County Level Revenue Protection is Available Through ARC-CO
Marina Arouca, Rod Clouser, John VanSickle

Agricultural Risk Coverage – County (ARC-CO) is one of the new commodity programs under the 2014 Farm Bill safety net and offers shallow loss **revenue protection** at the county level. If you are an **agriculture producer** on a farm with base acres you have to make a one-time decision by **March 31** for each farm and select one of the choices available:

- **PLC** or **ARC-County** (ARC-CO) for each program crop or;
- **ARC-Individual** (ARC-IC), which will include all program crops on a farm.

Remember, this decision will be effective at least through 2018, when the current Farm Bill expires. Those who fail to elect a program will be excluded from program benefits in the 2014 crop year and their farms will be automatically enrolled into PLC starting in 2015.

ARC-CO is similar to the repealed Average Crop Revenue Election Program (ACRE) in previous legislation. It offers countywide coverage when the "actual county revenue" for a covered commodity falls below the "ARC-CO guarantee revenue" for that commodity, or is less than 86% of the "benchmark county revenue" (historical revenue). Both the guarantee and the actual revenue are calculated using base acres, not planted acres; and county yields, not individual farm yields.

Important Terms
- **Actual county revenue** (specific crop in a particular year) = (the higher of actual average county yield *or* 70% of transitional yield) x (the higher of market year average (MYA) price *or* the national average loan rate for the covered commodity).
  - **Average county yield** can be found from the following sources:
    - USDA/NASS County Data Release Schedule
    - USDA/NASS Quick Stats Search Tool
  - **Transitional yield** (T yield) is the maximum average production per acre as determined by the Secretary of Agriculture, generally based on 10-year historical county average yield.
- **Benchmark county revenue** = (ARC-CO guarantee yield) x (the higher of ARC-CO guarantee price *or* reference price). Irrigated and nonirrigated crops are treated separately.
  - **ARC-CO guarantee yield** = Olympic average of previous 5-year's county yields.
  - **ARC-CO guarantee price** = Olympic average of previous 5-year's average prices.
    Olympic average is obtained by eliminating the highest and the lowest values from the list and computing the average over the remaining values.
- **ARC-CO guarantee revenue** = 86% of the benchmark county revenue.

When issued, payments under ARC-CO are calculated as:

Payment = 85% of Base Acres of commodity x (Payment Rate)

- *Payment rate*= (County guarantee – Actual county crop revenue)*;* but it may not exceed 10% of the benchmark county revenue.
- *Base Acres* = farm base acres for the covered crop + cotton generic base planted to that commodity.

UF|IFAS Extension
UNIVERSITY *of* FLORIDA

It's important to know that **Prevented Planted Acres** (e.g., drought, flood, excessive rainfall, etc.) are not included in revenue calculations (benchmark or actual). Also, **payment eligibility** is not based on the location of the land but the county where administratively enrolled. Payments will be issued after the end of the respective crop year.

Eligibility and Limitations
- Producers whose adjusted gross income (AGI) exceeds $900,000 during a crop, fiscal, or program year are not eligible to participate.
- The total amount of payments received by a person or legal entity may not exceed $125,000 per crop year. Payments for peanuts have a separate $125,000 payment limitation.
- The sum of the base acres on a farm must be 10 acres or more, unless the producer is a socially disadvantaged farmer or is a limited resource farmer.

Visit the USDA FSA website for online tools to aid in the decision process, such as:

- USDA/NAAFP Decision Aid, "FAPRI Model" (https://usda.afpc.tamu.edu/ or click here)
- FarmDoc Farm Bill Toolbox, "Illinois Model" (http://farmbilltoolbox.farmdoc.illinois.edu/ or click here)

The covered commodities eligible for program payments include barley, canola, chickpeas, corn, crambe, flaxseed, grain sorghum, lentils, mustard seed, oats, peanuts, dry peas, rapeseed, rice, safflower, sesame seed, soybeans, sunflower seed, and wheat. **Upland cotton** is no longer a covered commodity and 2013 base acres of cotton are converted to generic acres that can receive program payments only if program crops are planted.

Agricultural Risk Coverage is also available for Individual Coverage (**ARC-IC**). More details can be found in companion information sheets. Stay informed!

Contacts:
John VanSickle   sickle@ufl.edu
Rod Clouser   rclouser@ufl.edu
Marina Arouca   arouca@ufl.edu

UF | IFAS Extension
UNIVERSITY *of* FLORIDA