Have You Decided Which Commodity Support Program to Elect?

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The 2014 Farm Bill introduced changes to farm commodity programs. The safety net is now composed of two new programs, Price Loss Coverage (PLC) and Agricultural Risk Coverage (ARC). The Direct and Counter-Cyclical Program (DCP), the Supplemental Revenue Assistance Program (SURE), and the Average Crop Revenue Election Program (ACRE) were all repealed in the 2014 legislation.

Agriculture producers with established base acres in farm programs were given until **March 31** to complete paperwork dealing with program choice. This election will be binding for the life of the 2014 Farm Bill. 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.

If you are an **agriculture producer** on a farm with base acres you have to make a one-time decision for each farm and select one of the choices available:

- **PLC** or **ARC-County** (ARC-CO) on a covered commodity-by-covered commodity basis or;
- **ARC-Individual** (ARC-IC), which will include all covered commodities on the farm.

For example, a farm can have corn base acres participating in ARC-CO and soybean base acres participating in PLC; but if ARC-IC is elected for any crop, then all the crops on that farm must exclusively participate in the ARC-IC program. If producers elect PLC/ARC-CO, they must also make a one-time election for those covered crops enrolled in PLC and those enrolled in ARC-CO.

PLC offers price protection while the two types of ARC coverage offer revenue protection:

- **Price Loss Coverage (PLC)**
  Payments are issued when the Effective Price of a covered commodity on a market year basis is lower than the respective Reference Price as written into the Farm Bill.

Payment = 85% of Base Acres of commodity (not planted) x *(Reference - Effective Price) x Program Payment Yield*

In essence, PLC is similar to the repealed Counter-Cyclical Payments program in previous legislation.

- **Agricultural Risk Coverage – County (ARC-CO)**
  Payments are made when the actual county crop revenue for a covered commodity is less than the ARC-CO guarantee for the covered commodity.

Payment = 85% of Base Acres of commodity (not planted) x *(County guarantee – Actual county crop revenue)*

ARC-CO provides revenue loss coverage at the county level.

- **Agricultural Risk Coverage – Individual Coverage (ARC-IC)**
  Provides revenue loss coverage at a farm level. Payments are issued when the current year revenue for all covered commodities planted on the farm falls below 86% of the farm benchmark revenue.

Payment = ARC-IC payment rate x 65% of total base acres of the farm(s)

All ARC-IC farms the producer operates in Florida are included in a single ARC-IC revenue calculation to determine the payment rate.

More information can be found for the details of each program in companion notes. 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.

An additional option has been made available to farmers enrolled in PLC. They may choose to buy Supplemental Coverage Option (SCO) Insurance, which covers part of the deductible on an underlying crop insurance policy. Future notes will be sent out on Crop Insurance programs. Stay informed!

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