

ARC-IC: Revenue Protection at Farm Level
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The 2014 Farm Bill established new commodity programs and 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.

Agricultural Risk Coverage – Individual (ARC-IC) provides shallow loss revenue protection at the individual farm level across all farms enrolled and across all covered commodities on the farm. For this program, “farm” is defined as the sum of all the farms participating in the program in a particular state. Producers who have interest in multiple farms in multiple states have a separate ARC-IC enrolled farm in each state.

ARC-IC Payments are made when the **actual individual crop revenue** across all covered commodities planted on the enrolled farm is less than the ARC-IC **revenue guarantee** across the covered commodities. In other words, payments are triggered when the current year revenue for all covered commodities planted on the ARC-IC farm falls below 86% of the farm benchmark revenue. The **benchmark revenue** is the Olympic average of the revenues that would have been realized had the covered commodities been planted on the farm in the previous 5 years, using the farm average yield in each of those years with the effective market price (higher of market year average (MYA) price or national loan rate).

Consequently, farms will need to work with FSA to establish yields for each of the current year planted covered commodities on the ARC-IC farm for each of the preceding five years (benchmark yields). Also, after harvest in the current year, the producer is required to report current year’s production to FSA for calculation of the current year revenue on the farm to determine whether a payment is due and to use these to establish benchmark revenues in the following year.

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

$$\text{Payment} = 65\% \times \text{total base acres planted of all commodities on a "farm"} \times \text{payment rate per acre}$$

- *Payment rate* = (guarantee revenue – actual farm revenue); payment rate can not exceed 10% of the farm’s benchmark revenue.
- *Base Acres* = farm base acres for the covered crop + cotton generic base planted to that commodity.

Payments are issued after the end of the respective crop year, but not before October 1.

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 at the county level (**ARC-CO**). More details can be found in companion information sheets. Stay informed!

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