the number of base acres in Operator A's bucket to 150.00 to meet the requirement that the producer has enough cropland to support their share of the farm's base acres.

As demonstrated in the table, if the acres were not reduced, Operator A would be overpaid in the amount of \$822.

The remaining 50.00 base acres are planted to alfalfa by Owner B. However, because Owner B does not have an interest in any planted covered commodities, they are ineligible for ARC-IC payments. Therefore, 50.00 base acres will not be included in any ARC-IC payment calculations for farm 225.--*

***--153 ARC-IC Examples of Weighted Benchmark, Guarantee, Acres, Shares, Buckets, and Producer Payment Rate (Continued)**

G Example 7 (Continued)

Data for the Operator's Bucket
After the benchmark farm revenue and actual crop revenue are established for the farm, the producer's share must be determined to ensure 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 producer's revenue based on the applicable covered commodity's percentage of all covered commodities planted on the farm. In this instance, only 1 covered commodity is planted on the farm and only 1 farm is enrolled into ARC-IC for this producer. The actual revenue calculation calculates the producer's share of the actual revenue from all planted covered commodities on all enrolled ARC-IC farms in the State. After the weighted benchmark revenue, the guarantee, and the actual crop revenue are known, a payment rate can be calculated. The payment rate is the difference between the ARC-IC 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 ARC-IC enrolled farm multiplied by 65 percent of the total base acres on the farm multiplied by the producer's calculated payment rate.

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154-157 (Reserved)

--Section 7 ARC-IC Record Maintenance*158 ARC-IC Benchmark and Actual Year Yield Corrections****A ARC-IC Yield Correction Overview**

Producers who elected and enrolled their farm(s) into ARC-IC are required to certify farm level yields for the years the covered commodity was planted during the 5-year benchmark period. Producers are also required to certify the current year yield for the ARC-IC revenue to be calculated. During this process, producers may inadvertently certify to an incorrect yield. This paragraph provides County Offices with policy for correcting certified yields when the error is discovered.

B ARC-IC Yield Correction Policy

County Offices will follow the provisions of this paragraph when correcting the ARC-IC benchmark yield and/or the current year yield when the producer or FSA discovers an erroneous ARC-IC yield certification.

Note: For incorrect yields discovered during the yield spot check process, please refer to paragraph 88.

The following are ARC-IC yield corrections that may be approved by COC:

- producer notifies the County Office that a yield certified for the ARC-IC farm is in error from what was originally reported

Note: The incorrect certified yield can be within the benchmark period and/or current year.

- a mathematical error was found in the calculation of ARC-IC yields, both benchmark and current year
- benchmark or current year yields were not loaded properly in software by FSA, as applicable.

County Offices will thoroughly document the yield corrections and review the yields with COC. COC's determination will be documented in the COC executive minutes and reviewed by DD for concurrence.--*

--158 ARC-IC Benchmark and Actual Year Yield Corrections (Continued)*C ARC-IC Yield Correction Notification Policy**

Notification of yield corrections for both benchmark and actual year yields must be sent to the farm operator and all owners of the farm.

Note: Appeal rights must be provided according to 1-APP.

D Effects of ARC-IC Yield Corrections

A comparison of the corrected yield to the certified yield will be performed at the farm level for both the benchmark year and current year yields.

In cases where FSA determines a benchmark year or current year yield is different from the yield originally certified by the producer, the yields **must** be corrected for the applicable year (any year in the benchmark or the actual year).

Example: A producer discovers that the 2015 yield for wheat was certified incorrectly as 40 bu./acre. The yield was used in the benchmark revenue calculation for the 2019 and 2020 ARC-IC payments. The corrected yield is being calculated at 39 bu./acre.

The 2015 yield of 40 bu./acre must be corrected to 39 bu./acre in each applicable benchmark revenue calculation, which could potentially affect the 2019 and 2020 payment calculations. Overpayments must be processed accordingly.--*

--158 ARC-IC Benchmark and Actual Year Yield Corrections (Continued)*E ARC-IC Benchmark and/or Current Year Yield Correction Adjustments**

If the corrected benchmark and/or actual year yield in comparison to the certified benchmark and/or actual year yield reveals a discrepancy where the County Office made an error or FSA policy changes occurred during the yield certification process resulting in an inaccurately certified yield by the owner:

- the benchmark and/or actual year yield will be corrected for each year from 2013 and subsequent years

Note: Tolerance is not applicable.

- COC is not required to make a good faith determination as FSA made the error
- any overpayment or underpayment will be processed for each applicable year a yield is corrected.

Benchmark and/or actual year yield corrections must be documented in the COC minutes.

Note: See paragraph 247 to determine whether misrepresentation, inaccurate representation, scheme, or device has occurred.--*

--158 ARC-IC Benchmark and Actual Year Yield Corrections (Continued)*F ARC-IC Benchmark and/or Actual Year Yield Adjustments**

If the benchmark and/or actual year yield in comparison to the certified benchmark and/or actual year yield reveals a discrepancy where the owner made an error during the certification period:

- COC must determine whether the owner acted in good faith when providing the certified yield

Note: If COC determines:

- “good faith” on behalf of the owner:
 - correct the benchmark and/or actual year yield at the farm level for 2014 and subsequent years
 - process any overpayments or underpayments for each year
- “lack of good faith” on behalf of the owner:
 - correct the benchmark yield to the lower of either of the following:
 - actual yield for the applicable year in the benchmark period
 - 70 percent T-yield for the applicable crop in that county
 - correct the actual year yield to the higher of the following:
 - actual yield for the applicable year
 - county yield for the applicable crop and county
 - process any overpayments or underpayments for each year
- COC’s determination must be documented in the executive minutes.--*

***--159 ARC-IC Benchmark Yields Following Reconstitutions**

A ARC-IC Benchmark Yields Following Farm Divisions

ARC-IC child farms resulting from a farm division will each maintain the benchmark yield(s) established for the parent farm **unless** a written request is submitted to have the benchmark yields recalculated based upon the yields from each specific tract in the child farm.

The decision to recalculate yields must be unanimous and requested in writing by each landowner and producer who shares in the planted covered commodities on the child farms within 30 days following the issuance of the notification of the reconstitution. A yield increase for one farm must result in a decrease on the remaining farms from the reconstitution.

See Exhibit 17 for suggested letter format.

B ARC-IC Benchmark Yields Following Farm Combinations

An ARC-IC child farm resulting from a farm combination will have a blended benchmark yield calculated by dividing the total production from both parent farms for each applicable year by the total planted acres of the covered commodities from both parent farms for each applicable year.--*

160-162 (Reserved)

Part 6 (Reserved)

163-180 (Reserved)

Part 7 ARC or PLC Election

181 Election

A Overview

[7 CFR 1412.71] Election of ARC or PLC

***--(a) For the 2019 through 2023 crop years, all of the producers on a farm must make a--* one-time election that is both:**

(1) Unanimous, and

(2) Irrevocable through 2020.

(b) The election by producers is to obtain—

(1) Either PLC or ARC-CO on a covered commodity-by-covered-commodity basis on the farm; or

(2) ARC-IC for all covered commodities on the farm.

(c) In general, a 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 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 producers.

The 2018 Farm Bill authorizes an **irrevocable** and unanimous election by all producers of record in 2019 to obtain ARC or PLC for crop years 2019 and 2020. In each subsequent year, starting in 2021, an election may be completed annually by the producers on the farm.

An important distinction is recognizing the producers on a farm. It is the producers in years 2019 and 2021 through 2023 who **may** 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.

***--Note:** The following are not required to make an election:

- an other tenant that is a producer on noncropland acres only
- a producer with interest in CRP only.--*

181 Election (Continued)

B Processing Elections

[7 CFR 1412.71] (d) FSA will process elections from producers on a farm based on the election as submitted. For example, if the producers of a farm attest that they are all or the only producers on the farm and FSA later learns that there was another 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 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 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.

--(e) Even if completed during the same period of time, election is separate from-- enrollment; producers on farms that have validly completed an election by the producers in the prescribed election period must still annually enroll as specified in subpart D for PLC and ARC payments, as applicable.

(f) Except for those farms specified under § 1412.26, for the 2021 and each subsequent crop year, all producers on a farm may change the election under paragraph (a) of this section.

FSA's acceptance and processing of an election 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 until the next election period. 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, must be refunded with interest.

Election is **not** enrollment. Producers **must** enroll farms each contract year to make themselves eligible for benefits.

181 Election (Continued)

B Processing Elections (Continued)

FSA is under no obligation to notify producers or owners, or new producers or owners of whether or not a valid election exists or is in place, whether any 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 producer or 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 producers on a farm based on the election filed.

181 Election (Continued)

C Failure of All * * * Producers to Make Election Decision

[7 CFR 1412.71] (d) FSA will process elections from producers on a farm based on the election as submitted. For example, if the producers of a farm attest that they are all or the only producers on the farm and FSA later learns that there was another 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 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 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.

CCC-862 or CCC-866 on file for the farm during the applicable election and enrollment period, is valid unless FSA determines the election is invalid. FSA may consider an election invalid if the following occurs:

- producer notifies FSA in writing, within 30 calendar days of the date FSA issues the notice of base acres, yields, and election for the farm, that they disagree with the election made.

Notes: The election will be invalid and will be considered as an election **not** made as described in paragraph 182.

If no producer files a dispute over the election made for the farm, the election for the farm that was made is considered final.

Example: On February 1, 2021, Producer B completes CCC-866.

On June 15, 2021, Producer S completes 2021 acreage report on the farm, indicating he had the farm under lease on February 1, 2021.

Producer S does not object to the election made by Producer B. Producer S is subject to Producer B's election decision for 2020. Producer S may complete a new election in 2022.

181 Election (Continued)**D Interaction of Election and Enrollment**

For 2019, 2021, 2022, and 2023, farms may elect ARC or PLC in each year. Because an election has a bearing on the specific program the covered commodity is enrolled, the election and enrollment are tied together. The producers on the farm must elect and then enroll each covered commodity on the farm.

An election not made means the covered commodity (or farm for ARC-IC) has, in effect, elected the program that was in effect for the covered commodity for the previous year. For crop years 2021, 2022, and 2023 there are no ramifications of not making an election except the covered commodity (or farm for ARC-IC) remains in the previous year's program. For 2019, if an election is not made for the farm, that farm is ineligible to receive payments.

Since election and enrollment are performed by the same producers on the farm, the election and enrollment are made on the same form, CCC-862 for ARC-IC and CCC-866 for PLC and ARC-CO and are made during the same time period for every year 2019 through 2023, however, and election is not made in 2020.

Unlike enrollment, there are no late-filed periods for election. COC's in consultation with the DD or other State Office representative may approve late-filed enrollments. There are **no** late-filed elections.

182 Election Period

A Time of Election

[7 CFR 1412.72] (a) The election period will be conducted in a defined period as announced by FSA. During the election period, all producers on a farm must unanimously make the irrevocable election as described in §1412.71 to preserve the *--payment eligibility for 2019 and determine whether the default election described in §1412.71 will apply to the farm.--*

(b) If an election is submitted by all * * * 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 unless any of the following occur:

(1) The election is rescinded or terminated by any 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 producers during the election period;

(3) A subsequent valid election by all 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 an election period, a 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, producers, or owners on a farm that an election has been rescinded or terminated. 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

A Time of Election (Continued)

(e) FSA is under no obligation to notify * * * producers or owners * * * of whether or not a valid election exists or is in place or whether any producer has rescinded or terminated an election. * * * FSA will respond to inquiries regarding the status of election of a farm by any producer or 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 producers can unanimously and irrevocably elect are not a compliance requirement or provision. The requirement of an election is mandated in the 2014 Farm Bill as amended 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 as amended, FSA will not consider any equitable relief. There are no late-file provisions for election.

Producers of record in 2019 on farms with base acres have the opportunity to elect ARC or PLC that will be in effect for the 2019 through 2020 crop years.

The election period is **September 3, 2019 through March 15, 2020**. The election **must** have been made by all 2019 producers during the election period on CCC-862 or CCC-866.

For 2021 through 2023, producers will have the opportunity to change the elections on the farm. The existing election will be in effect if a new election is not filed.

182 Election Period (Continued)

B Rescinding or Terminating an Election

[7 CFR 1412.72] (c) At any time during an election period, a 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 this subparagraph). Elections, including subsequent elections following rescission or revocation of a previous election, could have been made only by all producers on the farm by the end of the applicable election period.

183 Completing Election**A Who Must Sign**

All 2019 producers on a farm at the time of ARC or PLC election **must** sign CCC-862 or CCC-866 making an election for 2019 and 2020 as described in paragraph 181. An election **not** having all required signatures of producers on a farm filed with FSA by March 15, 2020 would **not** have been considered valid. See subparagraph 181 C. Beginning with the 2021 crop year, and each crop year thereafter through 2023, the producers on a farm may change the election of PLC or ARC on a year-to-year basis.

B Receiving Election in the County Office

As stated in subparagraph 182 A, the election is completed on CCC-862 or CCC-866. The ARC or PLC election for 2019 and 2020 is a decision by all 2019 producers on a farm. Subsequent election changes are made by the * * * producers on the farm beginning in 2021.

COC will **not** make a decision on the validity or completion of the election when received in the County Office.

The employee receiving CCC-862 or CCC-866 will sign and date indicating the election was received in the County Office. The act of receiving the election does **not** require delegation by COC or redelegation by CED.

184 Election Options

A ARC or PLC

As discussed in paragraph 181, the 2019 producers on a farm, with an interest in the farm's cropland, have a 1-time opportunity to collectively and unanimously elect 1 of the following to be in effect for 2019 and 2020:

- ARC-IC for all 22 covered commodities and the farm
- ARC-CO or PLC on a covered commodity-by-covered commodity basis on the farm.

Producers on a farm with an interest in the farm's cropland, **may** collectively and unanimously change the election on the farm in each year, 2021 through 2023 during the applicable election and enrollment period.

B Election Options and Description

The following table summarizes election options along with a description.

Election Decision	Description
ARC-IC	If all producers on a farm elect ARC-IC, then that election is for all 22 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	Only applicable if all the producers on a farm have not elected ARC-IC. ARC-CO and/or PLC election decision must be made by all 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 with base acres on the farm.

185 Election Not Made

A [7 CFR 1412.74] Failure to make election.

(a) If all 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 2019 ARC or PLC enrollment or payments.--*

(b) If a valid election is not made for a farm in the 2019 crop year, FSA will not make any payments with respect to the farm for the 2019 crop year and the producers on the farm will, subject to § 1412.71(f), default to the same coverage for each covered commodity on the farm for the 2020 through 2023 crop years as was applicable for the 2015 through 2018 crop years.

Producers of record in 2019 on farms who, for whatever reason, did **not** file an ARC or PLC election by March 15, 2020:

- rendered the farm and all covered commodities and producers **ineligible** to receive any 2019 payment under the ARC and PLC Program
- caused the farm to be deemed as having the election in effect for 2018 apply to all covered commodities on the farm for 2019 and 2020.

In subsequent years, 2021 through 2023, there is no requirement to file a new ARC or PLC election during the election and enrollment period. If no new election is filed, the existing election on the farm will continue to be in effect.

185 Election Not Made (Continued)

B COC and STC Action on Elections Not Made or Incomplete

[7 CFR 1412.72] (f) The election period and final day in that election period in which producers can unanimously and irrevocably elect are not a compliance requirement or provision. The requirement of an election is mandated in the 2014 Farm Bill as amended 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 as amended, FSA will not consider any equitable relief. There are no late-file provisions for election.

COC or STC will take no action on any ARC or PLC election that is **not** timely filed or is incomplete. Accordingly, with regard to CCC-862's or CCC-866'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-862's or CCC-866'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 applicable election period deadline
- forward to DAFP any recommendation of approval or relief for anyone who filed CCC-862 or CCC-866 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-862's or CCC-866's for election purposes at any time. However, FSA is **not** required to issue a determination on CCC-862's or CCC-866's filed for election. CCC-862's or CCC-866's filed for election will be viewed as either valid or invalid. In addition to other reasons CCC-862's or CCC-866's filed for election may later be determined invalid by FSA, CCC-862's or CCC-866's for election purposes submitted after the election period ends are invalid.

STC's and COC's will follow this subparagraph for all CCC-862's or CCC-866's submitted for election purposes after the election period ends. No letter of determination will be issued to producers who choose to submit CCC-862's or CCC-866's after the end of the election period.

185 Election Not Made (Continued)

C Communicating To Those Submitting CCC-862's or CCC-866's For Election Purposes Only After The Election Period Ends

FSA will acknowledge receipt of CCC-862's or CCC-866's submitted for election purposes after the end of the election period with a communication stating the following.

Dear *[Enter names of all those signing CCC-862 or CCC-866 for election purposes submitted after the end of the election period.]*

This letter acknowledges receipt of a request to make a program election on Form CCC-862 or CCC-866.

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.

If this election request was made for 2019, the election from 2015 - 2018 applies to crop years 2019 and 2020 and no payments are made for crop year 2019. If this election request is for 2021, 2022, or 2023, then the election from the previous crop year applies.

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 Improvement Act of 2018 (the 2018 Farm Bill).

Thank you again for your interest.

Sincerely,

County Executive Director

186 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, 2019, 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 for crops requiring election.

186 Impact of Transfers of Land, Successions-in-Interest, Reconstitutions, and CCC-505's for CRP (Continued)

A Transfers, Succession-in-Interest, and Reconstitutions (Continued)

[7 CFR 1412.26] Treatment of base acres on farms entirely in pasture, grass, idle, or fallow (G/I/F).

(a) A farm on which all of the cropland was planted to grass or pasture, including cropland that was idle or fallow, as determined by FSA, from January 1, 2009, through December 31, 2017, will have base acres and yields maintained for the covered commodities on the farm, except that no payment will be made with respect to those base acres under this part for the 2019 through 2023 crop years.

(b) The producers on a farm for which all of the base acres are maintained under paragraph (a) are:

(i) Ineligible to change the election applicable to the producers on the farm under subpart G of this part, and

(ii) Not permitted to reconstitute the farm to void or change the treatment of base acres under paragraph (a).

When a farm is designated as G/I/F, that farm is unaffected by subsequent changes in:

- producers on the farm
- the constitution of the farm or tracts on the farm.

When a farm is designated as G/I/F follow 10-CM for reconstitutions. Farms where all cropland acres have been planted entirely to grass, including cropland that was idle or fallow from January 1, 2009 through December 31, 2017, will be ineligible for ARC and PLC payments. Identified farms meeting these criteria cannot be combined with an eligible farm in order to circumvent these provisions.

186 Impact of Transfers of Land, Successions-in-Interest, Reconstitutions, and CCC-505's for CRP (Continued)

B CCC-505 Reductions for CRP

Farms exist that have CCC-505 reductions for CRP that reduced the base acres to zero

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.

187 ARC and PLC Program Election Examples**A Example 1, Election Decision**

Farm 1 has base acres of:

- corn
- soybeans
- wheat.

All 2019 producers decide PLC is the best option for 2019 and 2020; therefore, the election decision for the farm is:

- corn, PLC
- soybeans, PLC
- wheat, PLC.

In 2021, all producers decide that ARC-CO is the best option for soybeans and PLC is the best option for wheat and corn. Therefore, the election decision for the farm is:

- corn, PLC
- soybeans, ARC-CO
- wheat, PLC.

In 2022, all producers decide that no change is needed. The elections remain in place with no action required from the producers.

187 ARC and PLC Program Election Examples (Continued)**B Example 2, Election Decision**

Farm 3 has base acres of:

- corn
- soybeans
- wheat.

All producers decide ARC-IC is the best option for 2019 and 2020; 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.

C Example 3, No 2019 Election Decision

Farm 4 has base acres of:

- corn
- soybeans
- wheat.

All crops were elected to ARC-CO in 2018. The 2019 producers on the farm fail to complete an election for 2019 and 2020. Therefore, the election decision will be:

- corn, ARC-CO
- soybeans, ARC-CO
- wheat, ARC-CO.

These default elections will be in effect for 2019 and 2020. No payments will be made with respect to this farm for 2019.

187 ARC and PLC Program Election Examples (Continued)

D Example 4, 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 tracts 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.

187 ARC and PLC Program Election Examples (Continued)

E Example 5, 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.

187 ARC and PLC Program Election Examples (Continued)

F Example 6, Reconstitutions

Farm 100 has base acres and elections of:

- 50.00 base acres of corn with an ARC-CO election
- 100.00 base acres of wheat with an ARC-CO election
- 100.00 base acres of canola with a PLC election.

A reconstitution request is received to divide Farm 100 into 2 farms as the landowner sold one tract from the farm. The tract that was sold consists of 500.00 grazing acres, zero cropland, and zero base acres.

The resulting farms are as follows:

- Farm 200 with base acres and election of:
 - 50.00 base acres of corn with an ARC-CO election
 - 100.00 base acres of wheat with an ARC-CO election
 - 100.00 base acres of canola with a PLC election
- Farm 201 with base acres and election of:
 - 0.00 base acres of corn with an ARC-CO election
 - 0.00 base acres of wheat with an ARC-CO election
 - 0.00 base acres of canola with a PLC election.

Note: Program elections made on a parent farm will follow to the resulting farms even if base acres of the applicable covered commodity do **not** exist.

A Instructions for CCC-862

The following are instructions for completing CCC-862. When all the producers of a farm sign CCC-862, those producers are indicating the election of ARC-IC for the farm.

*--

Item	Instructions
1	Auto-filled with program years 2019 through 2023.
2	Enter administrative County Office's State code.
3	Enter administrative County Office's County code.
4	Enter applicable farm's FSN.
5A	Enter administrative County Office's name and address.
5B	Enter administrative County Office's Phone Number (optional)
5C	Enter administrative County Office's Fax Number (optional)
6	If the producers on the farm wish to utilize the multi-year contract option, check (✓) the box.
7	The farm's covered commodities will print.
8	The applicable covered commodity's base acres will print.
9	65% of the applicable covered commodity's base acres will print.
10A	Enter the producer's name and address.
10B	For the producer listed in item 10A, enter that producer's e-mail address (optional)
10C	For the producer listed in item 10A, enter the producer's phone number (optional).
11A	The producer will check (✓) this box to indicate refusing the payment.
11B	The producer that refused the payment in 11A will initial.
11C	Enter the date the person who initialed in 11B.
12A	The producer listed in item 10A shall sign.
12B	If the person who signed on behalf of the producer in item 10A signed in a representative capacity, enter the title of the person who signed in a representative capacity.
12C	Enter date the person signed in item 12A.
13A	The CCC representative authorized to approve CCC-862 shall sign indicating approval of CCC-862 and acceptance of the ARC-IC election for the farm.
13B	Enter the date the CCC representative signed in 13A.
14	Enter any remarks.
15	The employee accepting CCC-862 may initial (optional).

Notes: Either version of CCC-862 (7-23-19 or 9-04-19) is acceptable for the election and enrollment of ARC-IC.

If a producer elected and enrolled in ARC-IC and wished to utilize the multi-year option, CCC-862 (7-23-19) did not have an item to capture that option. County Offices were instructed to have a producer indicate the multi-year option in item 13 of CCC-862 (7-23-19).--*

188 CCC-862 (Continued)

B Example of CCC-862

The following is an example of CCC-862.

*--

This form is available electronically. (See Final Page for Privacy Act and Paperwork Reduction Act Statements)		
CCC-862 U.S. DEPARTMENT OF AGRICULTURE (09-04-19) Commodity Credit Corporation		
AGRICULTURAL RISK COVERAGE – INDIVIDUAL OPTION (ARC-IC) CONTRACT		
1. Program Year:		
2. State Code	3. County Code	4. Farm Number
5A. County FSA Office Name and Address (Including Zip Code)		
5B. County Office Telephone Number (Including Area Code)		5C. County Office Fax Number (Including Area Code)
THIS ANNUAL ARC-IC CONTRACT is entered into between the Commodity Credit Corporation (CCC) and the undersigned producers on the farm identified in Item 4. Upon approval, this farm and the producers on the farm are enrolled in ARC-IC for the program year identified in Item 1. All producers with a share in covered commodities planted on the farm must execute this contract by the announced enrollment date of the applicable program year in order to participate and make themselves potentially eligible to receive payments. The terms and conditions of the ARC-IC contract are contained in the CCC-862 and CCC-866 Appendix and the regulations at 7 CFR Part 1412. By signing this contract producers: (1) acknowledge receipt and agree to abide by the terms of the CCC-862 and CCC-866 Appendix; (2) agree to comply with the terms and conditions of the program and those governing payment limitation and eligibility and adjusted gross income limitation provisions; (3) agree that the terms and benefits of this program are subject to changes in law; (4) affirm that the producers on this farm have elected ARC-IC for the applicable contract period and (5) certify that all the information contained on this form, whether or not personally entered by the producer, is true, correct, and accurate.		
6. Multi-year Contract (2019-2023) ☐		
7. Commodity	8. Base Acres	9. 65% of Base Acres
7. Commodity	8. Base Acres	9. 65% of Base Acres
7. Commodity	8. Base Acres	9. 65% of Base Acres
7. Commodity	8. Base Acres	9. 65% of Base Acres
10A. Producer's Name and Address (Including Zip Code)		10A. Producer's Name and Address (Including Zip Code)
10B. Email Address		10B. Email Address
10C. Telephone No. (Include Area Code):		10C. Telephone No. (Include Area Code):
11A. Refused Payment Information:		11B. Producer's Initials
☐ All ARC-IC Payments are Refused		11C. Date Initialed (MM-DD-YYYY)
12A. Producer's Signature (By)		12A. Producer's Signature (By)
12B. Title/Relationship of the Individual Signing in the Representative Capacity		12B. Title/Relationship of the Individual Signing in the Representative Capacity
12C. Date (MM-DD-YYYY)		12C. Date (MM-DD-YYYY)
FOR FSA USE ONLY		
13A. Signature of CCC Representative		13B. Date (MM-DD-YYYY)
14. Remarks		
15. Employee's Initials:		

--*

188 CCC-862 (Continued)

B Example of CCC-862 (Continued)

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CCC-862 (09-04-19)				Page 2 of 3	
1. Program Year		2. State Code		3. County Code	
				4. Farm Number	
CONTINUATION OF PRODUCER'S CROP INFORMATION (From Page 1)					
10A. Producer's Name and Address (Including Zip Code)			10A. Producer's Name and Address (Including Zip Code)		
10B. Email Address			10B. Email Address		
10C. Telephone No. (Include Area Code):			10C. Telephone No. (Include Area Code):		
11A. Refused Payment Information:		11B. Producer's Initials		11B. Producer's Initials	
☐ All ARC-IC Payments are Refused		11C. Date Initialed (MM-DD-YYYY)		☐ All ARC-IC Payments are Refused	
				11C. Date Initialed (MM-DD-YYYY)	
12A. Producer's Signature (By)			12A. Producer's Signature (By)		
12B. Title/Relationship of the Individual Signing in the Representative Capacity			12B. Title/Relationship of the Individual Signing in the Representative Capacity		
12C. Date (MM-DD-YYYY)			12C. Date (MM-DD-YYYY)		
10A. Producer's Name and Address (Including Zip Code)			10A. Producer's Name and Address (Including Zip Code)		
10B. Email Address			10B. Email Address		
10C. Telephone No. (Include Area Code):			10C. Telephone No. (Include Area Code):		
11A. Refused Payment Information:		11B. Producer's Initials		11B. Producer's Initials	
☐ All ARC-IC Payments are Refused		11C. Date Initialed (MM-DD-YYYY)		☐ All ARC-IC Payments are Refused	
				11C. Date Initialed (MM-DD-YYYY)	
12A. Producer's Signature (By)			12A. Producer's Signature (By)		
12B. Title/Relationship of the Individual Signing in the Representative Capacity			12B. Title/Relationship of the Individual Signing in the Representative Capacity		
12C. Date (MM-DD-YYYY)			12C. Date (MM-DD-YYYY)		
10A. Producer's Name and Address (Including Zip Code)			10A. Producer's Name and Address (Including Zip Code)		
10B. Email Address			10B. Email Address		
10C. Telephone No. (Include Area Code):			10C. Telephone No. (Include Area Code):		
11A. Refused Payment Information:		11B. Producer's Initials		11B. Producer's Initials	
☐ All ARC-IC Payments are Refused		11C. Date Initialed (MM-DD-YYYY)		☐ All ARC-IC Payments are Refused	
				11C. Date Initialed (MM-DD-YYYY)	
12A. Producer's Signature (By)			12A. Producer's Signature (By)		
12B. Title/Relationship of the Individual Signing in the Representative Capacity			12B. Title/Relationship of the Individual Signing in the Representative Capacity		
12C. Date (MM-DD-YYYY)			12C. Date (MM-DD-YYYY)		
10A. Producer's Name and Address (Including Zip Code)			10A. Producer's Name and Address (Including Zip Code)		
10B. Email Address			10B. Email Address		
10C. Telephone No. (Include Area Code):			10C. Telephone No. (Include Area Code):		
11A. Refused Payment Information:		11B. Producer's Initials		11B. Producer's Initials	
☐ All ARC-IC Payments are Refused		11C. Date Initialed (MM-DD-YYYY)		☐ All ARC-IC Payments are Refused	
				11C. Date Initialed (MM-DD-YYYY)	
12A. Producer's Signature (By)			12A. Producer's Signature (By)		
12B. Title/Relationship of the Individual Signing in the Representative Capacity			12B. Title/Relationship of the Individual Signing in the Representative Capacity		
12C. Date (MM-DD-YYYY)			12C. Date (MM-DD-YYYY)		

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188 CCC-862 (Continued)

B Example of CCC-862 (Continued)

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CCC-862 (09-04-19)

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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 the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), the Agricultural Act of 2014 (7 U.S.C. 9015) as amended by the Agriculture Improvement Act of 2018 (Pub. L. 115-334) and 7 CFR Part 1412. 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.

Paperwork Reduction Act (PRA) Statement: The information collection is exempted from the Paperwork Reduction Act as specified in 7 U.S.C. 9091(c)(2)(B).

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.**

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.

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A Instructions for CCC-866

The following are instructions for completing CCC-866. When all the producers of a farm sign CCC-866, those producers are indicating the election of each covered commodity with base acres on the farm as indicated on the form.

Item	Instructions
1	Auto-filled with program years 2019 through 2023.
2	Enter administrative County Office's State code.
3	Enter administrative County Office's County code.
4	Enter applicable farm's FSN.
5A	Enter administrative County Office's name and address.
5B	Enter administrative County Office's Phone Number (optional)
5C	Enter administrative County Office's Fax Number (optional)
6	If the producers wish to utilize the multi-year contract option, check (✓) the box.
7	The applicable covered commodities on the farm will print.
8	The applicable covered commodity's ARC-CO or PLC election will print.
9	The applicable covered commodity's base acres will print.
10	The applicable covered commodity's PLC yield will print.
11 YES	A check (✓) will be made if the applicable covered commodity is participating in the program year.
11 NO	A check (✓) will be made if the applicable covered commodity is NOT participating in the program year.
12A	Enter the producer's name and address.
12B	For the producer listed in item 12A, enter that producer's e-mail address (optional)
12C	For the producer listed in item 12A, enter the producer's phone number (optional).
13	Enter the covered commodity that the producer in 12A will receive a share.
14	Enter the payment share of the covered commodity's base acres for the producer in 12A.
15A	The producer will check (✓) this box to indicate refusing the payment.
15B	The producer that refused the payment in 10A will initial.
15C	Enter the date the person who initialed in 10B.
16A	The producer listed in item 12A shall sign.
16B	If the person who signed on behalf of the producer in item 12A signed in a representative capacity, enter the title of the person who signed in a representative capacity.
16C	Enter date the person signed in item 12A.
17A	The CCC representative authorized to approve CCC-866 shall sign indicating approval of CCC-866 and acceptance of the ARC-CO and/or PLC election for the farm.
17B	Enter the date the CCC representative signed in 12A
18	Enter any remarks.
19	The employee accepting CCC-866 may initial (optional).

189 CCC-866

B Example of CCC-866

The following is an example of CCC-866.

This form is available electronically.					(See final page for Privacy Act and Paperwork Reduction Act Statements)						
CCC-866 (07-23-19)					U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation						
AGRICULTURAL RISK COVERAGE – COUNTY OPTION (ARC-CO) AND PRICE LOSS COVERAGE (PLC) ELECTION AND CONTRACT					1. Program Year:						
			2. State Code		3. County Code		4. Farm Number				
					5A. County FSA Office Name and Address						
					5B. County Office Telephone No. (Including Area Code)		5C. County Office Fax No. (Including Area Code)				
THIS ARC-CO AND PLC ELECTION AND CONTRACT is entered into between the Commodity Credit Corporation (CCC) and the undersigned producers on the farm identified in Item 4. Upon approval, this farm and the producers on the farm are enrolled in ARC-CO and/or PLC for the program year identified above in Item 1. All producers with a share in base acres must sign this contract by the announced enrollment deadline of the applicable program year in order to participate and make themselves potentially eligible to receive payments for the applicable program year. The terms and conditions of the ARC-CO and PLC contract are contained in the CCC-862 and CCC-866 Appendix and the regulations at 7 CFR Part 1412. By signing this contract producers: (1) acknowledge receipt and agree to abide by the terms of the CCC-862 and CCC-866 Appendix; (2) agree to comply with the terms and conditions of the program and those governing payment limitation and eligibility and adjusted gross income limitation provisions; (3) agree that the terms and benefits of this program are subject to changes in law; and (4) certify that all the information contained on this form, whether or not personally entered by the producer, is true, correct, and accurate. All producers agree to participating or not participating on a covered commodity by covered commodity basis in Item 11. All producers on the farm must agree to the election made in Item 8. If an ARC or PLC election is not made the election defaults to the election for the farm that was effective under the previous Farm Bill, and no payments will be earned under this contract and farm for 2019. All producers on the farm agree and acknowledge that: (1) this election is irrevocable for the covered commodities and the farm, or any resulting farm(s) of a reconstitution; (Beginning in 2021, owners may change the election on the farm); (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 the producers on the farm may have made an election, producers must still annually enroll the farm and covered commodity in the ARC or PLC program in order to be eligible to receive ARC or PLC benefits for that covered commodity and crop year; (4) they must comply with the regulations at 7 CFR Part 1412; and (5) ARC or PLC benefits are subject to change based upon changes to law. 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 indicated on this form are invalid and will not apply to the farm. NOTE: PLC yields in Item 10 are only used in the payment calculation of covered commodities that have elected PLC.											
6. Multi-year Contract (2019 - 2023) ☐											
7. Commodity	8. Program Elected	9. Base Acres	10. PLC Yield	11. Participating		7. Commodity	8. Program Elected	9. Base Acres	10. PLC Yields	11. Participating	
				YES	NO					YES	NO
				☐	☐					☐	☐
				☐	☐					☐	☐
				☐	☐					☐	☐
12A. Owner or Producer's Name and Address				13. Commodity		14. Payment Share		13. Commodity		14. Payment Share	
12B. Email Address											
12C. Telephone No. (Including Area Code):											
15A. Refused Payment Information:								15B. Producer's Initials			
☐ All ARC-CO Payments are Refused ☐ All PLC Payments are Refused								15C. Date Initialed (MM-DD-YYYY)			
16A. Producer's Signature (By)				16B. Title/Relationship of the Individual Signing in the Representative Capacity				16C. Date (MM-DD-YYYY)			
FOR FSA USE ONLY											
17A. Signature of CCC Representative										17B. Date (MM-DD-YYYY)	
18. Remarks										19. Employee's Initials	

189 CCC-866

B Example of CCC-866 (Continued)

CCC-866 (07-23-19)		Page 2 of 3	
1. Program Year	2. State Code	3. County Code	4. Farm Number
CONTINUATION OF OWNER'S OR PRODUCER'S CROP INFORMATION (From Page 1)			
12A. Owner or Producer's Name and Address	13. Commodity	14. Payment Share	13. Commodity
12B. Email Address			
12C. Telephone No. (Including Area Code):			
15A. Refused Payment Information: ☐ All ARC-CO Payments are Refused ☐ All PLC Payments are Refused		15B. Producer's Initials	
		15C. Date Initialed (MM-DD-YYYY)	
16A. Producer's Signature (By)		16B. Title/Relationship of the Individual Signing in the Representative Capacity	
12A. Owner or Producer's Name and Address	13. Commodity	14. Payment Share	13. Commodity
12B. Email Address			
12C. Telephone No. (Including Area Code):			
15A. Refused Payment Information: ☐ All ARC-CO Payments are Refused ☐ All PLC Payments are Refused		15B. Producer's Initials	
		15C. Date Initialed (MM-DD-YYYY)	
16A. Producer's Signature (By)		16B. Title/Relationship of the Individual Signing in the Representative Capacity	
12A. Owner or Producer's Name and Address	13. Commodity	14. Payment Share	13. Commodity
12B. Email Address			
12C. Telephone No. (Including Area Code):			
15A. Refused Payment Information: ☐ All ARC-CO Payments are Refused ☐ All PLC Payments are Refused		15B. Producer's Initials	
		15C. Date Initialed (MM-DD-YYYY)	
16A. Producer's Signature (By)		16B. Title/Relationship of the Individual Signing in the Representative Capacity	

189 CCC-866

B Example of CCC-866 (Continued)

CCC-866 (07-23-19)

Page 3 of 3

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Paperwork Reduction Act (PRA) Statement: The information collection is exempted from PRA as specified in 7 U.S.C. 9091(c)(2)(B).

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To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.

190-200 (Reserved)

Part 8 ARCPLC Enrollment**Section 1 General Information****201 General Rules for ARCPLC Enrollment****A Introduction**

The 2018 Farm Bill allows producers an opportunity to enroll, on a crop-by-crop basis, consistent with the farm's program election, in the ARC-CO, PLC, or ARC-IC programs. The decision to enroll the farm in an annual program must be made by the applicable producers on the farm to receive ARC-CO, PLC, or ARC-IC payments.

The one-time option to enroll in a multi-year contract for 2019 through 2023, is available in 2019; otherwise enrollment must be completed annually. The multi-year contract will remain valid as long as there are no changes to farm records or producers associated with the farm. Once a change occurs, the multi-year contract is cancelled, and enrollment must be completed on an annual basis in subsequent years.

The enrollment period for the 2019 contract period begins on September 3, 2019. The enrollment period for 2020 contract period begins in October 2019. The 2019 annual contract period ends September 30, 2019 before the end of the enrollment period. Accordingly, the enrollment for 2019 is the only program year a retroactive contract can be approved.

For the subsequent contract years (2021through 2023), annual contract enrollment periods will be held each year by a deadline set for each specific year.

This section will provide instructions for completing CCC-862 or CCC-866 for the 2019 through 2023 years.

201 General Rules for ARPLC Enrollment (Continued)**B Interaction of Election and Enrollment**

Producers on farms in 2019, 2020, 2021, 2022, and 2023, farms may **enroll** in ARC or PLC in each year. Because an election has a bearing on the specific program the covered commodity is enrolled, the election and enrollment are tied together. The producers on the farm must elect and then enroll each covered commodity on the farm.

Election by the 2019 producers on a farm impacts the farm for 2019 and 2020: even if the producers are the same or different producers. Therefore, the 2019 election by 2019 producers must be performed at the same time or before the following:

- 2019 enrollment
- 2020 enrollment.

An election not made means the covered commodity (or farm for ARC-IC) has, in effect, the election of PLC, ARC-CO, or ARC-IC that was in effect for the covered commodity for the previous year. For crop years 2021, 2022, and 2023 there are no ramifications of not making an election except the covered commodity (or farm for ARC-IC) remains in the previous year's program. For 2019, if an election is not made for the farm, that farm is ineligible to receive payments.

Since election and enrollment are performed by the same producers on the farm, the election and enrollment are made on the same form, CCC-862 for ARC-IC and CCC-866 for PLC and ARC-CO and are made during the same time period for every year 2019 through 2023, however, an election is not made in 2020.

Enrollment has late-filed provisions. COC's in consultation with the DD or other State Office representative may approve late-filed enrollments. There are **no** late-filed elections.

202 Enrollment Dates for ARC and PLC Programs**A Enrollment Dates**

Enrollment under CCC-862 or CCC-866 will be held annually, as follows:

- 2019 enrollment period will be September 3, 2019, through March 15, 2020
- 2020 enrollment period will be October 2019 through June 30, 2020
- 2021 enrollment period will be October 2020 through March 15, 2021
- 2022 enrollment period will be October 2021 through March 15, 2022
- 2023 enrollment period will be October 2022 through March 15, 2023.

B Multi-year Contract Enrollment

For 2019 only, following election, producers have the option to enroll in a multi-year contract that will remain enrolled through the 2023 crop year. The multi-year enrollment will continue unless a producer on the farm voluntarily makes one of the following changes:

- a change to the farm's constitution
- a change to any of the farm's base acres or PLC yield of any covered commodity
- a change to any of the producers having greater than zero share of base acres
- a change in any producer's share greater than zero of covered commodities on the farm
- a change in either the election or enrollment of any covered commodity on the farm
- a change in the refuse payment indicator
- any change that would require producers on the farm to re-affirm enrollment, as determined by FSA

Once a change is made to multi-year enrollment, enrollment must occur on an annual basis for each subsequent year until 2023.

202 Enrollment Dates for ARC and PLC Programs (Continued)**C Enrolling Base Acres on a Farm**

Following election as is applicable, eligible producers who enroll a farm in ARC-CO and/or PLC under a CCC-866 may do so on a covered commodity by covered commodity basis. Enrollment of less than 100 percent of a covered commodity is not allowed. Producers who annually enroll a farm in ARC-IC under a CCC-862 must enroll all base acres of all covered commodities on the farm.

For CCC-866, all producers having a share in the base acres must sign the contract by the end of the ARCPLC enrollment period, or the enrollment is **not** complete.

For ARC-IC contracts, all producers having a share in the covered commodities planted on the farm must sign the contract by the end of the enrollment period or the enrollment is **not** complete.

CCC and FSA are under no obligation and are not responsible for ensuring that producers enroll.

D ARC-CO and PLC Contract Enrollments and Exception

All producers having more than a zero share of base acres must sign CCC-866 by the end of the enrollment period. CCC-866's that are **not** signed by all producers having more than a zero share of base acres by the enrollment deadline are incomplete and will **not** be considered submitted to FSA or CCC for any purpose and will **not** be acted on or approved.

Exception: An exception applies to ARC-CO and PLC offers of enrollment. In those instances where COC is satisfied that there is no dispute of shares or other disagreement between producers, ARC-CO and PLC offers of enrollment can be approved, with State Office representative concurrence, to permit payment to only those eligible producers who did enroll and without regard to those shares that do **not** have signatures. This exception applies only if, in the sole judgment and discretion of FSA, FSA is satisfied that those producers who did sign for a share of base acres are in compliance with all contract provisions and requirements. Additionally, this exception is **not** applicable to ARC-IC enrollments.

When using this exception, County Offices will ensure that the producer's shares, signature type, and enrollment date are blank in CCC-866 software.

202 Enrollment Dates for ARC and PLC Programs (Continued)**E Timeline for Enrollment**

The following tables provide the timeline for 2019 through 2023 ARC and PLC enrollment.

IF 2019 and 2020 enrollments occur....	THEN contract approval authority is....	AND authority to load dates in software is....
For 2019 only, September 3, 2019 through March 15, 2020	COC or CED, if delegated	County Office
For 2020 only, October 2019 through June 30, 2020	COC or CED, if delegated	County Office

IF 2021 through 2023 enrollments occur in the contract year from....	THEN contract approval authority is....	AND authority to load dates in software is....
October 1 through March 15	COC or CED, if delegated	County Office
March 16 through September 30	COC or CED, if delegated with DD concurrence or other State Office representative	

203 Late-Filed Contracts**A Late-Filed ARC-CO and PLC Contracts or ARC-IC Contracts**

The ARC-CO and PLC contract or ARC-IC contract enrollment deadline for FY 2019 is March 15, 2020; for FY 2020 is June 30, 2020. The enrollment deadline for FY's 2021, 2022 and 2023 is March 15 of the applicable contract year.

Late-filed ARC-CO and PLC contracts or ARC-IC contracts may be accepted through the end of the enrollment period (September 30 of each applicable contract year) except for crop year 2019 (the late filed period for 2019 extends through September 30, 2020). COC's have been delegated authority by DAFP to approve late-filed contracts that are completed by producers through the September 30th deadline.

Late-filed contracts may be approved by COC with DD concurrence (State Office concurrence in the absence of the DD). The late-filed approval authority is not delegated to the CED.

Valid reasons for the COC to consider late-filed contracts are:

- lease executed after the end of the enrollment period
- health of the applicable producer
- other reasons as deemed appropriate by COC that are outside of the control of the producer.

The decision to approve or disapprove a late-filed contract is strictly the decision of the COC and concurred by the DD or other State Office representative. This decision is not subject to review by any other authority.

Producers have a right of review or appeal **only** on adverse decisions and **only** where there are legitimate disputes of fact. Any right of appeal is limited to FSA's decision that the offer of enrollment was **not** received by FSA by the end of the enrollment period. See 1-APP.

Late-filed contracts filed before the end of the contract period which cannot be approved by COC according to this paragraph may be subject to the relief provisions of paragraph 251. Enrollment after the end of the contract period is not allowed.

203 Late-Filed Contracts (Continued)

B Prohibition on Contract Year 2020, 2021, 2022, or 2023 Enrollments After Contract Year Ends

The contract period for ARC-CO and PLC contracts or ARC-IC contracts ends September 30 of the applicable program year.

Offers and attempts to enroll farms in each of the 2020 through 2023 contract years after September 30 of a contract year will **not** be considered by COC or STC. Offers to enroll in 2020 through 2023 after the end of the contract period will be considered ineligible offers **not** eligible for approval or disapproval by COC. FSA can make a factual determination as to whether or not enrollment occurred by the end of the contract period; however, under no circumstances will equitable relief provisions apply or be applied to cause FSA to bind CCC into contracts for a contract period that has already elapsed or passed.

For each of the 2020 through 2023 contract years, when offers of enrollment are filed after the end of the contract period, the reviewing authority must **not**:

- consider or render any sort of adverse decision or relief decision on ARC-CO and PLC contracts or ARC-IC contracts if the contract was signed by anyone after the applicable contract year had ended, **regardless** of the reason the person or legal entity signed after the contract period passed
- forward any recommendation of approval or relief for anyone who offered to enroll a contract after the contract period passed
- provide any right of appeal or appealability to anyone making an inquiry about enrollment after the contract period has passed.

Notes: Producers have a right of review or appeal **only** on adverse decisions and **only** where there are legitimate disputes of fact. Any right of appeal is limited to FSA's decision that the offer of enrollment was **not** received by FSA by the end of the contract period. See 1-APP. FSA is unable to exercise any sort of discretion to obligate CCC to contracts that were offered to CCC for enrollment after the end of a contract period.

Under **no** circumstances will FSA discuss enrolling farms after the end of a contract period, nor will FSA exercise any discretion of relief for these offers

203 Late-Filed Contracts (Continued)

B Prohibition on Contract Year 2020 through 2023 Enrollments After Contract Year Ends (Continued)

Actions permitted by a reviewing authority when ARC-CO and PLC contract or ARC-IC contract is received after September 30 (2020, 2021, 2022 or 2023) of the contract year, include the following:

- file the original ARC-CO and PLC contract or ARC-IC contract with producers' signatures in the farm file
- **do not** act on, approve, or disapprove ARC-CO and PLC contracts or ARC-IC contracts for the previous contract year
- send a letter advising producers attempting to enroll after the end of the contract period that ARC-CO and PLC contracts or ARC-IC contracts will **not** be processed by FSA. See subparagraph C.

County Offices will **not** discourage any producer from signing ARC-CO and PLC contract or ARC-IC contract at any time. However, FSA is **not** required to issue an approval or disapproval determination on ARC-CO and PLC contract or ARC-IC contract submitted after the contract year ends. STC's and COC's **must** follow this subparagraph for **all** ARC-CO and PLC contracts or ARC-IC contracts submitted after the contract year expires.

No letter of determination of approval or disapproval will be issued to producers who choose to submit ARC-CO and PLC contracts or ARC-IC contracts after the end of a contract year. This is true regardless of the reason or reasons the offer of enrollment was submitted after the end of the contract year. For these situations, County Offices will follow subparagraph C.

203 Late-Filed Contracts (Continued)

C Communication to Producers Submitting ARC-CO and PLC Contract or ARC-IC Contract After the 2020 through 2023 Contract Period, as Applicable, Has Ended

FSA offices will follow this paragraph in acknowledging offers to enroll in 2020 through 2023 contract years after the end of each applicable contract period. FSA will acknowledge receipt of CCC-862 or CCC-866 submitted after the end of the contract period with a communication stating the following.

Note: Offices will not deviate from the language in the “set” part of the following text. The italicized portion and portions within brackets must be modified for the specific farms and producers.

Dear *[Enter names of all those signing CCC-862 or CCC-866 submitted after September 30 of a contract period.]*

This letter acknowledges receipt of an offer to enter into a contract with the Commodity Credit Corporation under a form *[enter CCC-862 or CCC-866 contract, as applicable]*. You submitted the request to enroll after the end of the contract period.

7 CFR § 1412.41 specifies that enrollment is **not** allowed after September 30 of FY in which the ARC and PLC Program payments are requested.

The Farm Service Agency (FSA) appreciates your interest. Your offer to enroll after the end of the contract period will be kept on file; however, FSA **cannot** process the offer because there is no contract period remaining for enrollment.

Thank you again for your interest.

Sincerely,

County Executive Director

Note: FSA’s letter advising that the offer of enrollment **cannot** be processed is **not** an ARC and PLC program approval or disapproval decision and, therefore, it is **not** appealable. It is merely communicating that the offer cannot be processed. Any subsequent administrative review, if performed, is limited to whether or not the communication is accurate.

204 ARC-CO and PLC Contract or ARC-IC Contract

A ARC-CO and PLC Contract or ARC-IC Contract Provisions

The following provisions apply to farms that do not have a new election of ARC-CO and PLC or ARC-IC for 2019.

If a farm does **not** have an election for 2019, the farm and all producers on that farm are **not** eligible for a 2019 payment. All covered commodities are defaulted to the elections in effect on the farm for 2018, with payment eligibility reinstated in 2020. Producers will be permitted to enroll farms not having elections even though there will be no payments issued for 2019. Enrollment of either 2019 or 2020 will be consistent with whatever default election applies according paragraph 181. The fact producers on such an enrolled and unelected farm are ineligible for 2019 payments is not an adverse decision for any enrolled producer on that farm. It is the function of the statute.

B COC Actions

COC will:

- only consider and act on CCC-862 or CCC-866 that is enrolled in the ARC-CO and PLC or ARC-IC program, as applicable, according to this paragraph and consistent with the applicable election for the farm according to paragraph 181
- neither approve nor disapprove CCC-862's or CCC-866's that do **not** have the signatures of all producers sharing in base acres on the farm

Note: Contracts not having all the signatures of all producers are considered incomplete and, if not signed by the end of the enrollment period, are considered withdrawn.

Exception: See subparagraph 202 D for other exceptions.

- **not** consider or recommend equitable relief under any provision for a CCC-862 or CCC-866 that is **not** completely enrolled.

Note: The failure of a producer to sign CCC-862 or CCC-866 is **not** a compliance discrepancy, or failure to fully comply.

204 ARC-CO and PLC Contract or ARC-IC Contract (Continued)

C Zero Share Signature Requirements

Unless specifically established as requirement by STC or COC, **FSA will no longer require landowner signatures on CCC-862 and CCC-866.** Only signatures for shares greater than zero must be obtained.

At any time COC has the option to require landowner signatures or other documentation to support the producer's cash lease arrangement and eligibility for ARCPLC payments. If the COC decision is to require zero-share signatures or cash lease documentation from some or all producers, process according to the following:

If COC determines the lease is a cash lease according to paragraph 216, COC's **may accept** any of the following if the landowner or landlord receives a zero share of the crop:

- the landowner's or landlord's signature on CCC-862 or CCC-866 to zero share

Notes: By signing CCC-862 or CCC-866, the producer is certifying that the cash lease arrangement with the landowner meets the criteria in this paragraph. Because the producer's signature is a certification, documentation supporting the lease is not required in the current year's farm folder.

When both spouses are joint owners of a farm and proof of a cash lease is **not** provided, the signature of 1 spouse is sufficient for a zero share, **unless** the spouse has notified FSA in writing that the other spouse may **not** sign for both.

- written lease, rental arrangement, or other document signed by the landowner or landlord that proves that the producer has cash-leased the land for FY

Notes: Keep a copy of the document in the County Office folder.

COC always has the right to verify cash lease certifications.

If the farm is a multiple ownership farm, and none of the tracts owned by the landowner or controlled by the landlord have cropland on them, the signature of that landowner or landlord or proof of cash-lease provisions do **not** apply.

- for 2019 and subsequent years, a written statement by the landowner(s) or their representative stating the land is cash leased.

204 ARC-CO and PLC Contract or ARC-IC Contract (Continued)

C Zero Share Signature Requirements (Continued)

The final date to perfect a contract, meaning the deadline to complete all requirements for payment, such as zero-share signatures and supporting documentation, including payment eligibility forms, is the second March 1 after the end of the contract period for the contract in question.

Note: This provision may be used by each landowner on the farm with zero share whose share has not changed from the previous year, even though the farm may have been affected by a reconstitution where 1 or more landowners were either added or removed from the farm. In this case, only new owners added must either sign for zero share or the producer must provide a copy of the lease.

D Partial Enrollments

--[7 CFR 1412.41(a)(4)] Except for enrollments of ARC-IC, eligible producers who choose to enter into a contract with FSA do so on a covered commodity-by-covered commodity basis. If the decision is made to enroll a covered commodity on a farm, producers having not less than 100 percent of the interest in those covered commodity base acres must enroll all covered commodity base acres of the covered commodity on the farm. Enrollment of fewer than all base acres of the covered commodity by all the producers having a share interest in that covered commodity on the farm is not allowed and such covered commodity will not be considered enrolled unless all producers who share in the base acres complete enrollment by the end of the enrollment period. Producers on a farm are solely responsible for ensuring that enrollment occurs.-

E Withdrawing Enrollment

[7 CFR 1412.41(b)] Any eligible producer of an enrolled covered commodity or ARC-IC contract may withdraw from a contract at any time by the end of the contract period. The withdrawal must be filed in writing and submitted to CCC and FSA by the end of the contract period. If any producer of a covered commodity or ARC-IC contract submits a written request to withdraw, FSA will consider the enrollment of that covered commodity or ARC-IC contract withdrawn.

See paragraph 203 for late-filed enrollment provisions. Late-filed enrollment provisions similarly apply to withdrawals of enrollment.

205 Missing Signatures**A Incomplete Enrollments With a Share Greater Than Zero**

If a producer with a share greater than zero of base acres has **not** signed CCC-862 or CCC-866, follow subparagraph 202 D after March 15, 2020 for the 2019 contract year; June 30, 2020 for the 2020 contract year and March 15 for 2021, 2022 and 2023.

Note: See paragraph 203 for late-filed enrollment provisions.

If a person or legal entity has an FSA-578 share of a covered commodity and the person or legal entity wants to make themselves potentially eligible for ARC-IC payments under an ARC-IC contract, the individual or entity **must** sign CCC-866 by March 15, 2019 for the 2019 contract year; June 30, 2019 for the 2020 contract year and March 15 for 2021, 2022 and 2023.

A producer who has a share of base acres on a farm enrolled under ARC-CO and PLC contract or of covered commodities reported planted (or eligible subsequently planted crop acreage following the approved prevented planting of a covered commodity) on a farm enrolled under an ARC-IC contract, who does not sign during the contract period, will not be eligible for payment consideration, nor will any other producer be eligible for that share of the payment. Additionally, if the ARC-IC contract does not contain signatures of all the producers who share in covered commodities reported planted (or eligible subsequently planted crop acreage following the approved prevented planting of a covered commodity) on the farm, the ARC-IC contract enrollment is **not** considered complete.

B Incomplete Enrollments of Persons With an Interest, But a Zero Share

FSA no longer requires signatures of producers with zero share of base acres, but COC has the option to require such signatures if they deem necessary.

If COC exercises this option, any CCC-862 or CCC-866 contract with missing signatures of producers with an interest, but a zero share of base acres or any covered commodities, may be acted on and approved.

Notes: The last date to submit missing signatures substantiating a zero share is the second March 1 following the end of the applicable contract period.

205 Missing Signatures (Continued)

B Incomplete Enrollments of Persons With an Interest, But a Zero Share (Continued)

If anyone who has an interest, but a zero share of base acres for ARC-CO or PLC or, for ARC-IC, covered commodities reported planted on the farm, fails to satisfy the provisions of this paragraph, COC will take no action on CCC-862 or CCC-866. CCC-862 or CCC-866 will be considered incomplete and require no action or decision from FSA. FSA does not act on, approve, or disapprove partial offers of enrollment.

C Cash-Rent Owners With Missing Signatures

FSA no longer requires signatures or other documentation for zero shares, unless the COC determines they are necessary to ensure program integrity.

If COC determines that zero share signatures are required and if all producers with a share greater than zero sign CCC-862 or CCC-866, COC may approve the contract if all of the following apply:

- owners representing a majority of the undivided ownership interests of the farm sign the contract

Note: Majority interest is greater than 50 percent of the collective undivided interest owners' share.

- shares are acceptable to COC
- documentation indicates the signatories expended a reasonable effort to obtain missing signatures.

Exception: If a majority of the zero share owners, as determined by COC, sign CCC-862, the farm may be approved for payment for those producers having a share greater than zero. CCC-866's however, must have signatures of all producers who share in covered commodities reported planted on the farm. CCC-866's not having signatures of all producers sharing in reported planted covered commodities on the farm cannot be approved and will be considered a partial enrollment.

205 Missing Signatures (Continued)**D Fractionated Property - Ownership Land**

Contracts contain fractionated ownership where a de minimus share of the cropland acreage on the farm cannot be determined.

COC may approve CCC-862 or CCC-866 with 100 percent share of all base acres providing COC determines that 1 or all of the following are met:

- past history on a farm
- whether the producers claiming a share have control of sufficient cropland and an entitlement to a crop share interest to support the claimed payment share on ARC-CO and PLC contract, ARC-IC contract, or FSA-578
- the level of risk in the production of the crop being grown
- whether the shares provide equitable treatment to all of the producers on the farm.

E Heir Property - Ownership Land

COC will follow provisions of 1-CM for contracts containing land owned by a deceased producer or estate of the deceased producer who does not have an heir or representative and is cash-leased. These contracts may be approved if COC determines that provisions of 1-CM and this handbook have been met.

206 Reconstitution of ARC-CO, PLC, and ARC-IC Farms**A Reconstitution of Enrolled Farms**

Farms enrolled during the prescribed annual enrollment period that are subsequently reconstituted are no longer considered to be enrolled.

Farms resulting from a reconstitution are **not** deemed to have enrolled the CCC-862 or CCC-866 and may **not** earn benefits associated with the ARC and PLC programs, **unless** the resulting farm is timely enrolled on CCC-862 or CCC-866.

The validity of an ARC or PLC election is **not** impacted by reconstitution. Valid ARC and PLC elections will continue to be recognized following reconstitution. The resulting farms will have the ARC or PLC election that is consistent with the parent farm or farms.

206 Reconstitution of ARC-CO, PLC, and ARC-IC Farms (Continued)

B Authorized Reconstitutions and Transfers

Subject to the provisions of subparagraph A, the following reconstitutions are allowed for 2019 and each subsequent program year, if FSA-155 or FSA-179 is initiated **by** August 1 of the effective FY:

- divisions of all farms
- farm combinations in limited situations
- completed farm transfers.

Note: Combinations of ARC-CO and PLC parent farms with other ARC-CO and PLC parent farms can only be approved if there are no conflicting elections between common base crops or HIP between parent farms.

Combinations of eligible parent farms with farms determined to be ineligible for payment where all of the cropland was grass, idle or fallow from January 1, 2009 through December 31, 2017, are prohibited to prevent changing the eligibility of base acres.

An ARC-CO and PLC parent farm can never be combined with an ARC-IC parent farm or vice versa.

A parent farm that has zero base acres and has no election can be combined with any parent farm that has elected an ARC-CO and PLC or ARC-IC program. Examples include, but are not limited to:

- noncropland farm
- cropland farm with zero base acres
- CRP farm with base acres reduced to zero.

Operators, producers, and owners **must** understand that when farms are combined, the resulting farm and its election that applied to the parent farms of the reconstitution will continue to apply to child farms following any subsequent division of that farm, even if the division is in the same year.

Example: Farm 1 has a valid election of ARC-CO for corn and grain sorghum. The operator of Farm 1 requests to combine Farm 1 with Farm 3, which has an election of ARC-CO for corn, no base acres of grain sorghum, and PLC elected for wheat. Farms 1 and 3 can be combined as there are no conflicting elections; however, the resulting farm (and child farms if split from that farm later) will have ARC-CO election apply corn and grain sorghum and PLC for wheat.

206 Reconstitution of ARC-CO, PLC, and ARC-IC Farms (Continued)**C Enrollment Following Reconstitutions**

Child farms resulting from reconstitutions that had 1 or more parent farms enrolled must be enrolled by August 1 of the contract period or 30 calendar days following the issuance of the notification completion of the reconstitution. Child farms resulting from reconstitutions of 1 or more parent farms that were enrolled for 2020 must be enrolled by September 30, 2020, or 30 calendar days following issuance of the notification completion of the reconstitution.

207 Base Restoration Because of CRP**A Farms With CRP-1's**

Farms with CRP-1's that expire, are voluntarily terminated, or are early released after September 30, 2013, and **before** the enrollment deadline established for the ARC and PLC program year, may enter into or increase the base acres on the ARC-CO and PLC contract or ARC-IC contract to the extent:

- PFC or DCP acreage was reduced on CCC-505
- base acres were reduced on CCC-505
- partial CRP payments that may have been issued on the farm (paragraph 41).

B Adjustments to Base Acres

See 10-CM for updating base acres for CRP-1's that expire, are voluntarily terminated, or are early released.

208 Relief for Producers When Interest in Base Acres Exceed Their Interest in Cropland on a Farm**A Background**

DAFP delegates programmatic relief authority to SED's to allow (with limitations) contracts to be considered enrolled even though a producer(s) on a farm did not have control of enough DCP cropland to support the claimed share of base acres.

Absent the relief, a contract containing shares of producers not having control of enough DCP cropland to support the claimed share must be considered invalid under regulations and the contract appendix.

The relief allows the contract to remain enrolled in the applicable year's ARC/PLC program; however, producers that were not enrolled or that did not enroll a share supported by control of enough DCP cropland will be limited to the smaller of the share that was timely enrolled or the share of base acres supported by adequate DCP cropland.

B Relief Delegated

SED's are delegated the authority to approve programmatic relief when one or more producers on a farm do not have control of adequate DCP cropland to support the requested payment share of base acres on enrolled ARC/PLC farms. Any other relief issue or question not specifically mentioned in that memorandum must be forwarded to DAFP for consideration.

This relief allows farms to continue to participate in the applicable year's ARC/PLC program; however, producers that were not enrolled or did not enroll a share supported by control of enough DCP cropland will have payments limited to the smaller of the share that was timely enrolled or the share of base acres supported by adequate DCP cropland. Without the granting of this relief, the contract for the farm would be terminated and **all** payments would be required to be refunded from all producers on the farm (even those with shares supported by adequate DCP cropland).

208 Relief for Producers When Interest in Base Acres Exceed Their Interest in Cropland on a Farm

C Overpayments from Relief Granted

Situations will arise when, although relief is granted to allow the contract to remain enrolled (as discussed in subparagraph B), some producers on the contract will be overpaid because they did not have adequate DCP cropland to support their enrolled share. Payments issued as a result of the producer's claim of an erroneous share are unearned and cannot be written off or forgiven under any relief provision or finality rule. These overpayments were benefits paid to a producer on a farm when that producer was never entitled to receive that benefit. Further, producers on an ARC/PLC contract are responsible for accurate certifications of all information, including share, on the ARC/PLC contract.

Special SED equitable relief provisions (7-CP, paragraph 48) cannot be used to extend programmatic relief. Further, special SED equitable relief provisions are only applicable to equitable relief under misaction/misinformation and failure to fully comply provisions. In the cases discussed in subparagraph A, the matter does not involve either misaction/misinformation or a failure to fully comply. Rather, the ARC/PLC contract was enrolled with erroneous claims of shares of contract participants. FSA has no obligation to verify if participant claims of shares on ARC/PLC contracts are valid before contract approval or issuing payments. However, if at any time enrolled ARC/PLC participants are unable to substantiate anything claimed or certified to (whether on an ARC/PLC contract or other program document), FSA must require refunds of payments that are unearned as a result of the erroneous (even innocently erroneous) representation.

D Special Equitable Relief Authority for SED's

According to 7-CP, paragraph 48, provided all requirements are met including but not limited to OGC concurrence, SED's may exercise discretion to approve relief cases for misaction/misinformation or failure to fully comply. Programmatic relief is reserved for DAFP. This relief specifies that the programmatic relief is not special equitable relief authority for SED's. This authority does not authorize SED's to provide monetary relief to any participant who received unearned ARC/PLC payments because of circumstances discussed in subparagraph A.

209-215 (Reserved)

Section 2 Division of Payments

216 At Risk, Shares, and Cash Leases for ARC and PLC

A Review of Leases [7 CFR 1412.54(e)]

A lease will be considered to be a cash lease for FSA program purposes if the lease provides for:

- only a guaranteed cash payment for a specified amount, or a fixed quantity of the crop

Example: Pounds or bushels per acre.

- a guaranteed amount and a share of the crop or crop proceeds. The agreement will be considered a cash lease.

Note: If the lease is a cash lease, the landlord is **not** eligible for payments.

The leasing of grazing or haying privileges or rights is not considered cash-leasing of land. The landlord is the crop producer who is at risk of crop loss, and the livestock owner is a purchaser of the grazed forage or hay. Grazing or haying rights are situations where land is not specifically leased for a per acre dollar amount for the crop year; rather, the landlord leases to a livestock owner the privilege or right to graze or hay while the crop grower and landlord retains control of the land during the crop year.

A lease will be considered a share lease if it contains provisions that require the payment of rent on the basis of the amount of crop produced or the proceeds derived from the crop, or the interest this producer would have had if the crop had been produced, or combination thereof.

Notes: Lease terms and FSA's view about whether a lease is cash or share impact a decision about who **must** sign CCC-862 or CCC-866.

There are no requirements in the ARC and PLC program or ARC-IC program that specify that leases conform to any reasonableness test. These matters could impact other decisions, such as payment limitation or eligibility provisions.

216 At Risk, Shares, and Cash Leases for ARC and PLC (Continued)

B Current Regulations About Division of Payment Shares

The following table summarizes regulations about lease types applicable for ARC and PLC program purposes.

Type of Lease	Definition
Cash	<u>Cash lease</u> means a guaranteed sum, certain cash payment, or fixed quantity of the crop. Example: Cash, pounds, or bushels per acre. A fixed or standing commodity payment is the payment a tenant or operator provides a landlord for using the land and the landlord's reduced risk on the crop, including the following: • a fixed amount of production, such as 10,000 bushels or pounds • an amount of production per acre, such as 40 bushels or pounds per acre • a guaranteed amount and share of the crop or crop proceeds • both of the following: • guaranteed amount, such as a fixed dollar amount or quantity • share of the crop proceeds. Note: Combination and flex leases are considered cash leases for the ARC and PLC program.
Share	<u>Share lease</u> means provisions that require any of the following: • payment of rent based on the amount of crop produced where both parties share in the risk of the crop produced • proceeds derived from the crop • interest the producer would have had if the crop had been produced.

216 At Risk, Shares, and Cash Leases for ARC and PLC (Continued)

C Example 1

In this example, the combination or flex lease agreement specifies that the rent is based on a share of the gross revenue of the crop proceeds. The rental amount is equal to \$142.80 per acre based on the following variables:

- rent equal to 40 percent of the gross crop value
- guaranteed minimum yield of 170 bu. per acre
- actual price of \$2.10 per bu.

Although the landowner does **not** actually receive 40 percent of the crop produced, this lease will be considered a cash lease because another rental amount is based on a guaranteed sum or minimum amount.

D Example 2

In this example, the combination or flex lease agreement specifies that there is a base, or minimum, cash-rent amount that **must** be paid, but the landowner receives a share of the gross revenue in excess of the base value. The rental amount is based on the following variables:

- base, or minimum, cash-rent amount is \$100 per acre
- additional rent is 50 percent of the gross revenue in excess of \$250 per acre
- yield of 52 bu. per acre
- price of \$6.50 per bu.

Although the landowner does **not** actually receive 50 percent of the crop produced, this lease **must** be considered a combination lease, or cash lease, because the lease agreement includes a guaranteed amount and an additional amount based on a share of the crop proceeds.

216 At Risk, Shares, and Cash Leases for ARC and PLC (Continued)**E Example 3**

In this example, the combination or flex lease agreement specifies that the cash rent is based on a fixed number of bushels; however, the price is based on the value that will be set on a future date, but it is **not** based on the actual price received by the producer. The rental amount is based on the following variables:

- fixed number of bushels is 55 bu. per acre
- actual price is the price at the local elevator on December 1.

Note: This lease will be considered a cash lease.

F Cash Bonus Payments

Questions have been raised about how cash bonus payments to landowners impact ARC and PLC program eligibility. Tenants entering into agreements with landowners for the contract period may be considering paying landowners a bonus payment because of higher than expected yields or increased market prices. The bonus payment to a landowner, in itself, is **not** a violation of ARC and PLC program regulations and remains a cash-rent lease.

216 At Risk, Shares, and Cash Leases for ARC and PLC (Continued)

G Eligibility to Receive Payment

Each eligible producer on a farm will have the opportunity to enroll in an ARC and PLC program contract. The type of farm lease and the terms of the lease will define the appropriate sharing of payments.

The following table defines the general eligibility to receive payment on a farm.

Situation	Eligible to Receive Payment?	
	Lessor	Lessee
Landowner cash leases entire farm to lessee.	No, because the farm has been cash-leased to another. Landowner has no ownership share of any crop.	Yes, if all other eligibility requirements are met.
Landowner leases grazing or haying or hunting rights or privileges on base acres to another but land itself is not leased.	Yes, if all other eligibility requirements are met, because the land itself has not been leased, only the right to graze or hunt or hay has been leased.	No, the lessee is not leasing land. The lessee is only leasing the right to graze or hay.
Landowner cash leases all base acres, and lessee grazes or hays the land.	No, because all base acres have been cash-leased to the lessee.	Yes, if all other eligibility requirements are met, because the lessee has leased the land, not just grazing or haying rights. The fact that the lessee uses the land for grazing or haying is not relevant.
Landowner share leases all base acres to lessee.	Yes, if all other eligibility requirements are met. However, neither the lessor nor the lessee may receive 100 percent of ARC and PLC program payments.	Yes, if all other eligibility requirements are met. However, neither the lessor nor the lessee may receive 100 percent of ARC and PLC program payments.
Landowner leases (cash or share lease) only nonbase acres to lessee.	Landowner may be eligible to receive ARC and PLC program payments depending on lease arrangements for base acres on the farm.	No, because the lessee leases only nonbase acres. See subparagraph B. Exception: For ARC-IC and generic base acre farms, producers having a share of the crop with risk in planted or eligible subsequently planted crop acreage must share in the base acres. Shares of reported acres are on FSA-578.

Notes: A forthcoming amendment will provide information if a crop subject to a commercial grower contract is grown on base acres.

COC will review grazing and haying leases to determine fair treatment of tenants and sharecroppers.

216 At Risk, Shares, and Cash Leases for ARC and PLC (Continued)

H Lease Expiration and Eligibility

The time period for lease arrangements varies significantly by different regions and by different crops.

If crops are produced on base acres:

- to be eligible to receive payments, persons **must** have an entitlement to an ownership share of the crop and that person **must** share in the risk of production of those crops
- all persons who have an entitlement to an owner's share of the crop and who share in the risk of production of crops on base acres **must** share in the payments.

An annual crop year lease may have a beginning date in one FY and an ending date in another FY. However, because the lease is an annual lease for 1 crop year, it will **not** be used to claim payments in more than 1 crop year. A producer is only eligible for payments applicable for that 1 crop year if the lease is for only 12 months.

I Supportive and Necessary Contractual Documents

Supportive and necessary contractual documents, if required by COC, **must** be in the FSA office before approving CCC-862 or CCC-866.

The following may be considered acceptable supportive and necessary contractual documents even if received after the end of the enrollment period:

- signatures from landowners signing to zero shares
- copy of the cash lease agreement
- for 2019 and subsequent years, a written statement (or documentation, such as a copy of a negotiated lease payment or check) by the landowner(s) or their representative stating the land is cash-leased to the producers. The statement must be reviewed by COC.

Reminder: COC's will **not** approve CCC-862 or CCC-866 until the provisions of the subparagraph are met. See subparagraph 204 B for an exception.

The last date to perfect a contract is the second March 1 following the end of the contract period of the applicable program year.

216 At Risk, Shares, and Cash Leases for ARC and PLC (Continued)

J Documents Required for Payment Issuance

The following are **required** before payments can be issued to a producer with a share of base acres greater than zero:

- approved CCC-862 or CCC-866
- AD-1026 for the producer
- CCC-902 determination (CCC-903) for the producer
- CCC-941 for the person or legal entity and all shareholders thereof
- completely reported and certified FSA-578 for all cropland on the farm
- any other document necessary for a person or legal entity or producer to be eligible for payment.

Notes: See 2-CP for acreage reporting requirements. FSA-578 for all cropland acres on a farm is **required**.

Payments will **not** be issued to a person or legal entity that has not provided all required documents and until the person's or legal entity's or producer's eligibility forms are certified or approved. The final date to submit all required eligibility documents is the second March 1 following the end of the contract period of the program year in question.

These documents are not needed to approve CCC-862 or CCC-866. These documents are producer eligibility documents and do not preclude a contract from being approved.

217 Division of Payment Guidelines and Example

A Division of Payment Guidelines

There are various factors that may influence the proper division of payments. In reviewing CCC-862, CCC-866, or FSA-578 division of payment and shares, COC's should consider the following:

- history on a farm
- whether the producers claiming a share have control of enough cropland or DCP cropland, and an entitlement to a crop share interest to support the claimed payment share on CCC-862, CCC-866, or FSA-578

Note: In cases where a farm's base acres are greater than the farm's cropland or where the FSA-578 shares on FSA-578 reported land are not sufficient to substantiate question of control of all the base acres on the farm, the persons or legal entities claiming a share of base acres on CCC-862 or CCC-866 must provide documentation that they have control over land necessary to cover enrolled base acres.

Examples: A farm has 55.00 base acres on a farm with 50.00 acres of cropland and 250.00 acres of DCP cropland. The producer and landowner both signed the CCC-862 attesting to the producer's claimed share of 100 percent share of the 55.00 base acres. In this case, FSA can accept the producer's and owner's statement of shares on CCC-862 that the producer has control of sufficient land to cover the base acres on the farm.

A farm has 55.00 base acres on a farm with 50.00 acres of cropland and 250.00 acres of DCP cropland. In this case, the producer is the only one signing the CCC-862 claiming 100 percent share interest on the farm and the producer claims 100 percent interest in the cropland reported to FSA-578. The file contains a lease showing the producer leased 50.00 acres of cropland. In this case, the producer has not shown or provided documentation that the producer controls enough land to cover the producers claimed share of base acres on the farm.

- the level of risk in the production of the crop being grown
- whether the shares provide equitable treatment to all the producers on the farm.

Important: For ARC-IC final payment shares will be determined by using the producer's share of all covered commodities certified on FSA-578 on each enrolled FSN in the State. County Offices must **not** enter acreage certifications using default shares from CCC-862 or CCC-866, if the default share interest does **not** reflect the actual producer crop share of the covered commodity on the farm.

217 Division of Payment Guidelines and Example (Continued)

B Example

A landowner has leased his or her farm for a half share of the crop (inputs were divided equally) for the years 2016 through 2018, and the acreage was shared equally by the landowner and tenant. 700.00 acres of winter wheat are planted each year and 700.00 acres are summer fallowed.

The landowner and tenant agree to the following shares and have signed CCC-862 for 2019.

	Landowner	Tenant
Wheat	100 percent	0 percent

The landowner is leasing only the 700.00 acres planted to wheat to the tenant for a 50 percent share of the crop. The landowner will operate the 700.00 acres of summer fallow.

COC will **not** approve this contract because of the history of the farming operation. Shares do **not** have to be divided equally but should be consistent with the farm's present operation status.

C Exceptions

The regulations found at 7 CFR 1412 dictate that a combination lease is classified as a cash lease. In many instances, FSA-578 shares on farms with combination leases are recorded with shares. These two rules conflict.

In other situations, covered commodity base acres on a farm that are share rented, are typically rented for specific crop share; however, the covered commodity that is planted on the farm is typically share rented with a different percentage.

Example: A farm in Boone County, Iowa has soybean base acres. When land in Boone County, Iowa is planted in soybeans the lease is 1/3 to the owner and 2/3 to the producer. When land in Boone County, Iowa is planted to corn, the lease is 1/4 to the owner and 3/4 to the producer. If the farm is planted to corn, the contract shares could be different from the FSA-578 shares.

In order to accommodate these situations, COC may review and document each situation in the COC minutes. Documentation must support review of each situation to determine that this exception applies.

218 Succession-in-Interest**A Basic Rule**

After CCC-862 or CCC-866 is approved, any of the following changes may occur and be considered a basis for a succession-in-interest:

- transfer or change in the interest of a producer on the farm
- sale of land
- foreclosure, bankruptcy, or involuntary loss of the farm
- change in participant shares of contract base acres to reflect changes in shares originally approved on ARC-CO and PLC contract
- change in producers sharing in covered commodities as reported on FSA-578 for ARC-IC farms.

Notes: Successors are **not** eligible for payments in any FY in which they do **not** meet the provisions of paragraphs 237 and 240.

See paragraphs 243 and 244 if a participant who is entitled to a payment is declared dead, incompetent, or missing.

B Farm Reconstitutions or Transfers

This provision applies **only** if a contract for the parent farm (through reconstitution or farm transfer) was filed by the applicable contract filing deadline for the year, and FSA-155 or FSA-179 is completed by August 1 of the applicable year.

218 Succession-in-Interest (Continued)

C Deadline for Notification of Succession

After CCC-862 or CCC-866 has been approved, the farm operator, producer, owner, or participant **must** inform COC of changes in interest by:

- August 1 of the applicable year if the change requires a reconstitution
- September 30 if the change does **not** require a reconstitution.

Note: It is important that producers understand that if a revised CCC-862 or CCC-866 is generated, all necessary signatures **must** be entered on the revised CCC-862 or CCC-866 or the farm will **not** be considered enrolled. Producers should **not** wait until the end of an enrollment or contract period to report changes. Failure to report changes timely **and** enter all necessary signatures is a responsibility of all ARC or PLC participants. It is **not** FSA's responsibility to obtain signatures.

If a change occurs requiring a succession to CCC-862 or CCC-866, but a new CCC-862 or CCC-866 is **not** completed and signed by all producers sharing in the revised CCC-862 or CCC-866 by the end of the contract period, none of the predecessors or potential successors is eligible for the applicable year payments on the farm.

D Signatures on Succession ARC-CO and PLC Contract

A succession CCC-862 must be signed by all participants whose shares were changed in the succession. Signatures must be received no later than September 30 of the applicable year. September 30, 2020 is the final date for successors to sign for 2019 and 2020 contracts.

Note: See paragraph 203 for late-filed enrollment provisions.

Before approving the succession CCC-862, COC's will ensure that all shares represented on CCC-862 have a valid signature on the contract.

Attach a copy of the original CCC-862 to the succession-in-interest CCC-862 contract.

Reminder: The succession CCC-862 contract will **not** be considered for enrollment **unless** required participants sign the contract.

218 Succession-in-Interest (Continued)**E Signatures on Succession on ARC-IC Contract**

Participants having an interest in an ARC-IC contract impacted by a succession-in-interest **must** sign a succession CCC-866 no later than September 30 of the applicable year. For 2019 and 2020 ARC-IC contracts, the deadline for the successor to sign is September 30, 2020.

Note: See paragraph 203 for late-filed enrollment provisions.

If FSA-578 has been filed, COC's will ensure that all producers sharing in covered commodities reported on FSA-578 have a valid signature on the succession CCC-862 before approval. If FSA-578 has not yet been filed, the succession ARC-IC contract can be approved. However, if upon filing FSA-578 it is revealed that CCC-862 is incomplete with regard to enrollment, the enrollment is invalid.

Attach a copy of the original CCC-862 to the succession CCC-862.

Reminder: The succession CCC-862 will **not** be considered for enrollment **unless** required participants sign the CCC-862.

219 Examples of Succession-in-Interest for ARC-CO and PLC**A Example Basic Farm Data**

Unless otherwise noted, assume the following are applicable for each of the examples in this paragraph:

- FSN 10
- 125.00 acres of farmland
- 100.00 acres of DCP cropland
- 100.00 base acres.

B Example 1

Producer A, owner and operator of FSN 10, planted 100.00 acres of wheat for harvest. In April, the wheat failed. In May, Producer A cash-leased FSN 10 to Producer B. Producer B planted 100.00 acres of grain sorghum.

Producer B has obtained a share interest in the contract acreage effective with Producer B's date of lease.

Producers A and B **must** come to an agreement about dividing the base acre shares. See paragraphs 222 and 237.

Note: In this example, both Producers A and B could claim a share interest in the base acres based on the time each had this interest or other factors. COC will **not** involve itself in helping Producers A and B arrive at a distribution of shares. See paragraph 222.

C Example 2

Producer A, owner and operator, planted 100.00 acres of wheat in November for harvest. In April, the wheat failed. In May, Producer A share-leased 50.00 acres of FSN 10 to Producer B. Producer B planted 50.00 acres of grain sorghum. Producers A and B are sharing in the crop.

Both Producers A and B are entitled to share in the payments for the farm.

Producers A and B **must** come to an agreement about dividing the base acre shares. See paragraphs 222 and 237.

Note: In this example, both Producers A and B could claim a share interest based on the time each had this interest or other factors. COC will **not** involve itself in helping Producers A and B arrive at a distribution of shares. See paragraph 222.

219 Examples of Succession-in-Interest for ARC-CO and PLC (Continued)**D Example 3**

Producer A, owner and operator, planted no crops. In March, Producer A cash-leased all of FSN 10 to Producer B for the crop year. Producer B did **not** plant a crop.

The fact that Producer B did **not** plant a crop is **not** the determining factor. Producer A cash-leased the farm to Producer B for the crop year and a crop could have been planted and harvested for the year. Therefore, Producer B would meet the definition of a producer on the farm for the crop year. Producer B is entitled to 100 percent of the shares on the farm. Producer A cannot receive the payment on this farm.

E Example 4

Producer A, owner and operator, planted and harvested wheat for grain. Wheat harvest is completed in May. Producer A voluntarily leaves the farm after the completion of the wheat harvest. Producer B cash-leased the farm effective August 1 of the applicable year. Producer B may or may **not** plant a crop. It is, however, possible to plant a crop and harvest it in the crop year.

Producers A and B **must** come to an agreement about dividing the base acre shares. See paragraphs 222 and 237.

220 Example of Succession-in-Interest for ARC-IC**A Example Basic Farm Data**

Unless otherwise noted, assume the following are applicable for the example in this paragraph:

- FSN 10
- 125.00 acres of farmland
- 100.00 acres of DCP cropland
- 100.00 contract base acres.

B Example

Producer A, owner and operator of FSN 10, enrolled in ARC-IC and reported 50.00 acres of wheat on FSA-578. In June, Producer A cash-leased a portion of FSN 10 to Producer B. Producer B reported 50.00 acres of sunflowers on FSA-578. Producer B must enter into the CCC-862 for FSN 10 by September 30 of the applicable contract year.

ARC-IC payment shares will be based on the shares of covered commodities planted as reported on FSA-578.

221 Tenant Share-Cropper Rules

A Rules

CCC **must** provide adequate safeguards to protect the interests of tenants and sharecroppers. COC's will use the following to determine whether CCC-862 or CCC-866 shares meet ARC and PLC program requirements.

- COC must **not** approve CCC-862 or CCC-866 payment shares if COC determines any of the following apply:
 - a landowner or operator denies tenants and sharecroppers an opportunity to participate, if the tenant or sharecropper would have shared in the crop planted on base acreage
 - a State court determines a person violated State law about farm and agricultural property lease provisions
 - a landowner or operator adopts a scheme or device to deprive tenants or sharecroppers of payments that tenants or sharecroppers would otherwise be entitled to receive under the ARC and PLC program.
- To assist COC's in determining whether producers meet landlord and tenant provisions, COC's will:
 - on an annual basis, determine customary crop share rental rates for all crops produced in the county, **excluding** FAV crops
 - establish a parameter for the county using the lowest owner crop share percentage for any crop in the county as the low end of the parameter, and the highest owner crop share percentage for any crop as the high end of the parameter, **excluding** FAV shares when establishing the parameter
 - review landlord payment shares for the farm to see whether they are less than the lowest or exceed the highest customary crop share rental rates for any crop in the county.

Note: Payment share divisions that do **not** fall within the aforementioned parameters may nonetheless be justifiable and do **not** necessarily reflect unfair treatment of tenants and sharecroppers.

221 Tenant Share-Cropper Rules (Continued)

A Rules (Continued)

Example: COC determines landlord share rental rates for all crops, other than FAV, range from 33 percent to 50 percent. Therefore, COC will review landlord payment shares to see whether the landlord shares are less than 33 percent or greater than 50 percent. All landlord shares for any crop outside these parameters **must** be thoroughly documented in the COC minutes.

- If a landowner or operator reduces the number of tenants from the preceding year, the landlord or operator may still earn the current year's ARC and PLC program payment, if the reason for the reduction is any of the following:
 - the landlord or operator purchased the farm for the current year
 - the tenant's lease expired or was legally terminated, and tenant has no further rights to the farm
 - a producer leaves the farm voluntarily.

B Contract Intimidation

Do **not** approve CCC-862 or CCC-866 if there exists, between the operator or landlord and any tenant or sharecropper, any lease, contract, agreement, or understanding required or unfairly exacted by the operator or landlord, entered into in anticipation of participating in the ARC and PLC program that does any of the following:

- forces tenants or sharecroppers to pay the landlord or operator any ARC and PLC program payment earned by the tenant or sharecropper
- changes the status of tenants or sharecroppers to deprive tenants or sharecroppers of any payment or right otherwise received
- unfairly requires a reduction in the size of the tenant or sharecropper producer share.

COC will use information obtained from tenants and sharecroppers. Do **not** accept the following statements from the landowner or operator at face value without supporting documentation:

- tenants left the farm voluntarily and, therefore, do **not** need to be replaced
- tenants requested assignment to a smaller share of the total farm acreage.

222 Division of Payment Disputes

A Policy

It is the responsibility of producers to:

- determine shares on CCC-866 and FSA-578
- submit all necessary signatures or supportive and necessary contractual documentation by deadlines.

Note: While FSA may assist producers, FSA is **not** responsible for determining what correct shares should be or for ensuring that producers meet ARC and PLC program requirements.

COC's must **not** be involved in, settle division of payment disputes, or act on disputed share for CCC-866.

Shares for ARC-IC are determined from FSA-578 and **cannot** be disputed.

B Payment Share Disputes

Payment shares are considered in dispute when there is a disagreement on base acre shares. A disagreement is evident by having a conflicting CCC-866 on file.

Note: Successions-in-interest are **not** considered payment disputes. See paragraph 218 for successions-in-interest.

Any CCC-866's **not** having all signatures of producers, with a share of base acres greater than zero, will **not** be approved or disapproved. Partial enrollments of farms are **not** allowed. FSA is under no obligation to contact producers about missing signatures. CCC-866's missing required signatures are considered incomplete and will **not** be approved or disapproved by FSA.

222 Division of Payment Disputes (Continued)

C Determining Disputes

There are some cases where it is obvious that payment shares are **not** in dispute. To determine whether a payment share dispute exists, COC's **must**:

- determine whether available documentation supports who shares in payments on the farm
- determine whether the documentation supports claimed payment shares
- review lease agreements and use them as a guide in determining who shares in the payments on a farm and what the correct payment shares should be, unless the lease agreement is in conflict with other provisions of this handbook

Exception: If landowner or landlord cash rents an entire farm to another for an entire crop year, COC can determine to approve CCC-866 signed by the cash-rent tenant.

- review past history to determine how payments were shared in previous years

Note: There could be good reasons why previous year shares no longer apply.

- compare previous year's rental agreement to the current year's rental agreement to determine whether rental rates are similar or have changed for the type of acreage being rented.

Disputes may exist when the available evidence does **not** support claimed payment shares.

Disputes generally do **not** exist when:

- everyone signing CCC-862 for a farm agrees on shares and there is no conflicting CCC-866 also containing all required signatures
- it is obvious that the available evidence supports who should share in payments
- all provisions of this handbook are met.

222 Division of Payment Disputes (Continued)

D Documenting a Dispute

If it is determined there is a disputed ARC-CO and PLC contract, COC will follow these instructions.

IF...	THEN notify...
CCC-866 containing signatures of all producers claiming a share of the contract has been approved and is subsequently challenged by another CCC-866 containing signatures of all producers claiming a share	- all producers on the approved contract that COC's approval of the contract is withdrawn because of the dispute and will remain in a disputed status until documentation is provided to COC resolving the dispute - all producers on the previously approved contract, and on the challenging contract, that there is a dispute of shares and that COC will not approve any contract for the farm until the dispute is settled Notes: Send the same letter to all parties concerning this action and copy all parties to this action. COC notification that it will not act on or approve any contract, where there is a dispute of shares, is not an adverse decision giving rise to any sort of appeal or appealability review. Appeals or appealability reviews only occur if COC renders a decision to approve or disapprove a contract. - producers on all contracts that they are responsible for resolving the dispute of shares and obtaining all necessary signatures of contract participants by the end of the enrollment period.
conflicting CCC-866's show that there is a dispute of shares and the contract has not yet been approved	- all interested producers that COC will not approve any contract for the farm until the dispute is settled Notes: To the extent possible, send the same letter and copy all parties asserting shares, operators, landowners, etc., with this notification. COC notification that it will not act on or approve any contract, where there is a dispute of shares, will not be considered an adverse decision giving rise to any sort of appeal or appealability review. Appeal or appealability reviews only occur if COC renders a decision to approve or disapprove the contract. - producers on all contracts that they are responsible for resolving the dispute of shares and obtaining all necessary signatures of contract participants by the end of the enrollment period.

222 Division of Payment Disputes (Continued)

E Payment When Disputes Are Resolved for ARC-CO and PLC

Approval of CCC-866 will be handled the same as for contracts not having a dispute for cases of disputes resolved by the end of the enrollment period.

If a dispute is resolved after September 30 of the applicable FY (or after September 30, 2020, for 2019 or 2020 CCC-866), CCC-866 may be approved and payments issued accordingly, **only** if CCC-862 was filed by September 30 of the applicable FY (or by September 30, 2020, for 2019 or 2020 CCC-866) with payment shares and signatures for all producers sharing in the base acres.

Disputing parties requesting payment must have payment shares greater than zero to receive payment. Approved ARC-CO and/or PLC contract payment shares will be limited to not more than the payment shares requested on the disputed contract.

Example: Producers A and B both file 2021 CCC-866 requesting 100 percent of the farm's payment timely. After September 30, 2021, Producers A and B agree to shares of 50 percent each. COC may approve the contract for payment to Producers A and B if a CCC-866 requesting 50 percent shares for each producer is timely filed with both signatures prior to September 30, 2021.

CCC-866's will **not** be approved **unless** all producers sharing in the base acres have signed the ARC-CO and PLC contract. If there is a dispute that is preventing 1 or more producers from signing, producers are responsible for ensuring that, as a condition of contract eligibility, CCC-866 with all necessary signatures of producers with shares entered is submitted to FSA no later than:

- September 30, 2020 for 2019 and 2020 offers of enrollment
- for 2021, 2022, and 2023 contract years:
 - March 15 of the applicable year to be considered timely enrolled
 - the late-filed enrollment period ending according to paragraph 203
 - the end of the contract period to be considered at all.

In no case will a contract **not** containing all required and necessary producer signatures be considered for any purpose or determination. COC will render no determination or action on contracts **not** having all necessary signatures and supportive and necessary contractual documents. FSA cannot approve enrollments of parts of farms.

Note: See subparagraph 202 D for exceptions.

F Payment Disputes for ARC-IC Farms (2019 through 2023)

Shares for ARC-IC are generated from FSA-578. Producers who cannot come to an agreement with regard to shares of covered commodities reported planted on farms having an ARC-IC election must resolve their dispute before FSA will approve the contract for CCC.

223 Division of Payment Dispute Examples

A Example Basic Farm Data

The following are examples and should **not** be construed to be actual situations or rules. The examples are intended to illustrate potential disputes and remedies.

Unless otherwise noted, assume the following are applicable for each of the examples in this paragraph:

- 200.00 acres of cropland
- 100.00 base acres enrolled on CCC-866
- participated in the prior FY.

B Example 1

The landowner cash leases the entire farm to Producer A. Producer A enrolls the farm in ARC-CO or PLC claiming 100 percent of the payment. The landowner-disputes Producer A's share and signs another CCC-866 claiming 100 percent of the payment. The County Office generates CCC-866, 1 with 100 percent share to the landowner and another with 100 percent share to Producer A.

Under the ARC and PLC program, the landowner who cash leases an entire farm **cannot** receive a share of the payment for any covered commodity. The landowner's dispute of payment shares is contrary to the lease agreement and regulations governing the ARC and PLC program. COC will approve the CCC-866 for Producer A and issue payments accordingly. The landowner's CCC-866 will be disapproved, and the landowner will be notified of appeal rights according to 1-APP. Producer A will be:

- copied with the adverse decision to the landowner
- noticed on all appeals as a third party.

223 Division of Payment Dispute Examples (Continued)**C Example 2**

Producer A share rents from Landowner B. Producer A enrolls the farm in PLC claiming 75 percent of the payment. Landowner B disputes Producer A's share and enters into PLC claiming 33 percent of the payment. At the request of Producer A and Landowner B, the County Office generated one CCC-866 with 75 percent share of the payment to Producer A and 25 percent to Landowner B. A second CCC-866 will be generated with 67 percent share of the payment to Producer A and 33 percent to Landowner B. To ensure eligibility to enroll, all signatures on this contract will be obtained timely in case the dispute is resolved after the contract year is over.

PLC payment shares are in dispute. Producer A and Landowner B will be informed that COC will **not** render any determination before the dispute is resolved. See paragraph 222. Producer A and Landowner B **must** resolve the share dispute **before** issuing any payments.

Note: If share disputes are **not** resolved, PLC payments, if triggered, will **not** be made.

224-234 (Reserved)

Section 3 Contract Requirements

235 10-Acre Farm Rule Exception

A Signatures of Owners Certifying SDA or Limited Resource Farmers or Ranchers on ARC-CO and PLC Contract or ARC-IC Contract

The 2018 Farm Bill **prohibits** ARC or PLC payments to a producer if the sum of the base acres on all farms associated with the producer is 10.00 acres or less, **including any unassigned base acres**, unless the producer receiving a share on the farm is SDA, limited resource farmer or rancher, beginning farmer or rancher, or veteran farmer or rancher.

Producers receiving a share of the base acres, who certify on CCC-860 they meet the SDA (including gender) or limited resource farmer or rancher, beginning farmer or rancher, or veteran farmer or rancher exception, may receive payment on completed CCC-862 or CCC-866. Producers who do not meet the SDA or limited resource farmer or rancher, beginning farmer or rancher, or veteran farmer or rancher exception are **not** eligible to receive ARC or PLC payments on enrolled farms where total base acres on all farms is 10.00 acres or less.

Note: State and County Offices will **not** provide guidance to a producer about their inclusion in SDA or limited resource group.

Any farm having any number of base acres can be enrolled and approved. Payment eligibility on farms having 10.00 acres or less base acres, **including unassigned base acres**, is limited to SDA or limited resource farmer or rancher, beginning farmer or rancher, or veteran farmer or rancher as a condition of payment eligibility. As an eligibility condition, the certification may be updated at any time before payment.

1-CM requires CCC-860 to be completed by producers requesting eligibility consideration based on the applicable certification. The certification is for the producer claiming a share on CCC-862 or CCC-866, not members of the producer.

Any person or legal entity seeking payment as a producer on a farm or farms enrolled with 10.00 base acres or less **must** have a valid CCC-860 on file **before** payment will be issued.

236 ARC-CO and PLC Contract Enrollment Requirements

A Enrolling Base Acres on a Farm With ARC-CO and PLC Contract

Producers who enroll a farm into an ARC-CO and PLC contract may enroll on a crop-by-crop basis.

B Prohibited Enrollments

Enrolling only a portion of a crop's base acres is **not** permitted.

237 ARC-CO and PLC Division of Payment Shares

A ARC-CO and PLC Payment Sharing [7 CFR 1412.54]

Each eligible producer on a farm may enroll annually on CCC-866, as applicable, and receive payments determined to be fair and equitable as agreed to by all the producers on the farm and approved by COC.

If COC chooses to require documentation for a lease agreement, then each person or legal entity leasing a farm that enrolls on CCC-866 is required to provide 1 of the following:

- copy of their written lease to COC
- complete written description of the terms and conditions of any oral agreement or lease
- owner's or landlord's signature affirming a zero share on the contract.

Instead of the criteria in this subparagraph for zero share signatures of landowners on the farm, if the farm was cash-leased, and the lease is in the second year or later, no signature is required for the zero share landowners on the farm that in a prior year:

- signed CCC-509, CCC-861, CCC-862, or CCC-957 to zero share
- provided a written document to support a zero share; for example, CCC-510 or CCC-855.

By signing CCC-866, the producer is certifying that the cash lease arrangement with the landowner meets the criteria in this paragraph. Because the producer's signature is a certification, documentation supporting the lease is **not** required in the current year's farm folder.

COC always has the right to verify cash lease certifications.

Note: This provision may be used by each landowner on the farm with zero share whose share has not changed from the previous year, even though the farm may have been affected by a reconstitution where 1 or more landowners are either added or removed from the farm. In this case, only new owners added must either sign for zero share or the producer must provide a copy of the lease.

237 ARC-CO and PLC Division of Payment Shares (Continued)**A ARC-CO and PLC Payment Sharing [7 CFR 1412.54] (Continued)**

CCC will approve CCC-866 for enrollment and the division of payment when CCC is satisfied and determines that all of the following apply:

- landlords, tenants, and sharecroppers sign CCC-866 and agree to the payment shares shown on CCC-866
- interests of tenants and sharecroppers are being protected
- payment shares shown on CCC-866 do **not** circumvent either the provisions of 7 CFR 1412.54 or the provisions of part 1400 of this chapter.

B Who Must Share in the ARC-CO and PLC Contract

Individuals or entities who are producers with an interest in base acres on the farm **must** have a share on CCC-866. Individuals and entities may share in payments if the individual or entity is entitled to a crop or commodity ownership share of a crop and is:

- an owner on an eligible farm who meets the definition of producer on either base acres or planted acres of a covered commodity on a farm
- a producer, other than an owner, on base acres or planted acres of a covered commodity on a farm enrolled on CCC-866.

Note: A landowner or landlord who leases land to another producer is **not** eligible for payment.

A producer on a farm with an interest in only nonbase acres will **not** share on the base acres of CCC-866.

238 Overview of CCC-866**A CCC-866**

CCC-866 includes the following for each covered commodity on the farm:

- base acres
- producer payment shares for base acres
- signatures of the producer and CCC representative.

CCC-866 is available at

<http://fsaintranet.sc.egov.usda.gov/dam/ffasforms/currentforms.asp>.

B Instructions for Completing CCC-866

Complete CCC-866 according to subparagraph 189 A.

C Example of CCC-866

See subparagraph 189 B for an example of CCC-866.

D CCC-862 and CCC-866 Appendix

CCC-862 and CCC-866 Appendix contains the terms and conditions of CCC-862. By signing CCC-862, participants:

- acknowledge receiving CCC-862 and CCC-866 Appendix
- agree to abide by the terms of CCC-862 and CCC-866 Appendix.

CCC-862 and CCC-866 Appendix is available in paragraph 242 and from the FFAS Employees Forms/Publications Online Website at

<http://fsaintranet.sc.egov.usda.gov/dam/ffasforms/currentforms.asp>.

CCC-862 and CCC-866 Appendix (07-23-19) will be used for all farms for crop years 2019 through 2023.

239 ARC-IC Enrollment and Contract Requirements**A Enrolling Base Acres on a Farm**

Producers who enroll a farm on CCC-862 **must** enroll **all** base acres on the farm and plant covered commodities on the farm to be included in the ARC-IC revenue calculation. If a farm is enrolled, there are **no** unenrolled base acres. Payment cannot be earned on unassigned generic base acres.

B Ineligible ARC-IC Farms

Producers enrolling a farm on CCC-862 where a covered commodity is not planted on the farm will **not** be eligible for an ARC-IC payment on that farm.

240 ARC-IC Division of Payment Policy

A ARC-IC Payment Sharing [7 CFR 1412.54]

Each eligible producer on a farm may enroll annually on CCC-862, as applicable, and receive payments determined to be fair and equitable as reported on FSA-578.

If COC chooses to require signatures for zero shares, then each person or legal entity leasing a farm that enrolls in ARC-IC is required to provide 1 of the following:

- copy of their written lease to COC
- complete written description of the terms and conditions of any oral agreement or lease
- owner's or landlord's signature affirming a zero share on the contract.

Instead of the criteria in this subparagraph for zero share signatures of landowners on the farm, if the farm was cash-leased, and the lease is in the second year or later, no signature is required for the zero share landowners on the farm that in a prior year:

- signed CCC-509, CCC-861, CCC-862, or CCC-957 to zero share
- provided a written document to support a zero share; for example, CCC-510 or CCC-855.

By signing CCC-862, the producer is certifying that the cash lease arrangement with the landowner meets the criteria in this paragraph. Because the producer's signature is a certification, documentation supporting the lease is **not** required in the current year's farm folder.

COC always has the right to verify cash lease certifications.

Note: This provision may be used by each landowner on the farm with zero share whose share has not changed from the previous year, even though the farm may have been affected by a reconstitution where 1 or more landowners are either added or removed from the farm. In this case, only new owners added must either sign for zero share or the producer must provide a copy of the lease.

CCC will approve CCC-862 for enrollment when CCC is satisfied and determines that both of the following apply:

- interests of tenants and sharecroppers are being protected
- producers are **not** circumventing either the provisions of 7 CFR 1412.54 or the provisions of part 1400 of this chapter.

240 ARC-IC Division of Payment Policy (Continued)**B Who Must Share in the ARC-IC Contract**

Individuals and entities may earn payments if the individual or entity is entitled to a crop or commodity ownership share of a covered commodity reported planted on FSA-578 and is:

- an owner on an eligible farm who meets the definition of producer on planted acres of a covered commodity on a farm
- a producer, other than an owner, with planted acres of a covered commodity on a farm enrolled on CCC-862.

Note: A landowner or landlord who leases land to another producer is **not** eligible for payment.

A producer on a farm with no interest in covered commodities as reported on FSA-578 will **not** share in ARC-IC payments on that farm.

241 Overview of CCC-862**A CCC-862**

CCC-862 includes the following for each covered commodity on the farm:

- base acres
- signatures of the producer and CCC representative.

CCC-862 is available at

<http://fsaintranet.sc.egov.usda.gov/dam/ffasforms/currentforms.asp>.

The 07-23-19 version of CCC-862 is acceptable for each contract year.

B Instructions for Completing CCC-862

Complete CCC-862 according to subparagraph 188 A.

C Example of CCC-862

See subparagraph 188 B for an example of CCC-862.

D CCC-862 and CCC-866 Appendix

CCC-862 and CCC-866 Appendix contains the terms and conditions of CCC-866. By signing CCC-866, participants:

- acknowledge receiving CCC-862 and CCC-866 Appendix
- agree to abide by the terms of CCC-862 and CCC-866 Appendix.

CCC-862 and CCC-866 Appendix is available in paragraph 242 and from the FFAS Employees Forms/Publications Online Website at

<http://fsaintranet.sc.egov.usda.gov/dam/ffasforms/currentforms.asp>.

CCC-862 and CCC-866 Appendix (07-23-19) will be used for all farms for crop years 2019 through 2023.

242 CCC-862 and CCC-866 Appendix

A Example of CCC-862 and CCC-866 Appendix

The following is an example of CCC-862 and CCC-866 Appendix.

**This form is available electronically.
CCC-862 and CCC-866 Appendix
(07-23-19)**

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation (CCC)
Farm Service Agency (FSA)

APPENDIX TO CCC-862, AGRICULTURE RISK COVERAGE WITH INDIVIDUAL OPTION (ARC-IC) PROGRAM CONTRACT and CCC-866, PRICE LOSS COVERAGE (PLC) and AGRICULTURE RISK COVERAGE WITH COUNTY OPTION (ARC-CO) PROGRAM CONTRACT

1 PURPOSE AND CHANGES IN LAW

This appendix sets forth terms and conditions of the Agriculture Risk Coverage Individual Option (ARC-IC) Program Contract (CCC-862) and Price Loss Coverage (PLC) and Agriculture Risk Coverage County Option (ARC-CO) Program Contract (CCC-866). For the purposes of this appendix, the term "program contract" means either the PLC and ARC-CO Program Contract or ARC-IC Program Contract or both, as may be applicable. A person or legal entity who signs a program contract agrees to follow the terms and conditions contained in this CCC-862 and CCC-866 Appendix and acknowledges the applicability of Federal regulations applicable to the contract including those at 7 CFR Parts 12, 718, 1400, and 1412. It is understood and agreed by the participants signing the program contract to which this appendix is referenced that benefits under the program contract are subject to changes in law and applicable regulations.

It is understood and agreed that producers on a farm may participate in the program only by enrolling in a contract that is consistent with the election previously made for the farm and covered commodities of that farm. Election does not enroll and the election that applies to a farm and the covered commodities of a farm applies without regard to whether or not producers choose to enroll some or all of the covered commodities on the farm. Enrollment is required in order to participate in ARC or PLC each and every contract year.

A farm on which all cropland was planted to grass or pasture, including cropland that was idle or fallow, as determined by FSA, from January 1, 2009, through December 31, 2017, will have base acres and yields maintained for the covered commodities on the farm; however, no ARC or PLC payment will be made with respect to those base acres for the 2019 through 2023 crop years; the producers on a farm for which all of the base acres are maintained are: (i) ineligible to change the election applicable to the producers on the farm, and (ii) not permitted to reconstitute the farm to void or change this treatment of base acres.

A PLC and ARC-CO Contract allows for a PLC payment to eligible participants on a farm with respect to covered commodities for which a PLC election applies and where PLC yield and base acres are established. PLC payments shall be made if the Secretary determines that, for an elected and enrolled covered commodity, when the effective price for the covered commodity in a crop year is less than the effective reference price for the covered commodity for that crop year. The PLC and ARC-CO Contract allows for an ARC-CO payment after the end of the applicable marketing year for the covered commodity to the eligible producers on an enrolled farm for a covered commodity in each crop year if all the following apply: (a) there are covered commodity base acres of the covered commodity, (b) the covered commodity was so elected and farm enrolled, and (c) the enrolled covered commodity ARC-CO actual crop revenue was less than the ARC-CO guarantee for the farm. Payment of PLC or ARC-CO will be as soon as practical, as determined by the Deputy Administrator, after October 1 following the end of the 12-month marketing year for the covered commodity as applicable. The ARC-IC Contract allows for 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 so elected and enrolled in ARC-IC and the ARC-IC actual crop revenue for that farm and the producer is less than the ARC-IC guarantee.

The final enrollment date is as announced by FSA. It is the producer's responsibility to ensure that enrollment occurs by the final enrollment date.

2 DEFINITIONS

A 2014 Farm Bill means the Agricultural Act of 2014 (Pub. L. 113-79), as amended.

B 2019 Farm Structure means the farm as it was constituted as of September 30, 2019.

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A Example of CCC-862 and CCC-866 Appendix (Continued)

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C Actual average county yield means the crop year production of a covered commodity in the county divided by the total planted acres for that commodity for a crop year in the county, as determined by FSA. For wheat, corn, grain sorghum, barley and oats, planted acres are defined as harvested acres plus unharvested acres. In determining the yield for a county, FSA uses data in order from the following sources: RMA (when available) and yields determined by State committee. Separate irrigated and non-irrigated yields for a covered commodity will be established when the following is available in a county:

- RMA irrigated and non-irrigated data for a covered commodity must be available in 3 of the 5 years between the years 2013 and 2017, or
- Both of the following:
 - FSA irrigated and non-irrigated data for a covered commodity must indicate the county had at least 10% irrigated and 10% non-irrigated acres of the covered commodity in the county between the years 2013 and 2017; and
 - an average of 5,000 acres of the covered commodity was planted in the county every year 2013 through 2017

FSA will reevaluate these counties beginning in 2021 and continue through the end of the farm bill, as determined by FSA. FSA will calculate and use a trend-adjusted yield factor to adjust the yield taking into consideration, but not exceeding, the trend-adjusted yield factor that is used to increase yield history under the endorsement under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.)

D Average historical county yield means the 5-year Olympic average of actual average county yields for the most recent 5 years available, as determined by FSA, (substituting 80 percent of the county transitional yield as defined in this part in each year where the actual average county yield is less than 80 percent of the county transitional yield). Separate irrigated and non-irrigated yields will be established in a county having a sufficient number of farms as outlined in subsection 2 C above. At FSA's discretion, FSA will calculate and use a trend-adjusted yield factor to adjust the yield taking into consideration, but not exceeding, the trend-adjusted yield factor that is used to increase yield history under the endorsement under 7 U.S.C. 1501 et seq.

E 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 multiplied by the higher of either the market year average (MYA) price of the covered commodity or the national average loan rate for the covered commodity. If a county has separate irrigated and nonirrigated yields established for a covered commodity, the actual crop revenue calculated for a farm with that covered commodity will be weighted based on the farm's historical irrigated percentage, as determined by FSA.
- ARC-IC, for a producer on each elected and enrolled farm for a crop year, 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 enrolled in that year and in which the producer has an interest: the sum of the results of the following calculation for each covered commodity on the farm:
 - (1) The total production of the covered commodity for all enrolled farms in the State in which the producer has an interest; multiplied by
 - (2) The higher of either the MYA price or national loan rate for the covered commodity; divided by
 - (3) The producer's share of the planted acres of the covered commodity in the State.

F Administrative County means the county specified at 7 CFR § 718.8. FSA farm records and PLC yields are based on the administrative county of the farm. ARC-CO assistance will be determined for the enrolled covered commodity base acres based on the physical location of covered commodity base acres on a farm, weighted and summarized to the farm, as determined by FSA.

242 CCC-862 and CCC-866 Appendix (Continued)

A Example of CCC-862 and CCC-866 Appendix (Continued)

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- G Administrative units** mean for the purposes of ARC-CO, as determined by FSA, for application in no more than 25 counties that are each larger than 1,400 square miles and have more than 190,000 base acres where FSA will divide that county into no more than two administrative units as determined appropriate based on the differences in weather patterns, soil types, and other factors.
- H ARC-CO** means the Agriculture Risk Coverage elected with the county option. For no more than 25 counties that FSA divides into administrative units, each administrative unit will be viewed as a county for ARC-CO purposes. ARC-CO benchmark guarantee and actual revenues are based on physical location of the base acres on the farm as well as the historical irrigated percentage, if applicable, weighted and summarized to the farm level to determine payment eligibility.
- I ARC Guarantee** means for a crop year for a covered commodity, 86 percent of the benchmark revenue for ARC-CO and ARC-IC, as is applicable, and as specified in 7 CFR part 1412.
- J ARC-IC** means the Agriculture Risk Coverage elected with the individual option.
- K ARC-IC Farm** means the calculation resulting from the sum of the producer's interests in all of the producer's farms having an ARC-IC election and enrollment in the State for the applicable year.
- L Average historical county yield** means the 5-year Olympic average of actual county yields for the most recent 5 years available, as determined by FSA, (substituting 80 percent of the county transitional yield as defined in this part in each year where the actual county yield is less than 80 percent of the county transitional yield). Separate irrigated and non-irrigated yields will be established in a county having a sufficient number of farms as outlined in subsection 2 C above. FSA will calculate and use a trend-adjusted yield factor to adjust the yield taking into consideration, but not exceeding, the trend-adjusted yield factor that is used to increase yield history under the endorsement under 7 U.S.C. 1501 et seq.
- M Base Acres** means, with respect to a covered commodity on a farm, the number of acres in effect on September 30, 2013, as defined in the regulations in 7 CFR part 1412, subpart B, subject to any reallocation, adjustment, or reduction. The term "base acres" includes any unassigned base acres.
- N Beginning farmer or rancher** means a farmer or rancher as defined in 7 CFR part 718.
- O Benchmark Revenue for ARC-CO** means the result obtained by multiplying the Olympic average historical county yield by the Olympic average MYA price for the most recent 5 crop years available, as determined by FSA, excluding each of the crop years with the highest and lowest prices and substituting the effective reference price in each year where the MYA price is less than the effective reference price. If a county has separate irrigated and nonirrigated yields established for a covered commodity, the benchmark revenue calculated for that farm and covered commodity will be weighted based on the farm's historical irrigated percentage, as determined by FSA.
- P 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 available, as determined by FSA:
 - (a) Yield per planted acre (substituting 80 percent of the county transitional yield in each year where the yield per planted acre is less than 80 percent of the county transitional yield); multiplied by
 - (b) The MYA price (substituting the effective reference price in each year where the MYA price is less than the effective 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 available, as determined by FSA, excluding each of the crop years with the highest and lowest revenues; and

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(3) For each of the 2019 through 2023 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 on such farms to a covered commodity and the total P&CP acres of all covered commodities 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 is a weighted average of the benchmark revenue for those multiple farms.

- Q Contract Period** means the compliance period specified for the contract for the particular program year, as designated on the program contract. References to the “contract” period refer to the compliance period for the particular program year. The compliance period for each program year is October 1 through September 30. For example, for the 2019 contract (and therefore for the 2019 program), the contract period is the compliance period for the 2019 program year that begins on October 1, 2018 and ends on September 30, 2019.
- R County coverage** means agriculture risk coverage (ARC-CO) elected under 7 CFR subpart D with the county option.
- S 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, seed cotton, pulse crops, soybeans, other oilseeds, and peanuts.
- T Covered Commodity base acres** mean base acres of any covered commodity. The term does not include unassigned base acres on the farm.
- U Crop year** means the relevant contract year. For example, the 2019 crop year for corn is the year that runs from October 1, 2018, through September 30, 2019, and payments for that year refer to payments made under contracts with the year that runs during those dates.
- V Deputy Administrator** means the Deputy Administrator for Farm Programs (DAFP), or a designee.
- W 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
 - National 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.
- X Effective reference price** means the lesser of the following:
- (a) an amount equal to 115 percent of the reference price for such covered commodity; or
 - (b) an amount equal to the greater of—
 - (i) the reference price for such covered commodity; or
 - (ii) 85 percent of the average of the marketing year average price of the covered commodity for the most recent 5 crop years as determined by FSA, excluding each of the crop years with the highest and lowest marketing year average price.
- Y Fallow** means any cropland or DCP cropland that is not devoted to any crop or trees.
- Z 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. The constitution of the farm is the farm and tracts and land within that farm and tracts as specified in 7 CFR part 718.
- AA Generic base acres** means the number of base acres for upland cotton in effect on September 30, 2013, as defined in the regulations in 7 CFR part 1412, subpart B, subject to any adjustment or reduction under 7 CFR part 1412. Generic base acres are subject to allocation in §1412.25.

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A Example of CCC-862 and CCC-866 Appendix (Continued)

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- AB Grass or pasture** means, with regard to crop acreage and land, any cropland or DCP cropland devoted to grass, native grass, mixed forage two or more interseeded grass mix and mixed forage native grass interseeded, as determined by FSA.
- AC Idle** means any cropland or DCP cropland that is not devoted to any crop or trees.
- AD Individual coverage** means ARC (ARC-IC) elected for all covered commodities and the farm with the individual option.
- AE Historical irrigated percentage** means the percentage of the covered commodity that was irrigated (P&CP, including subsequently planted crop acreage) divided by the total acreage of the covered commodity (P&CP, including subsequently planted crop acreage) between the years 2013 through 2017, as determined by FSA.
- AF Limited resource farmer or rancher** means a farmer or rancher as defined in 7 CFR part 718.
- AG Marketing year** means the 12-month period beginning in the calendar year the crop is normally harvested as follows:
- (1) Barley, oats, and wheat: June 1 through May 31;
 - (2) Canola, flax and rapeseed, lentils, and dry edible peas: July 1 through June 30;
 - (3) Peanuts, seed cotton, and rice: August 1 through July 31; and
 - (4) Corn, grain sorghum, soybeans, sunflowers, safflower, mustard, crambe, sesame, and chickpeas: September 1 through August 31.
- AH Market year average (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.
- AI Medium grain rice** means medium grain rice and includes short grain rice, temperate japonica rice, and sweet rice.
- AJ Most recent 5 crop years** means the 5 years preceding the most immediately preceding crop year, as determined by the Deputy Administrator.
- AK National average loan rate** means the loan rate established for a crop year of the covered commodity as specified in 7 CFR part 1421.
- AL Other oilseed** means a crop of sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe, sesame seed, or any oilseed designated by the Secretary.
- AM Owner** means the person or legal entity meeting the definition of owner in 7 CFR part 718 for the applicable contract period for which that person or legal entity is signing any form or performing any action required under 7 CFR part 1412.
- AN Payment acres** means:
- (1) For the purpose of ARC-CO and PLC, subject to planting flexibility provisions as specified in §1412.46, the payment acres for each covered commodity on a farm are equal to 85 percent of the covered commodity base acres for the covered commodity on the farm.
 - (2) For the purpose of ARC-IC, subject to planting flexibility provisions as specified in §1412.46, the payment acres for a farm are equal to 65 percent of all the covered commodity base acres on the farm.
- AO Payment yield** means for a covered commodity, the yield established according to 7 CFR part 1412, subpart C.

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- AP Planted and considered planted (P&CP)** means with respect to an acreage amount, the sum of the planted and prevented planted acres on the farm approved by the FSA county committee for a crop. P&CP is limited to initially planted or prevented planted crop acreage, except for crops planted in an FSA approved double-cropping sequence. Subsequently planted crop acreage and replacement crop acreage are not included as P&CP.
- AQ Price Loss Coverage (or PLC)** means coverage provided under 7 CFR part 1412, subpart D.
- AR Producer** means the person or legal entity meeting the definition of producer in 7 CFR part 718 for the applicable contract period for which person or legal entity is signing any form or performing any action required under 7 CFR part 1412. For example, if a signature of a “producer” is required, the person or legal entity must be a producer for the applicable contract period for which the person or legal entity is signing the form or performing the action required. The person or legal entity must be an owner, operator, landlord, tenant, or sharecropper who is both entitled to share in the crop available for marketing from the farm or would have shared had the crop been produced and who shares in the risk of producing that crop. In determining whether a grower using hybrid seed, under contract, to produce a covered commodity is eligible for a payment to which the contract applies, FSA will not consider the contract with the seed producer and allow the payment to the grower of the hybrid seed. The preceding sentence only applies, however, if the grower of the hybrid seed would, but for the contract, be eligible to be considered a producer of the crop.
- AS Pulse Crop** means dry peas, lentils, small chickpeas, and large chickpeas.
- AT Replacement crop** means the planting or approved prevented planting of any crop for harvest following the failure of planted crop acreage or prevented planted acreage of a covered commodity not in a recognized double-cropping sequence (as specified in this section). Replacement crops cannot generate payments unless the replacement crop acreage meets the definition of eligible subsequently planted crop acreage.
- AU Seed cotton** means unginned upland cotton that includes both lint and seed.
- AV Socially disadvantaged farmer or rancher** means a farmer or rancher as defined in 7 CFR part 718.
- AW Subsequently planted crop acreage** means planted acres of a covered commodity following an initial P&CP covered commodity.
- AX Temperate japonica rice** means rice that is grown in high altitudes or temperate regions of high latitudes with cooler climate conditions, in the Western United States, as determined by CCC, for the purpose of the—
- (1) Reallocation of base acres
 - (2) Establishment of a reference price of 115 percent times the established reference price of medium grain rice and determining temperate japonica rice's own effective price; and
 - (3) Determination of the actual crop revenue and ARC guarantee.
- AY Trend adjusted yield** means the yield computed by multiplying the benchmark yield by a factor determined by taking into consideration, but not exceeding, the trend-adjusted yield factor that is used to increase yield history under the endorsement under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) for that crop and county.
- AZ Unassigned base acres** means the number of acres resulting from the allocation of generic base acres where no ARC or PLC payments are generated or earned.
- BA Upland cotton** means cotton that is produced in the United States from other than pure strain varieties of the Barbados species, any hybrid thereof, or any other variety of cotton in which one or more of these varieties predominate. In other words, it means any cotton that is not extra-long staple cotton.
- BB Veteran farmer or rancher** means a farmer or rancher as defined in 7 CFR part 718.

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3 PROGRAM CONTRACT

Each person or legal entity signing a CCC-862 or CCC-866 has acknowledged receipt of this appendix. Each person and legal entity signing the CCC-862 or CCC-866 understands and agrees that;

- A** Only a “producer,” as defined in part 2 of this appendix, is entitled to earn payments. Shares of PLC and ARC-CO Program Contract are determined based on the shares of the covered commodity base acres entered on the PLC and ARC-CO Program Contract. Shares of ARC-IC Program Contract payments are 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 has to do both of the following to be eligible for their share of a payment:
 - (1) Unless otherwise already enrolled on the program contract, sign the program contract during the contract period; and
 - (2) Have the producer's share recorded on the report of acreage filed as required by 7 CFR part 718 and 7 CFR §1412.66.
- B** A farm is limited in the number of payment acres as specified in part 2 of this appendix;
- C** The payment share for a person or legal entity asserting themselves as a producer may not exceed the person's or legal entity's applicable producer interest in a covered commodity or base acres as is applicable under this appendix and 7 CFR part 1412. An eligible producer's valid share of enrolled base acres on a farm are always limited to the producer's share of reported crop acreage on the farm. For example, if a producer enrolled with a 75 percent share of a farm's 1,000 base acres, the producer's enrollment would only be valid if the producer had 100 percent share interest in 750 or more reported crop acres on that farm. Valid claimed shares of base acres must always be supported by reported crop acres on the farm.
- D** Producers have until the enrollment deadline to timely file a program contract for that program year. Annual enrollment is required to earn payments in the applicable year.
- E** Except for enrollments of ARC-IC, eligible producers who choose to enter into a contract with FSA do so on a covered commodity by covered commodity basis. If the decision is made to enroll a covered commodity on a farm, producers having 100 percent of the interest in those base acres must enroll all base acres of the covered commodity on the farm. Enrollment of fewer than all base acres of the covered commodity by all the producers having a share interest in that covered commodity on the farm is not allowed and such covered commodity will not be considered enrolled unless all producers who share in the covered commodity base acres complete enrollment by the end of the enrollment period. CCC and FSA are under no obligation and are not responsible for ensuring that producers enroll.
- F** Producers who have enrolled are required to submit all documents necessary and required in order for FSA to make payment eligibility decisions from which the actual extent of payment eligibility can be determined by March 1 of the second contract year after the end of the contract period. This includes any payment eligibility document required under part 12 or part 1400 of this title. For example, for the 2019 contract year, the final date for submission of documents from which payment eligibility will be determined and apply is March 1, 2021. Payments to any person who fails to submit required forms and documents by this date will not issue to any person or legal entity. Further these payments will not be considered denied as the person or legal entity is presumed to have forfeited their interest in the payment according to §1412.51. This includes any documents related to compliance with §1412.67.
- G** Except as provided in 7 CFR §1412.41 for the 2019 program year only, or as determined necessary by CCC, requests for enrollment received after the end of a contract period will not be acted on or processed by FSA. FSA cannot contract on behalf of CCC after the end of the contract period.
- H** Contracts will not be approved unless all producers sharing in program contract acreage with more than a zero share have timely submitted all applicable signatures on the program contract and documentation necessary for FSA to make such approval, as determined by the Deputy Administrator. When required by FSA and as determined appropriate by FSA, for those producers with an interest but a zero share of program contract acreage

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(including, but not limited to, an owner cash renting owned land to a tenant), the program contract will not be approved before all producers have signed the program contract or furnished supportive and necessary contractual documents (such as cash leases in lieu of signing for a zero share).

A program contract not having all requisite signatures of producers having more than a zero share of contract acreage on or before the enrollment deadline are deemed incomplete and will not be considered submitted to FSA for any purpose and will not be acted on or approved. For ARC-IC Program Contracts there are no exceptions to this provision. Additionally, program contracts enrolled by a producer by the date specified in paragraph (a)(2)(i) of 7 CFR §1412.41 that were not signed by other producers are deemed withdrawn and will not be approved. An exception to this applies to PLC and ARC-CO Program Contract offers of enrollment. In those instances, at the discretion of the Deputy Administrator and where no dispute of shares or other disagreement between producers is evident or suspected, PLC and ARC-CO Program Contract offers of enrollment can be approved for the covered commodity to permit payment only to those eligible producers who did enroll and without regard to program contract shares that do not have signatures. In this instance, the covered commodity on the farm will be viewed as enrolled. This exception will be made only if, in the sole judgment and discretion of FSA, FSA is satisfied that those producers who did sign in accordance with this section ensure compliance with all contract provisions and requirements of this part. Producers have no right to payment on any farm that is not enrolled in the ARC or PLC Program Contract and they are not entitled to a decision to authorize the exception for PLC and ARC-CO Program Contract enrollments as discussed above, as that is discretionary.

- I** Neither CCC nor FSA are responsible for ensuring that producers annually enroll their farm. Producers on a farm are solely responsible for ensuring that enrollment occurs.
- J** Eligible producers who choose to enter into an ARC-IC program contract with FSA enroll all covered commodity base acres on the farm. Enrollment of fewer than all covered commodity base acres on the farm is not allowed for ARC-IC. For PLC or ARC-CO enrollments, eligible producers who choose to enter into a contract with FSA do so on a covered commodity by covered commodity basis. If the decision is made to enroll a covered commodity on a farm, producers having 100 percent of the interest in those covered commodity base acres must enroll all covered commodity base acres of the covered commodity on the farm. Enrollment of fewer than all base acres of the covered commodity by all the producers having a share interest in that covered commodity on the farm is not allowed and such covered commodity will not be considered enrolled unless all producers who share in the base acres complete enrollment by the end of the enrollment period.
- K** If a multiyear contract option is selected by all a farm's producers of covered commodity base acres, the enrollment of any covered commodity on a farm in such year and immediate subsequent crop year will be presumed by CCC and FSA to be the enrollment for following subsequent crop years unless any of the following, as determined by FSA, occur:
 - (1) A change to the farm's constitution;
 - (2) A change to any of the farm's base acres or PLC yield of any covered commodity;
 - (3) A change to any of the producers or producer shares of covered commodities on the farm;
 - (4) A change in either election or enrollment of any covered commodity on the farm;
 - (5) Any change, including a withdrawal of any enrolled producer, that would require producers on the farm to have to reaffirm enrollment, as determined by FSA.
- J** All contracts expire on September 30 of the fiscal year of the contract unless, before that date in the same program year, the contract is:
 - (1) Withdrawn in accordance with 7 CFR §1412.41(b);
 - (2) Terminated in accordance with 7 CFR §§ 1412.41(d) or (e); or
 - (3) Terminated at an earlier date by mutual consent of all parties, including FSA.

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- L** A program contract becomes effective when signed by an authorized representative of FSA; however, the contract period is from October 1 through September 30 for each program year irrespective of when the contract is signed by the FSA representative or the person applying for benefits. If a multiyear contract option is selected by all of the producers on a farm, the enrollment of the covered commodities on a farm in such year will have a contract period beginning October 1 of that contract year extending through September 30 of the subsequent crop year by CCC or FSA unless any of the following, as determined by FSA, occur:
- (1) A change to the farm's constitution;
 - (2) A change to any of the farm's base acres or PLC yield of any covered commodity;
 - (3) A change to any of the producers or producer shares of covered commodities on the farm;
 - (4) A change in either election or enrollment of any covered commodity on the farm;
 - (5) Any change, including a withdrawal of any enrolled producer, that would require producers on the farm to have to reaffirm enrollment, as determined by FSA.
- M** At any time through September 30 of a program year, the contract may be terminated upon written agreement of all producers eligible for payment under the contract. For ARC-CO and PLC contracts, at any time through September 30 of a program year, the contract for an enrolled covered commodity may be terminated upon the submission and approval by the County Committee or designee of a signed, written agreement of all producers eligible for payment for the covered commodity under the contract.
- N** An obligation will be terminated for a producer or owner whose interest in the crops or land on the farm is transferred during the contract period and will not be entitled to earn payments with respect to the farm for that contract period. The transferee may assume the obligation of the contract if the transferee is otherwise eligible to participate in the program by entering into a revised contract during the period of time prescribed by FSA. In the event a succession-in-interest occurs, and the contract obligation is not assumed timely for the contract year, the enrolled covered commodities on the farm will not be considered enrolled.
- O** Changes in the farming operation that may affect any program determination after the program contract is signed, including, but not limited to, ownership changes, producer changes, or changes in the crop share arrangements on the farm, must be reported to FSA by all applicable producers signing a revised program contract to reflect the changes no later than September 30 of the contract year. The failure of producers to timely report changes and file a revised program contract may result in the loss of payments for all producers on the farm for the crop year(s) covered by the program contract. In such event, all producers on the program contract must refund to CCC payments received for the crop year(s), plus interest, and the farm is considered not enrolled.
- P** A completed farm reconstitution which divides or combines farms will result in the termination of the initial program contract and, with respect to the base acreage assigned by the Secretary to the resulting farms of that reconstitution, the farm producers must enroll the base acres by signing a new program contract for the resulting farm(s) by the later of the final signup date, or 30 days after notification of the bases and yields for the resulting farm(s). A program contract not having all requisite signatures of producers on or before the final signup date, or 30 days after notification of the base acres and yields of the resulting farm, will not be considered submitted to FSA for any purpose and will not be acted on or approved. Those program contracts not enrolled by a producer on or before the final signup date, or 30 days after notification of the base acres and yields of the resulting farm will be deemed withdrawn and will not be approved. Producers on a farm are solely responsible for ensuring that enrollment occurs. In addition, after the enrollment deadline, neither the combination of a farm having enrolled covered commodities with any farm having covered commodities not enrolled nor the combination of farms with a conflicting election is allowed. The failure of producers and owners to timely enroll the base acres may result in the loss of payments for all producers on the original or new farm for the crop year. The provisions of this section of the appendix that allow for a new program contract after the normal signup date in the case of a reconstitution only apply to program contracts for the program year in which the reconstitution was requested.

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- Q** Each crop year producers are required to timely file in the manner prescribed by FSA with the FSA County Committee the following and agree to meet any other certification or filing requirements, as may be required by FSA, if not already on file:
- (1) A fully reported/fully certified acreage report of all cropland on the farm in accordance with 7 CFR Part 718; and
 - (2) A farm operating plan in accordance with 7 CFR Part 1400; and
 - (3) A certification of compliance with the highly erodible land and wetland conservation provisions set forth in 7 CFR Part 12; and
 - (4) A certification of compliance with the average adjusted gross income provisions in accordance with 7 CFR Part 1400 (together with any waivers as may be deemed needed by FSA to verify income with the Internal Revenue Service); and
 - (5) A report of production on the farm according to 7 CFR §1412.66, if enrolled in ARC-IC.
- R** Violations of the highly erodible land and wetland conservation provisions of 7 CFR Part 12 may result, at FSA's discretion, in termination of the payments with respect to each producer in violation (or considered in violation) or a reduction in the program contract payment. Upon termination, each producer shall forfeit all rights to receive program contract payments on each farm in which the producer has an interest and must refund to CCC all program contract payments received by such producer during the period of violation, plus interest. A producer considered in violation of those provisions may also lose other benefits.
- S** The payment limitation provisions of 7 CFR Part 1400 relating to payment limits and payment eligibility requirements apply to payments under this contract as indicated by relevant regulations. For all covered commodities other than peanuts, the total amount of ARC and PLC payments received, directly or indirectly, by a person or legal entity (except a joint venture or general partnership) for any crop year cannot exceed \$125,000. 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 cannot exceed \$125,000. Also, as permitted by 7 CFR Part 1403 payments to a producer can be setoff commensurately to the extent that persons with a direct or indirect ownership interest have a past due or collectable obligation to the United States or one of its agencies. Each producer determined by FSA to have adopted a scheme or device designed to evade, or which has the effect of evading such regulations, must refund any contract payment on all farms in which such producer has an interest and shall be ineligible for such payments for the following contract year. Further, no payment may be allowed which is prohibited by any applicable regulation or statute.
- T** The regulations at 7 CFR Parts 12, 718, 1400, and 1412 are incorporated by reference as part of this program contract.
- U** FSA representatives may enter the farm to determine if the producers are in compliance with this contract.
- Program 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.
- V** Payments are subject to the availability of funds, compliance with all applicable laws and statutory changes and to limits on payments as may be provided for in the program regulations. It is specifically understood that any payments under this appendix and the program to which it applies are subject to statutory and regulatory changes including those that occur after the signing of the program contract. Payments may be reduced by a certain percentage due to a sequester order required by Congress and issued pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985. Should a payment reduction be required, FSA will provide notice about the required percent of payment reduction that applies to the payments.

242 CCC-862 and CCC-866 Appendix (Continued)

A Example of CCC-862 and CCC-866 Appendix (Continued)

CCC-862 and CCC-866 Appendix (07-23-19)

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- W** A producer on a farm is not eligible to receive ARC or PLC payments if the sum of the base acres, including any unassigned base acres on the farm is 10 acres or less unless the sum of the base acres on the farm, when combined with the base acres of other farms in which the producer has an enrolled producer share interest greater than zero, is more than 10 acres. This 10-acre limitation will not apply to a socially disadvantaged farmer or rancher, a beginning farmer or rancher, a veteran farmer or rancher, or a limited resource farmer or rancher.
- X** Calculations provided for in this appendix are made by FSA farm serial number, as provided for in the program contract and each FSA farm serial number from which producer(s) seeks payments must have a separate program contract submitted and approved on file. There will only be one program contract from any farm serial number for any program year – that is, all producers on the farm serial number must, for each program year, submit for approval by FSA for CCC a single, new program contract.
- Y** If there is a discrepancy between terms of the program contract, the appendix, or any current or subsequent statutory or regulatory provisions, the statutory or regulatory language will apply.
- Z** Producers are not required to purchase crop insurance or participate in the Noninsured Crop Disaster Assistance Program (NAP) in order to participate in ARC or PLC.
- AA** In a case where a producer has failed to sign a program contract by the enrollment deadline or end of the contract period established for enrollment and participation for the producer's reported share of covered commodities on a farm enrolled as specified in this part, that producer's share will not be considered for payment and will not generate any payment to the producer or to any other producer on the farm.
- AB** If a farm is cash leased, that is the landowner receives a zero share of covered commodities planted on the farm or a zero share of any base acres, then the tenant(s) who enter a producer signature on CCC-862 or CCC-866 is deemed to have satisfied program requirements of landowner(s) signing to a zero share of CCC-862 or CCC-866. This provision is contingent upon FSA being satisfied that the producers signing the contract have the interest alleged on the contract and there are no undisclosed facts or circumstances that would require the application of a more restrictive rule regarding approval of the contract. FSA may require affirmation of the shares entered on a contract if FSA is not satisfied that the shares are as represented. If at any time FSA is not satisfied with shares or if there is any dispute between parties, FSA can elect not to approve the contract or disapprove the already approved contract.
- AC** Persons or legal entities who have signed program forms for which a signature certification is made for any purpose under 7 CFR part 1412 must retain records substantiating the certification or signature for 3 years after effective program year the person or legal entity signed the program document.

4 PLANTING FLEXIBILITY

- A** Any crop may be planted and harvested on base acres except as set out below. Any crop may be planted on cropland in excess of the base acres on a farm.
- B** Base acres may be hayed or grazed at any time.
- C** Except as specified below in paragraph D below, the planting or harvesting of perennial or harvesting of non-perennial fruits, vegetables (except mung beans and covered commodities), or wild rice, as determined by CCC, results in an acre for acre payment reduction when such crop or crops are planted and or harvested, as applicable, on more than:
 - (1) 15 percent of the base acres of a farm enrolled in PLC or ARC using county coverage plus any unassigned base acres; or
 - (2) 35 percent of the base acres of a farm enrolled in ARC using individual coverage, plus any unassigned base acres.

242 CCC-862 and CCC-866 Appendix (Continued)

A Example of CCC-862 and CCC-866 Appendix (Continued)

CCC-862 and CCC-866 Appendix (07-23-19)

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- D** Notwithstanding the provisions of paragraph C above, perennial fruits, vegetables, and wild rice may be planted or harvested on base acres of a farm and non-perennial fruits, vegetables, and wild rice may be harvested on base acres of a farm if a producer double-crops fruits, vegetables, or wild rice with a covered commodity in any region described in paragraph E below, in which case payment acres will not be reduced for the planting or harvesting of the fruit, vegetable, or wild rice.
- E** Double-cropping for purposes of this section means planting for harvest non-perennial fruits, vegetables, or wild rice on the same acres in cycle with a planted covered commodity harvested for grain in a 12-month period under normal growing conditions for the region and being able to repeat the same cycle in the following 12-month period. The counties listed in 7 CFR §1412.46(e) have been determined to be regions having a history of double-cropping covered commodities or peanuts with fruits, vegetables, or wild rice.

5 PLC PAYMENTS

- A** Provided all provisions of the PLC and ARC-CO Contract and 7 CFR part 1412 including but not limited to election have been satisfied for each of the 2019 through 2023 contract years, a PLC payment will be made to eligible participants on a farm enrolled in PLC with respect to covered commodities for which a PLC yield and base acres are established:
 - (1) When the effective price for a covered commodity in a crop year is less than the effective reference price for the PLC enrolled covered commodity for that crop year as specified in this part; and
 - (2) As soon as practical, as determined by the Deputy Administrator, after October 1 following the end of the 12-month marketing year for the covered commodity as applicable.
- B** The effective price for a covered commodity is defined in section 2 W above.
- C** The payment rate used to calculate PLC payments with respect to a covered commodity for which PLC yields and base acres are attributed to the covered commodity on a farm enrolled in a PLC and ARC-CO contract is the effective reference price of the covered commodity minus the effective price of the covered commodity for the applicable crop year
- D** When PLC payments are triggered in accordance with section 5 A of this appendix, subject to the limitation in 7 CFR §1412.51 and in 7 CFR part 1400, the PLC payment to be paid to producers on a farm and covered commodity enrolled in a contract with respect to a covered commodity for which a PLC yield and base acres are attributed is equal to the product of:
 - (1) The payment rate determined in accordance with paragraph C of this section of the appendix, multiplied by
 - (2) The relevant payment acres of the covered commodity, as applicable, minus any payment acre reduction in accordance with part 4 of this appendix, multiplied by
 - (3) The PLC payment yield for the covered commodity on the farm enrolled in a PLC contract as determined in accordance with 7 CFR §1412.31, minus
 - (4) Any reduction calculated in accordance with 7 CFR part 1412, subpart F.
- E** A producer must refund to CCC any payment which exceeds the amount actually earned under the PLC and ARC-CO Contract, including the refund of unearned payments for a crop year resulting from another owner or producer assuming an interest in the base acres for the crop year. Interest on such refunds will be assessed in accordance with 7-CFR Part 1403 and will accrue from the date of disbursement.

242 CCC-862 and CCC-866 Appendix (Continued)

A Example of CCC-862 and CCC-866 Appendix (Continued)

CCC-862 and CCC-866 Appendix (07-23-19)

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6 ARC PAYMENTS

- A** Provided all provisions of program contract and 7 CFR part 1412 have been satisfied for each of the 2019 through 2023 contract years, FSA 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 covered commodity was enrolled in ARC-CO and the ARC-CO actual crop revenue was less than the ARC-CO guarantee.
 - (2) The 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.
- B** Provided all provisions of the ARC-IC Program Contract and 7 CFR part 1412 have been satisfied for each of the 2019 through 2023 contract years, FSA 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 in the state that have enrolled under an ARC-IC Program Contract, the ARC-IC benchmark revenue for that producer used in the payment calculation is a weighted average of the benchmark revenue for those multiple farms.
- D** The effective price and guarantee for temperate japonica rice is based on the price that all medium and short grain (including glutinous) rice receives in California. The effective price and guarantee for medium grain rice outside California is based on the price that all medium and short grain rice receives outside California.

8 OTHER PAYMENT PROVISIONS

- A** A producer who declines to receive payments by indicating such on the program contract may subsequently decide to receive payments, provided that the producer signs a revised program contract or otherwise notifies the FSA County Committee in writing by the end of the contract period for that same contract and program year.
- B** Payments will not be earned by any producer on a program contract, unless payment shares are properly designated and all producers sign the program contract in accordance with 7 CFR part 1412. In cases where a payment share dispute exists, payments will not be earned by producers involved in the dispute on the farm unless the payment share in dispute is resolved by agreement of the parties and documented in writing to the satisfaction of the FSA County Committee by the end of the contract period for the program year, and the agreed upon payment shares are compliant with program regulations and provisions.
- C** Any payment or portion thereof due any producer is made by CCC without regard to any question of title under State law, and without regard to any claim or lien against the crop, or proceeds there from, which may be asserted by a creditor, except agencies of the U.S. Government. Offsets for debts owed to agencies of the U.S. Government shall be made prior to making any payments to producers or their assignees.
- D** Payments can be denied to any signatory who FSA determines has violated State law provisions that affect a tenant's right to lease agricultural land, or any person (including a subsequent tenant) who would profit by such a violation.
- E** Interest on any refund due CCC accrues from the date of disbursement by CCC.

242 CCC-862 and CCC-866 Appendix (Continued)

A Example of CCC-862 and CCC-866 Appendix (Continued)

CCC-862 and CCC-866 Appendix (07-23-19)

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- F** All payments are subject to the limits in this appendix or elsewhere that may apply and all payments are subject to changes in statutory and regulatory provisions (including any and all new statutory or regulatory provisions) irrespective of whether those amendments and provisions or changes occurred after the signing of this contract.
- G** A person or legal entity is ineligible for payments if the person's or legal entity's adjusted gross income (AGI) for the applicable compliance program year is in excess of \$900,000. If a person with an indirect interest in a legal entity has AGI in excess of \$900,000, the payments subject to AGI compliance provisions to the legal entity will be reduced as calculated based on the percent interest of the person in the legal entity receiving the payment. AGI is calculated based on the average income for the 3 taxable years preceding the most immediately preceding complete taxable year for which benefits are requested. For example, the relevant years used to calculate AGI for 2019 are the 2015, 2016, and 2017 tax years. For 2020, the relevant years are the 2016, 2017, and 2018 tax years.

9 LOSS OF BENEFITS

- A** If FSA determines a person or legal entity erroneously represented any fact affecting a determination made by FSA under this program contract, payments will not be allowed on the farm with respect to the payment shares of that person or legal entity. If FSA determines that the misrepresentation was intentional or fraudulent, or if the person or legal entity knowingly adopted any scheme or device which tends to defeat the purposes of the program contract, the person or legal entity forfeits all rights to payments on each farm in which the person or legal entity has an interest and must refund to FSA all payments received by the person or legal entity during the period of the violation, plus interest. Schemes and devices and other actions to evade payment limitations can lead to ineligibility for payments, under the provisions of 7 U.S.C. 1308-2. Also, under those same statutory provisions, the filing of false documents or, to the extent provided by regulation, other serious actions can lead to a five year disqualification for payments. In addition, any scheme or device to increase the amount of the payment under a program contract will, irrespective of whether it is related to a maximum payment limitation or not, be grounds for denying payment under the program contract involved or for demanding repayment if payment has already been made.
- B** All producers sharing in program contract payments are jointly and severally liable for any refunds determined pursuant to section 9 A of this appendix and FSA will establish claims for the full amount of the refund against each producer in accordance with 7 CFR Part 1403 and this appendix. A signatory to the contract who does not receive any share of the contract payments will not be liable for the repayment of such refund.
- C** The provisions of this section are in addition to any liability which may be incurred under various criminal and civil statutes, including, but not limited to, 7 U.S.C. 1308-2, 15 U.S.C. 714m, 18 U.S.C. 286, 287, 371, 641, 1001; and 31 U.S.C. 3729.

10 MODIFICATIONS

FSA reserves the right to correct all errors in entering data on a program contract and the results of computations made pursuant thereto and to modify this agreement and appendix to reflect statutory and regulatory changes (including new statutory and regulatory provisions) in the program, including changes in program payments and program eligibilities. In the event of such modifications, producers are allowed to withdraw from the program contract, in which case all payments received under the program contract, if made, must be refunded with interest from the date the funds were disbursed. FSA also reserves the right to require refunds of payments as the result of determinations made in accordance with the maximum payment limitations in the regulations at 7 CFR Part 1400.

242 CCC-862 and CCC-866 Appendix (Continued)

A Example of CCC-862 and CCC-866 Appendix (Continued)

CCC-862 and CCC-866 Appendix (07-23-19)

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11 REFERENCE PRICES

The reference price is as follows for the following covered commodities:

- (A) Wheat, \$5.50 per bushel;
- (B) Corn, \$3.70 per bushel;
- (C) Grain sorghum, \$3.95 per bushel;
- (D) Barley, \$4.95 per bushel;
- (E) Oats, \$2.40 per bushel;
- (F) Long grain rice, \$14.00 per hundredweight;
- (G) Medium grain rice, \$14.00 per hundredweight;
- (H) Soybeans, \$8.40 per bushel;
- (I) Other oilseeds, \$20.15 per hundredweight;
- (J) Peanuts, \$535.00 per ton;
- (K) Dry peas, \$11.00 per hundredweight;
- (L) Lentils, \$19.97 per hundredweight;
- (M) Small chickpeas, \$19.04 per hundredweight;
- (N) Large chickpeas, \$21.54 per hundredweight;
- (O) Seed cotton, \$0.367 per pound.

12 PROJECTED PRICES AND OTHER RELEVANT MATERIAL

Additional information referenced by this appendix regarding the programs, including, but not limited to average and projected prices and market year average prices and national loan rates can be found at:

<http://www.fsa.usda.gov/FSA/webapp?area=home&subject=arpl&topic=landing>

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.

242 CCC-862 and CCC-866 Appendix (Continued)**B Distributing CCC-862 and CCC-866 Appendix**

Producers who enroll on CCC-862 or CCC-866 acknowledge receipt of CCC-862 and CCC-866 Appendix.

CCC-862 and CCC-866 Appendix will be provided by 1 of the following methods:

- providing the producer a copy of CCC-862 and CCC-866 Appendix
- providing the producer the web site link to CCC-862 and CCC-866 Appendix at **<https://forms.sc.egov.usda.gov/eForms/welcomeAction.do?Home>**
- e-mailing the producer a copy of CCC-862 and CCC-866 Appendix.

243 Participants Declared Deceased, Incompetent, or Missing for Contract Years 2019 through 2023

A Basic Rule

Individuals declared deceased, incompetent, or missing, but who met or meet the definition of a producer for the contract period, are eligible for payments if payments become available and a completed, timely submitted CCC-862 or CCC-866 was approved. However, if payment is **not** to be issued to the participant, FSA-325 **must** be completed according to this paragraph. The eligible payment will be issued under the deceased producer's ID number even if FSA-325 is completed. This situation is **not** considered a succession and CCC-862 or CCC-866 **must not** be altered.

B Contract and Payment Options for Deceased Producers

Following are the contract options for deceased producers before the end of the contract period:

- pay deceased producer

Note: The deceased producer was the producer on the farm during the contract period.

- pay deceased producer ID number using a requested FSA-325

Note: FSA-325 **may** be completed, according to 1-CM, by the individual or entity requesting payments **earned** by a deceased producer. Payments will be issued to the individual or entity requesting payment using the deceased producer's ID number. A revised CCC-862 or CCC-866 will **not** be completed when payments are issued under the deceased, incompetent, or missing participant's ID number.

- complete a successor contract before the end of the contract period.

Notes: If the estate or heir is determined to be the producer on the farm, that estate or heir must succeed to the interest of the deceased producer before the end of the contract period.

CCC-862 or CCC-866 must **not** be revised to show the estate ID number after September 30 of the applicable year.

244 Deceased Producers for 2019 Program Year**A 2019 Deceased Producers and Dissolved Entities**

Authority to sign contracts, applications, and other documents on behalf of deceased, missing, or incompetent producers may vary according to State law. If an eligible producer in 2019 is now deceased or is a dissolved entity, then an authorized representative of the deceased producer or dissolved entity may sign CCC-862 or CCC-866 provided that the authorized representative has authority to enter into a contract for the deceased producer or dissolved entity.

Important: Persons and legal entities must sign contracts by deadlines without regard to the date the persons or legal entities obtain proof of authority to sign. Proof of authority to sign **must** be on file in the County Office before contract approval. See 1-CM, paragraph 779. Proof of authority includes any of the following:

- court order
- letter from Secretary of State
- document approved by OGC Regional Attorney.

Use FSA-325 **only** when it is requested that ARC or PLC payments earned by a deceased producer are issued in a name other than that of the deceased producer.

ARC or PLC payments will be issued to the respective qualified claimant's names using the deceased producer's TIN.

The State Office will consult with the OGC Regional Attorney on the following types of cases:

- documentation submitted does not clearly establish authority to enter into a contract or application on behalf of the deceased individual, closed estate, or dissolved entity
- requesting issuance of ARC or PLC payments to heirs of a deceased individual without documentation provided that establishes authority to enter into a contract or application on behalf of the deceased individual.

244 Deceased Producers for 2019 Program Year (Continued)**A 2019 Deceased Producers and Dissolved Entities (Continued)**

If ARC or PLC contract involving a deceased individual or closed estate is determined to have been signed by an authorized individual, payments:

- will be issued using TIN of the eligible individual or the individual's estate, as applicable
- may be issued in the names of the heirs, based on OGC's determination, according to 1-CM.

If a producer is a general partnership or joint venture that was dissolved, **all** members of the general partnership or joint venture at the time of dissolution, or their representatives, must sign the contract and associated forms.

Note: Only 1 contract will be submitted for the partnership or joint venture; however, all members must sign the applicable contract.

245 Approving CCC-866

A CCC-866 Approval

CCC-866 may be approved if **all** of the following are met:

- all producers sharing in base acres on the farm:
 - agree to the payment shares
 - sign CCC-866
- owner signature requirements for cash-rented land, according to paragraph 205, are met, if COC chooses to require
- COC determines that:
 - shares do **not** circumvent payment limitation rules
 - interest of tenants, sharecroppers, and landowners are protected according to paragraph 221
 - payment shares:
 - are **not** in dispute
 - meet division of payment guidelines according to paragraph 237.

Note: See paragraph 205 for guidance about missing signatures on CCC-866.

Approve CCC-866 after all the conditions in this subparagraph are met. CED's, with delegated authority from COC, can approve CCC-866. Redlegation of authority **must** be documented in the COC minutes **before** CED approves CCC-866.

All approvals must be documented in the COC minutes. This includes electronic approvals.

If a change, such as a change in FRMS, removes the approval date for CCC-866 that was approved electronically, the approving official may use the current date as the approval date on CCC-866. The change that removed the approval date may require the producer or County Office to take additional action on CCC-866 before approval.

Situations may occur when contract approval is not available in the software. Contract approval is also not allowed "on paper" during these times.

245 Approving CCC-866 (Continued)

B CCC-866 Disapproval

If, for any FY, COC determines that an owner or operator does **not** meet the terms and conditions of the ARC and PLC program, COC will:

- **not** approve CCC-866 for the applicable FY
- obtain DD concurrence according to paragraph 3
- notify the owner, operator, and all other persons signing CCC-866 of the disapproval
- document COC findings in the COC minutes
- provide applicable appeal rights.

Note: A decision by COC **not** to act or render a decision on CCC-866 is **not** an adverse decision giving rise to any appeal or appealability review.

C Revising CCC-866

Revisions to CCC-866 must **not** be made after:

- September 30, 2020, for FY 2019 and 2020 contracts
- September 30 of the applicable year for FY 2021 and subsequent years.

D Processing Revised CCC-866

If it is necessary to revise shares on an approved CCC-866 before the conclusion of the applicable contract period, follow these steps.

Step	Action
1	Use automated procedures in 2-ARCPLC to remove the COC approval date when producer signature requirements have not been met.
2	Use the automated procedure in 2-ARCPLC to process share revisions.
3	Print a revised CCC-866 and obtain signatures for producers revising shares.
4	On the revised CCC-866, ENTER “ See Attached ” in CCC-866, item 18 for producers whose shares were not affected by a transfer or change in interest of land.
5	Attach the revised CCC-866 to the original CCC-866.

COC will approve shares on the revised CCC-866.

Note: The approval date **must** reflect the date COC approves the revised CCC-866.

246 Approving CCC-862

A CCC-862 Approval

CCC-862 may be approved if **all** of the following are met:

- all producers sharing in covered commodities planted on the farm sign CCC-862
- owner signature requirements for cash-rented land are met, according to paragraph 205, if COC so chooses
- COC determines that:
 - shares do **not** circumvent payment limitation rules
 - interest of tenants, sharecroppers, and landowners is protected according to paragraph 221
 - payment shares, as reported on FSA-578:
 - are **not** in dispute
 - meet division of payment guidelines according to paragraph 237.

Note: See paragraph 205 for guidance about missing signatures on CCC-862.

Approve CCC-862 after all the conditions in this subparagraph are met. CED's, with delegated authority from COC, have the authority to approve CCC-862. Redlegation of authority **must** be documented in the COC minutes **before** CED approves CCC-862.

If CCC-862 is approved before FSA-578 certification and a dispute is subsequently discovered, COC will disapprove CCC-862 and notify all parties.

If a change, such as a change in FRMS, removes the approval date for CCC-862 that was entered into the ARCPLC Contract software, the approving official may use the current date as the approval date on CCC-862. The change that removed the approval date may require the producer or County Office to take additional action on CCC-862 before approval.

Situations may occur when contract approval is not available in the software. Contract approval is also not allowed "on paper" during these times.

246 Approving CCC-862 (Continued)

B CCC-862 Disapproval

If, for any FY, COC determines that a producer does **not** meet the terms and conditions of the ARC program, COC will:

- **not** approve CCC-862 for the applicable FY
- obtain DD concurrence according to paragraph 3
- notify the producers signing CCC-862 of the disapproval
- document COC findings in the COC minutes
- provide applicable appeal rights.

C Revising CCC-862

Revisions to CCC-862 must **not** be made after:

- September 30, 2020, for FY 2019 and 2020 contracts
- September 30 of the applicable year for FY 2021 and subsequent years.

D Processing Revised CCC-862

If it is necessary to revise an approved CCC-862 before the conclusion of the applicable contract period, follow these steps.

Step	Action
1	Use automated procedures in 2-ARCPLC to remove the COC approval date when producer signature requirements have not been met.
2	Use the automated procedure in 2-ARCPLC to process revisions.
3	Print a revised CCC-862 and obtain signatures for producers who have not yet signed.
4	On the revised CCC-862, ENTER “ See Attached ” in CCC-862, item 13 for producers who previously signed CCC-862.
5	Attach the revised CCC-862 to the original CCC-862.

COC will approve the revised CCC-862.

Note: The approval date **must** reflect the date COC approves the revised CCC-862.

247 Inaccurate Representation and Misrepresentations and Scheme or Device**A Inaccurate Representation**

Persons and legal entities are required to report and certify to program matters accurately. However, from time to time, errors in reporting or certification are detected, which may impact eligibility or extent of eligibility.

If an error was made by a person or legal entity that did not meet the requirements of ARC or PLC, but the person or legal entity made a good faith effort to fully comply, equitable relief provisions in 7-CP may be considered.

Program benefits and eligibility determinations must be based on the most accurate information available. Persons and legal entities are responsible for refunding any program benefits that were paid based on incorrect information.

247 **Inaccurate Representation and Misrepresentations and Scheme or Device (Continued)**

B Misrepresentations and Scheme or Device

COC's are given the discretion and authority to determine when an inaccurate representation or certification rises to the level of misrepresentation, scheme, or device.

A person or legal entity is ineligible to receive payments and will have the person's or legal entity's interest in all CCC-862's and CCC-866's canceled if it is determined that this person or legal entity has done any of the following:

- adopted any scheme or device to defeat the purpose of ARC or PLC
- made any fraudulent representation under ARC or PLC
- misrepresented any fact affecting an ARC, PLC, or payment limitation eligibility (including actively engaged in farming) person determination
- violated or been determined ineligible under 7 CFR 1400.5.

IF COC determines...	THEN...
a person or legal entity erroneously represented any fact affecting a determination to be made by CCC under CCC-862 or CCC-866	ARC and PLC payments will not be allowed on the farm with respect to the payment shares of that person or legal entity.
that the misrepresentation was intentional or fraudulent, or if the person or legal entity knowingly adopted any scheme or device to defeat the purposes of CCC-862 or CCC-866	the person or legal entity: • forfeits all rights to ARC and PLC payments on each farm in which the person or legal entity has an interest • must refund to CCC all payments received by the person or legal entity during the period of the violation, plus interest computed from the date of payment disbursement.

All persons and legal entities sharing in ARC and PLC payments on CCC-862 and CCC-866 are jointly and severally liable for any refunds determined according to subparagraph A, and CCC will establish claims for the full amount of the refund against each person or legal entity according to 7 CFR Part 1403. A signatory to CCC-862 or CCC-866 who does not receive any share of payments (a person or legal entity signing for a zero share) is **not** liable for the repayment of this refund.

248 CCC-862 and CCC-866 Modification After End of Contract Period**A Introduction**

The final date for participants to provide all necessary signatures for producers with an interest in CCC-862 and CCC-866 is March 15 (March 15, 2020 for FY 2019, June 30 for FY 2020) of the applicable FY.

Revisions to CCC-862 and CCC-866 will **not** be made after the conclusion of the contract period (September 30) for the applicable FY.

Note: See paragraph 203 for late-filed enrollment provisions.

2-ARCPLC provides procedure for updating producer signature and enrollment date information in FRMS.

B Updates Affecting Enrollment Date

The enrollment date is automatically removed when any of the following changes are made to data in FRMS:

- operator is changed
- other tenant with an interest in CCC-862 or CCC-866 is removed from the farm
- owner is added to a tract associated with the farm
- base acres are modified
- PLC payment yields are modified
- election is modified according to 10-CM
- out-of-balance condition is created because of changes to effective DCP cropland
- CCC-862 contract base acre shares are revised.

Updates to FRMS for any of these reasons constitute a modification of existing CCC-862 and CCC-866; therefore, the enrollment date is automatically removed from FRMS when the update occurs.

248 CCC-862 and CCC-866 Modification After End of Contract Period (Continued)**C State Office Review Process**

The All Farms With Enrollment Date Modifications After End of Contract Period Report will be available to State Office specialists to identify all CCC-862's and CCC-866's with an enrollment date that was updated during the previous month. This report is available to State and National Office users **only**. See 2-ARCPLC for instructions for printing the report.

Reminder: An enrollment date can be entered into the ARCPLC software at any time; however, if the enrollment date for the contract is after September 30 of the applicable contract year, the enrollment date **must** be recorded by the State Office. See paragraph 249 for additional information about situations where enrollment of the farm could occur after the conclusion of the contract period.

State Offices may review the All Farms With Enrollment Date Modifications After End of Contract Period Report detailing where the enrollment date has been updated during the previous month. State Offices may:

- conduct a review of farms listed on the monthly report to ensure that ARC and PLC program policy has been administered properly
- take corrective action, if applicable, with County Offices if contracts were updated in error.

Note: SED's may delegate the review to DD's.

249 Updating Producer Signature and Enrollment Dates After the End of Contract Period**A Introduction**

County Offices will ensure that all information recorded in ARCPLC contract software accurately reflects signature, enrollment, and approval date information. See 2-ARCPLC for additional information about how data will be entered in ARCPLC contract software.

If a valid signature of a producer with an interest in CCC-862 or CCC-866 or enrollment information is actually **received** after the conclusion of the contract period of the applicable year, ARCPLC contract software is designed to prevent County Office users from updating that information.

If a valid signature of a landowner with zero share or cash lease is actually **received** after the conclusion of the contract period of the applicable year, ARCPLC contract software is designed to prevent County Office users from updating that information.

Example: Landowner signed a 2020 CCC-866 to zero shares on October 13, 2020. ARCPLC contract software will **not** allow a zero share signature after September 30, 2020, to be entered by a County Office user as a producer signature date. The signature and enrollment dates must be updated by the State Office.

249 Updating Producer Signature and Enrollment Dates After the End of Contract Period (Continued)**B Situations That Warrant Producer Signature or Enrollment Dates After the Conclusion of the Contract Period**

The enrollment date in ARCPLC contract software is determined by the **later** of the following:

- date the last required signature was obtained on CCC-862 and CCC-866
- date the cash lease is provided to the County Office if required by COC.

Note: Use the later of the signature date or postmark/date stamp of when the contract is received in the County Office according to 1-CM.

The following is considered supporting documentation and can be submitted anytime:

- landowner signing CCC-862 or CCC-866 to zero shares
- copy of a cash lease agreement.

Some cases require State Office intervention so ARCPLC contract software can be updated to accurately reflect when the signature was obtained and/or when CCC-862 or CCC-866 was enrolled.

ARCPLC contract software validations do **not** allow County Office users to enter a producer signature date after the conclusion of the contract period, including zero share signatures.

**249 Updating Producer Signature and Enrollment Dates After the End of Contract Period
(Continued)****C County Office Action**

For situations described in subparagraph B, County Offices will:

- **not** manipulate ARCPLC contract software by entering invalid signature, enrollment, or approval dates
- submit a copy of the completed CCC-862 or CCC-866 and cash lease documentation, if applicable, to the State Office with a cover memorandum requesting that ARCPLC contract software be updated with either or both of the following:
 - landowner's signature date
 - enrollment date.

D State Office Action

After verifying that the situation warrants intervention based on supporting documentation, State Office program specialists will update the signature and/or enrollment date according to 2-ARCPLC.

250 ARC and PLC Relief**A Background**

Questions have risen on the applicability of finality and relief that may be requested by COC on ARC and PLC. The following information is being provided to assist the understanding of finality and relief as it relates to ARC and PLC. This guidance should be used to supplement preparing finality and relief cases according to 7-CP.

Participants have the right to challenge, to FSA or NAD, if FSA has its facts right with regard to a given program determination or extent of producer eligibility decision, or whether FSA correctly applied the rules of a program to that set of facts to arrive at a correct program eligibility, extent of eligibility, or producer compliance decision. The need to consider relief may occur when there has been some unintended or inequitable result in light of an error or oversight, by the producer or by FSA.

Relief provisions **cannot** be used to obtain results not otherwise attainable by producers who satisfy or meet every compliance provision or ARC and PLC program requirement. Relief is not a means of obtaining a review of the program, program's rules, or some means of seeking a different program.

250 ARC and PLC Relief (Continued)

B Determining the Need for Relief

There **must** be a decision on an ARC and PLC program matter, eligibility, or extent of eligibility at issue **before** deciding whether there is cause to consider relief. Reviewing authorities will not contemplate relief for hypothetical situations.

Examples: If COC wants to seek relief for a late-filed contract, the late-filed CCC-862 or CCC-866 **must** first be completed, signed, and submitted to FSA for action **before** FSA can make a determination. Without CCC-862 or CCC-866 submitted timely or otherwise, a request for relief is hypothetical as to what FSA would do in the event there was a contract completed and submitted. In this instance, there is no FSA decision (or relief consideration) required or due.

Producer A visits the County Office in September 2020, asking the status of their 2019 contract enrollment on a farm. FSA PT finds that Producer A did **not** enroll the farm for 2019. Producer A wants to meet with COC to discuss why they should be allowed to enroll in 2019.

Result: Unless Producer A signs CCC-862 or CCC-866 for 2019, and that CCC-862 or CCC-866 is signed by **all** others who might share CCC-862 or CCC-866, Producer A is **not** entitled to either a decision on CCC-862 or CCC-866, or relief consideration. When Producer A submits CCC-862 or CCC-866 with all signatures, timely or **not**, FSA will process that CCC-862 or CCC-866 according to this handbook, which may or may **not** result in consideration of relief.

Relief is **not** intended to be used to review the equity of ARC and PLC program rules. When something **not** otherwise anticipated by prescribed program rules occurs, relief under 1 or more of the forms of relief (misinformation/misaction, failure to fully comply, or programmatic relief) may be considered by FSA or NAD.

251 Types of Relief That Are Applicable to the ARC and PLC Program

A Availability

The following types of relief apply to the ARC and PLC program:

- finality
- programmatic equitable relief
- equitable relief from ineligibility, extent of eligibility, or noncompliance with program provisions under misinformation/misaction
- equitable relief from ineligibility, extent of eligibility, or noncompliance under failure to fully comply
- base restoration.

B Finality

Regulations governing finality (commonly known as the “finality rule”) are at 7 CFR 718.306. Instructions for finality are in 7-CP, Part 2.

Finality rule applicability may appear to have the same effect as relief; that is, under the finality rule a participant may be permitted to keep payments that were disbursed in error, through no fault of the participant. However, finality is **not** equitable relief.

The key test for application of finality is whether the participant (**not** FSA) had any reason to know the FSA decision was in error. Additionally, finality applies only to decisions of STC’s and COC’s, and employees of STC’s and COC’s. The finality rule does **not** apply to decisions by National Office employees, RMA, reinsured companies, or SED’s. Further, if it is applicable, the finality rule only pertains to whether or not FSA can recover an erroneous payment that was issued as a result of an erroneous decision. FSA will still correct incorrect decisions or errors and not affirmatively issue erroneous payments.

251 Types of Relief That Are Applicable to the ARC and PLC Program (Continued)

C Equitable Relief Under Misinformation/Misaction

Claims for equitable relief under misinformation/misaction sometimes occur when producers fail to enroll timely. FSA can only assist participants with enrollment. FSA employees **cannot** enroll a farm for a participant. Participants are responsible for enrolling their farms and they are personally aware whether they have or have not yet enrolled. In fact, the participant usually is best suited to know what he or she has and has not done. FSA **cannot** enroll for producers. Additionally, the deadline for enrollment is publicized in the public domain and forums, such as GovDelivery, newsletters, Internet, press announcements, etc. Therefore, a participant is deemed to have reasonable knowledge of deadlines established for enrollment as well as actual knowledge about their own actions or whether they personally enrolled or **not**.

Example: A common theme is, “I asked the FSA employee if there was anything else I needed to sign”, and the employee said “no”.

While a person may interpret an FSA employee saying “no” to the question on whether there is anything else required as a communication from FSA that the person has already enrolled, the test under misinformation/misaction is whether there was any incorrect ARC and PLC program information or advice conveyed directly to the participant by FSA, and whether the participant had any reason to know that the information was incorrect.

In the example, FSA did **not** say or convey any incorrect information by answering “no”. Additionally, in the example, it appears the participant relied on the participant’s own understanding of the information conveyed. If the FSA employee had incorrectly stated that the participant had up to 3 weeks later to sign up, this communication might be considered a basis for a valid misinformation/misaction claim or request, provided the participant had no reason to question that advice or information and acted, to their own detriment and reliance, on incorrect information, such as signing up within 3 weeks of the deadline.

251 Types of Relief That Are Applicable to the ARC and PLC Program (Continued)

D Equitable Relief Under Failure to Fully Comply

Failing to enroll or sign up on time is **not** a compliance violation or failure to fully comply. Compliance or performance violations can only occur with producers who are on enrolled farms and who are already subject to compliance or performance requirements.

Example: An enrolled farm may have to accurately report acreage and production. A spot check review indicates that the farm erred in reporting production (overstated or understated). The participant reported acreage timely and accurately and producers strived to report production accurately.

The error in reported production does **not** appear to be intentional and is **not** large enough to cause suspicion of ARC and PLC program malfeasance. However, determined production **must** be used. Even though the producer failed to accurately report production, allowing the farm to continue to receive benefits using determined production is an acceptable form of relief under a failure to fully comply.

E Programmatic Equitable Relief

In individual circumstances or cases, under 7 CFR 1412.2, DAFP has the authority to allow STC's and COC's to waive or modify deadlines, **except** statutory deadlines and basic contract law provisions, such as the end of a contract period, and other nonstatutory requirements where DAFP determines the lateness or failure to meet the requirement **not** adverse to the operation of the ARC and PLC program. The regulations specify that producers have no right to seek an exception under this relief provision. At FSA's discretion, FSA may (but does **not** have to) consider a request for programmatic equitable relief.

Example: An individual was involved in an automobile accident and suffered short-term memory loss that was documented by a physician. When COC disapproved CCC-862 or CCC-866 as being late-filed, COC recognized what it believed were extenuating circumstances and recommended that relief be granted to approve the late-filed enrollment. In turn, STC referred the case to DAFP for consideration.

Result: DAFP approved the case because it was determined that circumstances warranted that action and the relief approved did **not** give the producer any unfair advantage over others who met the ARC and PLC program requirements.

251 Types of Relief That Are Applicable to the ARC and PLC Program (Continued)**E Programmatic Equitable Relief (Continued)**

Example: FSA learns of a producer who had an interest in base acres on a farm, but did **not** sign the ARC or PLC contract and did **not** receive a share of the ARC or PLC payment.

Result: Depending on when the error was first discovered and why, and assuming no other factors, such as misinformation or misaction on the part of FSA, DAFP may, at its discretion, grant ARC and PLC program relief to producers on CCC-862 or CCC-866 as follows.

- Allow timely entered signatures of producers to retain and continue to receive payments based on corrected shares, if it can be determined that producers who did timely sign did **not** intentionally misrepresent themselves.

Note: In instances where a person or legal entity has **not** signed CCC-862 or CCC-866, that person or legal entity is **not** entitled to any sort of FSA decision, eligibility decision, or relief decision, and that person or legal entity has no standing to contest or challenge any decision of FSA, because the person or legal entity has made no application or requested a decision from FSA. See 1-APP, paragraph 10.

- If it can be determined that there was no intentional misrepresentation by any of the producers, provided there was a timely submitted CCC-862 or CCC-866, allow producers to sign a corrected CCC-862 or CCC-866 by the end of the contract period with correct shares and have payments recomputed.

252-280 (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, 2018, 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.--*

--281 General Information*C Farms with 10.00 or Less Base Acres**

A producer is not eligible for payments if the sum of base acres on all enrolled farms in which the producer has an interest is 10.00 or less base acres unless the producer certifies that they are:

- a SDA farmer or rancher
- a limited resource farmer or rancher
- a beginning farmer or rancher
- a veteran farmer or rancher.

Example: FSN 1600 has 9.00 base acres and is enrolled in PLC.

Linda has a 5 percent share and has certified to being SDA farmer or rancher.

Jeff has 10 percent share and has certified to being a beginning farmer or rancher.

Andrew has a 85 percent share and has **not** certified to being a limited resource, beginning, veteran, or 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 10-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 10-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 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.	Land uses considered nonagricultural include the following: • 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 • land used for solar panels.
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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 10-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 10-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.

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*--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 paragraph 247 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.--*

--282 Eligible and Ineligible Land Uses for Base Acres (Continued)*D Converting to Nonagricultural Use (Continued)**

Example 1: A farm with 200.00 acres of DCP cropland and 200.00 base acres is enrolled in FY 2020 PLC. On August 1, 2020, COC discovers 10.00 acres on the farm had been converted to a nonagricultural building site on May 4, 2020. COC will notify the owner and operator they **must** do either of the following within 30 calendar days:

- withdraw the farm from the FY 2020 CCC-862 or CCC-866
- owner **must** permanently reduce base acres by 10.00 acres.

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.

Note: No payments would be required to be refunded in this example as payments for FY 2020 had not been made.

Example 2: A farm with 200.00 acres of DCP cropland and 200.00 base acres was enrolled in FY 2021 PLC and is also enrolled in FY 2022 PLC. All FY 2021 PLC payments have been made for the farm. COC discovers 10.00 acres on the farm were converted to a nonagricultural building site on August 4, 2021. COC will notify the owner and operator they **must** permanently reduce base acres by 10.00 acres and refund the unearned FY 2021 payments made.

If the producers do **not** permanently reduce applicable base acres within 30 calendar days, COC will:

- permanently reduce 10.00 base acres
- terminate the FY 2021 CCC-866
- request refund of any unearned payments made for FY 2021.--*

***--282 Eligible and Ineligible Land Uses for Base Acres (Continued)**

E Land Enrolled in WBP

Any DCP cropland containing base acres enrolled in WBP will **not** be enrolled in the ARC and PLC Program. County Offices will record land enrolled in WBP according to 10-CM.

All land enrolled in WBP may **not** be cropland. County Offices will ensure land enrolled in WBP is recorded according to 10-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. These base acres cannot be restored at the end of the WBP.

Notes: Subparagraph I does **not** apply to land enrolled in WBP.

Participation in WBP is only offered in Minnesota, North Dakota, and South Dakota.--*

--282 Eligible and Ineligible Land Uses for Base Acres (Continued)*F Land Enrolled in WRE**

The Agricultural Act of 2014 establishes the ACEP. ACEP repeals WRP but does not affect the validity or terms of any WRP contract, agreement or easement entered into prior to the date of enactment on February 7, 2014 or any associated payments required to be made in connection with an existing WRP contract, agreement or easement. WRP is now known as WRE.

The statutory provision 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 WRE
- 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.

NRCS has a policy to refer producers to FSA to determine if, after DCP cropland is placed in WRE, base acres must be reduced. Base acre reduction is **not** effective until NRCS notifies FSA that WRE has been recorded.

FSA will assist the landowner and work with NRCS to determine the base acres to reduce.

FSA County Offices **must** ensure that **the statutory provision** specified is met for producers enrolling land in WRE 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 WRE (Continued)**

Although NRCS is responsible for notifying FSA when WRE is 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 CCC-862 or CCC-866 is signed will be reported to CCC by all applicable producers by signing a revised CCC-862 or CCC-866 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 WRE (Continued)**

After the WRE is **closed**, NRCS will provide documentation about the WRE agreement, 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 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 CRM according to 10-CM to record the number of acres enrolled in WRE that are on DCP cropland. See 10-CM for additional information. Note: Acres enrolled in WRE that are on non-DCP cropland must not be included in the CRM, “WRE” field.
2	County Offices will determine whether the number of base acres exceeds the effective DCP cropland plus double-cropped acreage according to 10-CM. If the base acres exceed the effective DCP cropland plus double-cropped acreage, then: • a reduction to base acres is required by completing CCC-505 • CCC-862 or CCC-866 for the applicable FY cannot be enrolled until the reduction of the base acres is completed.

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*--282 Eligible and Ineligible Land Uses for Base Acres (Continued)

F Land Enrolled in WRE (Continued)

Step	Action
3	If CCC-505 is not filed by the owners of the farm within 30 calendar days according to step 2: • COC will initiate CCC-505 reducing the base acreage according to 10-CM Notes: COC must not approve a revised CCC-862 or CCC-866 unless all signature requirements are met by March 15 of the applicable FY. For farms enrolled by March 15, signatures on revised CCC-862 or CCC-866 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 10-CM are met for updating CRM and notifying applicable producers of the revision to the farm records.
4	Immediately update CRM according to 10-CM to reduce the base acres as specified on CCC-505 for FY in which the WRE was recorded or WRE 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. Notify all producers on the farm that a revised CCC-862 or CCC-866 that reflects the reduced base acres must be filed by: • March 15, if the reduction occurs before March 15 of the applicable year • September 30, if the reduction occurs after March 15 of the applicable year and the farm was enrolled prior to March 15.

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--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.--*

--282 Eligible and Ineligible Land Uses for Base Acres (Continued)*G Land Under EWP Flood Plain Easements (Continued)**

Cropland acreage under EWP Flood Plain Easement **must** be recorded according to 10-CM. The date EWP Flood Plain Easement acreage is recorded in CRM is dependent on the following:

- 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 **will 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, WRE, 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 10-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, if ARC or PLC payments have been issued.

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, 2020. The land under easement is ineligible for ARC or PLC beginning FY 2021.

After the land under easement is **not** eligible for ARC or PLC, the County Office **must**:

- record the cropland acreage under easement according to 10-CM
- require a reduction in base acres, if applicable

Since 2021 ARC or PLC payments are not issued until after October, 2022, a refund of payments should not be applicable.--*

--282 Eligible and Ineligible Land Uses for Base Acres (Continued)*H Land Under Federal Conservation Programs or Restrictive Easements Other Than WBP, WRE, 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, 2021. The easement is filed on November 4, 2021. The land under easement is ineligible for the ARC and PLC Program beginning FY 2021.

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 10-CM
- require a reduction in base acres, if applicable

Since 2021 ARC or PLC payments are not issued until after October, 2022, a refund of payments should not be applicable.--*

*--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, WRE, 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** WRE, WBP, or EWP
- conservation programs.

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 10-CM.

- 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 CRM according to 10-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 WRE 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
 - WRE
- 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 WRE Enrollment (Continued)*C When to Determine Reduction Acres for WRE**

County Offices will follow the provisions in paragraph 282 immediately when notified by NRCS that the WRE easement is closed or the cost-share restoration agreement is approved.

Reminder: The statutory provision affecting producers enrolling land in WRE and County Offices will ensure that base acres are reduced, if necessary, to satisfy the provision.

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
- WRE will require a reduction in base acres according to the 2014 Farm Bill statutory provision.

Step	Action
1	Print FSA-156EZ for farm on which the acres are being offered for enrollment into CRP, GRP, or WRE. See 10-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.

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*--283 Acre Reductions for CRP, GRP, or WRE Enrollment (Continued)

D Determining Reduction Acres (Continued)

Step	Action		
6	IF the result of step 5 is...	AND the program is...	THEN...
	negative		1 or more tracts on the farm are out-of-balance - correct out-of-balance tracts according to 10-CM and return to step 1.
	zero	CRP or GRP	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 10-CM for additional information on updating acreage information. 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.
		WRE	no cropland or DCP cropland acres on the farm can be devoted to WRE unless base acres are reduced by the number of acres being recorded for the WRE or cost-share restoration agreement. An additional reduction may be required if the farm has double-cropped acreage included in the base acres. See 10-CM for additional information on updating acreage information.

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*--283 Acre Reductions for CRP, GRP, or WRE Enrollment (Continued)

D Determining Reduction Acres (Continued)

Step	Action		
6 (Cntd)	IF the result of step 5 is...	AND the program is...	THEN...
	greater than zero	CRP or GRP	- 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.
		WRE	- cropland acres or DCP cropland acres in an amount equal to the result of step 5 may be devoted to WRE without reduction to base acres on the farm - cropland acres or DCP cropland acres in an amount exceeding the result of step 5 cannot be devoted to WRE unless base acres are reduced on the farm.

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--283 Acre Reductions for CRP, GRP, or WRE 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:

- 100.00 acres effective DCP cropland
- 100.00 acres cropland
- 0.00 double-cropped acres
- 90.00 base acres.

Owner of FSN 1 offers 15.00 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 10.00 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 5.00 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 5.00 acres.--*

--283 Acre Reductions for CRP, GRP, or WRE Enrollment (Continued)*E Producer Options (Continued)**

Example 2: FSN 200 consists of the following:

- 100.00 acres effective DCP cropland
- 75.00 cropland acres
- 25.00 double-cropped acres
- 125.00 base acres.

Owner of FSN 200 offers 15.00 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 0.00 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 15.00 acres
- reduce a combination of the number of acres offered for CRP and the number of base acres by a total of 15.00 acres.

Example 3: FSN 50 consists of the following:

- 60.00 acres effective DCP cropland
- 50.00 acres cropland
- 0.00 double-cropped acres
- 50.00 base acres.

Owner of FSN 50 offers 20.00 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 10.00 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 10.00 acres
- execute CCC-505 to reduce base acres by at least 10.00 acres
- reduce a combination of the number of acres offered for GRP and the number of base acres by a total of 10.00 acres.--*

--283 Acre Reductions for CRP, GRP, or WRE Enrollment (Continued)*E Producer Options (Continued)**

Example 4: FSN 300 consists of the following:

- 60.00 acres effective DCP cropland
- 50.00 acres cropland
- 0.00 double-cropped acres
- 50.00 base acres.

Owner of FSN 300 offers 10.00 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 10.00 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:

- 60.00 acres effective DCP cropland
- 60.00 acres cropland
- 0.00 double-cropped acres
- 60.00 base acres.

Owner of FSN 400 offers 40.00 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 0.00 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 WRE 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.

Reminder: FSA is 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 10-CM because of CRP participation.

Example: Cropland was offered for enrollment in CRP on May 5, 2020. CRP-1 was effective October 1, 2020. CCC-505 to reduce base acres was signed by all owners at the time CRP-1 was submitted (May 5, 2020) with a program year of 2021 (equal to FY of CRP-1).

Base acre reductions will become effective October 1, 2020 (FY 2021). If acres offered for CRP are **not** accepted, then base acres will **not** be reduced.

Important: Reduction of base acres could result in ARC or PLC overpayment and request for refund; however, the overpayment is unlikely as ARCPLC payments are issued in the second FY after the contract year.--*

--283 Acre Reductions for CRP, GRP, or WRE 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 ARCPLC and GRP folder.

Important: Reduction of base acres could result in ARC or PLC overpayment and request for refund; however, the overpayment is unlikely as ARCPLC payments are issued in the second FY after the contract year.

I Effective Date of Base Acre Reduction for WRE

Base acre reduction because of enrollment in WRE will be effective as follows:

- date WRE easement is closed
- date WRE 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 could result in ARC or PLC overpayment and request for refund; however, the overpayment is unlikely as ARCPLC payments are issued in the second FY after the contract year.--*

--283 Acre Reductions for CRP, GRP, or WRE Enrollment (Continued)*J Restoration of Base Acres Reduced for Enrollment in CRP after September 30, 2018**

Base acres reduced because of cropland enrollment into CRP after September 30, 2018, 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 22, 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 22, 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 Farmland*A Requirement**

[7 CFR 1412.69] Control of noxious weeds.

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 the farm from erosion and propagation of noxious weeds and maintaining the farm according to sound agricultural practices. Throughout the crop year, STC determinations will be provided to County Offices for publication throughout the ARC and PLC Program year. STC will determine, on a State-by-State basis, if:

- 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.--*

***--284 Protecting Farmland (Continued)**

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, including base acres, on a farm **not** enrolled on CCC-862 or CCC-866
- nonpayment acres of a farm enrolled on CCC-862 or CCC-866
- payment acres; however, if FAV/WR are planted on payment acres enrolled on CCC-862 or CCC-866, an acre-for-acre payment reduction is applied, according to paragraph 287.

Exception: FAV/WR double-cropped, with a covered commodity in an established FAV/WR double-cropping region, may be planted on the farm's payment acres **without** an acre-for-acre payment reduction according to paragraph 290.

B FAV Plantings

FAV/WR planting provisions apply to the following:

- fruits
- vegetables, other than mung beans and pulse crops
- wild rice.

See subparagraph 288 A for FAV exceptions and Exhibit 24 for a list of FAV's.--*

--286 Planting Flexibility (Continued)*C FAV/WR Planting - After Initial Crop or Prevented Planted**

FAV/WR acres that are planted in the same field after either an initial crop was planted and failed, or an initial crop was prevented from being planted, are still considered the FAV/WR crop that was planted. There are no “ghost crop FAV provisions”.

Example 1: A field of wheat was planted and failed. Potatoes are planted in the same field, after the wheat failed (this is **not** a double crop FAV county). This field will be considered as FAV (potatoes). The County Office will need to determine if an acre-for-acre payment reduction applies on the farm.

Example 2: A field intended to be planted to corn was reported to FSA as prevented planted. Carrots are subsequently planted in the same field, after prevented planted corn (this is **not** a double crop FAV county). Regardless if the prevented planting is approved or disapproved, the field will be considered as FAV (carrots). The County Office will need to determine if an acre-for-acre payment reduction applies on the farm.--*

--287 FAV/WR Planting Limitations*A Statutory Provisions**

Planting FAV/WR on payment acres enrolled in the ARC and PLC Program is permitted; however, if FAV/WR is planted on payment acres, an acre-for-acre reduction will apply, **unless** FAV/WR 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-CO or PLC.

Producers may plant FAV/WR on payment acres enrolled in ARC or PLC without payment reduction, if the FAV/WR 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/WR (paragraph 290).

See paragraph 288 for FAV/WR exceptions and other compliance determinations, including when FAV/WR are destroyed before harvest.

B Farms and/or Covered Commodities Not Enrolled in the ARC and/or PLC Program

Planting and harvesting FAV/WR on payment acres on a farm that is **not enrolled** in the annual program is **not** prohibited in that year.

The base acres of covered commodities not enrolled in the ARC and/or PLC Program may be used as free acres when determining whether producers have planted FAV/WR on payment acres.--*

--287 FAV/WR Planting Limitations (Continued)*C Determining Available Acres for FAV Planting**

County Offices must determine whether FAV/WR is planted on payment acres enrolled in ARC or PLC according to the following table.

Note: FAV/WR acres must always first be attributed to nonpayment acres **before** any are attributed to payment acres.

Important: Payment acre shares are determined for:

- ARC-CO and PLC, based on the individuals or entities who are producers with a crop share interest on base acres

Note: Producers planting FAV/WR on base acres **must** have a payment share interest on the ARC/PLC contract

- ARC-IC, based on each producer's share interest in covered commodities planted on the farm, as reported or determined on FSA-578.

Note: Producers, including owners, that have no share interest in the covered commodity on enrolled ARC-IC farm, will **not** receive an ARC-IC payment for the ARC-IC farm.--*

*-- FAV/WR Planting Limitations (Continued)

C Determining Available Acres for FAV Planting (Continued)

Step	Action	
1	IF the farm is enrolled in...	THEN determine the farm's nonpayment acres by doing the following...
	PLC or ARC-CO	Step
		Action
		A Determine effective DCP cropland on the farm.
		B Determine number of double-cropped acres on the farm according to Farm Records.
		C Add result of step A and step B.
	ACR-IC	D Determine payment acres by taking the total participating base acres times 85 percent.
		E Subtract result of step D from the result of step C.
		Step
		Action
		A Determine effective DCP cropland on the farm.
		B Determine number of double-cropped acres on the farm according to Farm Records.
		C Add result of step A and step B.
		D Determine payment acres by taking the total base acres, times 65 percent.
		E Subtract result of step D from the result of step C.
2	Subtract the result of step 1 (either PLC/ARC-CO or ARC-IC, as applicable) from the total acres of FAV/WR planted on the farm. Important: The total acreage of FAV/WR planted on the farm includes FAV/WR acreage planted by producers with zero interest in the farm's CCC-862 or CCC-866. Note: Only count the acreage once when multiple plantings of FAV/WR are planted on the same acreage. See 1-ARCPLC, subparagraph 288 C. If an FAV/WR is double-cropped with a covered commodity in an established FAV/WR double-cropping region, it is not considered a FAV. See 1-ARCPLC, paragraph 290.	

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*--287 FAV/WR Planting Limitations (Continued)

C Determining Available Acres for FAV Planting (Continued)

Step	Action	
3	IF the result of step 2 is...	THEN...
	equal to or less than zero	- FAV/WR are not planted on payment acres - an acre-for-acre reduction does not apply to the farm. Note: In no situation should a payment reduction be applied if the result of step 2 is equal to or less than zero.
	greater than zero	- FAV/WR are planted on payment acres - an acre-for-acre reduction applies to the farm based on the result of step 2 - apply the acre-for-acre reduction to the farm according to 4-CP. Note: For ARC-CO and PLC, the acre-for-acre reduction will be attributed to each of the participating covered commodities on the farm having payment acres on a pro rata basis to reflect the ratio of the payment acres of the covered commodity on the farm to the total payment acres of all covered commodities on the farm. For ARC-IC, the acre-for-acre reduction will be attributed to the total payment acres on the farm as the payment acres are determined solely by multiplying the 65 percent of the base acres of the farm.

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--288 Compliance Determinations*A FAV Exceptions**

The following are exceptions to consider a crop as an FAV when determining acre-for-acre payment reductions under ARCPLC:

- any FAV planted in a mixture in such an extent that harvest of the FAV as a human food source is impractical; no field visit is required
- nonperennial FAV/WR planted on payment acres arising from base acres on a farm that are destroyed before harvest will **not** reduce ARC or PLC payment acres for the farm, if the provisions in subparagraph E, are met

Note: A farm visit **must** be requested and performed to verify that FAV/WR are destroyed without benefit of harvest according to 2-CP.

- FAV's that are designated as and meet the definition of a home garden as defined in Exhibit 2
- FAV's **planted and reported** with an intended use listed below and do not have a land use code of "F" in 2-CP, Exhibit 10; all other FAV's are not part of this exception:
 - cover only
 - forage
 - green manure
 - grazing
 - left standing
 - silage

Note: Intentions **must** be certified to when FSA-578 is filed. Producers **cannot** subsequently change the intended use of reported FAV acreage after it has been certified to negate an acre-for-acre payment reduction.--*

***--288 Compliance Determinations (Continued)**

A FAV Exceptions (Continued)

- mung beans and pulse crops.

Note: Pulse crops include:

- dry peas, including:
 - Austrian
 - green
 - Umatilla
 - wrinkled seed
 - yellow
- large chickpeas (garbanzo bean, Kabuli)
- small chickpeas (garbanzo bean, Desi)
- lentils.

Important: Not all peas are dry peas and; therefore, are 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.--*

--288 Compliance Determinations (Continued)*B FAV/WR Determination Timing**

FAV/WR are considered planted for harvest at the time of planting. Producers **cannot** negate the payment reduction by:

- the final contract date for 2019
- changing the intended use of the crop.

The year of the 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 2020, for harvest in the 2021 contract year, will result in a 2021 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 20.00 acres of tomatoes. After the tomatoes are harvested, Producer A plants and harvests carrots on the same 20.00 acres. For payment reduction purposes, only 20.00 acres of FAV's are considered.

If the carrots and tomatoes were planted on different acreage, there would have been 40.00 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.

The destruction of perennial FAV/WR before harvest does **not** negate a payment reduction.

Note: See Exhibit 24 for a list of FAV's.

E Destruction of Nonperennial FAV/WR Before Harvest

Nonperennial FAV/WR 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/WR 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/WR Before Harvest (Continued)

Example 1: Joe Brown enrolls FSN 25 in FY 2019 PLC with the following:

- 225.00 acres of effective DCP cropland
- zero double-cropped acres on the farm according to Farm Records
- 80.00 acres of wheat base acres
- 80.00 acres of corn base acres
- 40.00 acres of soybean base acres
- 200.00 acres of total base.

Mr. Brown plants 165.00 acres of soybeans and 60.00 acres of potatoes as reported on FSA-578.

Because all covered commodities on the farm are enrolled in PLC, the payment acres are 170.00 acres (200.00 base acres x 85 percent). The farm's nonpayment acres are 55.00 acres (225.00 effective DCP cropland acres – 170.00 payment acres = 55.00 acres).

Mr. Brown notifies COC that 5.00 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 5.00 acres of potatoes were destroyed without benefit **before** harvest. Mr. Brown revises FSA-578 to indicate that 55.00 acres of potatoes remain planted in the field after the destruction of the 5.00 acres.

In this example, there will be no payment reduction, because all 55.00 acres that remain planted are on nonpayment acres. The FY 2019 payments for the farm are **not** affected by the 5.00 acres of destroyed potatoes on payment acres.--*

*--288 Compliance Determinations (Continued)

E Destruction of Nonperennial FAV/WR Before Harvest (Continued)

Example 2: Mary White enrolls FSN 365 in FY 2019 ARC-IC with the following:

- 225.00 acres of effective DCP cropland
- zero double-cropped acres on the farm according to Farm Records
- 80.00 acres of wheat base acres
- 80.00 acres of corn base acres
- 40.00 acres of soybean base acres
- 200.00 acres of total base.

Mrs. White plants 110.00 acres of corn and 115.00 acres of wild rice as reported on FSA-578.

Because this farm is enrolled in ARC-IC, the payment acres are 130.00 acres (200.00 base acres x 65 percent). The farm's nonpayment acres are 95.00 acres (225.00 effective DCP cropland acres – 130.00 payment acres = 95.00 acres).

Mrs. White notifies COC that 20.00 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 20.00 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 of 20.00 acres, according to 4-CP (115.00 acres of FAV/WR – 95.00 nonpayment acres = 20.00 acres).--*

--288 Compliance Determinations (Continued)*E Destruction of Nonperennial FAV/WR Before Harvest (Continued)**

For compliance determinations, FAV/WR are considered planted for harvest at the time of planting.

The destruction of perennial FAV/WR before harvest does not negate a payment reduction.

Example 3: Jack Green enrolls FSN 1101 in FY 2020 ARC-CO with the following:

- 225.00 acres of effective DCP cropland
- zero double-cropped acres on the farm according to Farm Records
- 80.00 acres of wheat base acres
- 80.00 acres of corn base acres
- 40.00 acres of soybean base acres
- 200.00 acres of total base.

Mr. Green plants 165.00 acres of corn and 60.00 acres of apple trees as reported on FSA-578.

Because all covered commodities on the farm are enrolled in ARC-CO, the payment acres are 170.00 acres (200.00 base acres x 85 percent). The farm's nonpayment acres are 55.00 acres (225.00 effective DCP cropland acres – 170.00 payment acres = 55.00 acres).

Mr. Green notifies COC that 5.00 acres of apple trees have been destroyed.

There is no provision to allow the destruction of perennial FAV/WR planted on payment acres to negate an acre-for-acre payment reduction in this situation. COC will **not** modify FY 2015 FSA-578 for FSN 1101. COC will apply an acre-for-acre payment reduction of 5 acres, according to 4-CP (60.00 acres of FAV/WR – 55.00 nonpayment acres = 5.00 acres).--*

***--289 Example of Acre-for-Acre Reductions**

A Example 1

This is an example of determining whether FAV/WR is planted on payment acres enrolled in ARC-CO or PLC for a farm with the following criteria:

- 300.00 acres of effective DCP cropland
- zero double-cropped acres on the farm according to Farm Records
- 200.00 base acres
- 125.00 planted acres of FAV/WR that are **not** double-cropped/no FAV exemption.

Step	Action		Result
1	IF the farm is enrolled in... PLC or ARC-CO	Determine the farms nonpayment acres:	
		Step	Action
		A	Determine effective DCP cropland on the farm.
		B	Determine number of double-cropped acres on farm according to Farm Records.
		C	Add result of step A and step B.
		D	Determine payment acres by taking the total base acres on the farm times 85 percent.
			200.00 total base x 85 percent = 170.00 payment acres
		E	Subtract result of step D from the result of step C.
			300.00 acres – 170.00 payment acres = 130.00 nonpayment acres

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*--289 Example of Acre-for-Acre Reductions (Continued)

A Example 1 (Continued)

Step	Action	Result						
2	Subtract the result of step 1 from the total acres of FAV/WR planted on the farm. 125.00 FAV/WR – 130.00 nonpayment acres = -5.00 acres. Important: The total acreage of FAV/WR planted on the farm includes FAV/WR acreage planted by producers with zero interest in the farm's CCC-862 or CCC-866. Note: Only count the acreage once when multiple plantings of FAV/WR are planted on the same acreage. See subparagraph 288 C. If an FAV/WR is double-cropped with a covered commodity in an established FAV/WR double-cropping region, it is not considered an FAV. See paragraph 290.	-5.00						
3	IF the result of step 2 is... THEN... <table> <tr> <td>equal to or less than zero</td><td> - FAV/WR are not planted on payment acres - acre-for-acre reduction does not apply to the farm. Note: In no situation should a payment reduction be applied if the result of step 2 is equal to or less than zero. </td><td>Payment acres are not required to be reduced.</td></tr> <tr> <td>greater than zero</td><td> - FAV/WR are planted on payment acres - acre-for-acre reduction applies to the farm based on the result of step 2 - apply the acre-for-acre reduction to the farm according to 4-CP. </td><td></td></tr> </table>	equal to or less than zero	- FAV/WR are not planted on payment acres - acre-for-acre reduction does not apply to the farm. Note: In no situation should a payment reduction be applied if the result of step 2 is equal to or less than zero.	Payment acres are not required to be reduced.	greater than zero	- FAV/WR are planted on payment acres - acre-for-acre reduction applies to the farm based on the result of step 2 - apply the acre-for-acre reduction to the farm according to 4-CP.		
equal to or less than zero	- FAV/WR are not planted on payment acres - acre-for-acre reduction does not apply to the farm. Note: In no situation should a payment reduction be applied if the result of step 2 is equal to or less than zero.	Payment acres are not required to be reduced.						
greater than zero	- FAV/WR are planted on payment acres - acre-for-acre reduction applies to the farm based on the result of step 2 - apply the acre-for-acre reduction to the farm according to 4-CP.							

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--289 Example of Acre-for-Acre Reductions (Continued)*B Example 2**

This example shows how to determine FAV/WR acreage planted on payment acres enrolled in ARC-CO/PLC on a farm with the following criteria:

- 300.00 acres of effective DCP cropland
- 10.00 double-cropped acres on the farm according to Farm Records
- 200.00 base acres
- 2 producers exist on the farm
- Operator A plants 100.00 acres to non FAV/WR and plants 145.00 acres to FAV/WR
- Tenant B plants 50.00 acres to non FAV/WR and 5.00 acres to FAV/WR
- 150.00 planted acres of FAV/WR (includes the 145.00 acres from Operator A and 5.00 acres of from Tenant B) that are **not** double-cropped with a covered commodity.

Step	Action		Result
1	IF the farm is enrolled in... PLC or ARC-CO	Determine the farms nonpayment acres:	
		Step	Action
		A	Determine effective DCP cropland on the farm.
		B	Determine number of double-cropped acres on farm according to Farm Records.
		C	Add result of step A and step B.
		D	Determine payment acres by taking the total base acres on the farm times 85 percent.
		E	Subtract result of step D from the result of step C.
			200.00 total base x 85 percent = 170.00 payment acres
			310.00 acres – 170.00 payment acres = 140.00 nonpayment acres

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*--289 Example of Acre-for-Acre Reductions (Continued)

B Example 2 (Continued)

Step	Action		Result
2	Subtract the result of step 1 from the total acres of FAV/WR planted on the farm. 150.00 FAV/WR – 140.00 nonpayment acres = 10.00 acres Important: Operator A and Tenant B share in the ARC-CO/PLC contract. The total acreage of FAV/WR planted on the farm includes FAV/WR acreage planted by producers with zero interest in the farm's CCC-861 or CCC-862. Note: Only count the acreage once when multiple plantings of FAV/WR are planted on the same acreage. See subparagraph 288 C. If an FAV/WR is double-cropped with a covered commodity in an established FAV/WR double-cropping region, it is not considered an FAV. See paragraph 290.		10.00
3	IF the result of step 2 is...	THEN...	
	equal to or less than zero	- FAV/WR are not planted on payment acres - acre-for-acre reduction does not apply to the farm. Note: In no situation should a payment reduction be applied if the result of step 2 is equal to or less than zero.	
	greater than zero	- FAV/WR are planted on payment acres - acre-for-acre reduction applies to the farm based on the result of step 2 - apply the acre-for-acre reduction to the farm according to 4-CP - the ARC-CO/PLC payment acres for the farm must be reduced by 10.00 acres in proportion to each covered commodity's payment acres on the farm.	10.00 payment acres will be reduced on a pro rata basis on all covered commodities payment acres on the farms, because both Producer A and B will have their share of payment acres reduced.

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--289 Example of Acre-for-Acre Reductions (Continued)*C Example 3**

This example shows how to determine whether FAV/WR is planted on payment acres enrolled in ARC-IC on a farm with the following criteria:

- 300.00 acres of effective DCP cropland
- zero double-cropped acres on the farm according to Farm Records
- 250.00 base acres
- 100.00 acres of lettuce, 50.00 acres of peppers, and 85.00 acres of tomatoes (**not** double-cropped with a covered commodity).

Note: Of the 50.00 acres of peppers, 15.00 acres were planted on the lettuce acreage **after** it was harvested, resulting in 35.00 acres of FAV/WR. In addition, of the 85.00 acres of tomatoes, 75.00 acres were planted on the lettuce acreage **after** it was harvested, resulting in 10.00 acres considered FAV/WR.

Step	Action		Result
1	IF the farm is enrolled in... ACR-IC	Determine the farms nonpayment acres:	
		Step	Action
		A	Determine effective DCP cropland on the farm.
		B	Determine number of double-cropped acres on farm according to Farm Records.
		C	Add result of step A and step B.
		D	Determine payment base acres by taking the total base acres on the farm times 65 percent.
		E	Subtract result of step D from the result of step C.
			250.00 total base x 65 percent = 162.50 payment acres
			300.00 acres - 162.50 payment acres = 137.50 nonpayment acres

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*--289 Example of Acre-for-Acre Reductions (Continued)

C Example 3 (Continued)

Step	Action	Result
2	Subtract the result of step A from the total acres of FAV/WR planted on the farm. 145.00 acres of FAV/WR - 137.50 nonpayment acres = 7.50 acres. Note: Total FAV/WR is calculated using 100.00 acres of lettuce, 35.00 acres of peppers, and 10.00 acres of tomatoes. Important: The total acreage of FAV/WR planted on the farm includes FAV/WR acreage planted by producers with zero interest in the farm's CCC-862 or CCC-866. Note: Only count the acreage once when multiple plantings of FAV/WR are planted on the same acreage. See subparagraph 288 C. If an FAV/WR is double-cropped with a covered commodity in an established FAV/WR double-cropping region, it is not considered an FAV. See paragraph 290.	7.50
3	IF the result of step 2 is...	
	THEN...	
	equal to or less than zero - FAV/WR are not planted on payment acres - acre-for-acre reduction does not apply to the farm. Note: In no situation should a payment reduction be applied if the result of step 2 is equal to or less than zero.	
	greater than zero - FAV/WR are planted on payment acres - acre-for-acre reduction applies to the farm based on the result of step 2 - apply the acre-for-acre reduction to the farm according to 4-CP.	ACR-IC payment acres for the farm shall be reduced by 7.50 acres.

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--289 Example of Acre-for-Acre Reductions (Continued)*D Example 4**

This example shows how to determine FAV/WR acreage planted on payment acres enrolled in ARC-IC on a farm with the following criteria:

- 300.00 acres of effective DCP cropland
- zero double-cropped acres on the farm according to Farm Records
- 200.00 base acres
- 2 producers exist on the farm
- Operator A plants 50.00 acres to covered commodity and plants 195.00 acres to FAV/WR
- Tenant B plants 50.00 acres to sugar beets and 5.00 acres to FAV/WR
- 200.00 planted acres of FAV/WR (includes the 195.00 acres from Operator A and 5.00 acres of from Tenant B) that are **not** double-cropped with a covered commodity.

Step	Action		Result
1	IF the farm is enrolled in... ACR-IC	Determine the farms nonpayment acres:	
		Step	Action
		A	Determine effective DCP cropland on the farm. 300.00
		B	Determine number of double-cropped acres on farm according to Farm Records. 0.00
		C	Add result of step A and step B. 300.00
		D	Determine payment base acres by taking the total base acres including attribute generic base acres for the farm times 65 percent. 200.00 total base x 65 percent = 130.00 payment acres 130.00
		E	Subtract result of step D from the result of step C. 170.00 300.00 acres – 130.00 payment acres = 170.00 nonpayment acres

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*--289 Example of Acre-for-Acre Reductions (Continued)

D Example 4 (Continued)

Step	Action		Result
2	Subtract the result of step 1 from the total acres of FAV/WR planted on the farm. 200.00 acres of FAV/WR – 170.00 nonpayment acres = 30.00 acres. Note: Operator A would have 100 percent share on CCC-862 because Tenant B's sugar beets are not a covered commodity. Important: The total acreage of FAV/WR planted on the farm includes FAV/WR acreage planted by producers with zero interest in the farm's CCC-862 or CCC-866. Note: Only count the acreage once when multiple plantings of FAV/WR are planted on the same acreage. See subparagraph 288 C. If an FAV/WR is double-cropped with a covered commodity in an established FAV/WR double-cropping region, it is not considered an FAV. See paragraph 290.		30.00
3	IF the result of step 2 is...	THEN...	
	equal to or less than zero	- FAV/WR are not planted on payment acres - acre-for-acre reduction does not apply to the farm. Note: In no situation should a payment reduction be applied if the result of step 2 is equal to or less than zero.	
	greater than zero	- FAV/WR are planted on payment acres - acre-for-acre reduction applies to the farm based on the result of step 2 - apply the acre-for-acre reduction to the farm according to 4-CP.	ARC-IC payment acres for the farm must be reduced by 30.00 acres that will only offset Operator A's payment, because Operator A has 100 percent of ARC-IC contract.

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--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 and 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.

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.--*

--290 FAV and Wild Rice Double-Cropping Region Exception (Continued)*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/WR 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/WR 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/WR 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/WR 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 Examples of Double-Cropping Region Exception**

A Example 1

The following farm data applies to this double-cropping example:

- 100.00 acres of effective DCP cropland
- zero double-cropped acres on farm according to Farm Records
- 100.00 base acres for wheat
- 100.00 acres of total base
- base acres are enrolled in ARC-CO.

The farm, in this example, is administratively located in an established FAV/WR 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

100.00 acres wheat harvested for grain followed by 100.00 acres carrots harvested

No payment reduction is applied in this example, because of the following:

- the farm is administratively located in an established FAV/WR 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.--*

***--292 Examples of Double-Cropping Region Exception (Continued)**

B Example 2

The following farm data applies to this double-cropping example:

- 100.00 acres of effective DCP cropland
- zero double-cropped acres on farm according to Farm Records
- 100.00 base acres for wheat
- 100.00 acres of total base
- base acres are enrolled in PLC.

The farm, in this example, is administratively located in an established FAV/WR 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

50.00 acres lettuce harvested and 50.00 acres carrots harvested followed by 75.00 acres soybeans harvested for grain and 25.00 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/WR 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.--*

*--292 Examples of Double-Cropping Region Exception (Continued)

C Example 3

The following farm data applies to this double-cropping example:

- 100.00 acres of effective DCP cropland
- zero double-cropped acres on farm according to Farm Records
- 100.00 base acres for wheat
- 100.00 acres of total base
- base acres are enrolled in ARC-CO.

The farm, in this example, is **not** administratively located in an established FAV/WR double-cropping region.

Wheat Base Acres

100.00 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/WR double-cropping region.

Because all covered commodities on the farm are enrolled in ARC-CO, the payment acres are 85.00 acres (100.00 base acres x 85 percent). The farm's nonpayment acres are 15.00 acres (100.00 effective DCP cropland acres – 85.00 payment acres = 15.00 acres).

In this example, 100.00 acres of carrots will count as FAV/WR because they were **not** administratively located in an established FAV/WR double-cropping region. COC will apply an acre-for-acre payment reduction of 85.00 acres, according to 4-CP (100.00 acres of FAV/WR – 15.00 nonpayment acres = 85.00 acres).--*

--292 Examples of Double-Cropping Region Exception (Continued)*D Example 4**

The following farm data applies to this double-cropping example:

- 100.00 acres of effective DCP cropland
- zero double-cropped acres on farm according to Farm Records
- 100.00 base acres for wheat
- 100.00 acres of total base
- base acres are enrolled in ARC-CO.

The farm, in this example, is administratively located in an established FAV/WR double-cropping region and all covered commodities are enrolled in ARC-CO. 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

100.00 acres carrots harvested followed by 60.00 acres corn harvested for grain

The farm, in this example, is located in an established FAV double-cropping region; however, only 60.00 of the 100.00 acres of carrots were planted in a double-cropping situation with a covered commodity (corn).

Because all covered commodities are enrolled in ARC-CO, the payment acres are 85.00 acres (100.00 base acres x 85 percent). The farm's nonpayment acres are 15.00 acres (100.00 effective DCP cropland acres – 85.00 payment acres = 15.00 acres).

In this example, only 40.00 acres of carrots will count as FAV/WR because they were **not** in a double-cropping situation with a covered commodity. COC will apply an acre-for-acre payment reduction of 25.00 acres, according to 4-CP (40.00 acres of FAV/WR – 15.00 nonpayment acres = 25.00 acres).--*

--292 Examples of Double-Cropping Region Exception (Continued)*E Example 5**

The following farm data applies to this double-cropping example:

- 100.00 acres of effective DCP cropland
- zero double-cropped acres on farm according to Farm Records
- 100.00 base acres for wheat
- 100.00 acres of total base
- base acres are enrolled in ARC-IC.

The farm, in this example, is administratively located in an established FAV/WR 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

100.00 acres spring wheat failed followed by 100.00 acres tomatoes harvested
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The farm, in this example, is located in an established FAV/WR double-cropping region. The producer planted 100.00 acres of spring wheat that failed. After the spring wheat failed, the producer planted and harvested 100.00 acres of tomatoes on the failed spring wheat acreage.

Because this farm is enrolled in ARC-IC, the payment acres are 65.00 acres (100.00 base acres x 65 percent). The farm's nonpayment acres are 35.00 acres (100.00 effective DCP cropland acres – 65.00 payment acres = 35.00 acres).

In this example, 100.00 acres of tomatoes will count as FAV/WR, 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. COC will apply an acre-for-acre payment reduction of 65.00 acres, according to 4-CP (100.00 acres of FAV/WR – 35.00 nonpayment acres = 65.00 acres).--*

***--292 Examples of Double-Cropping Region Exception (Continued)**

F Example 6

The following farm data applies to this double-cropping example:

- 100.00 acres of effective DCP cropland
- zero double-cropped acres on farm according to Farm Records
- 100.00 base acres for wheat
- 100.00 acres of total base
- base acres are enrolled in ARC-CO.

The farm, in this example, is administratively located in an established FAV/WR double-cropping region and all covered commodities are 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

100.00 acres prevented planted wheat followed by 100.00 acres carrots harvested

In this example, the producer submitted a request for prevented planted acreage credit for 100.00 acres of wheat according to this paragraph. COC approved the notice of loss for 100.00 acres of prevented planted wheat, and the farm maintained eligibility for the FAV/WR double-cropping exception.

The harvesting of 100.00 acres of carrots, 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/WR double-cropping region
- COC approved the notice of loss for prevented planted acreage credit for the farm to maintain eligibility for the FAV/WR 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.--*

--293 National Environmental Policy Act (NEPA) Requirements*A Background**

NEPA of 1969 requires that Federal agencies must consider all potential environmental impacts before implementing activities that have the potential to significantly impact the human environment; all environmental processes must be fully completed before an action can be approved; and agencies must consult with and obtain comments from Federal agencies that manage or have expertise about resources that are potentially affected. FSA's environmental compliance program mission is to use all practicable means to ensure FSA compliance with all applicable environmental laws, regulations, and procedures. FSA uses an environmental review process to determine the appropriate level of NEPA analysis and documentation required.

B Programmatic Determination of Environment Compliance

The environmental impacts of ARC and PLC have been considered in a manner consistent with the provisions of the National Environmental Policy Act (NEPA, 42 U.S.C. 4321-4347), the regulations of the Council on Environmental Quality (40 CFR Parts 1500-1508), and FSA regulations for compliance with NEPA (7 CFR Part 799). 7 CFR Part 1412 implements primarily mandatory changes required by the 2018 Farm Bill; the discretionary aspects are limited to eligibility requirements, enrollment procedures, and payment calculations. ARC and PLC provide income support to eligible producers. The discretionary provisions would not alter any environmental impacts resulting from implementing the mandatory changes to ARC and PLC. Accordingly, these discretionary aspects are covered by the following Categorical Exclusion, found at 7 CFR 799.31(b)(6)(vi) Safety net programs administered by FSA, and no Extraordinary Circumstances (§799.33) exist. Therefore, as 7 CFR Part 1412 presents only discretionary clarifications of mandatory requirements that will not have an impact to the human environment, individually or cumulatively, FSA will not prepare an environmental assessment or environmental impact statement for this regulatory action; this rule serves as documentation of the programmatic environmental compliance decision for this federal action.

C Programmatic FSA-850

The FSA-850 is not required because of the reasons above. County Offices are **not** required to obtain or file a copy of FSA-850 in each farm folder or farm eligibility folder.--*

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/WR 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 289 for examples
- 4-CP to calculate nonbase acres on a farm available to be planted to FAV/WR without resulting in a payment reduction.

Only producers who sign CCC-862 or CCC-866 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 CCC-862 or CCC-866, are **not** eligible for any ARC and PLC Program payments **unless** CCC-862 or CCC-866 is signed.--*

--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 payment acres

Note: See paragraph 290 for exceptions to FAV/WR 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 Part 2 and a forthcoming amendment to this handbook, 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**.

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 CCC-861 or CCC-862 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 a forthcoming amendment to this handbook.

Notes: All producers on the farm **must** sign CCC-862 or CCC-866 designating payment shares to be eligible for payment. Producers who do **not** sign CCC-862 or CCC-866 will be ineligible for payment for their share of CCC-862 or CCC-866.

If after filing FSA-578 it is determined that producers who do **not** appear on CCC-862 or CCC-866 have certified to having a share interest in a covered commodity, those producers **must** sign CCC-862 or CCC-866 for their share of that covered commodity to be eligible for payment consideration. If the producer does **not** sign CCC-862 or CCC-866, then that share interest will **not** be paid to anyone.

Farm enrolled in ARC-IC 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. Follow 1-CM for policy about signatures of minors.

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 CCC-862 or CCC-866 if both of the following apply: • OGC regional attorney authorizes CCC-862 or CCC-866 approval • producer submitted CCC-862 or CCC-866 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 CCC-862 or CCC-866 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.---*

***--310 FSA Determination Appeals and Responses to Inquiries About Payment Eligibility Under CCC-862 or CCC-866**

A Background

After all contract program requirements are met and satisfied for a farm, contract, and producers enrolled under CCC-862 or CCC-866, final ARCPLC payments will be made on or after October 1 of the following year of the crop year, once the marketing year average price has been determined (and actual yield data has been received) for crops. For example:

- 2019 ARCPLC payments determined payable will issue sometime after October 1, 2020
- 2020 ARCPLC payment determined payable will issue sometime after October 1, 2021.

A program determination issued to a producer on whether or not the producer is individually ineligible or has failed to satisfy the eligibility or compliance requirements, or aspects of the program that is based on facts arising from that producer or individual farm or contract, can be appealed according to subparagraph B.

However, the conduct of a program and ultimate payment triggers for a covered commodity or county under ARCPLC is not an individual farm, or producer, or contract program determination. Under ARCPLC, some covered commodities and counties will trigger payment eligibility based on national average payment prices or revenue shortfalls without any regard to the farm's or contract's own facts. FSA will respond to inquiries received from producers about those aspects of the program according to subparagraph C.

B Producer Rights on Producer Determinations

Participants have the right to appeal FSA program decisions that were issued based on facts arising from their farm or contract.

Follow 1-APP for guidance on administrative appeal policy for adverse decisions issued to program participants.

C Responding to Questions About Program Aspects That are Not Individual Farm or Producer Determinations

FSA determinations of whether or not a covered commodity or county triggers payment eligibility for PLC or ARC-CO are not based on facts arising from an individual producer's farm and contract. While FSA may publicize information relative to crops and counties that have triggered payment eligibility, FSA does not issue program decisions to individual producers that a crop or county have not triggered payment eligibility.--*

***--310 FSA Determination Appeals and Responses to Inquiries About Payment Eligibility Under CCC-862 or CCC-866 (Continued)**

C Responding to Questions About Program Aspects That are Not Individual Farm or Producer Determinations (Continued)

Offices will **not** provide appeal or appealability review rights when there is no program determination issued for an individual farm or producer by FSA.

If anyone questions why a county or crop has triggered payment eligibility, offices will respond by using the following language. If the inquiry is made in writing, the response must be in writing.

Dear _____:

This is in response to your inquiry why certain covered commodities or counties triggered Agriculture Risk Coverage – County (ARC-CO) or Price Loss Coverage (PLC) payment eligibility while others did not. Specifically, you questioned why other covered commodities or counties (or your county or covered commodity) likewise did not trigger payment eligibility, or you questioned the rate that was used to issue the payment.

PLC payments are triggered based on whether the national market year average price for a covered commodity in a marketing year was below the reference price set by law.

ARC-CO payments are triggered at the county level based on a determination of revenue loss stemming from falling prices (whether the national market year average price for a covered commodity has fallen) as well as differences in county yields (benchmark, actual, or both). Differences in whether or not a covered commodity triggers payment eligibility or the payment rate for that triggered covered commodity occur largely due to impact of year-specific weather, as well as climatic considerations, on yields.

It may be difficult to understand why a covered commodity may trigger payment eligibility differently for each covered commodity under PLC or why covered commodities and counties trigger differently under ARC-CO. However, this outcome was expected under the program.

Thank you for your inquiry.

Sincerely,

CED

--*

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, 216, 285
AD-1153	Application for Long-Term Contracted Assistance Through the _____ Program		282, 283
CCC-505	Voluntary Permanent Base Acre Reduction		Text
CCC-509	Direct and Counter-Cyclical Program (DCP) Contract and Average Crop Revenue Election (ACRE) Contract		237, 240
CCC-510	Cash Rent Certification Statement		237, 240
CCC-517	Tract Redistribution Form		21, 22
CCC-658 <u>1/</u>	EFP Worksheet for Changes in Livestock Feed Numbers, Feed Loss, and Feed Available		81, 88
CCC-855	Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP) and Livestock Forage Disaster Program (LFP) Lease Agreement Certification Statement		237, 240
CCC-860	Socially Disadvantage, Limited Resource and Beginning Farmer or Rancher Certification		235
CCC-861	Agricultural Risk Coverage - County Option (ARC-CO) and Price Loss Coverage (PLC) Contract		237, 240, 282, 289, 307
CCC-862	Agricultural Risk Coverage - Individual Option (ARC-IC) Contract	188	Text
CCC-862 and CCC-866 Appendix	Appendix to CCC-862, Agricultural Risk Coverage With Individual Option (ARC-IC) Program Contract and CCC-866, Price Loss Coverage (PLC) and Agricultural Risk Coverage With County Option (ARC-CO) Program Contract	242	Part 8
CCC-863	Agriculture Risk Coverage- - Individual (ARC-IC) Yield Certification	Ex. 16	65, 81, 88, 138
CCC-866	Agricultural Risk Coverage – County Option (ARC-CO) and Price Loss Coverage (PLC) Election and Contract	189	Text
CCC-866-1	Election for Base Acres Returned to the Farm	42	42
CCC-867	Yield Update For the Price Loss Coverage (PLC) Program.	89	65, 66, 86, 88, 89

Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

Forms (Continued)

Number	Title	Display Reference	Reference
CCC-902	Farm Operating Plan for Payment Eligibility 2009 and Subsequent Program Years		1, 216
CCC-903	Worksheet For Payment Eligibility and Payment Limitation Determinations		216
CCC-920	Grassland Reserve Program Contract		283
CCC-941	Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information - Agricultural Act of 2014		4, 216
CCC-957	Cotton Transition Assistance Program (CTAP) Application		237, 240
CRP-1	Conservation Reserve Program Contract		Text
CRP-2	Conservation Reserve Program Worksheet		283
CRP-2C	Conservation Reserve Program Worksheet (For Continuous Signup)		283
CRP-15 <u>1</u> /	Agreement for Reduction of Bases, Allotments, and Quotas		281
FSA-155	Request for Farm Reconstitution		206, 218
FSA-156EZ	Abbreviated 156 Farm Record		282, 283
FSA-179	Transfer of Farm Records Between Counties		206, 218
FSA-325	Application for Payment of Amounts Due Persons Who Have Died, Disappeared, or Have Been Declared Incompetent		243, 244
FSA-578	Report of Acreage		Text
FSA-658	Record of Production and Yield		88
FSA-850	Environmental Screening Worksheet		293

1/ These forms are obsolete.

Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

Abbreviations Not Listed in 1-CM

Approved Abbreviations	Term	Reference
2002 Farm Bill	Farm Security and Rural Investment Act of 2002	64,
2008 Farm Bill	Food, Conservation, and Energy Act of 2008 (Pub. L. 110 246)	1, 5, 64, 136
2014 Farm Bill	Agricultural Act of 2014, Title 1 (Pub. L. 113-79)	Text
2018 Farm Bill	Agriculture Improvement Act of 2018 (Pub. L. 115-334)	Text
ACEP	Agricultural Conservation Easement Program	282
ARC	agriculture risk coverage	Text
ARC-CO	agriculture risk coverage – county	Text
ARC-IC	agriculture risk coverage – individual	Text
CC	counter-cyclical	Text
CIMS	Comprehensive Information Management System	66, 88
CTAP	Cotton Transition Assistance Program	22, 64
FRMS	Farm Records Management System	Text
HIP	historical irrigated percentage	206
MYA	marketing year average	1, 5, Ex. 2
PFC	production flexibility contract	41, 207
PLC	price loss coverage	Text
WRE	Wetland Reserve Easements	Text

Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)**Redelegations of Authority**

COC may redelegate authority to approve CCC-505's, CCC-862's and CCC-866's to CED, in routine cases. Redlegation must be documented in COC minutes.

Note: Redlegation to CED from COC for the approval of a contract subject to the 2018 Farm Bill ARC and PLC (approving a 2019 and/or 2020 CCC-862 and/or CCC-866) must be recorded in the minutes at the next COC meeting. This delegation may be retroactive for calendar year 2019.

SED's are delegated the authority to approve programmatic relief when one or more producers on a farm do not have control of adequate DCP cropland to support the requested payment share of base acres on enrolled ARC/PLC farms.

Definitions of Terms Used in This Handbook

*--Actual Average County Yield

Actual average county yield means the yield, which is 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.

- For wheat, corn, grain sorghum, barley and oats, planted acres are the harvested acres plus unharvested acres.
- In determining the yield for a county, FSA uses data in order from the following data sources: RMA and yields determined by State committee.
- Separate irrigated and nonirrigated yields will be established in a county having farms with P&CP acreage history of a covered commodity in 2013 through 2017. These separate yields will be established where FSA determines the covered commodity's P&CP acreage was both irrigated and nonirrigated in 2013 through 2017.

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

*--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 80 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 most recent 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 80 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 80 percent of the county T-yield.

ARC-CO Benchmark Revenue

ARC-CO Benchmark revenue means the product obtained by multiplying the average historical county yield times the average MYA price for the most recent 5 crop years available, excluding each of the crop years with the highest and lowest prices and substituting the effective reference price in each year where the MYA price is less than the effective reference price. If a county has separate irrigated and non-irrigated yields established for a covered commodity, the benchmark revenue calculated by FSA for that farm and covered commodity will be weighted based on the farm's historical irrigated percentage.

ARC-IC Benchmark Farm Yield

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 five years preceding the year prior to the program year.--*

Definitions of Terms Used in This Handbook

*--ARC-IC 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 planted covered commodity for each of the most recent 5 crop years available:

(i) Yield per planted acre (substituting 80 percent of the county transitional yield in each year where the yield per planted acre is less than 80 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 effective reference price in each year where the MYA price is less than the effective 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 available, excluding each of the crop years with the highest and lowest revenues; and

(3) For each of the 2019 through 2023 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.--*

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-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.

Definitions of Terms Used in This Handbook

*--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.

Assigned Yield

Assigned yield means, for benchmark revenue, 100 percent of the county average yield.

Note: Yield is assigned when to establish 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

[7 CFR 1412.3] Average historical county yield means the 5-year Olympic determined by FSA as the average of actual average county yields for the most recent 5 years for which data is available, substituting 80 percent of the county transitional yield as defined in this part in each year in which the actual average county yield is less than 80 percent of the county transitional yield. Separate irrigated and nonirrigated yields will be established in a county having a sufficient number of farms with P&CP acreage history of a covered commodity in 2013 through 2017. These separate yields will be established for counties where a covered commodity's P&CP acreage was both irrigated and nonirrigated in 2013 through 2017. If needed, a trend-adjusted yield factor will be used to adjust the yield taking into consideration, but not exceeding, the trend-adjusted yield factor that is used to increase yield history under the crop insurance endorsement under the Federal Crop Insurance Act (7 U.S.C. 1501-1520).--*

Base Acres

[7 CFR 1412.3] Base acres means, with respect to a covered commodity on a farm, the number of acres in effect on September 30, 2013, as defined in the regulations in 7 CFR part 1412, subpart B that were in effect on that date, subject to any reallocation, adjustment, or reduction. The term "base acres" includes any unassigned base acres.

Cash Lease

Cash lease means a guaranteed sum, certain cash payment, or fixed quantity of the crop.

Definitions of Terms Used in This Handbook

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

Double Cropping

[7 CFR 1412.3] **Double-cropping** means for covered commodities, notwithstanding the meaning in subparts D and E of this part for fruits and vegetables, the planting of a covered commodity for harvest in a crop year, in cycle with another covered commodity on the same acres for harvest in the same crop year in counties that have been determined to be areas where there is determined to be substantial, successful, and long-term double cropping of the crop and where the producer has followed customary production techniques and planting deadlines as determined by FSA (that is, using techniques and deadlines used by the majority of farmers in the region to double crop the particular crops involved). In a county determined capable of supporting such double-cropping of the covered commodities, as determined by FSA, both an initial crop and a subsequent crop will be considered planted or prevented planted acres for the purpose of this part. Notwithstanding any of the provisions of 7 CFR part 718, in those instances where the subsequently planted or approved prevented planted covered commodity cannot be recognized as double-cropped acreage under this definition, the subsequently planted crop acreage will not be considered planted or prevented planted.

*--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.--*

Definitions of Terms Used in This Handbook

*--Effective Reference Price

Effective reference price means the lesser of the following:

- An amount equal to 115 percent of the reference price for a covered commodity; or
- An amount equal to the greater of:
 - the reference price for a covered commodity; or
 - 85 percent of the average of the MYA price of the covered commodity for the most recent 5 crop years available, excluding each of the crop years with the highest and lowest MYA price.

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.--*

Definitions of Terms Used in This Handbook

*--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.

Historical Irrigated Percentage (HIP)

Historical irrigated percentage means the percentage of the covered commodity on a farm that was irrigated (P&CP, including subsequently planted crop acreage) divided by the total acreage of the covered commodity (P&CP, including subsequently planted crop acreage) between the years 2013 through 2017, or, at FSA's discretion, such other similar 5 year-period (such as 2015 through 2019).--*

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>.--*

Definitions of Terms Used in This Handbook

*--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, seed cotton, and rice: August 1 through July 31
- chickpeas, corn, crambe, grain sorghum, mustard, safflower, sesame, soybeans, and sunflowers: September 1 through August 31.--*

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.

*--Most Recent 5 Crop Years Available

Most recent 5 crop years available means the 5 years preceding the most immediately preceding crop year. For example, for the 2019 crop year, the most recent 5 years available are 2013 through 2017.

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 means:

(1) For the purpose of ARC-CO and PLC, subject to planting flexibility provisions as specified §1412.46, the payment acres for each covered commodity on a farm will be equal to 85 percent of the covered commodity's base acres on the farm.

(2) For the purpose of ARC-IC, subject to planting flexibility provisions as specified in §1412.46, the payment acres for a farm will be equal to 65 percent of all the covered commodity base acres on the farm.

Definitions of Terms Used in This Handbook

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.

* * *

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 produced.

*--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.--*

Definitions of Terms Used in This Handbook (Continued)

*--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/bu.	Chickpeas, Large	\$21.54/cwt.	Chickpeas, Small	\$19.04/cwt.
Corn	\$3.70/bu.	Grain Sorghum	\$3.95/bu.	Lentils	\$19.97/cwt.
Oats	\$2.40/bu.	Oilseeds, Other	\$20.15/cwt.	Peas, Dry	\$11.00/cwt.
Peanuts	\$535/ton	Rice, Long Grain	\$14.00/cwt.	Rice, Medium Grain <u>1/</u>	\$14.00/cwt.
Rice, Temperate Japonica <u>2/</u>	\$16.10/cwt.	Seed Cotton	\$0.367/lb.	Soybeans	\$8.40/bu.
Wheat	\$5.50/bu.				

1/ Medium and short grain rice grown outside of California.

2/ Medium and short grain rice grown in California.

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.--*

Share Lease

Share lease means provisions that require any of the following:

- payment of rent based on the amount of crop produced where both parties share in the risk of the crop produced
- proceeds derived from the crop
- interest the producer would have had if the crop had been produced.

Definitions of Terms Used in This Handbook (Continued)***--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.

Temperate Japonica Rice

Temperate Japonica rice means all medium and short grain rice grown in California.--*

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)).--*

Voluntarily Terminated

Voluntarily terminated means CRP-1 is terminated when either of the following apply:

- request for termination by applicable participants is received
- death of CRP participants with no succession to CRP-1.

Important: Terminating CRP-1 for any other reason, including the following, is not a voluntary termination:

- CRP-1 violation
- sale of land enrolled in CRP.

***--Counties With Irrigated and Nonirrigated ARC-CO Yields**

The following covered commodities carry separate irrigated and nonirrigated benchmark revenues, guarantees, and actual revenues.

STATE	COUNTY	FIPS CODE	BARLEY	CANOLA	CORN	DRY PEAS	GRAIN SORGHUM	OATS	PEANUTS	SAFFLOWER	SEED COTTON	SESAME SEED	SOYBEANS	SUNFLOWER SEED	WHEAT
Alabama	Baldwin	01003			x				x				x		
	Barbour	01005			x						x				
	Coffee	01031			x				x						
	Colbert	01033			x						x				
	Dale	01045									x				
	Dallas	01047									x				
	Escambia	01053			x				x		x				
	Geneva	01061			x				x		x				
	Henry	01067			x				x		x				
	Houston	01069			x				x		x				
	Lawrence	01079			x								x		
	Limestone	01083			x						x		x		x
	Madison	01089			x						x		x		
	Monroe	01099							x		x				
	Pike	01109			x										
	Talladega	01121			x								x		
Arkansas	Arkansas	05001											x		
	Ashley	05003											x		
	Chicot	05017			x						x		x		x
	Clark	05019											x		
	Clay	05021			x						x		x		
	Conway	05029			x								x		
	Craighead	05031					x				x		x		
	Crawford	05033			x								x		
	Crittenden	05035					x				x		x		
	Cross	05037					x						x		
	Desha	05041					x						x		
	Drew	05043											x		
	Faulkner	05045											x		
	Greene	05055			x		x						x		
	Independence	05063			x								x		
	Jackson	05067					x						x		
	Jefferson	05069			x								x		
	Johnson	05071											x		
	Lafayette	05073			x								x		x
	Lawrence	05075											x		
	Lee	05077			x		x				x		x		

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***--Counties With Irrigated and Nonirrigated ARC-CO Yields (Continued)**

STATE	COUNTY	FIPS CODE	BARLEY	CANOLA	CORN	DRY PEAS	GRAIN SORGHUM	OATS	PEANUTS	SAFFLOWER	SEED COTTON	SESAME SEED	SOYBEANS	SUNFLOWER SEED	WHEAT
Arkansas (Continued)	Lincoln	05079											X		
	Little River	05081			X								X		
	Logan	05083											X		
	Lonoke	05085											X		
	Miller	05091			X								X		
	Mississippi	05093			X		X				X		X		X
	Monroe	05095					X						X		
	Perry	05105											X		
	Phillips	05107			X		X						X		
	Poinsett	05111					X				X		X		
	Pope	05115											X		
	Prairie	05117											X		
	Pulaski	05119											X		
	Randolph	05121											X		
	St. Francis	05123			X		X						X		
	White	05145											X		
	Woodruff	05147			X		X						X		X
	Yell	05149											X		
Arizona	Maricopa	04013	X												
California	Colusa	06011													X
	Fresno	06019	X												X
	Glenn	06021													X
	Kings	06031	X												X
	Madera	06039													X
	Riverside	06065													X
	Sacramento	06067			X										X
	Siskiyou	06093													X
	Solano	06095													X
	Sonoma	06097						X							
	Sutter	06101													X
	Tulare	06107	X					X							
	Yolo	06113													X

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***--Counties With Irrigated and Nonirrigated ARC-CO Yields (Continued)**

STATE	COUNTY	FIPS CODE	BARLEY	CANOLA	CORN	DRY PEAS	GRAIN SORGHUM	OATS	PEANUTS	SAFFLOWER	SEED COTTON	SESAME SEED	SOYBEANS	SUNFLOWER SEED	WHEAT
Colorado	Adams	08001			x									x	x
	Baca	08009			x		x	x						x	x
	Bent	08011					x								x
	Cheyenne	08017			x		x								x
	Kiowa	08061													x
	Kit Carson	08063			x		x							x	x
	Larimer	08069													x
	Lincoln	08073			x										x
	Logan	08075			x										x
	Montezuma	08083													x
	Morgan	08087			x										x
	Phillips	08095			x										x
	Prowers	08099			x		x								x
	Sedgwick	08115			x										x
	Washington	08121			x										x
	Weld	08123			x									x	x
	Yuma	08125			x		x								x
Delaware	Kent	10001	x		x								x		x
	New Castle	10003			x										
	Sussex	10005	x		x								x		x
Florida	Alachua	12001							x						
	Columbia	12023							x						
	Escambia	12033			x				x		x				
	Gilchrist	12041							x						
	Hamilton	12047							x						
	Jackson	12063			x				x		x				
	Levy	12075							x						
	Madison	12079			x				x						
	Marion	12083							x						
	Suwannee	12121			x				x						
Georgia	Appling	13001			x				x		x				
	Atkinson	13003			x				x		x				
	Bacon	13005			x				x		x				
	Baker	13007			x				x		x				
	Ben Hill	13017							x		x				
	Berrien	13019			x				x		x				
	Bleckley	13023							x		x		x		x
	Brooks	13027			x				x		x		x		

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***--Counties With Irrigated and Nonirrigated ARC-CO Yields (Continued)**

STATE	COUNTY	FIPS CODE	BARLEY	CANOLA	CORN	DRY PEAS	GRAIN SORGHUM	OATS	PEANUTS	SAFFLOWER	SEED COTTON	SESAME SEED	SOYBEANS	SUNFLOWER SEED	WHEAT
Georgia (Continued)	Bulloch	13031			x				x		x				
	Burke	13033			x				x		x		x		
	Calhoun	13037			x				x		x		x		
	Candler	13043									x				
	Clay	13061							x		x				
	Coffee	13069			x				x		x				
	Colquitt	13071			x				x		x		x		
	Cook	13075			x				x		x				
	Crisp	13081							x		x				x
	Decatur	13087			x				x		x		x		
	Dodge	13091			x				x		x		x		
	Dooly	13093			x				x		x		x		x
	Dougherty	13095							x		x				
	Early	13099			x				x		x		x		x
	Effingham	13103							x		x				
	Emanuel	13107			x				x		x		x		
	Evans	13109									x				
	Grady	13131			x				x		x				
	Houston	13153			x				x		x		x		
	Irwin	13155			x				x		x				
	Jeff Davis	13161			x				x		x				
	Jefferson	13163			x				x		x		x		x
	Jenkins	13165			x				x		x				
	Johnson	13167							x		x				
	Lanier	13173			x				x		x				
	Laurens	13175			x				x		x		x		x
	Lee	13177			x				x		x		x		x
	Macon	13193							x		x		x		x
	Marion	13197			x				x						
	Miller	13201			x				x		x		x		x
	Mitchell	13205			x				x		x		x		
	Montgomery	13209									x				
	Pierce	13229			x				x		x				
	Pulaski	13235							x		x		x		x
	Randolph	13243			x				x		x		x		x
	Screven	13251			x				x		x				

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***--Counties With Irrigated and Nonirrigated ARC-CO Yields (Continued)**

STATE	COUNTY	FIPS CODE	BARLEY	CANOLA	CORN	DRY PEAS	GRAIN SORGHUM	OATS	PEANUTS	SAFFLOWER	SEED COTTON	SESAME SEED	SOYBEANS	SUNFLOWER SEED	WHEAT
Georgia (Continued)	Seminole	13253			x				x		x		x		
	Stewart	13259							x		x				
	Sumter	13261			x				x		x		x		x
	Tattnall	13267			x				x		x		x		
	Taylor	13269											x		
	Telfair	13271			x				x		x		x		
	Terrell	13273			x				x		x		x		x
	Thomas	13275			x				x		x				
	Tift	13277			x				x		x				
	Toombs	13279			x				x		x		x		
	Treutlen	13283									x				
	Turner	13287							x		x				
	Twiggs	13289									x				
	Ware	13299			x						x				
	Washington	13303			x				x		x		x		x
	Wayne	13305			x				x		x				
	Webster	13307			x				x		x				
	Wheeler	13309									x		x		
	Wilcox	13315							x		x				x
	Worth	13321			x				x		x		x		x
Idaho	Bannock	16005	x												x
	Bear Lake	16007													x
	Bingham	16011													x
	Bonneville	16019	x												x
	Camas	16025	x												
	Caribou	16029	x												x
	Cassia	16031													x
	Elmore	16039													x
	Franklin	16041	x												x
	Fremont	16043	x												x
	Kootenai, N Shoshone	16055													x
	Madison	16065	x												x
	Oneida	16071													x
	Power	16077	x												x
	Teton	16081	x												x
	Washington	16087													x

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***--Counties With Irrigated and Nonirrigated ARC-CO Yields (Continued)**

STATE	COUNTY	FIPS CODE	BARLEY	CANOLA	CORN	DRY PEAS	GRAIN SORGHUM	OATS	PEANUTS	SAFFLOWER	SEED COTTON	SESAME SEED	SOYBEANS	SUNFLOWER SEED	WHEAT
Illinois	Adams	17001			x								x		
	Alexander	17003											x		
	Brown	17009											x		
	Bureau	17011			x								x		
	Carroll	17015			x								x		
	Cass	17017			x								x		
	Champaign	17019			x								x		
	Christian	17021											x		
	Clark	17023			x								x		
	Coles	17029											x		
	Crawford	17033			x								x		x
	Cumberland	17035											x		
	Dekalb	17037											x		
	Dewitt	17039											x		
	Douglas	17041											x		
	Edgar	17045											x		
	Ford	17053			x								x		
	Fulton	17057											x		
	Gallatin	17059			x								x		x
	Greene	17061			x								x		
	Grundy	17063											x		
	Hancock	17067			x								x		
	Henderson	17071			x								x		
	Henry	17073			x								x		
	Iroquois	17075			x								x		
	Kankakee	17091			x								x		
	Knox	17095											x		
	Lasalle	17099											x		
	Lawrence	17101			x								x		x
	Lee	17103			x								x		
	Livingston	17105											x		
	Logan	17107			x								x		
	McDonough	17109											x		
	McHenry	17111			x								x		
	McLean	17113											x		
	Macon	17115											x		
	Marshall	17123			x								x		
	Mason	17125			x								x		x
	Massac	17127			x								x		
	Menard	17129			x								x		

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***--Counties With Irrigated and Nonirrigated ARC-CO Yields (Continued)**

STATE	COUNTY	FIPS CODE	BARLEY	CANOLA	CORN	DRY PEAS	GRAIN SORGHUM	OATS	PEANUTS	SAFFLOWER	SEED COTTON	SESAME SEED	SOYBEANS	SUNFLOWER SEED	WHEAT
Illinois (Continued)	Mercer	17131			x								x		
	Monroe	17133			x								x		
	Morgan	17137			x								x		
	Moultrie	17139											x		
	Ogle	17141											x		
	Peoria	17143			x								x		
	Piatt	17147											x		
	Pike	17149			x								x		
	Rock Island	17161			x								x		
	Sangamon	17167											x		
	Schuyler	17169			x								x		
	Scott	17171			x								x		
	Shelby	17173											x		
	Stark	17175											x		
	Stephenson	17177											x		
	Tazewell	17179			x								x		
	Vermilion	17183			x								x		
	Wabash	17185			x								x		
	Warren	17187											x		
	Wayne	17191			x								x		
	White	17193			x								x		
	Whiteside	17195			x								x		
	Will	17197											x		
	Woodford	17203											x		
Indiana	Bartholomew	18005			x								x		x
	Cass	18017			x										
	Daviess	18027			x								x		
	DeKalb	18033											x		
	Delaware	18035											x		
	Elkhart	13039			x								x		
	Fountain	18045											x		
	Fulton	18049			x								x		
	Gibson	18051			x								x		
	Greene	18055			x										
	Henry	18065											x		
	Howard	18067											x		
	Jackson	18071			x								x		

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***--Counties With Irrigated and Nonirrigated ARC-CO Yields (Continued)**

STATE	COUNTY	FIPS CODE	BARLEY	CANOLA	CORN	DRY PEAS	GRAIN SORGHUM	OATS	PEANUTS	SAFFLOWER	SEED COTTON	SESAME SEED	SOYBEANS	SUNFLOWER SEED	WHEAT
Indiana (Continued)	Jasper	18073			x								x		
	Johnson	18081											x		
	Knox	18083			x								x		x
	Kosciusko	18085			x								x		
	Lagrange	18087			x								x		
	Lake	18089			x								x		
	Laporte	18091			x								x		x
	Madison	18095											x		
	Marshall	18099			x								x		
	Miami	18103			x								x		
	Montgomery	18107											x		
	Newton	18111			x								x		
	Noble	18113			x								x		
	Parke	18121											x		
	Porter	18127			x								x		
	Posey	18129			x								x		x
	Pulaski	18131			x								x		
	St. Joseph	18141			x								x		
	Shelby	18145			x								x		
	Spencer	18147			x								x		
	Starke	18149			x								x		
	Steuben	18151			x								x		
	Sullivan	18153			x								x		
	Tippecanoe	18157			x								x		
	Vanderburgh	18163											x		
	Vigo	18167			x								x		
	Wabash	18169			x								x		
	Warren	18171			x								x		
	Wayne	18177											x		
	White	18181			x								x		
Iowa	Des Moines	19057			x								x		
	Dickinson	19059			x										
	Fayette	19065			x										
	Floyd	19067			x										
	Fremont	19081			x								x		
	Hancock	19071			x								x		
	Harrison	19085			x								x		

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***--Counties With Irrigated and Nonirrigated ARC-CO Yields (Continued)**

STATE	COUNTY	FIPS CODE	BARLEY	CANOLA	CORN	DRY PEAS	GRAIN SORGHUM	OATS	PEANUTS	SAFFLOWER	SEED COTTON	SESAME SEED	SOYBEANS	SUNFLOWER SEED	WHEAT
Iowa (Continued)	Kossuth	19109			x										
	Lee	19111			x										
	Louisa	19115			x								x		
	Lyon	19119			x										
	Mills	19129			x								x		
	Monona	19133			x								x		
	Muscatine	19139			x								x		
	Osceola	19143			x								x		
	Palo Alto	19147			x								x		
	Plymouth	19149			x								x		
	Pocahontas	19151			x										
	E. Pottawattamie	19155			x								x		
	W. Pottawattamie	19156			x								x		
	Sioux	19167			x								x		
	Story	19169											x		
	Woodbury	19193			x								x		
	Worth	19195			x										
Kansas	Anderson	20003			x								x		
	Atchison	20005			x										
	Barber	20007			x								x		x
	Barton	20009			x		x						x		x
	Brown	20013			x								x		
	Cherokee	20021			x								x		
	Cheyenne	20023			x		x							x	x
	Clark	20025					x								x
	Clay	20027			x								x		x
	Cloud	20029			x		x						x		x
	Coffey	20031			x								x		
	Cowley	20035			x								x		
	Decatur	20039			x								x		x
	Dickinson	20041			x								x		x
	Doniphan	20043			x										
	Douglas	20045			x								x		
	Edwards	20047			x		x						x		x
	Finney	20055			x		x								x
	Ford	20057			x		x						x		x
	Franklin	20059			x								x		
	Geary	20061			x								x		

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***--Counties With Irrigated and Nonirrigated ARC-CO Yields (Continued)**

STATE	COUNTY	FIPS CODE	BARLEY	CANOLA	CORN	DRY PEAS	GRAIN SORGHUM	OATS	PEANUTS	SAFFLOWER	SEED COTTON	SESAME SEED	SOYBEANS	SUNFLOWER SEED	WHEAT
Kansas (Continued)	Gove	20063			X		X								X
	Graham	20065			X		X						X		X
	Grant	20067			X		X								X
	Gray	20069			X		X								X
	Greeley	20071			X		X								X
	Hamilton	20075			X		X								X
	Harvey	20079			X		X						X		X
	Haskell	20081			X		X								X
	Hodgeman	20083			X		X								X
	Jackson	20085			X										
	Jefferson	20087			X								X		
	Jewell	20089			X								X		
	Kearny	20093			X		X								X
	Kingman	20095			X		X						X		X
	Kiowa	20097			X		X						X		X
	Lane	20101			X		X								X
	Leavenworth	20103			X								X		
	Logan	20109			X		X								X
	McPherson	20113			X		X						X		X
	Marion	20115			X								X		X
	Marshall	20117			X								X		
	Meade	20119			X		X								X
	Mitchell	20123			X								X		X
	Montgomery	20125			X								X		
	Morton	20129			X		X								X
	Nemaha	20131			X										
	Ness	20135			X		X								X
	Norton	20137			X								X		X
	Osborne	20141			X		X						X		
	Ottawa	20143			X		X						X		X
	Pawnee	20145			X		X						X		X
	Phillips	20147			X								X		
	Pottawatomie	20149			X								X		
	Pratt	20151			X		X				X		X		X
	Rawlins	20153			X		X						X		X
	Reno	20155			X		X						X		X
	Republic	20157			X		X						X		
	Rice	20159			X		X						X		X

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***--Counties With Irrigated and Nonirrigated ARC-CO Yields (Continued)**

STATE	COUNTY	FIPS CODE	BARLEY	CANOLA	CORN	DRY PEAS	GRAIN SORGHUM	OATS	PEANUTS	SAFFLOWER	SEED COTTON	SESAME SEED	SOYBEANS	SUNFLOWER SEED	WHEAT
Kansas (Continued)	Riley	20161			X								X		
	Rooks	20163											X		X
	Rush	20165			X		X						X		X
	Saline	20169			X		X						X		X
	Scott	20171			X		X							X	X
	Sedgwick	20173			X		X						X		X
	Seward	20175			X		X								X
	Shawnee	20177			X								X		
	Sheridan	20179			X		X						X		X
	Sherman	20181			X		X							X	X
	Smith	20183			X		X						X		
	Stafford	20185			X		X						X		X
	Stanton	20187			X		X								X
	Stevens	20189			X		X				X				X
	Sumner	20191			X								X		X
	Thomas	20193			X		X						X	X	X
	Trego	20195			X		X								X
	Wabaunsee	20197			X								X		
	Wallace	20199			X		X							X	X
	Washington	20201			X								X		
	Wichita	20203			X		X								X
	Wilson	20205			X								X		
Kentucky	Calloway	21035			X								X		
	Christian	21047			X										
	Daviess	21059			X								X		
	Fulton	21075			X								X		
	Graves	21083			X								X		
	Henderson	21101			X								X		
	Hickman	21105			X								X		
	Union	21225			X								X		
Louisiana	Avoyelles	22009			X								X		
	Caddo	22017			X						X		X		
	Caldwell	22021			X								X		
	Catahoula	22025			X		X				X		X		
	Concordia	22029			X		X				X		X		
	East Carroll	22035			X						X		X		
	Franklin	22041			X						X		X		
	Madison	22065			X						X		X		
	Morehouse	22067			X		X						X		
	Natchitoches	22069			X								X		
	Ouachita	22073			X								X		
	Pointe Coupee	22077											X		

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***--Counties With Irrigated and Nonirrigated ARC-CO Yields (Continued)**

STATE	COUNTY	FIPS CODE	BARLEY	CANOLA	CORN	DRY PEAS	GRAIN SORGHUM	OATS	PEANUTS	SAFFLOWER	SEED COTTON	SESAME SEED	SOYBEANS	SUNFLOWER SEED	WHEAT
Louisiana (Continued)	Rapides	22079			x								x		
	Red River	22081			x								x		
	Richland	22083			x								x		
	Tensas	22107			x						x		x		x
	West Carroll	22123			x								x		
Maryland	Caroline	24011	x		x								x		x
	Dorchester	24019			x								x		x
	Kent	24029			x								x		x
	Queen Anne's	24035			x								x		x
	Talbot	24041			x								x		
	Wicomico	24045			x								x		x
	Worcester	24047			x								x		
Michigan	Allegan	26005			x								x		
	Barry	26015			x								x		
	Bay	26017			x								x		
	Berrien	26021			x								x		
	Branch	26023			x								x		
	Calhoun	26025			x								x		
	Cass	26027			x								x		
	Clinton	26037			x								x		
	Eaton	26045											x		
	Gratiot	26057			x								x		
	Hillsdale	26059			x								x		
	Huron	26063			x								x		
	Ingham	26065											x		
	Ionia	26067			x								x		
	Isabella	26073			x								x		
	Jackson	26075			x								x		
	Kalamazoo	26077			x								x		
	Kent	26081			x								x		
	Lenawee	26091			x								x		
	Mason	26105			x										
	Mecosta	26107			x								x		
	Midland	26111			x										
	Missaukee	26113			x										
	Monroe	26115			x										
	Montcalm	26117			x								x		x
	Muskegon	26121			x										
	Newaygo	26123			x										
	Oceana	26127			x								x		

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***--Counties With Irrigated and Nonirrigated ARC-CO Yields (Continued)**

STATE	COUNTY	FIPS CODE	BARLEY	CANOLA	CORN	DRY PEAS	GRAIN SORGHUM	OATS	PEANUTS	SAFFLOWER	SEED COTTON	SESAME SEED	SOYBEANS	SUNFLOWER SEED	WHEAT
Michigan (Continued)	Ottawa	26139			x								x		
	Saginaw	26145											x		
	St. Joseph	26149			x								x		
	Shiawassee	26155											x		
	Tuscola	26157			x								x		
	Van Buren	26159			x								x		
	Washtenaw	26161			x								x		
	Wexford	26165			x										
Minnesota	Anoka	27003			x										
	Becker	27005			x								x		x
	Benton	27009			x								x		
	Big Stone	27011			x								x		
	Blue Earth	27013			x								x		
	Brown	27015			x								x		
	Cass	27021			x										
	Clay	27027			x								x		
	Cottonwood	27033			x								x		
	Crow Wing	27035			x										
	Dakota	27037			x								x		
	Douglas	27041			x								x		
	Freeborn	27047			x								x		
	Goodhue	27049			x								x		
	Grant	27051			x								x		
	Hubbard	27057			x										
	Isanti	27059			x										
	Kandiyohi	27067			x								x		
	Lac Qui Parle	27073			x								x		
	Meeker	27093			x								x		
	Morrison	27097			x								x		
	Mower	27099			x								x		
	East Otter Tail	27111			x								x		x
	West Otter Tail	27112			x								x		x
	Pipestone	27117			x										
	East Polk	27119			x								x		x
	West Polk	27120			x								x		x
	Pope	27121			x								x		
	Rice	27131			x										
	Rock	27133			x										
	Sherburne	27141			x								x		
	Stearns	27145			x								x		

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***--Counties With Irrigated and Nonirrigated ARC-CO Yields (Continued)**

STATE	COUNTY	FIPS CODE	BARLEY	CANOLA	CORN	DRY PEAS	GRAIN SORGHUM	OATS	PEANUTS	SAFFLOWER	SEED COTTON	SESAME SEED	SOYBEANS	SUNFLOWER SEED	WHEAT
Minnesota (Continued)	Stevens	27149			x								x		
	Swift	27151			x								x		
	Todd	27153			x								x		
	Wabasha	27157			x										
	Wadena	27159			x								x		
	Washington	27163			x								x		
	Watonwan	27165			x								x		
	Wilkin	27167			x								x		
	Wright	27171			x								x		
	Yellow Medicine	27173			x										
Mississippi	Bolivar	28011			x		x				x		x		
	Carroll	28015			x						x		x		
	Coahoma	28027			x		x				x		x		
	DeSoto	28033			x								x		
	Grenada	28043											x		
	Holmes	28051			x				x		x		x		
	Humphreys	28053			x						x		x		
	Issaquena	28055			x						x		x		
	Leflore	28083			x						x		x		
	Lowndes	28087			x						x				
	Monroe	28095			x								x		
	Noxubee	28103			x						x		x		
	Panola	28107			x						x		x		
	Quitman	28119			x		x				x		x		x
	Sharkey	28125			x						x		x		
	Sunflower	28133			x						x		x		
	Tallahatchie	28135			x						x		x		
	Tunica	28143			x		x				x		x		
	Washington	28151			x						x		x		
	Yazoo	28163			x						x		x		
Missouri	Atchison	29005			x								x		
	Audrain	29007			x								x		
	Barton	29011			x								x		
	Bates	29013			x								x		
	Bollinger	29017			x								x		x
	Boone	29019			x										
	Buchanan	29021			x										
	Butler	29023			x								x		
	Callaway	29027			x								x		
	Cape Girardeau	29031			x								x		
	Carroll	29033			x								x		

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***--Counties With Irrigated and Nonirrigated ARC-CO Yields (Continued)**

STATE	COUNTY	FIPS CODE	BARLEY	CANOLA	CORN	DRY PEAS	GRAIN SORGHUM	OATS	PEANUTS	SAFFLOWER	SEED COTTON	SESAME SEED	SOYBEANS	SUNFLOWER SEED	WHEAT
Missouri (Continued)	Cass	29037			x								x		
	Chariton	29041			x								x		
	Clark	29045			x								x		
	Clay	29047			x										
	Dade	29057			x								x		x
	Dunklin	29069			x		x				x		x		x
	Holt	29087			x								x		
	Howard	29089			x								x		
	Jackson	29095			x										
	Jasper	29097			x								x		
	Johnson	29101			x								x		
	Lafayette	29107			x								x		
	Lewis	29111			x										
	Lincoln	29113			x								x		
	Marion	29127			x								x		
	Mississippi	29133			x								x		x
	Monroe	29137			x								x		
	Montgomery	29139			x								x		
	New Madrid	29143			x		x				x		x		x
	Osage	29151			x								x		
	Pemiscot	29155			x		x				x		x		x
	Perry	29157											x		
	Pettis	29159			x										
	Pike	29163			x								x		
	Platte	29165			x								x		
	Ralls	29173			x								x		
	Ray	29177			x								x		
	Ripley	29181											x		
	Saline	29195			x								x		
	Scott	29201			x						x		x		x
	Shelby	29205			x								x		
	Stoddard	29207			x						x		x		x
	Vernon	29217			x								x		x
	Warren	29219			x								x		
Montana	Big Horn	30003	x		x										x
	Blaine	30005	x												x
	Broadwater	30007	x												x
	Carbon	30009													x
	Cascade	30013	x												x
	Chouteau	30015	x												x

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***--Counties With Irrigated and Nonirrigated ARC-CO Yields (Continued)**

STATE	COUNTY	FIPS CODE	BARLEY	CANOLA	CORN	DRY PEAS	GRAIN SORGHUM	OATS	PEANUTS	SAFFLOWER	SEED COTTON	SESAME SEED	SOYBEANS	SUNFLOWER SEED	WHEAT
Montana (Continued)	Custer	30017													X
	Dawson	30021	x												X
	Fergus	30027													X
	Flathead	30029		x											X
	Gallatin	30031	x												X
	Glacier	30035	x												X
	Judith Basin	30045													X
	Lake	30047													X
	Lewis and Clark	30049	x												X
	Liberty	30051	x												X
	McCone	30055													X
	Madison	30057													X
	Meagher	30059	x												X
	Mussel Shell	30065	x												
	Park	30067	x												X
	Phillips	30071													X
	Pondera	30073	x		x	x									X
	Prairie	30079													X
	Richland	30083	x		x										X
	Roosevelt	30085	x												X
	Rosebud	30087	x												X
	Sheridan	30091	x												X
	Stillwater	30095	x												
	Teton	30099	x			x									X
	Toole	30101													X
	Treasure	30103													X
	Valley	30105	x												X
	Yellowstone	30111	x		x										X
Nebraska	Adams	31001			x		x						x		X
	Antelope	31003			x								x		
	Banner	31007			x										X
	Boone	31011			x								x		
	Box Butte	31013			x	x									X
	Boyd	31015			x								x		
	Brown	31017			x								x		
	Buffalo	31019			x		x						x		X
	Burt	31021			x								x		
	Butler	31023			x		x						x		

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***--Counties With Irrigated and Nonirrigated ARC-CO Yields (Continued)**

STATE	COUNTY	FIPS CODE	BARLEY	CANOLA	CORN	DRY PEAS	GRAIN SORGHUM	OATS	PEANUTS	SAFFLOWER	SEED COTTON	SESAME SEED	SOYBEANS	SUNFLOWER SEED	WHEAT
Nebraska (Continued)	Cass	31025			x								x		
	Cedar	31027			x			x					x		
	Chase	31029			x										x
	Cherry	31031			x										
	Cheyenne	31033			x	x								x	x
	Clay	31035			x		x						x		
	Colfax	31037			x								x		
	Cuming	31039			x								x		
	Custer	31041			x								x		x
	Dakota	31043			x								x		
	Dawes, N Sioux	31045			x										x
	Dawson	31047			x								x		x
	Deuel	31049			x										x
	Dixon	31051			x								x		
	Dodge	31053			x								x		
	Douglas	31055			x								x		
	Dundy	31057			x										x
	Fillmore	31059			x		x						x		x
	Franklin	31061			x		x						x		x
	Frontier	31063			x		x						x		x
	Furnas	31065			x		x						x		x
	Gage	31067			x								x		
	Garden	31069			x										x
	Garfield	31071			x								x		
	Gosper	31073			x								x		x
	Greeley	31077			x								x		
	Hall	31079			x		x						x		
	Hamilton	31081			x		x						x		x
	Harlan	31083			x		x						x		x
	Hayes	31085			x								x		x
	Hitchcock	31087			x		x						x		x
	Holt	31089			x			x					x		x
	Howard	31093			x								x		
	Jefferson	31095			x								x		
	Johnson	31097			x								x		
	Kearney	31099			x		x						x		x
	Keith	31101			x								x		x
	Keya Paha	31103			x								x		

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***--Counties With Irrigated and Nonirrigated ARC-CO Yields (Continued)**

STATE	COUNTY	FIPS CODE	BARLEY	CANOLA	CORN	DRY PEAS	GRAIN SORGHUM	OATS	PEANUTS	SAFFLOWER	SEED COTTON	SESAME SEED	SOYBEANS	SUNFLOWER SEED	WHEAT
Nebraska (Continued)	Kimball	31105			X									X	X
	Knox	31107			X			X					X		
	Lancaster	31109			X								X		
	Lincoln	31111			X								X		X
	Logan	31113			X								X		
	Loup	31115			X								X		
	Madison	31119			X								X		
	Merrick	31121			X								X		
	Morrill	31123			X										X
	Nance	31125			X								X		
	Nemaha	31127			X								X		
	Nuckolls	31129			X								X		X
	Otoe	31131			X								X		
	Pawnee	31133			X								X		
	Perkins	31135			X								X		X
	Phelps	31137			X		X						X		X
	Pierce	31139			X								X		
	Platte	31141			X								X		
	Polk	31143			X		X						X		
	Red Willow	31145			X		X						X		X
	Richardson	31147			X								X		
	Saline	31151			X								X		
	Sarpy	31153			X								X		
	Saunders	31155			X								X		
	Scotts Bluff	31157			X										X
	Seward	31159			X		X						X		
	Sheridan	31161			X										X
	Sherman	31163			X								X		X
	South Sioux	31165													X
	Stanton	31167			X								X		
	Thayer	31169			X								X		X
	Thurston	31173			X								X		
	Valley	31175			X								X		
	Washington	31177			X								X		
	Wayne	31179			X								X		
	Webster	31181			X								X		X
	Wheeler	31183			X								X		
	York	31185			X		X						X		
New Jersey	Burlington	34005			X										
	Cumberland	34011			X								X		
	Salem	34033			X								X		

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***--Counties With Irrigated and Nonirrigated ARC-CO Yields (Continued)**

STATE	COUNTY	FIPS CODE	BARLEY	CANOLA	CORN	DRY PEAS	GRAIN SORGHUM	OATS	PEANUTS	SAFFLOWER	SEED COTTON	SESAME SEED	SOYBEANS	SUNFLOWER SEED	WHEAT
New Mexico	Curry	35009			x		x								x
	Lea	35025									x				
	Quay	35037					x								
	Roosevelt	35041			x		x				x				x
	Union	35059													x
North Carolina	Beaufort	37013			x										
	Bertie	37015			x										
	Cumberland	37051			x										
	Hertford	37091			x								x		
	Robeson	37155			x										
	Wilson	37195			x				x				x		
North Dakota	Benson	38005			x								x		
	Burleigh	38015			x								x		
	Cass	38017			x								x		
	Dickey	38021			x								x		
	Divide	38023													x
	Emmons	38029			x								x		
	Foster	38031			x								x		
	Grand Forks	38035			x								x		x
	Grant	38037			x										
	Griggs	38039			x								x		
	Kidder	38043			x								x		x
	Lamoure	38045			x								x		
	McHenry	38049			x										
	McKenzie	38053	x		x										x
	McLean	38055			x								x		
	Mercer	38057			x										
	Morton	38059			x										
	Oliver	38065			x								x		
	Ransom	38073			x								x		
	Richland	38077			x								x		
	Sargent	38081			x								x		
	Sioux	38085			x										
	Steele	38091			x								x		
	Stutsman	38093			x								x		
	Towner	38095	x												
	Williams	38105	x		x								x		x

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***--Counties With Irrigated and Nonirrigated ARC-CO Yields (Continued)**

STATE	COUNTY	FIPS CODE	BARLEY	CANOLA	CORN	DRY PEAS	GRAIN SORGHUM	OATS	PEANUTS	SAFFLOWER	SEED COTTON	SESAME SEED	SOYBEANS	SUNFLOWER SEED	WHEAT
Ohio	Allen	39003											x		
	Auglaize	39011											x		
	Champaign	39021			x								x		
	Hardin	39065											x		
	Pickaway	39129			x										
	Putnam	39137											x		
	Ross	39141			x										
	Seneca	39147											x		
	Shelby	39149											x		
	Union	39159											x		
	Van Wert	39161											x		
	Williams	39171			x								x		
	Wyandot	39175											x		
Oklahoma	Beaver	40007					x								x
	Beckham	40009									x				x
	Bryan	40013			x								x		x
	Caddo	40015					x				x		x		x
	Canadian	40017											x		
	Cimarron	40025					x								x
	Custer	40039													x
	Dewey	40043													x
	Ellis	40045													x
	Grant	40053			x										
	Greer	40055									x				x
	Harmon	40057									x				x
	Harper	40059													x
	Jackson	40065									x				x
	Kay	40071			x								x		x
	Kiowa	40075									x				
	Le Flore	40079			x								x		x
	McCurtain	40089			x								x		
	Major	40093			x										x
	Muskogee	40101			x								x		x
	Sequoyah	40135			x								x		x
	Texas	40139					x								x
	Tillman	40141			x		x				x				x
	Washita	40149													x
	Woodward	40153													x

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***--Counties With Irrigated and Nonirrigated ARC-CO Yields (Continued)**

STATE	COUNTY	FIPS CODE	BARLEY	CANOLA	CORN	DRY PEAS	GRAIN SORGHUM	OATS	PEANUTS	SAFFLOWER	SEED COTTON	SESAME SEED	SOYBEANS	SUNFLOWER SEED	WHEAT
Oregon	Morrow	41049													X
	Sherman	41055													X
	Umatilla	41059				X									X
	Union	41061	X												X
	Wallowa	41063													X
	Wasco	41065													X
South Carolina	Aiken	45003			X										
	Allendale	45005			X								X		
	Bamberg	45009			X				X		X				
	Barnwell	45011			X				X		X				
	Berkeley	45015			X										
	Calhoun	45017			X				X		X		X		X
	Clarendon	45027			X				X				X		
	Darlington	45031			X				X		X		X		X
	Dillon	45033			X										
	Dorchester	45035			X										
	Florence	45041			X										
	Hampton	45049			X				X		X				
	Lee	45061			X						X		X		X
	Lexington	45063			X						X				
	Marion	45067			X										
	Marlboro	45069			X								X		
	Orangeburg	45075			X				X		X		X		X
	Richland	45079			X										
	Sumter	45085			X								X		X
	Williamsburg	45089			X										
South Dakota	Beadle	46005			X								X		
	Bennett	46007			X										
	Bon Homme	46009			X								X		
	Brookings	46011			X								X		
	Brown	46013			X								X		
	Brule	46015			X								X		
	Buffalo	46017			X								X		
	Butte	46019													X
	Campbell	46021			X								X		
	Charles Mix	46023			X								X		X
	Clark	46025			X								X		
	Clay	46027			X								X		

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***--Counties With Irrigated and Nonirrigated ARC-CO Yields (Continued)**

STATE	COUNTY	FIPS CODE	BARLEY	CANOLA	CORN	DRY PEAS	GRAIN SORGHUM	OATS	PEANUTS	SAFFLOWER	SEED COTTON	SESAME SEED	SOYBEANS	SUNFLOWER SEED	WHEAT
South Dakota (Continued)	Codington	46029			x								x		
	Davison	46035			x										
	Day	46037			x								x		
	Deuel	46039			x								x		
	Douglas	46043			x								x		
	Grant	46051			x								x		
	Gregory	46053			x										
	Hamlin	46057			x								x		
	Hand	46059			x								x		
	Hughes	46065			x								x		
	Hutchinson	46067			x								x		
	Jerauld	46073			x										
	Kingsbury	46077			x								x		
	Lake	46079			x								x		
	Lincoln	46083			x								x		
	Lyman	46085			x								x		
	Marshall	46091			x										
	Minnehaha	46099			x								x		
	Moody	46101			x								x		
	Potter	46107			x								x		
	Roberts	46109			x								x		
	Spink	46115			x								x		
	Sully	46119			x								x		
	Todd	46121			x								x		
	Tripp	46123			x										
	Turner	46125			x								x		
	Union	46127			x								x		
	Walworth	46129			x								x		
	Yankton	46135			x								x		
Tennessee	Carroll	47017			x						x		x		
	Crockett	47033			x						x		x		
	Dyer	47045			x		x				x		x		x
	Fayette	47047			x						x		x		
	Gibson	47053			x						x		x		
	Giles	47055			x								x		
	Hardeman	47069											x		x
	Hardin	47071			x								x		
	Haywood	47075			x						x		x		
	Henry	47079			x								x		

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***--Counties With Irrigated and Nonirrigated ARC-CO Yields (Continued)**

STATE	COUNTY	FIPS CODE	BARLEY	CANOLA	CORN	DRY PEAS	GRAIN SORGHUM	OATS	PEANUTS	SAFFLOWER	SEED COTTON	SESAME SEED	SOYBEANS	SUNFLOWER SEED	WHEAT
Tennessee (Continued)	Humphreys	47085			x								x		
	Lake	47095			x								x		x
	Lauderdale	47097			x						x		x		
	Lincoln	47103			x								x		
	Madison	47113			x								x		
	Obion	47131			x								x		
	Shelby	47157			x								x		
	Tipton	47167			x								x		
	Weakley	47183			x								x		
Texas	Andrews	48003									x				
	Armstrong	48011									x				x
	Atascosa	48013						x							
	Bailey	48017			x		x				x				x
	Baylor	48023									x				x
	Bee	48025			x		x				x				
	Bexar	48029			x						x				x
	Borden	48033									x				
	Bowie	48037			x								x		
	Brazos	48041			x		x				x				
	Briscoe	48045					x				x				x
	Burleson	48051			x		x				x				
	Cameron	48061			x		x				x				
	Carson	48065					x				x				x
	Castro	48069					x				x				x
	Childress	48075									x				x
	Cochran	48079			x		x				x				x
	Collingsworth	48087							x		x				x
	Comanche	48093									x				x
	Concho	48095					x				x				x
	Cottle	48101									x				
	Crosby	48107					x				x				x
	Dallam	48111					x								x
	Dawson	48115					x		x		x				x
	Deaf Smith	48117					x				x				x
	Dickens	48125									x				
	Donley	48129									x				x
	Falls	48145			x						x				
	Fannin	48147			x								x		
	Fisher	48151									x				
	Floyd	48153					x				x				x
	Foard	48155									x				x

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***--Counties With Irrigated and Nonirrigated ARC-CO Yields (Continued)**

STATE	COUNTY	FIPS CODE	BARLEY	CANOLA	CORN	DRY PEAS	GRAIN SORGHUM	OATS	PEANUTS	SAFFLOWER	SEED COTTON	SESAME SEED	SOYBEANS	SUNFLOWER SEED	WHEAT
Texas (Continued)	Frio	48163													X
	Gaines	48165					X				X				X
	Garza	48169									X				
	Glasscock	48173					X				X				
	Gray	48179					X				X				X
	Hale	48189					X				X			X	X
	Hall	48191									X				
	Hansford	48195					X								X
	Hardeman	48197									X				X
	Hartley	48205					X								X
	Haskell	48207					X				X	X			X
	Hemphill	48211													X
	Hidalgo	48215			X		X				X				
	Hockley	48219			X		X				X				X
	Howard	48227									X				
	Hutchinson	48233					X				X				X
	Jackson	48239			X										
	Jones	48253									X				
	Knox	48275									X				X
	Lamar	48277			X								X		
	Lamb	48279					X				X				X
	Lipscomb	48295					X								X
	Lubbock	48303			X		X				X				X
	Lynn	48305			X		X				X				X
	Martin	48317									X				X
	Medina	48325			X		X	X			X				X
	Midland	48329									X				
	Milam	48331			X						X				
	Mitchell	48335									X				X
	Moore	48341					X								X
	Motley	48345									X				
	Nolan	48353									X				X
	Ochiltree	48357					X				X				X
	Oldham	48359													X
	Parmer	48369	X				X				X				X
	Randall	48381					X				X				X
	Reagan	48383									X				
	Red River	48387			X								X		
	Roberts	48393													X
	Robertson	48395			X		X				X		X		
	Runnels	48399									X				X

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***--Counties With Irrigated and Nonirrigated ARC-CO Yields (Continued)**

STATE	COUNTY	FIPS CODE	BARLEY	CANOLA	CORN	DRY PEAS	GRAIN SORGHUM	OATS	PEANUTS	SAFFLOWER	SEED COTTON	SESAME SEED	SOYBEANS	SUNFLOWER SEED	WHEAT
Texas (Continued)	San Patricio	48409			X		X				X				
	Scurry	48415									X				
	Sherman	48421					X								X
	Swisher	48437			X		X				X				X
	Terry	48445			X		X				X				X
	Tom Green	48451					X				X				X
	Upton	48461									X				
	Uvalde	48463			X		X	X			X				X
	Wharton	48481			X						X		X		
	Wheeler	48483									X				
	Wilbarger	48487									X				X
	Willacy	48489			X		X				X				
	Wilson	48493			X						X				X
	Yoakum	48501			X		X		X		X				X
	Zavala	48507													X
Utah	Box Elder	49003								X					X
	Cache	49005	X												X
	Utah	49049													X
Virginia	Caroline	51033			X								X		
	Charles City	51036			X										
	Hanover	51085			X								X		
	King William	51101			X								X		
	Rockingham Harrisonburg City	51165			X										
Washington	Adams	53001		X											X
	Benton	53005													X
	Franklin	53021													X
	Grant	53025													X
	Klickitat	53039													X
	Lincoln	53043		X											X
	Walla Walla	53071				X									X
	Yakima	53077													X
Wisconsin	Adams	55001			X								X		
	Barron	55005			X								X		
	Buffalo	55011			X								X		
	Chippewa	55017			X								X		
	Columbia	55021			X								X		
	Dane	55025			X										
	Dunn	55033			X								X		

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***--Counties With Irrigated and Nonirrigated ARC-CO Yields (Continued)**

STATE	COUNTY	FIPS CODE	BARLEY	CANOLA	CORN	DRY PEAS	GRAIN SORGHUM	OATS	PEANUTS	SAFFLOWER	SEED COTTON	SESAME SEED	SOYBEANS	SUNFLOWER SEED	WHEAT
Wisconsin (Continued)	Eau Claire	55035			x								x		
	Green	55045			x								x		
	Green Lake	55047			x										
	Iowa	55049			x								x		
	Jefferson	55055			x										
	Juneau	55057			x										
	Langlade	55067			x			x					x		
	Marathon	55073			x								x		
	Marquette	55077			x								x		
	Pepin	55091			x								x		
	Polk	55095			x										
	Portage	55097			x								x		
	Richland	55103			x								x		
	Rock	55105			x								x		
	St. Croix	55109			x								x		
	Sauk	55111			x								x		
	Trempealeau	55121			x								x		
	Walworth	55127			x										
	Washburn	55129			x										
	Waupaca	55135			x								x		
	Waushara	55137			x								x		
Wyoming	Goshen	56015			x									x	x
	Laramie	56021			x										x
	Lincoln	56023	x												
	Platte	56031													x

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***--CCC-863, Agriculture Risk Coverage – Individual (ARC-IC) Yield Certification**

A Certification of Yield on CCC-863

The certification of benchmark, prior year, and actual yield in the current year, or using the ARC-IC substitute yields for each covered commodity and each crop year, must be documented by completing CCC-863 for each ARC-IC farm.

Note: Producers are certifying to yields and are **not** required to submit production evidence when filing CCC-863. However, evidence to support certified yields may be required if the farm is selected for spot check.

B Completing CCC-863

Complete CCC-863 according to the following.

Item	Instructions
1	Enter program years for which CCC-863 is being used. Example: For 2019, enter “2013-2017”.
2A	Enter FSA County Office name and address (optional).
2B and 2C	Enter FSA County Office telephone and/or FAX number (optional).
3 and 4	Enter State and county codes.
5	Enter FSN.
6	Complete this section to report yields at the farm level only in the years the covered commodity was planted in the benchmark years, and enter a yield for the current year.
6A	Enter covered commodity name that was planted in the current year on the farm.
6B	Enter 1 of the following, as applicable: - enter the applicable year where production is being provided - certified yield for each year of the benchmark, for each of the covered commodities planted in the current year Note: If the covered commodity was not planted for the particular year, leave blank. - certified yield for the prior crop year (optional) - certified actual yield for the actual year (current year) yield of the covered commodity planted “0” (zero) yield if the crop was planted and evidence is not available (missing or not determinable) to support a certified yield greater than zero. Note: In the subsequent years, only the actual year yield of the covered commodity must be certified.

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--CCC-863, Agriculture Risk Coverage – Individual (ARC-IC) Yield Certification (Continued)*B Completing CCC-863 (Continued)**

Item	Instructions
7	Enter remarks, if applicable.
8	Enter producer's name and address.
9A	Producer completing CCC-863 must sign. Producer signing is responsible for providing the evidence on request.
9B	If individual signing in item 9A is signing in a representative capacity for the participant, a title and/or relationship will be entered. If the individual in item 9A is the signatory, then no entry is required.
9C	Enter the date the producer or person signing in a representative capacity completes CCC-863.
10A	CCC or representative signs after CCC or representative reviews certified yields.
10B	Enter the date CCC or representative signed CCC-863.

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***--CCC-863, Agriculture Risk Coverage – Individual (ARC-IC) Yield Certification (Continued)**

C Example of CCC-863

The following is an example of CCC-863.

This form is available electronically.							
CCC-863 (10-07-19) U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation AGRICULTURE RISK COVERAGE – INDIVIDUAL (ARC-IC) YIELD CERTIFICATION		1. Program Years: 2A. County FSA Office Name and Address <i>(Including Zip Code)</i> 2B. County FSA Office Telephone Number <i>(Including Area Code)</i> 2C. County FSA Office FAX Number <i>(Including Area Code)</i> 3. State Code 4. County Code 5. Farm Number					
THE YIELD WORKSHEET is used to obtain yield information that may be used by producers participating in the Agriculture Risk Coverage – Individual (ARC-IC) program under Section 1113 of Public Law 113-79 as amended by Public Law 15-334 and 7 CFR Part 1412. The yields provided in this worksheet are for the previous five years the covered commodity was planted, an optional prior year yield, as well as the current crop year yield. The yields will be used to capture an ARC-IC Benchmark Farm Yield and the ARC-IC Actual Yield. Report the actual yields planted on the farm for each covered commodity planted for the current and prior five crop years. The higher of either the actual yield or 80% of the T-yield will be used for each year. If no crop was planted, the producer will receive the higher of 100% of the county yield or 80% of T-yield.							
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. This is ONLY a worksheet. It is NOT the yield update.							
6. Farm Yields							
6A. Commodity	Benchmark Crop Year:	Benchmark Crop Year:	Benchmark Crop Year:	Benchmark Crop Year:	Benchmark Crop Year:	Prior Crop Year (Optional):	Actual (Current) Crop Year:
	6B. Yield	6B. Yield	6B. Yield	6B. Yield	6B. Yield	6B. Yield	6B. Yield
7. Remarks							
The undersigned certifies that all the information entered on this form, whether personally entered by the undersigned or not, or by someone else, the attachments to this form, related acreage reports, production certifications, statements, etc., are each and all true and correct. The undersigned certifies that the production on this form is accurately identified to the farm and represents total production for the year shown. The undersigned understands this report is subject to spot-check, and if FSA finds that this certification contains any erroneous information, FSA will render a new determination. This may include a refund of unearned payments as a result of the errors. Failure to accurately certify any of the information on this form could result in a loss of program benefits. Additionally, by signing this form, the undersigned directs the purchaser, warehouse operator, ginner, or any person who otherwise, stores or purchases crop production listed on this form to disclose the production records of such crops to USDA representatives for the purpose of verification.							
8. Producer's Name and Address (Including Zip Code)							
9A. Signature of Producer (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)	

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*--CCC-863, Agriculture Risk Coverage – Individual (ARC-IC) Yield Certification (Continued)

C Example of CCC-863 (Continued)

CCC-863 (10-07-19)

Page 2 of 2

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 the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), the Agricultural Act of 2014 (7 U.S.C. 9013) as amended by the Agriculture Improvement Act of 2018 (Pub. L. 115-334) and 7 CFR Part 1412. 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.

Paperwork Reduction Act (PRA) Statement: The information collection is exempted from the Paperwork Reduction Act as specified in 7 U.S.C. 9091(c)(2)(B).

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.**

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotope, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.

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***--Producer Notification Letters**

The following is an example of a letter requesting certified yields for farms participating in ARC-IC.



Farm
Production
and
Conservation

Ward County FSA Office
1920 13th St SE
Minot, North Dakota 58701
701-852-5434

July 20, 20XX

Producer X
PO Box Y
Blabon, ND 00000

Dear Mr. X:

Based on the Agriculture Risk - Individual (ARC-IC) Program files, you have one or more farms that are enrolled into the 20XX ARC-IC program.

As indicated during the ARC election process, the ARC-IC program requires, at a minimum, that you must certify the current year (20XX) actual yield. The program also gives you the option of certifying to yields for each of the years the crop was actually planted on the farm during the 20XX – 20XX benchmark years.

To determine the eligibility of 20XX ARC-IC program payments, yields for the 20XX – 20XX crop years for each covered commodity that was planted in 20XX, must be certified by not later than July 15, 20XX.

Failure to provide timely yield certification for the ARC-IC elected and enrolled farm will make the farm ineligible for ARC-IC payments for that year and CCC may assign substitute yield for the year the yield is not certified, which would be used in calculating future year's benchmark yields for the farm.

To assist you in completing the yield certification requirements for 20XX-20XX crop years, we have enclosed the CCC-863 (ARC-IC Yield Certification) for each ARC-IC farm and each covered commodity that was reported planted on the FSA farm in the 20XX crop year.

The CCC-863 consists of 7 columns to allow for certification of benchmark, actual year, and prior year yields. The yields for the farm and applicable covered commodity that was planted in 20XX must be reported based on how the farm is constituted in 20XX. The CCC-863 must be completed for each of the years the crop was planted 20XX – 20XX and returned to the county office for review.

Production evidence that you can use to support your certified yields for 20XX-20XX for each covered commodity planted on the farm during those years, can be from the following sources:

- Crop Insurance loss records
- Crop Insurance APH data base records
- Sales records (buyer specific)
- Farm stored production records, appraisals, etc

Contact this office if you have any further questions related to completing the CCC-863 for the 20XX ARC-IC program year.

Sincerely,

Dale Ihry
County Executive Director

USDA is an equal opportunity provider, employer, and lender.

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***--Producer Notification Letters (Continued)**

The following is an example of a letter to provide notice to producers on an ARC-IC farm that a new benchmark may be recalculated after a farm has been divided.



United States Department of Agriculture

Date

Any Producer
Any Address
City, State XXXXX

Dear Producer:

On (date of reconstitution notification) you were notified that a reconstitution was completed to divide farm number (parent farm number) into farm numbers (child farm numbers). Farm number (parent farm number) had a program election into the Agriculture Risk Coverage – Individual (ARC-IC) program.

ARC-IC requires that a benchmark yield is established for each planted covered commodity. The benchmark yield is established using certified yields from the five previous crop years. The yields previously certified on farm (parent farm number) are as follows:

Crop	Certified Yields for Farm (Parent Farm Number)					
	20	20	20	20	20	20

As a result of the reconstitution, farm numbers (child farm numbers) will automatically receive the yields certified in the five previous years for farm number (parent farm number). However, if you wish to have your previous years' yields recalculated based only on the production from the tracts in each of the resulting farms, please request the recalculation of yields, in writing, within 30 days of the receipt of this letter. The request must be signed by all landowners and any producer sharing in the (crop year) planted covered commodities on farms (child farm numbers).

All certified yields are subject to spot check.

If we do not receive an acceptable written request to recalculate yields within 30 days, the previously certified yields will remain in effect for farms (child farm numbers).

Sincerely:

CED Name
Any County CED

--*

***--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/fava, 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

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*--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

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*--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	

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