

RIGHTRISK™

RIGHTRISK NEWS

DATES TO REMEMBER

Base Acre/Yield Updates
- February 27, 2015

PLC/SCO Election
- March 15, 2015

Crop Insurance Sign Up
(Most Spring Planted Crops)
- March 15, 2015

ARC/PLC Election
- March 31, 2015

For more information see:
<http://www.rma.usda.gov>
<http://www.fsa.usda.gov>

Agricultural Act of 2014: Agriculture Risk Coverage and Price Loss Coverage

The Agricultural Act of 2014 is important legislation that provides authorization for changes in several farm programs, including:

- Base acreage reallocation;
- Farm program yield updates;
- Price Loss Coverage (PLC);
- Agricultural Risk Coverage (ARC), including individual or county-level ARC coverage;
- PLC and participation in the Supplemental Coverage Option (SCO) offered under the Federal crop insurance program;

Under the new Farm Bill, Direct and Counter-Cyclical Program and the Average Crop Revenue Election program are repealed. In addition, the Supplemental Revenue Assistance Program (SURE), which covered losses through Sept. 30, 2011, is not reauthorized.

Owners of farms that participate in PLC or ARC programs for the 2014-2018 crops have a one-time opportunity to: (1) maintain the farm's 2013 bases through 2018; or (2) reallocate base acres.

Covered commodities include wheat, oats, barley, corn, grain sorghum, rice, soybeans, sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe and sesame seed, dry peas, lentils, small chickpeas, large chickpeas and peanuts.

A producer also has the opportunity to update the program payment yield for each covered commodity based on 90 percent of the farm's 2008-2012 average yield per planted acre, excluding any year when no acreage was planted to the covered commodity.

All of the producers on a farm must make a one-time, unanimous election of: (1) PLC or County ARC on a covered-commodity-by-covered-commodity basis; or (2) Individual ARC for all covered commodities on the farm.

The Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs were authorized by the 2014 Farm Bill and combine provisions from previous programs delivered by the Farm Service Agency. All producers, including owners and operators, with a share of the base acres on a farm must make a one-time selection in the type of coverage for crop years 2014 through 2018. The election will be in effect for the life of the 2014 Farm Bill.



Agricultural Risk Coverage

ARC-CO provides revenue loss protection at the county level. Payments are made when actual county crop revenue of a covered commodity is lower than the ARC-CO guarantee for the covered commodity.

The ARC-IC program protects against revenue loss at the farm level. An ARC-IC farm is defined as the sum of the interests of a producer in all FSA farms that are enrolled in the individual coverage option. ARC-IC payments are made when current year revenue for all covered commodities planted on the ARC-IC farm falls below 86 percent of the farm's guarantee. The guarantee level is determined by multiplying the farm's yields by the higher of the reference price or the marketing year average (MYA) price. Actual revenue in each year is computed using the ARC-IC farm's actual yield times the higher of the MYA price or the national average loan rate.

Price Loss Coverage

PLC provides protection against falling prices. Payments are made when the effective price of a covered commodity is lower than the reference price for that commodity. The effective price equals the higher of the MYA price or the national average loan rate for the covered commodity.

Payments under either ARC-CO or PLC are not dependent on the crops planted for a particular crop year. Under ARC-IC, payments are dependent on the number of acres planted in covered commodities each year.

The 2014 Farm Bill also provided funding for universities to develop web-based decision tools to compare ARC-CO, ARC-IC, PLC, and other 2014 Farm Bill programs to assist producers in comparing alternatives. These tools can help evaluate base acre reallocation, payment yield update, and ARC/PLC decisions for individual farms. The online tools were developed by the University of Illinois (<http://fsa.usapas.com>) and Texas A&M University (<https://usda.afpc.tamu.edu>) to assist in evaluating yield update, base reallocation and other decisions under the 2014 Farm Bill for individual farms. For more information see: <http://www.fsa.usda.gov>.



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is right for you and your operation?*

