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

Question	Answer
Reallocating Bases Acres and Updating Yields	
Does the new farm bill allow for a reallocation of crop base acres?	Yes, the 2014 Farm Bill allows for a one-time adjustment to the farm's base acres. This adjustment is called a reallocation of base acres on the farm. The farm bill does not allow for an increase in the farm's total base acres.
Who makes the decision to update base acres?	The owner(s) of the farm make(s) the base reallocation determination.
What happens to my farm's base acres and yields if the owner does not allow an update?	The farm will retain the base acres and counter-cyclical yields in effect on Sept. 30, 2013, excluding upland cotton base acres for the 2014 – 2018 ARC/PLC programs. Upland cotton base acres are automatically converted to generic base, which is not part of the base reallocation decision.
What are the base update options?	The owner(s) of the farm may either: 1) retain the base acres of covered commodities on the farm as of Sept. 30, 2013, or 2) choose to reallocate bases.
What is the reallocation formula?	Base acres are reallocated using the acreage of each covered commodity in proportion to the 4-year average of acres that were planted or considered planted (P&CP) to all covered commodity crops, except upland cotton (now generic base), during 2009–2012.
Does the new farm bill allow for an update of yields for crops with base acres?	Yes, the Agricultural Act of 2014 allows for an update to a farm's program payment yields.
What is the payment yield for PLC?	The current program payment yield under the 2014 Farm Bill is the farm's counter-cyclical (CC) yield in effect on September 30, 2013. The owner of the farm may choose to update the CC yield; this yield will be used to calculate PLC payments on the farm.
Can an owner choose to update the CC yield even though they later elect the ARC program for the farm?	Yes, the CC yield can be updated regardless of the program elected for the farm: PLC, county ARC (ARC-CO) or individual ARC (ARC-IC). Even though the updated yield will only be used for making PLC payments, this is a one-time opportunity for owners of a

	farm to update the farm's payment yields. A farm's payment yields were last updated either in 1985 or in 2002.
Who makes the decision to update yields?	The owner(s) of the farm make(s) the yield update determination. This determination is on a crop-by-crop basis for the farm. The owner(s) may choose to update the yield for one crop on the farm and choose to retain the CC yield for another crop on the farm.
What is the time period used to determine a new yield?	To update a yield, the owner(s) of the farm must certify as to the updated yield for each crop on the farm. The owner will be required to certify a crop yield for each of the years the crop was planted during the yield update base period of 2008-2012.
How is the new yield calculated?	The crops' updated yield will be the simple average of the crop's certified yield, excluding the years of zero plantings, times 90 percent If the certified yield is less than 75 percent of the county average yield or the yield is missing or unavailable, 75 percent of the county average yield will be substituted for that year's yield.
How is the county average yield determined?	2008-2012 county average yields are based upon NASS data. In the absence of NASS data, RMA or Extension data may also be used.
Does the 2014 Farm Bill allow separate PLC yields for dry land and irrigated practices on the same farm?	No. Farms will only have one yield. The PLC yield for a crop that is both irrigated and non-irrigated will either be the farm's current counter-cyclical yield or an updated yield, which is based on the average of the total production on the farm divided by the planted acres of the crop for crop years 208-2012 on the farm times 90 percent.
What crops may have base acres reallocated and yields updated?	Only covered commodities may have base acres reallocated and yields updated. Covered commodities include wheat, oats, barley, corn, grain sorghum, rice, soybeans, sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe, sesame seed, dry peas, lentils, small chickpeas, large chickpeas and peanuts. Upland cotton is no longer a covered

	commodity.
What happens to the upland cotton base acres I had on my farm?	Cotton is no longer considered a covered commodity; cotton base acres will now be called "generic base acres." For ARC/PLC, if "generic base acres" are planted to a covered commodity, they will be treated as that commodity's base acres.
Once I've taken action regarding base reallocation and yield updates, can I change my mind?	Any base reallocation and yield updates can be changed through the end of the ARC/PLC time designated to complete.
ARC/PLC Election	
Who must make the program election?	All producers, including owners and operators on the farm with a share of the 2014 base acres must agree to the program election: PLC, ARC-CO or ARC-IC.
For how many years do the program elections remain in effect?	The election decision made for the 2014 crop year will remain in effect for that farm through the 2018 crop.
What happens if all producers (all owners, operators, and other tenants) with an interest in the farm do not agree and do not sign the election by the deadline?	All crops on the farm will default to the PLC program for the life of the farm bill. The farm will not earn a payment for the 2014 crop year.
What are my options for program participation if I have elected PLC or ARC-CO?	Producers on the farm participating in ARC-CO/PLC can elect either ARC-CO or PLC on a crop- by-crop basis on each farm. The program election for each crop remains in effect for each crop for the life of the farm bill.
What are my options for program participation if I have elected ARC-IC?	An ARC-IC election is applicable to ALL covered commodities on the farm. In addition, a producer's ARC-IC revenue guarantee and actual revenue are determined by combining the producer's interest on all farms electing ARC-IC in the State. All farms with an ARC-IC election in which a producer has an interest are included when determining the payment per acre on the applicable ARC-IC farms.
A producer has several Farm Service Agency (FSA) farm numbers. Can he/she select different programs for each farm?	Yes. The producer can elect ARC-CO or PLC on one or more farms and/or can elect ARC-IC on one or more farms. All farms with an ARC-IC election will be combined to calculate the revenue guarantee, actual revenue and, if applicable, the payment per acre.
What happens to the farm election when a	The farm's program election made during

new owner or operator acquires the farm?	the election period will remain in effect for the life of the farm bill, regardless of who acquires an interest in the land after the election.
Can a person with power of attorney (POA) authority make an election for an owner?	Yes, if the POA has been completed for "All current and future programs" and "All actions."
What happens if I reconstitute a farm after the election is made?	Once an election for a farm is made, the reconstituted farm(s) retain that election through the life of the farm bill.
Once I make an election, can I change my mind?	An election made for a farm can be changed through the end of the election period (which will be determined during the 2014-2015 winter season).
What happens if I choose Supplemental Coverage Option (SCO) and sign up for ARC? (SCO is a USDA Risk Management Agency offering.)	SCO will first be available for the 2015 crop year's winter wheat, where you must make your crop insurance coverage decisions for fall-planted crops (including SCO) by the sales closing date (generally September 30, 2014). Producers who applied for SCO for their winter wheat for 2015 may elect to withdraw coverage on any farm where they intend to elect ARC for winter wheat by the earlier of their acreage reporting date or December 15 without penalty or being charged a premium. This allows producers additional time to make an informed decision related to whether to elect to participate in either the ARC or PLC programs for their winter wheat which will happen later this winter. In order to withdraw coverage, producers must notify their agents of their intended election for ARC by the earlier of their winter wheat acreage reporting date or December 15. This is a one-time exemption that is only allowed for the 2015 crop year's winter wheat to coordinate with ARC program sign-up rules. After this one-time exemption for 2015 crop year fall-planted winter wheat, if you select SCO on a crop, but also elect ARC on that same crop for a farm, your SCO coverage for that crop on that farm will be

	cancelled and you will forfeit 20 percent of your SCO premium on that crop and farm to cover administrative expenses. However, your underlying policy will still be in effect.
Are there tools available to assist producers in making a program election?	Congress provided $3 million for universities to develop web-based decision tools for ARC-CO, ARC-IC, PLC, and other 2014 Farm Bill programs. In addition, Congress provided $3 million for producer education, which provides farmers with information on how to use the decision tools. Links are available at: www.fsa.usda.gov/arc-plc
Price Loss Coverage (PLC)	
Can you simply explain the PLC program?	The PLC program provides payments when the market year average price for a covered commodity falls below the crop's reference price specified in the 2014 Farm Bill.
How is a payment rate determined for a covered commodity under PLC?	The payment rate for a covered commodity is the difference between the crop's reference price and the national market year average price, when the latter is higher than the national average loan rate for the covered commodity.
Must the covered commodity be planted on a farm to receive a PLC payment? Relatedly, how is generic base treated?	Under PLC, the covered commodity doesn't need to be planted to receive payment. The PLC payment is issued based on 85 percent of the crop's base acres. To receive PLC payments on generic base acres, a covered commodity must be **planted** on generic base acres. Attribution of the covered commodity(s) planted on generic base acres depends on the amount and crop planted on those generic base acres.
What is the PLC payment formula?	The payment formula is: The crop's base acres, times 85 percent, times the PLC payment rate per unit of production.
Agriculture Risk Coverage – County (ARC-CO)	
Can you simply explain the ARC-CO program?	The ARC-CO program provides revenue loss protection for revenue losses at the county level. A determination regarding revenue loss for each covered commodity with enrolled bases acres in the county will be made after the market year average price is published by USDA.

How is a payment rate calculated for a covered commodity?	When the actual revenue for the covered commodity in the county on a per acre payment basis is below the ARC-CO guarantee, an ARC-CO payment is triggered for that crop and county. Payment is made to each applicable covered commodity with base acres in the county on participating farms. ARC-CO payment rates at the county level are capped at 10 percent of the ARC-CO's benchmark revenue. The benchmark revenue is the Olympic average of the effective price (higher of the market year average price or the reference price) over the previous five years times the Olympic average of each county's yield (production divided by planted acres) over the same time period.
Is the covered commodity required to be planted on a farm to receive an ARC-CO payment? Relatedly, how is generic base treated?	Under ARC-CO, the covered commodity is **not** required to be planted to receive the payment. To receive ARC-CO payments on generic base acres, a covered commodity must be planted on generic base acres. Attribution of the covered commodity(s) planted on generic base acres depends on the amount and crop planted on those generic base acres.
What is the payment formula?	The payment formula is the crop's base acres, times 85 percent, times the ARC-CO payment rate per acre.
Agriculture Risk Coverage – Individual (ARC-IC)	
Can you simply explain the ARC-IC program?	The ARC-IC program provides revenue loss protection for revenue losses determined at the farm level. A determination regarding revenue loss for each covered commodity planted on the farm will be made after the market year average price is published by USDA.
How is a payment rate calculated for an ARC-IC farm?	When the actual revenue of all crops planted on the ARC-IC farm, summed across all farms, on a per planted acre payment basis is below the ARC-IC guarantee for the farm, again summed across all ARC-IC farms, an ARC-IC payment is triggered for the farm. The revenue guarantee and the actual revenue determinations are based on actual plantings of the crop in the current year. The

	ARC-IC payment rate is calculated for the farm on a per-acre payment basis and is applied to the total base acres of the ARC-IC farm. ARC-IC payment rate at the farm level is capped at 10 percent of the ARC-IC farm's benchmark revenue.
Is the covered commodity required to be planted on a farm to receive an ARC-IC payment?	Yes. Current year planted acres of covered commodities on an ARC-IC farm are used to determine if a revenue loss occurs on the ARC-IC farm.
What is the payment formula?	The payment formula is the total base acres on the ARC-IC farm, times 65 percent, times the ARC-IC payment rate per acre.
How does the farm ARC-IC formula work when there are two or more farms that elected and participated in ARC-IC?	All farms in a State in which the producer has an interest are aggregated in the ARC-IC formula to determine if the ARC-IC farm suffered a revenue loss.
How is the ARC-IC farm benchmark established – is it based on the current year covered commodities or the historical benchmark history of covered commodity plantings?	The ARC-IC farm benchmark revenue and guarantee are based on current year plantings of covered commodities, not historical plantings on the farm. The farm benchmark is calculated by multiplying the effective price (higher of the market year average price or the reference price) times the actual yield (production divided by planted acres) on the farm for each of the most recent five years; then computing an Olympic average of revenue's calculated for each year.
What happens when one ARC-IC farm participates in the annual program and one ARC-IC farm does not participate?	Only ARC-IC farms participating under contract in the annual program will be included in the ARC-IC benchmark, guarantee, and actual revenue calculations. The nonparticipating farm(s) will not be included for any purpose.
Is annual production reporting required on each covered commodity planted?	Yes.
Annual Contract to Participate	
Will an annual contract to participate in the ARC/PLC program be required in order to receive payments?	Yes.
Must a producer carry federal crop insurance in order to be eligible for the ARC/PLC program?	No.
Who must sign the annual contract to participate in PLC, ARC-CO or ARC-IC?	All owners, operators and tenants with an interest in the base acres on the farm must sign the annual contract.

	Cash leases may be provided in lieu of obtaining a signature from an owner.
What program eligibility requirements apply to the PLC, ARC-CO and ARC-IC programs?	Program eligibility and compliance requirements include: • Highly Erodible Land Conservation and Wetland Conservation • Payment Limitation • Adjusted Gross Income • A complete acreage report for the farm • production reporting (if participating in ARC-IC) • Actively Engaged in Farming • Annually enrolling the farm • Planting flexibility requirements • Minimal base acre requirements and exceptions for socially disadvantaged and limited resource farmers
The AD-1026 form, Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) Certification, was revised to reflect the applicability of HELC and WC provisions to any premium subsidy paid by FCIC for any policy or plan of insurance. Do producers have to file a new AD-1026 if they already had one on file with FSA?	No, it is not necessary for producers with an existing AD-1026 on file to file a new AD-1026 unless there are changes to the answers on the existing AD-1026 on file.
ARC and PLC Payments	
When are payments authorized for the ARC/PLC Programs?	Payments for the 2014–2018 crops are issued the later of Oct. 1 of the subsequent crop year or when the national average market year price is published by USDA.
Prevent Planted Acres	
How are approved prevented plant acres used under the 2014 Farm Bill and the ARC/PLC program?	A farm’s approved prevented planted are included for base reallocation purposes for 2009-2012.
Are prevented plant acres used under the ARC program – county or individual?	No. Section 1117 of the 2014 Farm Bill requires that planted acres be used for calculating coverage guarantees and actual revenues. See the exception noted below.
Under ARC-Individual Coverage, how will farms be treated when 100 percent of the acreage is prevented from being planted?	In cases where the ARC-IC farm has approved prevented planted acres for 100 percent of the intended planted covered

	commodities, the individual farm actual revenue for that year will be zero. The payment rate for that ARC-IC farm will be capped at 10 percent of the farm’s benchmark revenue.