

# **Evaluating USDA Farm Bill Crop Program Options**

Agriculture Risk Coverage  
(ARC)

Price Loss Coverage  
(PLC)

Agricultural Act of 2014

# Base Reallocation and Yield Updates

## ARC-PLC Program Options:

# Agricultural Act of 2014

The 2014 Farm Bill provides the following under the commodity title:

- Eliminate DCP and ACRE program
- Allows for a “**one-time**” decision to *REALLOCATE* base acres and *UPDATE* yields on a farm

# Agricultural Act of 2014

- Step 1: Reallocation by 2/27/2015
  - Maintain or Reallocate Base Acres
  - Maintain or Update Payment Yields

# Agricultural Act of 2014

## Step 2: Election by 3/31/2015

- Producers/Operators will have to choose:
  1. PLC (and possibly SCO crop insurance coverage)
  2. County ARC by Crop
  3. Individual ARC for Whole Farm
- Producers to consider Supplemental Coverage Option (SCO) with crop insurance by 3/15/2015

# Agricultural Act of 2014

## • Step 3: Enrollment

- 2015 – Mid-April through June 1, 2015
- 2016-2018 – June 1 each year

# **Agricultural Act of 2014**

## **STEP 1**

### **Base Reallocation and Yield Updates**

**February 27, 2015 Deadline**

# Agricultural Act of 2014

## Crop Acreage Reallocation and Yield Updating:

- Crop Acreage for planted/considered planted covered commodities:  
2009 – 2012 (reallocate **NOT** increase)
- Yield Updating for Covered Commodities:  
2008 – 2012 (simple average for years planted)

# Agricultural Act of 2014

## Reallocation of Base Acres

### Two “Base Election” options for 2014 base acres:

1. Retain current crop bases that were in effect 9/30/13 for ARC/PLC
2. Reallocate crop bases using planting history, 2009-2012, -NOTE: total base acres will not change.

**NOTE:** The decision to reallocate must be signed by at least one **OWNER** of the farm.

# Agricultural Act of 2014

## Reallocation of Base Acres

Reallocation of bases will result in the farm's base acres being recalculated in the same proportion to the 4 year average of acres that were Planted & Considered Planted to covered commodity bases during the 2009 – 2012 crop years.

Letters were sent to owners and operators with this information in August.

# Agricultural Act of 2014

## BASE REALLOCATION EXAMPLE #1

Farm #2566

Cropland: 160.0 acres

Corn Base: 70.0 acres

Soybean Base: 70.0 acres

Oats Base: 20.0 acres

CROP HISTORY				
CROP	2009	2010	2011	2012
Corn	80.0	69.5	80.0	69.5
Soybeans	69.5	80.0	69.5	80.0

# Agricultural Act of 2014

Farm Number: 2566

Farm Effective Cropland: 160.00



**PRINT**

Crop	2013 Base Acres	2009	2010	2011	2012	Average Planting	Reallocation Percentage	2014 Reallocated Base Acres
Barley						0.00	0%	0.00
Canola						0.00	0%	0.00
Corn	70.00	80.00	69.50	80.00	69.50	74.75	50%	80.00
Crambe						0.00	0%	0.00
Dry Peas						0.00	0%	0.00
Flaxseed						0.00	0%	0.00
Grain Sorghum						0.00	0%	0.00
Large Chickpeas						0.00	0%	0.00
Lentils						0.00	0%	0.00
Mustard Seed						0.00	0%	0.00
Oats	20.00					0.00	0%	0.00
Peanuts						0.00	0%	0.00
Rapeseed						0.00	0%	0.00
Rice (Long Grain)						0.00	0%	0.00
Rice (Medium/Short Grain)						0.00	0%	0.00
Safflower						0.00	0%	0.00
Sesame Seed						0.00	0%	0.00
Small Chickpeas						0.00	0%	0.00
Soybeans	70.00	69.50	80.00	69.50	80.00	74.75	50%	80.00
Sunflower Seed (All)						0.00	0%	0.00
Wheat						0.00	0%	0.00
Upland Cotton (Generic)						0.00	0%	0.00
<b>Totals</b>	<b>160.00</b>	<b>149.50</b>	<b>149.50</b>	<b>149.50</b>	<b>149.50</b>	<b>149.50</b>	<b>100%</b>	<b>160.00</b>

# Base Acre Reallocation – Quick calculator

- <http://fsa.usapas.com/>

The screenshot shows the USDA Farm Service Agency website interface. At the top left is the USDA logo and the text "United States Department of Agriculture Farm Service Agency". To the right is a search bar labeled "Search FSA". Below this is a navigation bar with links: "USDA Home", "Farm Bill Analysis Home", "APAS Sample Farms", "APAS Custom Farms BYOF", and "Site Map". The main content area is titled "Agriculture Policy Analysis System (APAS)" and contains several green and blue boxes. A red arrow points to the "Base Acre Reallocation Quick Calculator" link in the bottom right section.

**USDA** United States Department of Agriculture  
Farm Service Agency

Search FSA

USDA Home Farm Bill Analysis Home APAS Sample Farms APAS Custom Farms BYOF Site Map

### Agriculture Policy Analysis System (APAS)

<b>APAS Sample Farm</b> Five Minute Review of Analytics for Your County  Quick program payment comparison using data for your state and county	<b>APAS Custom Farm</b> Build Your Own Farm  Enter your own farm's information for detailed program and risk management analysis	<b>NAP Crops</b> Coming Soon
 Start Here for Program & Tool Explanation	<b>Payment Yield Update</b> Quick Calculator	<b>Base Acre Reallocation</b> Quick Calculator
	<b>APAS FAQ</b> Coming Soon	<b>YouTube Channel</b> Coming Soon

# Agricultural Act of 2014

## YIELD OPTIONS

1. Retain Current CC Yields

**OR**

2. Update Yields

**Note:** This option is available **PER** Crop **AND** available to **ALL** owners and farms regardless of program election – PLC/ARC-CO/ARC-IC

# Agricultural Act of 2014

## Payment Yield Update Option

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

1. *Retain* the farm’s/crop’s Counter-Cyclical (CC) yield from the 2008 Farm Bill (*NOT Direct yield*)
2. *Update* the farm’s/crop’s yield based on **90%** of the farm’s 2008-2012 “*average yield*” per “**planted**” acre, excluding years of zero plantings/prevent plant.

**NOTE:** 75% of County Average Yield will be “replaced” for low year yield and/or no production/yield available for planted acres

# **Agricultural Act of 2014**

## **Payment Yield Update Option**

Examples of documentation that producers can use to update past year crop yields:

- 1. Crop Insurance Records**
- 2. Commercial Receipts**
- 3. Settlement Sheets**
- 4. Loan Summaries**
- 5. Silage Appraisals or measurements converting to bushels**
- 6. Fed Production – can be determined reliable if you provide items such as storage capacity, cattle numbers, etc., to FSA**

# Agricultural Act of 2014

## Payment Yield Update Option Example #1

5 Year average of Planted acreage

$$(151+165+155+180+122=773/5=155)$$

Farm #1		Corn CC Yield: 142/bu							
Crop Corn	2008	2009	2010	2011	2012	Total	Average	PLC Yield	
	151	165	155	180	<del>119</del>	773	Yield	(90%)	
Average CO Yield (75%)	<del>122</del>	<del>122</del>	<del>122</del>	<del>122</del>	122			139/bu	
<p><b>NOTE:</b> The 122 average county yield listed above is just an example – these differ by county</p>									

# Agricultural Act of 2014

## Payment Yield Update Option Example #2

### 3 Year Average of Planted acres

$$(178+180+122=480/3=160)$$

Farm #2		Corn CC Yield: 142/bu						
Crop Corn	2008	2009	2010	2011	2012	Total	Average Yield	PLC Yield (90%)
	Zero Plant	Zero Plant	178	180	119	480	160	144/bu
Average CO Yield (75%)	122	122	122	122	122			
<b>NOTE:</b> The 122 average county yield listed above is just an example – these differ by county								

# Payment Yield Update – Quick calculator

- <http://fsa.usapas.com/>

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# Agricultural Act of 2014

## Final Notice of Base & Yield:

Once the owner *elects* to update or retain current records, all owners, operators and tenants will receive the “Final” base and yield notice.

# **Agricultural Act of 2014**

## **STEP 2**

### **Program Election**

**Deadline of March 31, 2015 for farm operators to make the one-time program election**

# Agricultural Act of 2014

## ELECTION

Producers will make their 1 time election per farm by the current March 31<sup>st</sup> deadline.

Failure to make an election will result in PLC election starting in 2015 through 2018 and **NO** payments will be made for 2014.

# Agricultural Act of 2014

## ELECTION

- All producers/operators who shared in the crop on the 2014 farm with an interest in the farm's base acres **MUST** agree to the program **ELECTION**. (not owners)
- The 2014 program Election remains in effect through 2018.

# Agricultural Act of 2014

## Authorizes a one-time, 5-year “Election” of programs:

- **Price Loss Coverage (PLC)** – offers price protection.
- **Ag Risk Coverage-County (ARC-CO)** – offers shallow loss revenue protection at a **COUNTY** level
- **Ag Risk Coverage-Individual (ARC-IC)** – offers shallow loss revenue protection at an **INDIVIDUAL** farm level across all farms enrolled
- The UW-Extension presentation goes over these program with suggestions.

# Agricultural Act of 2014

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

- Payments made when the ARC-CO Actual Revenue is less than the ARC-CO Guarantee for a covered commodity. *County data is used, not individual farm data.*
- Payments are made regardless of the planting of the covered commodity.
- RMA's SCO coverage is not allowed for ARC-CO selected crops

# Program Election of PLC or ARC-CO

## **ELECTION** is *Crop By Crop*

- If ARC-CO or PLC is selected on a Farm:
- Each **Covered Commodity** will select PLC or ARC-CO

# Agricultural Act of 2014

If **ARC-IC** is selected on a Farm:

- All covered commodities planted on the farm are ARC-IC crops.
- PLC is NOT an option for the farm
- ARC-CO is NOT an option for the farm
- RMA's SCO - is NOT an option for the crop in the county

# Agricultural Act of 2014

## What is Supplemental Coverage Option (SCO)?

- ❑ Endorsement to Policy – Starts indemnity at 14% Loss
- ❑ Allowed with FSA's Price Loss Coverage (PLC)
- ❑ Not Allowed with Ag Risk Coverage (ARC)
- ❑ Area yield or revenue loss trigger
- ❑ Individual policy determines indemnity amount

# Agricultural Act of 2014

## **STEP 3**

## **Enrollment**

**(Mid April, 2015 – June 1, 2015)**

# Agricultural Act of 2014

## **Annual Enrollment Contract to Participate on a farm:**

An enrollment period will be held for:

- 2014 & 2015 completed simultaneously.
- Completed for each year 2014 – 2018.
- Producers can “participate OR not participate” year by year

# Agricultural Act of 2014

## Adjusted Gross Income Compliance:

- \$900,000 Average Gross Income Limitation (AGI)
  - *2014 AGI will be determined using tax years 2012, 2011, and 2010 AGI.*

# Agricultural Act of 2014

## Planting Flexibility

- Planting of any commodity other than Fruits and Vegetables (FAV's) are allowed on base acres of ARC/PLC farms.
- Planting and Harvesting FAV's is subject to an **“acre for acre”** payment reduction.

# Agricultural Act of 2014

## ARC/PLC Program Implementation

### Acres & Production Reporting:

- Producers are required to report acres, this is the same as in past programs. Fall reports by November 15 and spring plantings by July 15th
- Production Reporting required for ARC-IC
- HELC/WC Compliance on ALL land
- Producers must protect ALL land on the farm enrolled in ARC/PLC from noxious weeds and erosion

# Agricultural Act of 2014

**ARC/PLC Decision Tools are available at:**

**[WWW.FSA.USDA.GOV](http://WWW.FSA.USDA.GOV)**

# OTHER PROGRAMS

MAL – Marketing Assistance Loans

FSFL – Farm Storage Facility Loans

FARM LOANS – Ownership, Operating

NAP – Non-Insured Crop Disaster Program

# MARKETING ASSISTANCE LOANS (MAL )

- 9-month low-interest crop loans on stored 2014 crops
- Very Quick way to get some low interest operating cash until you feed or market your crop
- January interest rate is 1.125%. This will remain fixed for the entire loan period

# FARM STORAGE FACILITY LOANS (FSFL)

- To build or upgrade farm storage
- Only for farmers short of storage
- Includes grain structures, flat storage for hay, cold storage, and biomass storage, etc..
- 15% down payment with fixed interest rates
- January interest rate – 2.00% for 7 year, 2.250% for 10-year, 2.375% for 12 year and 2.50% for 15 year

# FARM LOAN PROGRAMS

- Available if unable to get credit elsewhere
- Operating – annual and term. Purchase livestock, equipment, feed, seed, fuel, etc.
- Ownership – purchase farmland, construct or repair buildings, etc.
- Current January interest rates: 2.625% for operating and 4.00% for ownership (fixed rate)
- Many changes in 2015 – contact local Farm Loan officials

# NON-INSURED CROP DISASTER PROGRAM (NAP)

- Loss coverage for uninsurable crops; vegetables, fruits, maple sap, honey, aquaculture, mushrooms, ornamental nursery, Christmas trees, ginseng root, turfgrass sod, floriculture, etc.
- Losses must be due to natural disasters
- \$250 per crop, not to exceed \$750 per county
- Buy-up policies now available. Break in premium costs for women, minorities, beginning and limited resource farmers.

# MAKE YOUR APPOINTMENT

Please contact your local FSA Office to set up an appointment *before* the February 27<sup>th</sup> deadline.