

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

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

Amendment 2

Approved by: Deputy Administrator, Farm Programs



Amendment Transmittal

A Reasons for Amendment

Paragraphs 3, 23, 282, and 283 have been amended to change the reference from 3-CM to 10-CM.

Subparagraph 5 F has been amended to accurately describe the election timeframe.

Subparagraph 7 A has been amended to clarify the signing of a contract.

Subparagraph 63 B has been amended to clarify the process for which county average CC yields are created.

Subparagraphs 63 E, 65 A, 65 B, and 91 B have been amended to delete the language for yield certification at the tract level because it is not applicable.

Subparagraph 81 E has been amended to clarify COC responsibilities.

Paragraphs 83 through 89 have been amended and/or withdrawn to clarify the acceptable records for production that is farm-stored and/or used for seed, silage, hayed, or grazed.

Subparagraph 91 B has been amended to remove tract level yield certification.

Paragraph 111 has been amended to clarify ARC overview.

Paragraph 131 has been amended to clarify ARC-IC features.

Paragraph 141 has been amended to clarify the examples.

Exhibit 2 has been amended to add the definition of voluntarily terminated.

Amendment Transmittal (Continued)

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Part 1 Basic Information

1 Overview

A Objective of this Handbook

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

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

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

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

ARC is a modified version of ACRE. Both ARC and ACRE establish revenue targets, **not** *--price targets. The revenue target for ARC-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 both ARC-CO and ACRE. ARC-CO uses a 5-year Olympic average (removing high and low) for price while ACRE used a 2-year average. This means that under ARC-CO, as with ACRE, the revenue target moves with the market (increasing when market revenue is increasing and decreasing when market revenue is decreasing).

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

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

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

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

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

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

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

1 Overview (Continued)

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

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

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

C Sources of Authority and Funding

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

1 Overview (Continued)

D Related Handbooks

Related handbooks include:

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

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 *--a forthcoming 10-CM amendment. The Base Acreage and Yield Adjustment Report lists--* base acreage and payment yield adjustments made on farms during the date range selected for which the report was printed. Each adjustment on the Base Acreage and Yield Adjustment Report includes the following:

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

C How to Review Adjustments

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

Step	Action
1	Review all adjustments not included in the previous review.
2	Verify the following: <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • type of adjustment • number of the same type of adjustments approved in other County Offices in the district.

3 DD Responsibilities (Continued)

C How to Review Adjustments (Continued)

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

Step	Action
4	Verify that the total number of adjustments is reasonable.
5	If an excessive number of adjustments for corrections were made, ensure that the cause of the error is: <ul style="list-style-type: none"> • recognized • alleviated.
6	Considering the type of adjustment, verify that adjustments were made in a timely manner.
7	Ensure that: <ul style="list-style-type: none"> • all errors are corrected • procedure is uniformly interpreted.

D When to Review Adjustments

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

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

4 COC, CED, and PT Responsibilities (Continued)**B CED Responsibilities**

CED will:

- ensure that County Office employees are trained and familiar with the provisions of this handbook and the ARC and PLC Program
- make certain that the provisions of this handbook are followed
- publicize ARC and PLC Program information and deadlines for the COC consistent with COC responsibilities
- immediately notify SED through DD and State Office of ARC and PLC Program administration problems including but **not** limited to software problems
- if redelegated authority by COC, act on completed applications and record actions taken under delegation in COC minutes
- **not** take any action or authorize taking any action that is **not** consistent with this handbook or ARC and PLC Program regulations
- respond to questions from producers, employees, and committee members regarding details of the ARC and PLC Program
- report to SED and the State Office program specialists, through DD, discrepancies and problems
- notify producers of determinations and handle appeals according to 1-APP.

4 COC, CED, and PT Responsibilities (Continued)

C CED Signature Deadline Monitoring Responsibilities

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

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

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

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

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

* * *

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 (Continued)

C Payment Acres

[7 CFR 1412.3] Payment acres mean:

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

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

D Payment Yield

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

5 Basic ARC and PLC Program Information (Continued)

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

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

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

F Deadlines

The following table lists some important deadlines.

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

6 Payments and Limitations

A ARC and PLC Payment Calculation

Subject to an annual \$125,000 per person or legal entity limit for persons or legal entities
 --“actively engaged” in farming, and assuming all other payment eligibility 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 crop’s *--reference price minus the effective price (larger of MYA or national loan rate) for the--* crop times the producer’s share on the approved contract
- for ARC-CO, are equal to the product of multiplying 85 percent of the farm’s specific crop base acres times the difference between the specific crop’s ARC-CO Guarantee minus the ARC-CO Actual crop year revenue, **not** to exceed 10 percent of the ARC-CO Benchmark Revenue, times the producer’s share on the approved contract
- for ARC-IC, are equal to the product of multiplying 65 percent of the farm’s **total** base acres times the difference between the ARC-IC Guarantee minus the ARC-IC Actual crop year revenue, **not** to exceed 10 percent of the ARC-IC Benchmark Revenue, times the producer’s share certified on the crop acreage report, FSA-578, of covered commodities. The ARC-IC Guarantee and the ARC-IC Actual crop year revenue are based on a calculation of ALL covered commodities planted on all FSN’s the producer has enrolled in ARC-IC within the State.

B Advance ARC and PLC Payments

There are no advance payments authorized for ARC and PLC.

C Final ARC and PLC Payments

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

6 Payments and Limitations (Continued)**D Payment Limitations**

[7 CFR 1412.51] Limitation of payments.

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

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

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

D 10-Acre Rule Provision

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

E Refunds of Unearned Payments

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

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

7 Contract Requirements

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

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

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

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

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

- *--a farm having generic base acres, all producers sharing in any or all covered commodities are required to sign the ARC-CO and PLC contract or ARC-IC contract for each FSN enrolled.--*

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

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

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

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

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

7 Contract Requirements (Continued)

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

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

8 Eligible Producers

A Background

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

B Individuals and Legal Entities Who Are Producers Eligible for Payment

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

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

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 ARC-CO and PLC Contract and ARC-IC Contract

A Common Management Provisions

Follow 1-CM for policy concerning signatures.

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

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

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

* * *

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

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

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

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

10-20 (Reserved)

Part 2 Base Acres

Section 1 Base Modifications

21 Definition and Limitation

A Definition of Base Acres

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

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

B Adjustments to Base Acres

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

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

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

21 Definition and Limitation (Continued)

C Definition of Generic Base Acres

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

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

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

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

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

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

21 Definition and Limitation (Continued)

D Limitation on Base Acres

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

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

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

* * *

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

22 Base Acre Reductions

A Voluntary Permanent Base Acres Reduction

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

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

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

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

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

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

- is effective for the ARC and PLC Program year entered in CCC-505, item 4, when all applicable owners' signatures, including the signatures of owners having an undivided ownership interest, are obtained on CCC-505
- will **not** be reinstated after the reduction in base acres becomes effective.

***--Note:** Reductions of base acres are permanent, 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.

23 Completing CCC-505 (Continued)

B Processing CCC-505

Process CCC-505's according to the following.

Step	Action
1	Ensure that all base acres and reductions are listed.
2	Ensure that all affected owner signatures are present and properly executed.
3	<p>If all applicable affected owners do not sign CCC-505, within 30 calendar days, COC will:</p> <ul style="list-style-type: none"> • act on the request if a reduction is required to comply with CTAP, ARC, or PLC • disapprove, sign, and date, if a reduction is not required to comply with CTAP, ARC, or PLC. <p>If all applicable signatures are obtained, COC or designee may approve CCC-505; however, approval is not necessary.</p>
4	<p>Reduce the base acres, including generic base acres, that exceed cropland in farm *--maintenance according to 10-CM.--*</p> <p>Note: Ensure that CCC-505 is properly executed before making these reductions or processing contract.</p>
5	Date-stamp and retain CCC-505.
6	Corrections are permitted if acreage data on the farm is found to have changed during MIDAS or Farm Record updates. In cases where additional base acreage is required to be reduced because of rounding or other corrections, the additional base reduction because of CRP acreage can be added to the existing CCC-505 for the farm or tract.

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

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

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

23 Completing CCC-505 (Continued)

C Example of CCC-505

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

This form is available electronically.

CCC-505 (06-26-14)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation		1. STATE AND COUNTY CODE 30 043	2. FARM NO. 1525	3. PROGRAM YEAR 2015
VOLUNTARY PERMANENT BASE ACRE REDUCTION				4. REASON FOR REDUCTION OF BASE ACRES <input checked="" type="checkbox"/> CRP Enrollment <input type="checkbox"/> Other _____		
<p>NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1412, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Agriculture Act of 2014 (Pub. L. 113-79). The information will be used to process a request for a permanent reduction of the base acres established for identified crops. The information collected on the form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated). Providing the requested information is voluntary. However, failure to furnish the requested information will result in an inability to process a request for a permanent reduction of the base acres established for identified crops.</p> <p>This information collection is exempted from the Paperwork Reduction Act, as it is required for administration of the Agriculture Act of 2012 (Pub. L. 113-79), Title 1, Subtitle F - Administration.</p> <p>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.</p>						
PART A - REQUEST						
The undersigned requests a permanent reduction of the base acres established for the following crop(s) for the farm identified in Item 2 above.						
5. TRACT NO.	6. COMMODITY	7. YIELD	8. BASE ACRES ON TRACT BEFORE REDUCTION	9. BASE ACRES ON TRACT TO BE REDUCED	10. BASE ACRES ON TRACT AFTER REDUCTION (Column 7 MINUS Column 9)	
1621	Corn	127	42.3	4.3	=	38.0
10423	Soybeans	45	39.0	3.0	=	36.0
				-	=	
				-	=	
11. Total Base Acres to be Reduced (Total of Column 9)				7.3		
12. Total Base Acres on Farm Before Reduction			13. Total Base Acres on Farm After Reduction (Item 12 minus Item 11)			
81.3			74.0			
14A. Requestor's Signature (By)		14B. Title/Relationship (of the individual signing in the Representative Capacity)			14C. Date (MM-DD-YYYY)	
A Producers					02-19-2015	
15A. Owner's Signature (By)		15B. Title/Relationship (of the individual signing in the Representative Capacity)			15C. Date (MM-DD-YYYY)	
A landowner		Spouse			02-19-2015	
16A. Owner's Signature (By)		16B. Title/Relationship (of the individual signing in the Representative Capacity)			16C. Date (MM-DD-YYYY)	
17. REMARKS (If the base acres are being reduced because of cropland enrollment into CRP, enter the CRP-1 number and the effective date of CRP-1).						
CRP #327 Effective Date 10/1/2014						
PART B: APPROVAL (COUNTY OFFICE USE ONLY)						
18. REDUCTION IS:			19. COUNTY FSA OFFICE NAME AND ADDRESS (Including Zip Code)			
APPROVED <input checked="" type="checkbox"/> DISAPPROVED <input type="checkbox"/>			Jefferson County FSA 2 Whitetail Rd Whitehall, MT 59759			
20. COC'S SIGNATURE		DATE (MM-DD-YYYY)	TELEPHONE NUMBER (Area Code):			
A Carl		02-19-2015	406-287-3260			
<p>The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the bases of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.) Persons with disabilities, who wish to file a program complaint, write to the address below or if you require alternative means of communication for program information (e.g., Braille, large print, audiotape, etc.) please contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). Individuals who are deaf, hard of hearing, or have speech disabilities and wish to file either an EEO or program complaint, please contact USDA through the Federal Relay Service at (800) 877-8339 or (800) 845-6136 (in Spanish).</p> <p>If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter by mail to U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov USDA is an equal opportunity provider and employer.</p>						

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

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

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

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

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

The reinstated base acres:

- may be distributed to the tract previously enrolled in CRP or to the tract from which the base acres were removed
- will receive a PLC yield equal to the tract level yield for this crop at the time the applicable acreage was removed.

See 10-CM for updating FRMS.

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

See Exhibit 2 for the definition of voluntarily terminated.

*--FY 2015 base acre reinstatements **cannot** be added into FRMS until after ARCPLC election has been completed.--*

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

B Limitation on Base Acres

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

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

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

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

C Timing of Adjustment and Payments

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

- **must** choose to receive **either** of the following for FY in which CRP-1 was voluntarily terminated:
 - ARC and PLC payments
 - CRP payment, if applicable
- **cannot** receive ARCPLC payments together with CRP payments on the same acreage for the same FY.

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

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

C Timing of Adjustment and Payments (Continued)

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

IF CRP-1 expires, is voluntarily terminated or is early released...	THEN eligible farms may...	AND be paid full ARCPLC or CTAP payments, in FY...
before September 30, 2014	have base acres reinstated to the farm to be used for: <ul style="list-style-type: none"> • reallocation of base acres • election of ARC or PLC • enrollment into 2014 ARC-CO and PLC contract or ARC-IC contract 	2014, subject to ARC-CO and PLC contract, ARC-IC contract, or CTAP application, if applicable.
September 30, 2014 through September 30, 2018	have base acres reinstated to the farm to be used for: <ul style="list-style-type: none"> • election of ARC or PLC, if new base is added to the farm •*--enrollment into 2015 ARC-CO and PLC contract or ARC-IC contract <p>Note: FY 2015 base acre reinstatements cannot be added into FRMS until after the ARCPLC election process has--* been completed.</p>	in which base acres are reinstated and subject to ARC-CO and PLC contract, ARC-IC contract, or CTAP application, if applicable.
	adjust base acres on the farm by enrolling eligible acreage after September 30 of FY in which CRP-1 is voluntarily terminated, but no later than the application or enrollment deadline for the applicable following FY.	in which base acres are reinstated and subject to ARC-CO and PLC contract or ARC-IC contract, if applicable.

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

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

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

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

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

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

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

Part 3 PLC Yields

Section 1 PLC Yield Overview

61 General Information

A Yield Update Option

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

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

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

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

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

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

*--

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

--*

See Exhibit 7 for examples of yield updates.

61 General Information (Continued)

B Yield Update Formula

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

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

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

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

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

62 Yield Update Decision

A Decision to Update or Retain CC Yield

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

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

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

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

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

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

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

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

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

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

62 Yield Update Decision (Continued)

B Irrigated and Nonirrigated Yields

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

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

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

C Update Decisions

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

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

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

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

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

62 Yield Update Decision (Continued)

D Yield Update Revision and Deadline

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

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

63 Establishing PLC Yields

A Assigning Yields

PLC yields **must** be assigned when:

- a new covered commodity's base acres are established under the base acre reallocation process
- farms have planted 1 or more new covered commodities are planted on generic base acres.

63 Establishing PLC Yields (Continued)

B Assigning Yields for Reallocated Base Acres

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

*--In instances where there is **not** a county average CC yield, STC will establish or adjust a county acreage CC yield, as follows:

- use the average CC yield from contiguous counties
- use the State average CC yield for the covered commodity
- when there is neither a contiguous county nor State yield available, a CC yield from a neighboring State may be used.

Note: STC may adjust the assigned CC yield, if soil production, terrain, climate conditions, or other factors do not support the county average or STC average CC yield.--*

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

C Assigned Yields for Generic Base Acres

PLC yield may be needed if a covered commodity is planted on generic base acres and that covered commodity has no PLC yield. Initially, this yield will be established with the county *--average CC yield according to instructions in subparagraph 63 B.--*

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

63 Establishing PLC Yields (Continued)**C Assigned Yields for Generic Base Acres (Continued)**

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

D Yield Certification at the Farm Level

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

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

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

* * *

64 **Historical FSA Yields**

A Yields on FSA Farms

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

- direct payment yield
- CC yield.

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

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

B 2002 and 2008 Direct and CC Yields

The 2002 Farm Bill authorized creating the following:

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

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

64 Historical FSA Yields (Continued)**B 2002 and 2008 Direct and CC Yields (Continued)**

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

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

65 Certification of Yields**A Certified Yields**

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

A current owner will certify to an actual yield for each covered commodity that was planted on the farm for each year, during the 2008 through 2012 crop years. The certified yield can be made at the farm * * * level. * * *

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

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

65 Certification of Yields (Continued)

B Yield Policy

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

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

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

65 Certification of Yields (Continued)

C Who Certifies Yields

--Yields will be provided to FSA, on CCC-859 (paragraph 91), by either the operator or-- owners of the farm and can include yield data from the current or previous producers on the farm. The actual decision to update the yield is made by a current owner of the farm.

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

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

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

D Substitute Yield

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

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

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

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

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

65 Certification of Yields (Continued)

E RMA and NAP Data

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

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

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

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

*--

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

--*

65 Certification of Yields (Continued)

E RMA and NAP Data

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

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

F Yield Certification Form and Instructions

--See paragraph 91 for example CCC-859 and instructions.--

G Yield Update Software

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

Section 2 Certified Yield Compliance

81 Records of Production

A Production Certifications

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

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

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

B Acceptable Records

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

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

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

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

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

81 Records of Production (Continued)

B Acceptable Records (Continued)

- nonverifiable documentary evidence determined to be reliable by FSA, such as *--contemporaneous measurements, truck scale tickets, pick records, 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.

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	<p>Return the original date-stamped production evidence to the current owner or producer.</p> <p>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.</p>
5	Review current owner's or producer's farm file for previously submitted production evidence. Ensure that the records have not been duplicated.
6	<p>Ensure that the current owner or producer understands that the production records must be:</p> <ul style="list-style-type: none"> • complete and represent the farm's * * * total harvested production • for the correct farm, * * * crop year, and acreage.
7	<p>*--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:</p> <ul style="list-style-type: none"> • 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 owner's or producer the production records are not acceptable and will not be used. <p>*--Note: The substitute yield for ARC-IC and PLC yield update will be used.--*</p> <p>Note: After copies of production records have been placed in the current owner's or producer's farm file in the County Office, they will not be removed or returned to the current owner or producer.</p>

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: <ul style="list-style-type: none"> • 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 shall assign the substitute yield for ARC-IC or PLC yield updates, as applicable.--*

82 Commodities Sold, Stored, or Disposed of Commercially Off the Farm (Continued)**B Supporting Evidence (Continued)**

- RMA yield production records

Notes: This includes certified yields within the APH database.

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

- RMA records of loss appraisals

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

- measured quantities of farm-stored production according to paragraph 83
- measured quantities performed by uninterested third parties.

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

- require additional evidence if COC has reason to:
 - question existing evidence
 - believe existing evidence does **not** represent correct production
- limit combinations of production evidence according to subparagraph C.

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

C Ensuring That Evidence Is Not Duplicated

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

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

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

***--83 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.

--*

***--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: <ul style="list-style-type: none"> • 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 87. Note: If production has been converted for LDP and/or loan by RMA or NAP, then use that production.

***--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 shall 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: <ul style="list-style-type: none"> • 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.

--*

84, 85 (Withdrawn--Amend. 2)

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

A Partial Yield Update

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

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

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

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

- *--assign production from the 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.--

86 Determining Farm Yield When Owner’s Update Was Not for Complete Farm (Continued)

*--C Partial Yield Update Example

The partial substitute yield can be used when the producer currently farms land, but did **not** farm the land in 1 or more of the 2008 through 2012 crop years.

Example: Producer added a quarter of land to his operation in 2012.

- He does **not** have production records in 2008 on 100 acres of wheat, because he did **not** farm those acres in 2008.
- He does have production records for the other 50 acres of wheat, because he farmed those acres in 2008.

Wheat plantings on the farm were as follows.

Year	2008	2009	2010	2011	2012
Acres	150.0	0.0	0.0	0.0	200.0

$$\begin{array}{r}
 2008: 100 \text{ acres} \times 38 \text{ bushels (substitute yield)} = 3,800 \text{ bu.} \\
 \quad \underline{50 \text{ acres} \times 45 \text{ bushels (actual yield)}} = \underline{2,250} \text{ bu.} \\
 \quad 150 \text{ acres} = 6,050 \text{ bu.}
 \end{array}$$

$$6,050 \text{ bu.} \div 150 \text{ acres} = 40 \text{ bu. per acre } \underline{1/}$$

1/ Enter **40 bu.** on FSA-859 for 2008 year.--*

--87 Silage and Hay Production Evidence*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.).

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.

--87 Silage and Hay Production Evidence (Continued)*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.

88 Commingled Production**A Overview**

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

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

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

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

B Basic Option, Planted Acres

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

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

C Commingled Years and Farms

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

88 **Commingled Production (Continued)****D Alternative Methods of Apportioning**

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

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

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

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

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

88 **Commingled Production (Continued)****E Apportion Based on Planted Acres Between Years**

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

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

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

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

88 **Commingled Production (Continued)****F Apportion Based on LDP Records Between Farms**

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

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

The owner has the following information:

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

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

- total LDP quantities for the 2005 crop (6,000 + 4,000 = 10,000)
- divide LDP quantities for each respective FSN by the sum of LDP quantities for the 2005 crop year, to determine a percentage applicable to each FSN, as follows:
 - FSN 100 $6,000 \div 10,000 = .6000$ (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 bu. x .6000 = 6,090 bu. attributed to FSN 100
 - 10,150 bu. x .4000 = 4,060 bu. attributed to FSN 200.

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

88 **Commingled Production (Continued)****G Apportion Based on RMA Records Between Farms**

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

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

The owner has the following information:

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

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

- total APH quantities for the 2008 crop ($20,000 + 35,000 = 55,000$)
- divide APH quantities for each respective FSN by the sum of APH quantities for the 2008 crop year, to determine a percentage applicable to each FSN, as follows:
 - FSN 100 $20,000 \div 55,000 = .3636$ (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.

89 Multiple Producers on a Farm

A Production Using Crop Shares

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

B Computing Production Using Crop Shares

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

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

90 (Reserved)

91 CCC-859 (Continued)

B Instructions for Completing CCC-859

Complete CCC-859 according to this table:

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

92-100 (Reserved)

Part 5 ARC

Section 1 ARC and Features

111 ARC Overview

A ARC Program Background

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

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

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

Election will be made on CCC-857.

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

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

*--A producer with interest in CRP **only** is **not** required to sign CCC-857.--*

111 ARC Overview (Continued)

B Comparing ARC-CO and ARC-IC

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

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

- ARC-CO provides revenue loss coverage at the **county level** for selected covered commodities on a farm. ARC-CO is **not** dependent on planting of the covered commodity.
- ARC-IC provides revenue loss coverage at the **farm level** for all acreage devoted to covered commodities across all of the producer's ARC-IC farms enrolled. ARC-IC requires planting of covered commodities, because the planted covered commodities are used in the ARC-IC revenue calculation.

***--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.--*

111 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
Current producers elect ARC-CO or PLC according to crop base acres on the farm.	Current producers elect ARC-IC for all crop base acres on the farm, not each specific crop.
Payments are issued on a percentage of base acres plus plantings of covered commodities on generic base. No requirement to plant a covered commodity.	Payments are issued on percent of total base acres on the farm. Payments are calculated using the plantings of covered commodities on the farm. No payment earned if no covered commodities are planted on the farm.
WHEN the actual crop revenue is...	WHEN the actual crop revenue is...
Actual Average County Yield times Higher of MYA Price or National Loan Rate	sum of (Production of Each Covered Commodity) times Higher of MYA Price or National Loan Rate
...is less than the ARC county guarantee...	...is less than the ARC producer guarantee...
86 percent times Benchmark County Revenue 5-year Olympic average of the higher of MYA price or the reference price times 5-year Olympic average of the higher of historical county yield or 70 percent of the county T-Yield	86 percent times Benchmark County Revenue 5-Year Olympic average of annual benchmark revenues for each covered commodity for each ARC-IC enrolled farm, excluding the high and low annual revenues (each commodity's annual revenue is averaged across all farms, weighted by plantings)
...then payment is equal to:	...then payment is equal to:
85 percent of the sum of: base acres of the covered commodity on the farm and generic base acres planted to the covered commodity times crop revenue shortfall calculated in this column, not to exceed 10 percent of the benchmark county revenue.	65 percent of the sum of: bases acres of covered commodities on the farm plus generic base acres on the farm, planted to covered commodities times farm revenue shortfall calculated in this column, not t to exceed 10 percent of the benchmark producer revenue.

112-115 (Reserved)

Section 2 Using ARC-CO

116 ARC-CO

A ARC-CO Features

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

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

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

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

116 ARC-CO (Continued)**A ARC-CO Features (Continued)**

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

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

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

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

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

B ARC-CO Benchmark Yield

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

116 ARC-CO (Continued)

B ARC-CO Benchmark Yield Calculation (Continued)

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

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

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

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

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

116 ARC-CO (Continued)

C Benchmark Yield Calculation Example

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

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

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

-2/ ARC substitute yield is based on data 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 each covered commodity. The ARC-CO benchmark price is determined by multiplying the higher of MYA price or the reference price for the covered commodity on the farm for the most recent 5 crop years, **excluding** each of the crop years with the highest and lowest prices. These prices are national prices and are **not** specific to an individual county.

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

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

Section 3 Using ARC-IC

131 ARC-IC

A ARC-IC Features

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

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

- production for the farm **must** be reported initially for the 5 benchmark years previous to the current year and be updated annually thereafter
 - the ARC-IC farms **must** be enrolled in the annual contract to be included in the ARC-IC benchmark and current year revenue and payment calculations
 - payments are based on the farm's actual yields instead of county yields
 - irrigated and nonirrigated covered commodity yields will be blended for the crop for both benchmark and actual yield calculations
 - 1 or more covered commodities **must** be planted on the farm in the current year for an ARC-IC payment rate to be calculated for the farm and producer
- *--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 on the farm.--*
- producers on an ARC-IC farm who do **not** share in at least 1 covered commodity (that is planted) are **not** entitled to the ARC-IC payment
 - if an ARC-IC payment rate is calculated for the farm, the ARC-IC payment is based on the total of all covered commodity crop bases on the farm rather than individual base acres of each covered commodity of the farm
 - a separate payment rate is calculated for each producer who shares covered commodities on ARC-IC enrolled farms and is used for payment for each ARC-IC enrolled farm in which the producer has an share interest
 - it is possible for a producer on 2 or more ARC-IC enrolled farms to receive an ARC-IC payment rate (used for all farms) and the other producers who have share interest in the covered commodities on the same farms **not** receive a payment.

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

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

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

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

*--**Note:** Prevented planted acres are included in ARC-IC calculations when 100 percent of the intended planted covered commodities are approved for prevented planting by FSA on the farm.--*

B ARC-IC Farm for a Producer

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

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

131 ARC-IC (Continued)

F ARC-IC Production Reporting (Continued)

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

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

In cases where the * * * covered commodity was **not** planted, a yield will be assigned for *--each benchmark year at 100 percent of the ARC-CO yield.

In years a covered commodity was planted on the farm and the covered commodity suffered low yields in the benchmark period or the yield **cannot** be obtained, a substitute yield of--* 70 percent of the T-yield for the crop will be applied. Substitute yields are available for the benchmark years throughout the 2014 through 2018 crop years.

131 ARC-IC (Continued)

G ARC-IC Producer Payment

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

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

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

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

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

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

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

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

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

131 ARC-IC (Continued)

H ARC-IC Payment Example

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

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

132 ARC-IC Farm Benchmark and Guarantee

A ARC-IC Benchmark Farm Yield Calculation

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

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

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

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

For the purposes of this paragraph, the most recent 5 crop years for the 2014 crop year are crop years are 2009 through 2013, even if the farm has no production or yield records for any of these years. Yields **must** be established in each of the 5 crop years of the benchmark, for the covered commodity planted in the current year, whether or **not** the covered commodity *--was planted in the benchmark years. If the benchmark year did **not** have planted acres, assign 100 percent of the ARC-CO yield for that year or years in the benchmark.--*

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

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

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

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

C ARC-IC Assigned Yields

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

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

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

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

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

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

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

132 ARC-IC Farm Benchmark and Guarantee (Continued)

E ARC-IC Substitute Yields

--ARC-IC substitute yields are computed by using RMA or NAP T-yield data from RMA or FSA data. ARC-IC substitute yields can be found at <http://www.fsa.usda.gov/arc-plc>.--

For each year of the benchmark, and in years the covered commodity was planted, the larger of the following will be used for the benchmark yield for the applicable year:

- certified yield for the covered commodity
- ARC-IC substitute yield.

Note: In years the covered commodity was **not** planted the yield will be assigned at
--100 percent of the ARC-CO yield.--

The substitute yield in the administrative county of the applicable ARC-IC farm will be used.

In some situations, the ARC-IC substitute yields will be blank for certain years for counties, because yields were **not** calculated for these crops by RMA or FSA. If producers need an ARC-IC substitute yield for a county's missing year, STC will establish a yield and submit the yield to the National Office.

* * *

132 ARC-IC Farm Benchmark and Guarantee (Continued)**G ARC-IC Production Records**

Producers who participate in ARC-IC are **required** to provide the harvested yield of planted covered commodities for each year of benchmark and current year period.

The yields will consist of producer certification of yields. Producers will be **required** to submit the production evidence to COC on request for review.

RMA production and yield data are encouraged to be used.

H ARC-IC Benchmark Farm Prices

The prices used to calculate the ARC-IC benchmark farm revenue are the larger of:

- MYA price for each covered commodity that was planted in the current year and makes up the ARC-IC farm benchmark
- reference price for the crop listed in paragraph 101.

I ARC-IC Producer Guarantee

The ARC-IC producer guarantee is the total producer ARC-IC benchmark farm revenue, as weighted, times 86 percent.

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

132 ARC-IC Farm Benchmark and Guarantee (Continued)

J Example of the ARC-IC Benchmark Farm Revenue Calculation

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

*--

ARC-IC Corn (Benchmark Yield and Revenue)			
Price (Higher of MYA or Reference Price)		Yield <u>1/</u>	Revenue
MYA	Reference Price		
\$3.55	\$3.70	180	\$666.00 per acre
\$5.18	\$3.70	194	\$1,004.92 per acre
\$6.22	\$3.70	191	\$1,188.02 per acre
\$6.89	\$3.70	113	\$778.57 per acre
\$4.50	\$3.70	131	\$589.50 per acre
5-Year Olympic Average of Benchmark Farm Revenue			\$816.50 per acre

--*

1/ In this example, the substitute yield is 105 bu. (150 x 70 percent) for each year and was not used in the farm’s ARC-IC benchmark calculation.

I Example of the ARC-IC Producer Guarantee Calculation

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

Crop	Percent Planted Across All Farms	Benchmark Revenue	Weighted Benchmark	Producer Guarantee (86 Percent of Benchmark)
Corn	100 Percent	\$816.50	\$816.50	\$702.19

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

Crop	Percent Planted Across All Farms	Benchmark Revenue	Weighted Benchmark	Producer Guarantee (86 Percent of Benchmark)
Corn	60 Percent	\$816.50	\$489.90	\$421.31
Oats	40 Percent	\$427.50	\$171.00	\$147.06
Totals			\$660.90	\$568.37

133 ARC-IC Actual Revenue

A Purpose

The actual crop revenue is needed to determine if the revenue shortfall in the current year is below the ARC-IC guarantee thus a payment may be earned. The actual crop revenue is *--determined by multiplying the producer’s share of production from all covered--* commodities planted on all ARC-IC enrolled farms times the higher of either the applicable MYA or national loan rate times the producer’s share of planted acres of covered commodities in the State.

B Example of the ARC-IC Producer’s Actual Crop Revenue

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

Crop	Actual Yield	MYA Price <u>1/</u>	Acres	Revenue	Revenue Per Acre	Producer Share of Crop	Producer Revenue
Corn	147 bu. per acre	\$4.49 per bu.	127.6	\$84,216	\$660	100 Percent	\$660

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

Crop	Actual Yield	MYA Price <u>1/</u>	Acres	Revenue	Revenue Per Acre	Producer Share of Crop	Producer Revenue
Corn	147 bu. per acre	\$4.49 per bu.	127.60	\$84,220		100 Percent	
Oats	59 bu. per acre	\$3.40 per bu.	99.00	\$19,859		100 Percent	
Totals			226.60	\$104,079	\$450.31	100 Percent	\$450.31

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

134 ARC-IC Producer Payment

A ARC-IC Producer Payment Policy

--ARC-IC revenue loss payments are made to the enrolled ARC-IC farm when the current-- year revenue for all covered commodities planted on the ARC-IC farm falls below 86 Percent of the ARC-IC guarantee.

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

B Example of the ARC-IC Producer’s Actual Crop Revenue

ARC-IC payments are calculated according to the following example. Data for the calculation comes from paragraph 133.

*--Benchmark	Guarantee	Actual Revenue Per Acre	Producer Revenue Loss or Shortfall <u>1/</u>
\$816.50--*	\$702.19	\$660	\$42.19

1/ Payment rate is the lesser of the calculated payment rate (\$42.19 per acre) **or** 10 percent of the farm benchmark revenue (cap) that would be \$816.50 x 10 percent = \$81.65 per acre.

Total Base Acres	65 Percent of Total Base Acres	Share From FSA-578	Producer Revenue Loss	Producer Payment
126.5	82.2	100 Percent	\$42.19	\$3,468

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

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

***--Exception:** Prevent plant acres are **not** included in either benchmark or current year calculations. An ARC-IC farm that is enrolled and has 100 percent prevented planting of covered commodities will be used in the ARC-IC loss calculation for the producer.--*

B Crops Eligible for ARC-IC Payments

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

- barley
- canola
- chickpeas, large
 - large Kabuli
 - small Kabuli
- chickpeas, small
- corn
- crambe
- flaxseed
- grain sorghum

135 ARC-IC Crops and Acreage (Continued)

B Crops Eligible for ARC-IC Payments (Continued)

- lentils
- mustard seed
- oats
- peanuts
- peas, dry
- rapeseed
- rice, long grain
- rice, medium grain (includes short grain rice)
- safflower
- sesame seed
- soybeans
- sunflower seed
- wheat.

139 ARC-IC Contracts**A ARC-IC Participant Contract Requirements**

Participants enrolling under ARC-IC contract agree to accurately:

- record shares of planted acres of covered commodities reported on FSA-578 so that producers on the farm receive ARC-IC payments that are fair and equitable, as determined by COC
- submit a report of production for the farm and tract no later than the crop acreage reporting date for the crop, according to 2-CP, in the year immediately following the crop year of the reported crop acreage, for each covered commodity or peanuts for which an acreage report of planted acres greater than zero acres was filed.

Note: Zero production reports are acceptable.

B Acceptable Records of Production

At FSA's discretion, documentation may be requested to substantiate a production certification. Records of production acceptable to FSA may include those specified in:

- crop insurance and NAP records that may include loss records or take actual yield from the APH database
- commercial receipts, settlement sheets, warehouse ledger sheets, or load summaries of the crop that was sold or otherwise disposed of through commercial channels, provided the records are reliable or verifiable as determined by FSA
- documentary evidence, such as contemporaneous measurements, truck scale tickets, and contemporaneous diaries, as necessary to verify the information provided, if the crop has been fed to livestock or otherwise disposed of other than through commercial channels, if the records are reliable or verifiable as determined by FSA
- loan and LDP records.

139 ARC-IC Contracts (Continued)

C Yield Basis

For each covered commodity and peanuts planted on a farm having a valid ARC-IC contract for the current year, the yield of each of the 5 most recent years will be the higher of either of the following:

- ARC-IC substitute yield that is 70 percent of T-Yield
- actual farm yield per planted acre determined by dividing the total actual production on the farm by the farm's total planted acres
- ARC-IC assigned yield when the crop was **not** planted in the benchmark year
--(100 percent of ARC-CO yield).--

In subsequent years, the higher of the farm's actual yield or ARC-IC substitute yield will be used to compute the benchmark farm yield.

Exception: Farms that have zero planted acres (that is prevented planted or managerial *--decision) will receive the ARC-IC assigned yield (100 percent of ARC-CO--* yield).

140 (Reserved)

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

A Example 1 (Continued)

Operator Bucket						
Weighted Benchmark Revenue and Guarantee Calculation						
Farm	Crop	Percent Planted Across All Farms	Farm Benchmark Revenue	Weighted Farm Benchmark Revenue	Guarantee (86 Percent)	
920	Corn	100 Percent	\$816.50	\$816.50		
			Totals	\$816.50	\$702.19	
Actual Revenue Calculation						
Farm	Crop	Farm Level Revenue	Producer Share of Crop	Producer Share of Revenue	Producer Share of Acres	Producer Revenue
920	Corn	\$84,216.00	100 Percent	\$84,216.00	127.16	
Totals				\$84,216.00	127.16	\$660.00
Payment Calculation						
ARC Guarantee			Actual Crop Revenue		Shortfall	
\$702.19			\$660.00		\$42.19	
Maximum Pay Rate is 10 Percent of Farm Benchmark Revenue = \$81.65						
Farm	Total Base Acres	65 Percent of Total Base Acres	Share From FSA-578	Payment Rate	Payment	
920	126.50	82.20	100 Percent	\$42.19	\$3,468	

Data for This Table
<p>Producer payments are made when participating in ARC-IC. After the benchmark farm revenue and actual crop revenue are established for the farm, the producer’s share must be determined to meet the requirement that a producer’s interest across all enrolled ARC-IC farms in a State must be considered to calculate any revenue loss.</p> <p>The weighted benchmark revenue and guarantee calculation weight the producers revenue based on the applicable covered commodity’s acreage to all covered commodities planted on the farm. In *--this instance, only 1 covered commodity is planted on the farm and only 1 farm is enrolled into ARC-IC for this producer.--*</p> <p>The actual revenue calculation calculates the producer’s share of the actual revenue to consider for the ARC-IC farm for the State.</p> <p>After the weighted benchmark revenue, the guarantee, and the actual crop revenue are known, a payment can be calculated.</p> <p>The payment rate is the difference between the ARC guarantee and the actual crop revenue not to exceed 10 percent of farm benchmark revenue.</p> <p>The payment is then calculated by multiplying the producer’s share of covered commodities planted on each farm enrolled in ARC-IC farms 65 percent times the payment rate to compute a payment.</p>

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

B Example 2

The following example will be computed using the following information:

- 1 farm enrolled in ARC-IC with 1 producer
- FSN 2566 with operator having 100 percent share and owner having 0 percent share.

Cropland <u>1/</u>	Corn Base Acres <u>1/</u>	Soybean Base Acres <u>1/</u>	2014 Corn Planted Acres <u>2/</u>	2014 Soybean Planted Acres <u>2/</u>
149.45	74.70	74.80	49.50	100.00

1/ Cropland and base acre elements are from FRMS.

2/ Planted acres are from FSA-578.

FSN 2566 ARC-IC Corn (Benchmark Yield and Revenue)				
Year	Price (Higher of MYA or Reference Price)		Yield <u>1/</u>	Revenue
	MYA	Reference Price		
2009	\$3.55	\$3.70	171	\$632.70 per acre
2010	\$5.18	\$3.70	180	\$932.40 per acre
2011	\$6.22	\$3.70	179	\$1113.38 per acre
2012	\$6.89	\$3.70	142	\$978.38 per acre
2013	\$4.50	\$3.70	163	\$733.50 per acre
5-Year Olympic Average of Benchmark Farm Revenue				\$816.50 per acre

1/ In this example, the substitute yield was 105 bu. (150 bu. x 70 percent) for each year and was **not** used in the farm’s ARC-IC benchmark calculation.

FSN 2566 ARC-IC Soybean (Benchmark Yield and Revenue)				
Year	Price (Higher of MYA or Reference Price)		Yield <u>1/</u>	Revenue
	MYA	Reference Price		
2009	\$9.59	\$8.40	55	\$527.45 per acre
2010	\$11.30	\$8.40	43	\$485.90 per acre
2011	\$12.50	\$8.40	62	\$775.00 per acre
2012	\$14.40	\$8.40	40	\$576.00 per acre
2013	\$12.70	\$8.40	50	\$635.00 per acre
5-Year Olympic Average of Benchmark Farm Revenue				\$579.48 per acre

1/ In this example, the substitute yield was 30 bu. (43 bu. x 70 percent) for each year and was **not** used in the farm’s ARC-IC benchmark calculation.

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

B Example 2 (Continued)

Data for the Farm Benchmark Yield and Revenue					
<p>Benchmark farm revenue must be calculated for every covered commodity planted on ARC-IC in the current crop year for the previous 5 years. The basic calculation for a benchmark revenue is a price times a yield. Each FSA FSN has this revenue calculation. For ARC-IC, the:</p> <ul style="list-style-type: none"> • price used is the higher of MYA or reference price • yield used is the higher of the actual or substitute yield. In years where the applicable covered commodity was not planted, an assigned yield of 100 percent of the county average yield is used. <p>The revenues are calculated and using an Olympic average to derive the farm benchmark revenue.</p> <p>In this example, 2 covered commodities were planted on the ARC-IC farm; therefore, the revenue was calculated for each crop. This revenue will be weighted for the farm in a step in a following table.</p>					

FSN 2566 – Actual Crop Revenue Calculation					
Year	Crop	Actual Yield	MYA Price <u>1</u> /	Acres	Revenue
2014	Corn	140 bu. per acre	\$4.00 per bu.	49.5	\$27,720
	Soybeans	40 bu. per acre	\$12.00 per bu.	100.00	\$48,000
Total Revenue					\$75,720

-1/ MYA price is higher than the national average loan rate.--

Data for the Actual Crop Revenue Calculation					
<p>Actual crop revenue must be calculated for every covered commodity planted on ARC-IC farm in the current ARCPLC program year for the current year. The basic calculation for actual crop revenue is a price times a yield. For ARC-IC, the:</p> <ul style="list-style-type: none"> • price used is the higher of MYA price or the national loan rate • yield used is the actual yield. <p>In this example, 2 crops are planted on the ARC-IC farm; therefore, 2 revenues are calculated then summed to generate the actual crop revenue for the ARC-IC farm.</p>					

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

B Example 2 (Continued)

Operator Bucket						
Weighted Benchmark Revenue and Guarantee Calculation						
Farm	Crop	Percent Planted Across All Farms	Farm Benchmark Revenue	Weighted Farm Benchmark Revenue	Guarantee (86 Percent)	
2566	Corn	33.00	\$881.43	\$290.87		
2566	Soybeans	67.00	\$579.48	\$388.25		
Totals				\$679.12	\$584.04	
Actual Revenue Calculation						
Farm	Crop	Farm Level Revenue	Producer Share of Crop	Producer Share of Revenue	Producer Share of Acres	Producer Revenue
2566	Corn	\$27,720	100 Percent	\$27,720	49.50	
2566	Soybeans	\$48,000	100 Percent	\$48,000	100.00	
Totals				\$75,720	149.50	\$506.49
Payment Calculation						
ARC Guarantee			Actual Crop Revenue		Shortfall	
\$584.04			\$506.49		\$77.55	
Maximum Pay Rate is 10 Percent of Weighted Farm Benchmark Revenue = \$67.91						
Farm	Total Base Acres	65 Percent of Total Base Acres	Share From FSA-578	Payment Rate	Payment	
2566	149.50	97.20	100 Percent	\$67.91	\$6,601	

Data for This Table

Producer payments are made when participating in ARC-IC. After the benchmark farm revenue and actual crop revenue are established for the farm, the producer’s share **must** be determined to meet the requirement that a producer’s interest across all enrolled ARC-IC farms in a State **must** be considered to calculate any revenue loss.

The weighted benchmark revenue and guarantee calculation weight the producers revenue based on the applicable covered commodity’s acreage to all covered commodities planted on the farm. In *--this instance, 2 covered commodities were planted.--*

The actual revenue calculation calculates the producer’s share of the actual revenue to consider for the ARC-IC farm for the State.

After the weighted benchmark revenue, the guarantee, and the actual crop revenue are known, a payment can be calculated.

The payment rate is the difference between the ARC guarantee and the actual crop revenue **not** to exceed 10 percent of farm benchmark revenue.

The payment is then calculated by multiplying the producer’s share of covered commodities planted on each farm enrolled in ARC-IC farms 65 percent times the payment rate to compute a payment.

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

C Example 3

The following example with 2 farms enrolled in ARC-IC will be computed using the following information:

- FSN 920, operator has 100 percent share and owner has 0 percent share

Cropland <u>1/</u>	Corn Base Acres <u>1/</u>	Soybean Base Acres <u>1/</u>	2014 Corn Planted Acres <u>2/</u>	2014 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>	2014 Corn Planted Acres <u>2/</u>	2014 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 Yield and Revenue)				
Year	Price (Higher of MYA or Reference Price)		Yield <u>1/</u>	Revenue
	MYA	Reference Price		
2009	\$3.55	\$3.70	180	\$666.00 per acre
2010	\$5.18	\$3.70	194	\$1004.92 per acre
2011	\$6.22	\$3.70	191	\$1188.02 per acre
2012	\$6.89	\$3.70	113	\$778.57 per acre
2013	\$4.50	\$3.70	131	\$589.50 per acre
5-Year Olympic Average of Benchmark Farm Revenue				\$816.50 per acre

- 1/ In this example, the substitute yield was 105 bu. (150 bu. x 70 percent) for each year and was **not** used in the farm’s ARC-IC benchmark calculation.

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

C Example 3 (Continued)

FSN 1032 ARC-IC Corn (Benchmark Yield and Revenue)				
Year	Price (Higher of MYA or Reference Price)		Yield <u>1/</u>	Revenue
	MYA	Reference Price		
2009	\$3.55	\$3.70	195	\$721.50 per acre
2010	\$5.18	\$3.70	164	\$849.52 per acre
2011	\$6.22	\$3.70	146	\$908.12 per acre
2012	\$6.89	\$3.70	150	\$1033.50 per acre
2013	\$4.50	\$3.70	162	\$729.00 per acre
5-Year Olympic Average of Benchmark Farm Revenue				\$828.88 per acre

1/ In this example, the substitute yield was 105 bu. (150 bu. x 70 percent) for each year and was **not** used in the farm’s ARC-IC benchmark calculation.

FSN 1032 ARC-IC Soybean (Benchmark Yield and Revenue)				
Year	Price (Higher of MYA or Reference Price)		Yield <u>1/</u>	Revenue
	MYA	Reference Price		
2009	\$9.59	\$8.40	61	\$584.99 per acre
2010	\$11.30	\$8.40	42	\$474.60 per acre
2011	\$12.50	\$8.40	60	\$750.00 per acre
2012	\$14.40	\$8.40	38	\$547.20 per acre
2013	\$12.70	\$8.40	46	\$584.20 per acre
5-Year Olympic Average of Benchmark Farm Revenue				\$572.33 per acre

-1/ In this example, the substitute yield was 27 bu. (38 bu. x 70 percent) for each year and-- was **not** used in the farm’s ARC-IC benchmark calculation.

Data for the Farm Benchmark Yield and Revenue
Benchmark farm revenue must be calculated for every covered commodity planted on ARC-IC in the current crop year for the previous 5 years. The basic calculation for a benchmark revenue is a price times a yield. Each FSA FSN has this revenue calculation. For ARC-IC, the:
<ul style="list-style-type: none"> price used is the higher of MYA or reference price yield used is the higher of the actual or substitute yield. In years where the applicable covered commodity was not planted, an assigned yield of 100 percent of the county average yield is used.
The revenues are calculated and using an Olympic average to derive the farm benchmark revenue.
In this example, 2 covered commodities are planted on one ARC-IC farm, and 1 covered commodity is planted on another ARC-IC farm; therefore, the revenue was calculated for each crop on each ARC-IC farm. This revenue will be weighted for the farm in a step in a following table.

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

C Example 3 (Continued)

FSN – 920 Actual Crop Revenue Calculation					
Year	Crop	Actual Yield	MYA Price <u>1/</u>	Acres	Revenue
2014	Corn	165 bu. per acre	\$4 per bu.	127.60	\$83,925.60
Total Revenue					\$83,925.60

1/ MYA price is higher than the national average loan rate.

FSN – 1032 Actual Crop Revenue Calculation					
Year	Crop	Actual Yield	MYA Price <u>1/</u>	Acres	Revenue
2014	Corn	180 bu. per acre	\$4 per bu.	180.00	\$72,000.00
	Soybeans	40 bu. per acre	\$12 per bu.	18.30	\$8,784.00
Total Revenue					\$80,784.00

1/ MYA price is higher than the national average loan rate.

Data for the Actual Crop Revenue Calculation	
<p>Actual crop revenue must be calculated for every covered commodity planted on ARC-IC farm in the current ARCPLC program year for the current year. The basic calculation for actual crop revenue is a price times a yield. For ARC-IC, the:</p> <ul style="list-style-type: none"> • price used is the higher of MYA price or the national loan rate • yield used is the actual yield. <p>In this example, 2 covered commodities are planted on one ARC-IC farm and 1 covered commodity is planted on the other ARC-IC where this producer has an interest.</p> <p>Note: On FSN 1032, the 2 revenues are calculated then summed to generate the actual crop revenue for that ARC-IC farm.</p>	

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

C Example 3 (Continued)

Operator Bucket						
Weighted Benchmark Revenue and Guarantee Calculation						
Farm	Crop	Percent Planted Across All Farms	Farm Benchmark Revenue	Weighted Farm Benchmark Revenue	Guarantee (86 Percent)	
920	Corn	68.23	\$816.50	\$557.10		
1032	Corn	26.83	\$828.88	\$222.39		
1032	Soybeans	4.94	\$572.13	\$28.26		
			Totals	\$807.75	\$694.67	
Actual Revenue Calculation						
Farm	Crop	Farm Level Revenue	Producer Share of Crop	Producer Share of Revenue	Producer Share of Acres	Producer Revenue
920	Corn	\$83,925.60	100 Percent	\$83,925.60	127.16	
1032	Corn	\$72,000.00	50 Percent	\$36,000.00	50.00	
1032	Soybeans	\$8,784.00	50 Percent	\$4,392.00	9.20	
Totals				\$124,317.60	186.36	\$667.08
Payment Calculation						
ARC Guarantee			Actual Crop Revenue		Shortfall	
\$694.67			\$667.08		\$27.59	
Maximum Pay Rate is 10 Percent of Weighted Farm Benchmark Revenue = \$80.78						
Farm	Total Base Acres	65 Percent of Total Base Acres	Share From FSA-578	Payment Rate	Payment	
920	126.50	82.20	100 Percent	\$27.59	\$2,267	
1032	113.00	73.5	50 Percent	\$27.59	\$1,014	

Data for This Table
<p>Producer payments are made when participating in ARC-IC. After the benchmark farm revenue and actual crop revenue are established for the farm, the producer’s share must be determined to meet the requirement that a producer’s interest across all enrolled ARC-IC farms in a State must be considered to calculate any revenue loss.</p> <p>The weighted benchmark revenue and guarantee calculation weight the producers revenue based on the applicable covered commodity’s acreage to all covered commodities planted on the farm. In this instance, *--2 covered commodities were planted on the 2 farms.--*</p> <p>The actual revenue calculation calculates the producer’s share of the actual revenue to consider for the ARC-IC farm for the State.</p> <p>After the weighted benchmark revenue, the guarantee, and the actual crop revenue are known, a payment can be calculated.</p> <p>The payment rate is the difference between the ARC guarantee and the actual crop revenue not to exceed 10 percent of farm benchmark revenue.</p> <p>The payment is then calculated by multiplying the producer’s share of covered commodities planted on each farm enrolled in ARC-IC farms 65 percent times the payment rate to compute a payment.</p>

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

C Example 3 (Continued)

Owner Bucket						
Weighted Benchmark Revenue and Guarantee Calculation						
Farm	Crop	Percent Planted Across All Farms	Farm Benchmark Revenue	Weighted Farm Benchmark Revenue	Guarantee (86 Percent)	
1032	Corn	84.50	\$828.88	\$700.40		
1032	Soybeans	15.50	\$572.13	\$88.68		
			Totals	\$789.08	\$678.61	
Actual Revenue Calculation						
Farm	Crop	Farm Level Revenue	Producer Share of Crop	Producer Share of Revenue	Producer Share of Acres	Producer Revenue
1032	Corn	\$72,000.00	50 Percent	\$36,000.00	50.00	
1032	Soybeans	\$8,784.00	50 Percent	\$4,392.00	9.20	
Totals				\$40,392.00	59.20	\$682.30
Payment Calculation						
ARC Guarantee		Actual Crop Revenue		Shortfall		
\$678.61		\$682.30		\$0.00		
Maximum Pay Rate is 10 Percent of Weighted Farm Benchmark Revenue = \$78.91						
Farm	Total Base Acres	65 Percent of Total Base Acres	Share From FSA-578	Payment Rate	Payment	
1032	113.00	73.5	50 Percent	\$0.00	\$0	

Data for This Table
<p>Producer payments are made when participating in ARC-IC. After the benchmark farm revenue and actual crop revenue are established for the farm, the producer’s share must be determined to meet the requirement that a producer’s interest across all enrolled ARC-IC farms in a State must be considered to calculate any revenue loss.</p> <p>The weighted benchmark revenue and guarantee calculation weight the producers revenue based on the applicable covered commodity’s acreage to all covered commodities planted on the farm. In *--this instance, 2 covered commodities were planted on 1 farm.--*</p> <p>The actual revenue calculation calculates the producer’s share of the actual revenue to consider for the ARC-IC farm for the State.</p> <p>After the weighted benchmark revenue, the guarantee, and the actual crop revenue are known, a payment can be calculated.</p> <p>The payment rate is the difference between the ARC guarantee and the actual crop revenue not to exceed 10 percent of farm benchmark revenue.</p> <p>The payment is then calculated by multiplying the producer’s share of covered commodities planted on each farm enrolled in ARC-IC farms 65 percent times the payment rate to compute a payment.</p>

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

D Example 4

The following example will be computed with 2 farms enrolled in ARC-IC using the following information:

- FSN 111, operator has 100 percent share and owner has 0 percent share

Cropland <u>1/</u>	Corn Base Acres <u>1/</u>	Soybean Base Acres <u>1/</u>	2014 Corn Planted Acres <u>2/</u>	2014 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>	2014 Corn Planted Acres <u>2/</u>	2014 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.

* * *

Data for These Tables				
<ul style="list-style-type: none"> • The cropland and the base acres elements are taken from FRMS. • The planted acres are taken from FSA-578. • On FSN 222, the operator has 85 percent of the covered commodities planted and the owner has 15 percent of the covered commodities planted. This percentage is needed in the payment calculation for each producer. 				

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

D Example 4 (Continued)

FSN – 111 Actual Crop Revenue Calculation					
Year	Crop	Actual Yield	MYA Price 1/	Acres	Revenue
2014	Corn	165 bu. per acre	\$4 per bu.	127.16	\$83,925.60
Total Revenue					\$83,925.60

FSN – 222 Actual Crop Revenue Calculation					
Year	Crop	Actual Yield	MYA Price 1/	Acres	Revenue
2014	Corn	180 bu. per acre	\$4 per bu.	180.00	\$72,000.00
	Soybeans	40 bu. per acre	\$12 per bu.	18.30	\$8,784.00
Total Revenue					\$80,784.00

1/ MYA price is higher than the national average loan rate.

Data for the Actual Crop Revenue Calculation
Actual crop revenue must be calculated for every covered commodity planted on ARC-IC farm in the current ARCPLC program year for the current year. The basic calculation for actual crop revenue is a price times a yield. For ARC-IC, the:
<ul style="list-style-type: none"> • price used is the higher of MYA price or the national loan rate • yield used is the actual yield.
In this example, 2 covered commodities are planted on one ARC-IC farm and 1 covered commodity is planted on the other ARC-IC where this producer has an interest.
Note: On FSN 222, the 2 revenues are calculated then summed to generate the actual crop revenue for that ARC-IC farm.

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

D Example 4 (Continued)

Operator Bucket						
Weighted Benchmark Revenue and Guarantee Calculation						
Farm	Crop	Percent Planted Across All Farms	Farm Benchmark Revenue	Weighted Farm Benchmark Revenue	Guarantee (86 Percent)	
111	Corn	55.98	\$816.50	\$457.08		
222	Corn	44.02	\$828.88	\$364.87		
Totals				\$821.95	\$706.88	
Actual Revenue Calculation						
Farm	Crop	Farm Level Revenue	Producer Share of Crop	Producer Share of Revenue	Producer Share of Acres	Producer Revenue
111	Corn	\$83,925.60	100 Percent	\$83,925.60	127.16	
222	Corn	\$72,000.00	100 Percent	\$72,000.00	100.00	
Totals				\$155,925.60	227.16	\$686.41
Payment Calculation						
ARC Guarantee			Actual Crop Revenue		Shortfall	
\$706.88			\$686.41		\$20.47	
Maximum Pay Rate is 10 Percent of Weighted Farm Benchmark Revenue = \$82.20						
Farm	Total Base Acres	65 Percent of Total Base Acres	Share From FSA-578	Payment Rate	Payment	
111	126.50	82.20	100 Percent	\$20.47	\$1,683	
222	113.00	73.5	85 Percent	\$20.47	\$1,277	

Data for This Table
<p>Producer payments are made when participating in ARC-IC. After the benchmark farm revenue and actual crop revenue are established for the farm, the producer’s share must be determined to meet the requirement that a producer’s interest across all enrolled ARC-IC farms in a State must be considered to calculate any revenue loss.</p> <p>The weighted benchmark revenue and guarantee calculation weight the producers revenue based on the applicable covered commodity’s acreage to all covered commodities planted on the farm. In this instance, *--only 1 covered commodity was planted on the 2 farms.--*</p> <p>The actual revenue calculation calculates the producer’s share of the actual revenue to consider for the ARC-IC farm for the State.</p> <p>After the weighted benchmark revenue, the guarantee, and the actual crop revenue are known, a payment can be calculated.</p> <p>The payment rate is the difference between the ARC guarantee and the actual crop revenue not to exceed 10 percent of farm benchmark revenue.</p> <p>The payment is then calculated by multiplying the producer’s share of covered commodities planted on each farm enrolled in ARC-IC farms 65 percent times the payment rate to compute a payment.</p>

183 Completing Election**A Who Must Sign**

All current producers on a farm at the time of ARC or PLC election **must** sign CCC-857 making an election as described in paragraph 181. An election **not** having all required signatures of producers on a farm filed with FSA by **March 31, 2015**, will **not** be considered valid.

B Receiving Election in the County Office

As stated in subparagraph 182 A, the election is completed on CCC-857. The ARC or PLC *--election is a decision by all current producers on a farm on the day CCC-857 is signed or is date-stamped as received in the County Office.--*

COC will **not** make a decision on the validity or completion of CCC-857 when received in the County Office.

The employee receiving CCC-857 will sign and date indicating that CCC-857 was received in the County Office. The act of receiving CCC-857 does **not** require delegation by COC or redelegation by CED.

184 Current Producer

A Definitions

Current producer means the person or legal entity meeting the definition of producer in 7 CFR Part 718 on the day that person or legal entity is signing any form or performing any action required.

Producer means an owner, operator, landlord, tenant, or sharecropper who shares in the risk of producing a crop and who is entitled to share in the crop available for marketing from the farm, or would have shared had the crop been produced.

B Determining the Current Producer

Producers on the farm are responsible for making the determination of who are the current producers on the farm.

187 Impact of Transfers of Land, Successions-in-Interest, Reconstitutions, and CCC-505's for CRP

A Transfers, Succession-in-Interest, and Reconstitutions

[7 CFR 1412.73] Reconstitutions of farms and election.

(a) If a new producer or new owner gains an interest in a farm after the filing of a valid election on that farm during the election period, that new producer or new owner, whether or not known to FSA or the other producers or owners on the farm, will be subject to any previously submitted valid election under §§1412.71 and 1412.72 unless that new producer or new owner modifies, rescinds, or terminates the election as a producer or owner as specified in §1412.72(c) during the remaining time in the election period.

(b) Any reconstitution request initiated after August 1, 2014, will not be made until after the end of the election period specified in §1412.72. Following the close of the election period in §1412.72, a valid election on any farm cannot be changed by any reconstitution. This means that valid elected farms can only be combined with farms having an identical election for each and every covered commodity on the farm regardless of whether there are any base acres for any and all covered commodities on the farm. Reconstitutions will not be permitted to alter a valid election or the default election that may apply to a farm.

A valid election is unaffected by subsequent changes in:

- producers on the farm
- the constitution of the farm or tracts on the farm.

If a change to a farm's constitution occurs, a copy of the parent farm's valid election **must** be placed in each resulting farm's folder.

Follow 10-CM for reconstitutions. Farms can **only** be combined with farms having identical *--elections for crops requiring election.--*

B CCC-505 Reductions for CRP

Farms exist that have **both** of the following for a specific covered commodity:

- CCC-505 reductions for CRP that reduced the base acres to zero
- no planting history of that covered commodity from 2009 through 2012.

In these situations, the ARC or PLC election of that specific covered commodity will **not** be made until the program year that the base acres are restored to the farm when CRP-1 is voluntarily terminated, expires, or is early released.

188 ARC and PLC Program Election Examples**A Example 1, Election Decision**

Farm 1 has base acres of:

- corn
- soybeans
- wheat.

All current producers decide ARC-CO or PLC is the best option for the life of the 2014 Farm Bill; therefore, the election decision for the farm is:

- corn, ARC-CO or PLC
- soybeans, ARC-CO or PLC
- wheat, ARC-CO or PLC.

B Example 2, Election Decision

Farm 2 has base acres of:

- corn
- soybeans
- wheat
- generic.

All current producers decide ARC-CO or PLC is the best option for the life of the 2014 Farm Bill; therefore, all current producers **must** elect ARC-CO or PLC for all 21 covered commodities.

Part 9 Eligibility and Compliance Rules**Section 1 Farm Eligibility****281 General Information****A Contract Period Compliance**

Participants may receive payments with respect to the farm, if the participants agree to comply with ARC and PLC Program requirements.

B Farm Eligibility

A farm is eligible to participate in ARC or PLC if either of the following applies:

- the farm has base acres calculated for the farm
- the land on the farm was enrolled in CRP-1 that expired, was voluntarily terminated, or early released after September 30, 2013, and either of the following applies:
 - CRP-15 was protecting crop acreage bases
 - CCC-505 was used to reduce PFC acres or base acres, as applicable.

Note: Restored base acres are **not** eligible for reallocation unless they are restored before the deadline to reallocate base acres.

C Farms with 10 Base Acres or Less

Producers on farms with 10 base acres or less are **not** eligible for payments for that farm unless the producer certifies that they are a SDA or limited resource farmer or rancher.

Example: FSN 1600 has 9 base acres and is enrolled in PLC.

Linda has a 5 percent share and has certified to being a limited resource, SDA farmer or rancher.

Jeff has 10 percent share and has certified to being a limited resource, SDA farmer or rancher.

Andrew has a 85 percent share and has **not** certified to being a limited resource, SDA farmer or rancher.

Linda and Jeff's share of this farm will be paid, but Andrew's will **not**.

282 Eligible and Ineligible Land Uses for Base Acres

A Cropland and DCP Cropland Requirement

Land enrolled under ARC-CO and PLC contract or ARC-IC contract **must** be used for an agricultural or related activity for the applicable FY, and **not** for a nonagricultural, commercial, or industrial use.

DCP cropland and effective DCP cropland will be determined and updated according to *--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.

<p>Land uses considered agricultural include the following:</p> <ul style="list-style-type: none"> • 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. 	<p>Land uses considered nonagricultural include the following:</p> <ul style="list-style-type: none"> • 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.
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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...
<p>before September 30 of FY in which the conversion occurred</p>	<p>all owners must do either of the following:</p> <ul style="list-style-type: none"> • complete CCC-505 to permanently reduce applicable base acres • withdraw the farm from ARC-CO and PLC contract or ARC-IC contract. <p>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.</p> <p>Producers cannot withdraw after ARC-CO and PLC contract or ARC-IC contract has expired (September 30 of the applicable FY).</p> <p>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.</p>

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...
<p>after September 30 of FY in which the conversion occurred</p>	<p>all:</p> <ul style="list-style-type: none"> • 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. <p>If owners fail to reduce applicable base acres, COC will permanently reduce applicable base acres, and conduct a thorough review of the situation to determine whether the case involves misrepresentation and/or a scheme or device that defeats the purpose of the ARC and PLC Program. See subparagraph 335 A for additional information.</p> <p>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.</p>

Important: Reduction in base acres or withdrawal of farm from ARC-CO and PLC contract or ARC-IC contract may result in unearned ARC or PLC payments. All unearned payments **must** be refunded.

Example 1: A farm with 200 acres of DCP cropland and 200 base acres is enrolled in FY 2015 PLC. On August 1, 2015, COC discovers 10 acres on the farm had been converted to a nonagricultural building site on May 4, 2015. COC will notify the owner and operator they **must** do either of the following within 30 calendar days:

- withdraw the farm from the FY 2015 ARC-CO and PLC contract or ARC-IC contract, and refund any payments made for the farm
- owner **must** permanently reduce base acres by 10 acres, and refund any unearned payments made.

If the producers do **not** elect either of the options within 30 calendar days, COC will terminate ARC-CO and PLC contract or ARC-IC contract and request refund of any payments made.

282 Eligible and Ineligible Land Uses for Base Acres (Continued)

D Converting to Nonagricultural Use (Continued)

Example 2: A farm with 200 acres of DCP cropland and 200 base acres was enrolled in FY 2015 PLC and is also enrolled in FY 2016 PLC. All FY 2015 PLC payments have been made for the farm. COC discovers 10 acres on the farm were converted to a nonagricultural building site on August 4, 2015. COC will notify the owner and operator they **must** permanently reduce base acres by 10 acres, and refund the unearned FY 2015 payments made.

If the producers do **not** permanently reduce applicable base acres within 30 calendar days, COC will:

- permanently reduce 10 base acres
- terminate the FY 2016 ARC-CO and PLC contract or ARC-IC contract
- request refund of any unearned payments made for FY 2015 and FY 2016.

E Land Enrolled in WBP

Land enrolled in WBP will **not** be enrolled in the ARC and PLC Program. County Offices ***--**will record land enrolled in WBP according to 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.

Note: Subparagraph I does **not** apply to land enrolled in WBP.

282 Eligible and Ineligible Land Uses for Base Acres (Continued)

F Land Enrolled in WRP (Continued)

After the WRP easement is **closed**, NRCS will provide documentation about the WRP agreement, including CCC-505, to the applicable FSA County Office. FSA County Offices will follow the provisions of this table.

Note: If adequate documentation is **not** provided by NRCS to determine base acre reductions, acres on cropland, and acres on noncropland, FSA County Offices will immediately contact the applicable NRCS Office to obtain the documentation necessary to update FSA records.

Step	Action
1	<p>*--Immediately update FRMS according to 10-CM to record the number of acres enrolled in WRP that are on DCP cropland. See 10-CM for additional information.</p> <p>Note: Acres enrolled in WRP that are on non-DCP cropland must not be included in the FRMS, “WRP” field.</p>
2	<ul style="list-style-type: none"> • Immediately update FRMS according to 10-CM to reduce the base acres as--* specified on CCC-505 received from NRCS for FY in which the WRP easement was recorded or WRP cost-share restoration agreement is approved. CCC-505 includes the number of base acres that will be retired, even if the number of base acres being retired is zero. <p>Note: Producers may have elected to reduce base acres to increase the value of the WRP appraisal for a WRP easement. FSA County Offices will reduce the base acres as specified on CCC-505. In some cases, there may be excess acreage on the farm that may not require base reduction, but the acreage will be reduced as specified on CCC-505 because those acres were designated for retirement through the WRP easement.</p> <ul style="list-style-type: none"> • Notify all producers on the farm that a revised ARC-CO and PLC contract or ARC-IC contract that reflects the reduced base acres must be filed by: <ul style="list-style-type: none"> • June 1, if the reduction occurs before June 1 of the applicable year • September 30, if the reduction occurs after June 1 of the applicable year. <p>Note: This step is required; however, an additional reduction may be required as determined in steps 3 through 5. County Offices must ensure that all steps in this table are followed.</p>

282 Eligible and Ineligible Land Uses for Base Acres (Continued)

F Land Enrolled in WRP (Continued)

Step	Action
3	<p>After steps 1 and 2 have been completed, County Offices will determine whether the number of base acres exceeds the effective DCP cropland plus double-cropped acreage according to paragraph 2874. If the base acres still exceed the effective DCP cropland plus double-cropped acreage, then:</p> <ul style="list-style-type: none"> • an additional reduction to base acres is required • ARC-CO and PLC contract and ARC-IC contract for the applicable FY cannot be enrolled until the reduction of the base acres is completed • County Offices must follow the provisions of step 4.
4	<p>If an additional base acre reduction is required according to step 3, County Offices will:</p> <ul style="list-style-type: none"> • notify the owners of the farm that an additional reduction of base acres is required within 30 calendar days • notify all producers on the farm that a revised ARC-CO and PLC contract or ARC-IC contract must be filed, by September 30 of the applicable year, that reflects the reduced base acres •*--ensure that all provisions of 10-CM are met for updating FRMS and notifying--* applicable producers of the revision to the farm records. <p>Note: For farms enrolled by June 1 of the applicable year, signatures on revised ARC-CO and PLC contract and ARC-IC contract must be received no later than September 30 of the applicable FY.</p>

282 Eligible and Ineligible Land Uses for Base Acres (Continued)

F Land Enrolled in WRP (Continued)

Step	Action
5	<p>If CCC-505 is not filed by the owners of the farm within 30 calendar days according to step 4:</p> <ul style="list-style-type: none"> • COC will initiate CCC-505 reducing the base acreage according to 3-CM • COC must not approve a revised ARC-CO and PLC contract or ARC-IC contract unless all signature requirements are met by June 1 of the applicable FY <p>Note: For farms enrolled by June 1, signatures on revised ARC-CO and PLC contract or ARC-IC contract must be received no later than September 30 of the applicable FY.</p> <ul style="list-style-type: none"> • 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--* FRMS and notifying applicable producers of the revision to the farm records.

282 Eligible and Ineligible Land Uses for Base Acres (Continued)

G Land Under EWP Flood Plain Easements

Land under the EWP Flood Plain Easement is **not** eligible to be enrolled in the ARC and PLC Program beginning on the date the EWP Flood Plain Easement is filed.

Exception: Cropland under EWP Flood Plain Easement may be eligible for the ARC and PLC Program in the FY the EWP Flood Plain Easement is filed, if **both** of the following are met:

- written documentation from NRCS is submitted that allows the acreage to be planted to an annual crop for harvest in the FY the easement is filed

Note: Depending on the date the easement is filed, the applicable NRCS manual may **not** allow planting an annual crop in FY the easement is filed.

Important: Neither haying nor grazing is considered planting an annual crop.

- all other requirements to enroll the acreage in the ARC and PLC Program are met.

Note: Even though there may appear to be no advantage, regardless of whether land is eligible for enrollment or not, producers still may make an ARC and PLC Program election for this farm or land.

Cropland acreage under EWP Flood Plain Easement **must** be recorded according to *-10-CM. The date EWP Flood Plain Easement acreage is recorded in FRMS 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 **not** exceed effective DCP cropland plus double-cropped acres.

Note: Subparagraph I does **not** apply to land under EWP Flood Plain Easements.

282 Eligible and Ineligible Land Uses for Base Acres (Continued)

H Land Under Federal Conservation Programs or Restrictive Easements Other Than WBP, WRP, or EWP Flood Plain Easements

Land under a Federal restrictive easement or agreement that prohibits **all** of the following will **not** be enrolled in the ARC and PLC Program:

- annual planting of a crop for harvest as grain or lint
- haying
- grazing.

Note: See subparagraph I for easements and agreements that allow haying and/or grazing.

Land under a restrictive easement or agreement is ineligible for the ARC and PLC Program beginning in the FY the cropping, haying, and grazing restrictions are effective.

Cropland acreage under a restrictive easement or agreement will be recorded according to *--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.

Example 1: Land is placed under an easement that prohibits all cropping, haying, and grazing of the acreage. The restrictions prohibiting cropping, haying, and grazing are effective beginning the date the easement is filed.

The easement is filed on November 4, 2014. The land under easement is ineligible for ARC or PLC beginning FY 2015.

After the land under easement is **not** eligible for ARC or PLC, the County Office **must**:

- *--record the cropland acreage under easement according to 10-CM.--*
- require a reduction in base acres, if applicable
- request a refund of ARC and PLC Program payments, if applicable.

282 Eligible and Ineligible Land Uses for Base Acres (Continued)

H Land Under Federal Conservation Programs or Restrictive Easements Other Than WBP, WRP, or EWP Flood Plain Easements (Continued)

Example 2: Land is placed under a restrictive easement that prohibits all cropping, haying, and grazing of the acreage. The restrictions prohibiting cropping, haying, and grazing are effective when the producer signs the applicable agreement.

Notes: The agreement is generally signed **before** an easement is filed.

Submit questionable cases about agreement to the State Office or National Office for review if necessary.

The agreement is signed on July 1, 2015. The easement is filed on November 4, 2015. The land under easement is ineligible for the ARC and PLC Program beginning FY 2015.

After the land under easement is **not** eligible for the ARC and PLC Program, the County Office will:

- *--record the cropland acreage under easement according to 10-CM--*
- require a reduction in base acres, if applicable
- request a refund of ARC and PLC Program payments, if applicable.

I Haying and Grazing of Cropland Under a Federal Conservation Program or Restrictive Easement Except WRP, WBP, and EWP Flood Plain Easements

Land under either of the following may be eligible for ARC or PLC provided the easement or agreement, as applicable, allows haying and/or grazing of the acreage on an annual basis under normal circumstances:

- easements **other than** WRP, WBP, or EWP
- conservation programs.

282 Eligible and Ineligible Land Uses for Base Acres (Continued)

I Haying and Grazing of Cropland Under a Federal Conservation Program or Restrictive Easement Except WBP, WRP, and EWP Flood Plain Easements (Continued)

For the purposes of this paragraph, normal circumstances mean allow haying and/or grazing on an annual basis, including situations where haying and/or grazing is limited to a specific time period of the year.

Important: The following haying and/or grazing provisions are **not** considered normal circumstances:

- limited only to when emergency conditions exist
- **not** allowed on an annual basis.

Example 1: Land is placed under an easement that prohibits all cropping and all haying. However, the easement allows grazing of the acreage every third year of the life of the easement.

The easement terms do **not** allow grazing on an annual basis; therefore, the land is **not** eligible for ARC or PLC.

Example 2: Land is placed under an easement that prohibits all cropping. The easement prohibits haying and grazing of the acreage, **except** in emergency situations, as determined by the easement terms. Accordingly, the land is **not** eligible for ARC or PLC.

Example 3: Land is placed under an easement that prohibits all cropping. The easement prohibits haying and grazing of the acreage **except** for the time period of August 1 through September 30 of each year.

The easement terms allow haying or grazing **except** for specific time period; therefore, the land is eligible for ARC or PLC, provided **all** other requirements are met.

Land enrolled in CRP or GRP is **not** eligible to be enrolled in ARC or PLC. See subparagraph J. Land under CRP easement or practice lifespan requirements is **not** eligible to be enrolled in ARC or PLC. See subparagraph K.

282 Eligible and Ineligible Land Uses for Base Acres (Continued)**J Land Enrolled in CRP or GRP**

Land enrolled in CRP or GRP is **not** eligible to be enrolled in the ARC and PLC Program.

Enrollment of land into CRP or GRP may require:

- reduction of base acres

Note: See paragraph 284.

- refund of ARC and PLC Program payments, if applicable.

Note: Subparagraph I does **not** apply to land under CRP or GRP.

K Land Under CRP Easement or Practice Lifespan Requirement

Land under CRP easement or practice lifespan requirement:

- is **not** eligible to be enrolled in ARC or PLC
- *--will be maintained in FRMS according to 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 WRP Enrollment**A General Rule**

The sum of the following will **not** exceed DCP cropland on the farm, **except** to the extent there is an established double-cropped history on the farm:

- all base acres
- cropland enrolled in:
 - CRP
 - EWP
 - WBP
 - WRP
- cropland or DCP cropland enrolled in GRP
- cropland enrolled in any conservation program for which payments are made in exchange for **not** producing an agricultural commodity.

B When to Determine Reduction Acres for CRP and GRP

County Offices will calculate the number of acres on a farm that may be enrolled in CRP or GRP, without requiring a reduction to base acres, at the time the producer submits AD-1153, CRP-2, or CRP-2C.

When the producer determines to reduce base acres on a farm because of enrolling in CRP or GRP, the producer **must** complete CCC-505 at the time the acres are being offered for CRP or GRP.

Note: Producers may elect to modify the number of acres to be offered for CRP or GRP, instead of reducing base acres on the farm.

283 Acre Reductions for CRP, GRP, or WRP Enrollment (Continued)

C When to Determine Reduction Acres for WRP

County Offices will follow the provisions in paragraph 282 immediately when notified by NRCS that the WRP easement is closed or the cost-share restoration agreement is approved.

Reminder: There are 2 separate statutory provisions affecting producers enrolling land in WRP and County Offices will ensure that base acres are reduced, if necessary, to satisfy both provisions.

D Determining Reduction Acres

County Offices will use the following to determine whether enrolling land into:

- CRP or GRP will require a reduction in any of the following:
 - base acres
 - number of acres offered for CRP
 - number of acres offered for GRP
- WRP will require a reduction in base acres according to 2014 Farm Bill statutory provisions.

Step	Action
1	Print FSA-156EZ for farm on which the acres are being offered for enrollment into *--CRP, GRP, or WRP. See 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: <ul style="list-style-type: none"> • effective DCP cropland from FSA-156EZ, plus • result of step 2. <p>Note: If the result of step 2 is negative, use the effective DCP cropland.</p>
4	From FSA-156EZ, determine the total base acres for the farm.
5	Subtract result of step 3 from result of step 4.

283 Acre Reductions for CRP, GRP, or WRP Enrollment (Continued)

D Determining Reduction Acres (Continued)

Step	Action		
6	IF the result of step 5 is...	AND the program is...	THEN...
	negative		<ul style="list-style-type: none"> • 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	<p>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 * * *.</p> <p>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:</p> <ul style="list-style-type: none"> • total cropland on the farm • total DCP cropland on the farm • base acres.
	WRP	<p>no cropland or DCP cropland acres on the farm can be devoted to WRP unless base acres are reduced by the number of acres being recorded for the WRP easement or cost-share restoration agreement. An additional reduction may be required if the farm has double-cropped acreage *--included in the base acres. See 10-CM for additional--* information on updating acreage information * * *.</p>	

283 Acre Reductions for CRP, GRP, or WRP 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	<ul style="list-style-type: none"> • 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. <p>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:</p> <ul style="list-style-type: none"> • total cropland on the farm • total DCP cropland on the farm • base acres.
	WRP	<ul style="list-style-type: none"> • cropland acres or DCP cropland acres in an amount equal to the result of step 5 may be devoted to WRP without reduction to base acres on the farm <p>Note: NRCS may require the producer to file CCC-505 to reduce the base acres. See paragraph 282.</p> <ul style="list-style-type: none"> • cropland acres or DCP cropland acres in an amount exceeding the result of step 5 cannot be devoted to WRP unless base acres are reduced on the farm. 	

283 Acre Reductions for CRP, GRP, or WRP Enrollment (Continued)

E Producer Options (Continued)

Example 4: FSN 300 consists of the following:

- 60 acres effective DCP cropland
- 50 acres cropland
- 0 double-cropped acres
- 50 base acres.

Owner of FSN 300 offers 10 acres of DCP cropland that does **not** meet the definition of cropland for enrollment in GRP. The number of acres of DCP cropland acres that may be enrolled in GRP on FSN 300 without requiring a reduction to base acres is 10 acres ($60 + 0 - 50 = 10$). Therefore, the owner is **not** required to reduce either base acres or the number of acres offered to enroll in GRP.

Example 5: FSN 400 consists of the following:

- 60 acres effective DCP cropland
- 60 acres cropland
- 0 double-cropped acres
- 60 base acres.

Owner of FSN 400 offers 40 noncropland and/or non-DCP cropland acres for enrollment in GRP. The number of DCP cropland acres that may be enrolled in GRP on FSN 400 without requiring a reduction to base acres is 0 acres ($60 + 0 - 60 = 0$). However, the acres offered for enrollment in GRP are noncropland and/or non-DCP cropland acres. Therefore, the owner is **not** required to reduce either base acres or the number of acres offered to enroll in GRP.

283 Acre Reductions for CRP, GRP, or WRP Enrollment (Continued)

F When to Complete CCC-505 to Reduce Base Acres

When the producer elects to reduce base acres because of enrollment in CRP or GRP, the producer will complete CCC-505 at the time the acres are offered for CRP or GRP.

If the producer elects to retire base acres for enrollment in WRP, the producer will provide CCC-505 to NRCS. NRCS will provide CCC-505 to FSA when the easement is closed.

Reminder: Even if the producer files CCC-505 with NRCS, FSA is still required to ensure that benefits are **not** issued to the producer for both programs. County Offices will follow the provisions of paragraph 282 to ensure that base acres are reduced properly.

G Effective Date of Base Acre Reduction for CRP

Base acre reductions required because of CRP participation will become effective for the same FY the corresponding CRP-1 becomes effective.

The ARC and PLC Program year entered on CCC-505 will be the ARC and PLC Program year in which the corresponding CRP-1 becomes effective. The County Office will file copy of CCC-505 in **both** the applicable ARCPLC and CRP folders, when base acres are reduced
--according to 10-CM because of CRP participation.--

Example: Cropland was offered for enrollment in CRP on May 5, 2015. CRP-1 was effective October 1, 2015. CCC-505 to reduce base acres was signed by all owners at the time CRP-1 was submitted (May 5, 2015) with a program year of 2016 (equal to FY of CRP-1).

Base acre reductions will become effective October 1, 2015 (FY 2016). If acres offered for CRP are **not** accepted, then base acres will **not** be reduced.

Important: Reduction of base acres may result in ARC or PLC overpayment and request for refund.

Section 2 Producer Eligibility

305 General Information

A Eligible Producer

Producers eligible to enter into ARC-CO and PLC contract or ARC-IC contract are:

- an owner of a farm who has a share of contract acreage and assumes all or part of the risk of producing a crop on base acres
- a producer, other than an owner, on base acres with a share- or cash-rent lease for the crop year covered by the FY contract.

Important: A producer on a farm with an interest in only nonbase acres is **not** eligible to enter into ARC-CO and PLC contract or ARC-IC contract on that farm.

The amount of nonbase acres available to be planted to FAV and wild rice without resulting in a payment reduction may be reduced when there is a producer on a farm with interest in only nonbase acres. See:

•*--paragraph 289 for examples--*

- 4-CP to calculate nonbase acres on a farm available to be planted to FAV or wild rice without resulting in a payment reduction.

Only producers who sign ARC-CO and PLC contract or ARC-IC contract can be considered to have applied for an ARC and PLC Program payment. Producers who have a reported share of a covered commodity reported on FSA-578, but who may **not** have signed ARC-CO and PLC contract or ARC-IC contract, are **not** eligible for any ARC and PLC Program payments **unless** they sign ARC-CO and PLC contract or ARC-IC contract.

305 General Information (Continued)**B Terms of Enrollment**

Producers who participate in the ARC and PLC Program **must** fully comply with the terms and conditions of ARC-CO and PLC contract or ARC-IC contract, and in return will be eligible to receive ARC or PLC payments, if applicable.

C Producer Agreement to Program Requirements

Before producers on a farm may receive ARC and PLC Program payments, with respect to the farm, the producers will agree, during the crop year for which payments are made and in exchange for the payments, to:

- maintain compliance with HELC and/ or WC provisions on all their land
- use acreage equal to the base acres for an agricultural or conserving use
- **not** plant perennial FAV's or harvest annual FAV's (other than lentils, mung beans, and dry peas) or harvest wild rice on base acres

Note: See paragraph 290 for exceptions to FAV and wild rice planting limitations.

- timely submit a report of all cropland acreage on the farm on an annual basis
- if participating in ARC-IC, satisfy production and reporting requirements according to Parts 2 and 4, as applicable.

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 (HELIC) and Wetland Conservation (WC) Certification (Includes Form AD-1026 Appendix)		4, 285
AD-1153	Application for Long-Term Contracted Assistance Through the _____ Program		283
CCC-505	Voluntary Permanent Base Acre Reduction	23	Text, Ex. 2
CCC-517	Tract Redistribution Form		21, 22, 41
CCC-857	Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) Program Election	189	Text
CCC-858	Base Reallocation and Yield Update Decision for Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) Program	Ex. 7	41
CCC-859	Price Loss Coverage (PLC) Yield Worksheet	91	65, 66, 83, 87
CCC-902	Farm Operating Plan for Payment Eligibility 2009 and Subsequent Program Years		4
CCC-920	Grassland Reserve Program Contract		23, 283
CCC-941	Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information - Agricultural Act of 2014		4
CRP-1	Conservation Reserve Program Contract		5, 21-23, 42, 187, 281-283
CRP-2	Conservation Reserve Program Worksheet		283
CRP-2C	Conservation Reserve Program Worksheet (For Continuous Signup)		283
CRP-15 <u>1/</u>	Agreement for Reduction of Bases, Allotments, and Quotas		42, 281
FSA-156EZ	Abbreviated 156 Farm Record		282, 283
FSA-578	Report of Acreage		Text, Ex. 2
FSA-658	Record of Production and Yield		65, 81
FSA-910	Wetland Reserve Program Projected DCP Base Reduction Worksheet	Ex. 21	282

1/ CRP-15 is obsolete.

Reports, Forms, Abbreviations, and Redelegations of Authority

Abbreviations Not Listed in 1-CM

Approved Abbreviations	Term	Reference
2002 Farm Bill	Farm Security and Rural Investment Act of 2002	64, 65
2008 Farm Bill	Food, Conservation, and Energy Act of 2008 (Pub. L. 110 246)	1, 64, 136
2014 Farm Bill	Agricultural Act of 2014, Title 1 (Pub. L. 113-79)	Text, Ex. 2
ARC	agriculture risk coverage	Text, Ex. 2
ARC-CO	agriculture risk coverage – county	Text, Ex. 2
ARC-IC	agriculture risk coverage – individual	Text, Ex. 2
CC	counter-cyclical	1, 5, 23, 61-64, 67, 68, 138, Ex. 7
CTAP	Cotton Transition Assistance Program	1, 21-23, 42, 284
FRMS	Farm Records Management System	42, 64, 141, 282, 283
MYA	marketing year average	Text, Ex. 2
P&CP	planted and considered planted	24, 26, 102, 111, 116, 131, Ex. 2
PFC	production flexibility contract	42, 64, 281
PLC	price loss coverage	Text, Ex. 2
T-yield	transitional yield	117, 132, Ex. 2

Redelegations of Authority

COC may redelegate authority to approve CCC-505's, ARC-CO and PLC contracts, and ARC-IC contracts to CED, in routine cases. Redlegation shall be documented in COC minutes.

Definitions of Terms Used in This Handbook (Continued)

Producer

Producer means an owner, operator, landlord, tenant, or sharecropper who shares in the risk of producing a crop and who is entitled to share in the crop available for marketing from the farm, or would have shared had the crop been 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.

Reference Price

Reference price means the statutory price used the PLC program to determine PLC payment rates. Reference prices are as follows.

Crop	Price	Crop	Price	Crop	Price
Barley	\$4.95 per bu.	Chickpeas, Large	\$21.54 per cwt.	Chickpeas, Small	\$19.04 per cwt.
Corn	\$3.70 per bu.	Grain Sorghum	\$3.95 per bu.	Lentils	\$19.97 per cwt.
Oats	\$2.40 per bu.	Oilseeds, Other	\$20.15 per cwt.	Peas, Dry	\$11.00 per cwt.
Peanuts	\$535 per ton	Rice, Long Grain	\$14.00 per cwt.	Rice, Medium Grain	\$14.00 per cwt.
Soybeans	\$8.40 per bu.	Wheat	\$5.50 per bu.		

Definitions of Terms Used in This Handbook (Continued)

SDA Farmer or Rancher

SDA farmer or rancher means a farmer or rancher who is a member of a socially disadvantaged group whose members have been subjected to racial, ethnic, or gender prejudice because of their identity as members of a group without regard to their individual qualities. SDA groups include the following and **no** others **unless** approved in writing by the Deputy Administrator:

- American Indians or Alaskan Natives
- Asians or Asian-Americans
- Blacks or African-Americans
- Hispanics or Hispanic-Americans
- Native Hawaiians or other Pacific Islanders
- Women.

Substitute Yield

Substitute yield means a yield that is used in place of an actual yield on a farm when the PLC yield is being updated. A substitute yield is calculated by establishing a simple average yield per planted acre in a county and multiplying by 75 percent.

Transitional Yield (T-Yield)

T-yield means the yield determined according to Federal Crop Insurance Act, Section 502(b) (7 U.S.C. 1502(b)).

*--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.--*

Weighted Farm Benchmark Revenue

Weighed farm benchmark revenue means placing a value on the applicable covered commodity's farm benchmark revenue based on the percentage of acres planted to that covered commodity when compared to the total number of covered commodities planted on the farm.