



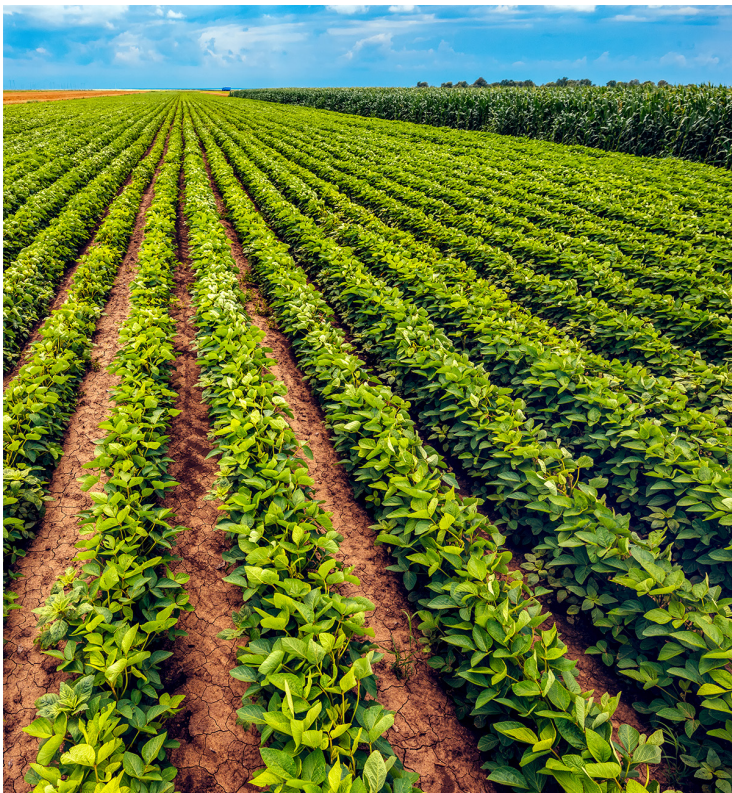
Farm Service Agency

2014 Farm Bill vs. 2018 Farm Bill – Agricultural Risk Coverage & Price Loss Coverage

FACT SHEET
August 2019

Overview

The Agriculture Improvement Act of 2018 (the 2018 Farm Bill) amended the Agricultural Improvement Act of 2014 (2014 Farm Bill) and reauthorized the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs with modifications. The ARC Program is an income support program that provides payments when actual crop revenue declines below a specified guarantee level. The PLC Program provides payments when the effective price for a covered commodity falls below its effective reference price. Though much of the main structure of the ARC and PLC programs was retained in the 2018 Farm Bill, a few mandatory and discretionary changes were made to ARC and PLC in regulations. The following information covers the changes for the ARC and PLC programs for the 2019 through 2023 crop years.



Program At-A-Glance

2014 Farm Bill vs. 2018 Farm Bill

Treatment of Base Acres on Farms Entirely Planted to Grass, Pasture, Idle or Fallow

2014: The 2014 Farm Bill placed no restrictions on farms planted to grass, pasture, idle or fallow in any year.

2018: Base acres on farms where all cropland acres have been planted entirely to grass or pasture, including cropland that was idle or fallow, from January 1, 2009, through December 31, 2017, will be maintained; however, no ARC or PLC payments will be issued for those base acres from 2019 through 2023. Identified farms meeting these criteria cannot be combined with another farm in order to circumvent these provisions.

Election of ARC or PLC

2014: The 2014 Farm Bill required producers to make a one-time unanimous and irrevocable election to obtain PLC or ARC-CO on a covered, commodity-by-commodity basis. An election of ARC-IC applied to all covered commodities on the farm. The election was effective for the 2014 through 2018 crop years.

2018: The 2018 Farm Bill requires a unanimous election to obtain PLC or ARC-CO on a covered commodity-by-commodity basis that will remain in effect for the 2019 through 2023 crop years. An election of ARC-IC in any year will apply to all covered commodities on the farm. Starting with the 2021 crop year, and each crop year thereafter through 2023, the producers on a farm may change the election of PLC or ARC on a year-to-year basis.

**2018
FARM
BILL**



FARM BILL CHANGES TO THE ARC-PLC PROGRAM - AUGUST 2019

ARC County Payments Based on Physical Location of the Farm

2014: The 2014 Farm Bill provided that payment rates for covered commodities with an ARC County election were based on the yield data from the administrative county of the farms determined by FSA.

2018: Beginning with crop year 2019, payments for covered commodities with an ARC County election will be based on the yield data of the county where each tract is physically located. ARC County revenues will be weighted by base acres from each physically located tract, then summarized to the administrative farm level to determine the payment rate.

County Yield Data

2014: The 2014 Farm Bill provided the actual and benchmark ARC County per-acre yields that were established using the following data sources, as determined by the Secretary: NASS County yield, Risk Management Agency (RMA) and other sources determined by the STC.

2018: Effective for each of the 2019 through the 2023 crop years, the actual and benchmark ARC County per-acre yields will be established using the following three data sources in the following order of precedence: RMA, National Agricultural Statistics Service (NASS) and other sources determined by the State Committee (STC).

Yield Updates

2014: The 2014 Farm Bill allowed for a one-time opportunity to update farm PLC yields on a covered commodity-by-commodity basis. The updated yield was used in calculating PLC payments for crop years 2014 through 2018 on covered commodities that had elected PLC.

2018: The 2018 Farm Bill allows producers a one-time opportunity to update farm PLC yields on a covered commodity-by-commodity basis in 2020. The updated yield will be used in calculating PLC payments for crop years 2020 through 2023 for covered commodities that have elected PLC.

Farms with Less than 10 Base Acres

2014: The 2014 Farm Bill provided that a producer on a farm may not receive ARC or PLC payments if the sum of the base acres on the farm is 10 acres or less. **Exceptions:** socially disadvantaged farmers or ranchers or limited resource farmers or ranchers.

2018: Under the 2018 Farm Bill, a producer may not receive ARC or PLC payments if the sum of base acres on all farms in which the producer has an interest is 10 acres or less. **Exceptions:** socially disadvantaged farmers or ranchers, limited resource farmers or ranchers, beginning farmers or ranchers, or veteran farmers or ranchers.



FARM BILL CHANGES TO THE ARC-PLC PROGRAM - AUGUST 2019

Years Used to Compute Benchmark Yield for ARC County

2014: Under the 2014 Farm Bill, USDA established benchmark revenue using the average historical yield from the five most recent crop years. This provision was administered using the immediately five preceding years.

For example, the 2017 benchmark revenue was computed using the yield from crop years 2012-2016.

2018: Under the 2018 Farm Bill, because in crop years 2021-2023 the producer or producers on the farm may change their election, FSA will establish benchmark revenue using an average of the actual county yields from the five preceding years that immediately precede the previous year.

For example, under the 2014 Farm Bill, the 2022 benchmark would be computed using the average of actual county yields from crop years 2017-2021. The 2021 actual county yield information cannot be obtained by FSA until September 2022, which is well after the time to make each 2022 farm election. Therefore, under the 2018 Farm Bill, the 2022 benchmark will be computed using the acreage of the 2016 through 2020 actual county yields. Prices will correspond to the yields.

Reference Price vs. Effective Reference Price

Reference Price of a covered commodity is:

| Commodity | Reference Price | Unit of Measure |
|-------------------|-----------------|-----------------|
| Wheat | \$5.50 | bushel |
| Corn | \$3.70 | bushel |
| Grain Sorghum | \$3.95 | bushel |
| Barley | \$4.95 | bushel |
| Oats | \$2.40 | bushel |
| Long Grain Rice | \$14.00 | hundredweight |
| Medium Grain Rice | \$14.00 | hundredweight |
| Soybeans | \$8.40 | bushel |
| Other Oilseeds | \$20.14 | hundredweight |
| Peanuts | \$535.00 | ton |
| Dry Peas | \$11.00 | hundredweight |
| Lentils | \$19.97 | hundredweight |
| Small Chickpeas | \$19.04 | hundredweight |
| Large Chickpeas | \$21.54 | hundredweight |
| Seed Cotton | \$0.367 | pound |

Effective Reference Price of a covered commodity means the lesser of:

- an amount equal to 115 percent of the reference price for the applicable covered commodity, or
- the greater of:
 - the reference price of the applicable covered, or
 - 85 percent of the Olympic average of the marketing year average price of the applicable covered commodity for a five-year period prior to the previous crop year.





FARM BILL CHANGES TO THE ARC-PLC PROGRAM - AUGUST 2019

PLC

2014: The 2014 Farm Bill made PLC payments to producers when the effective price for the applicable covered commodity was less than the reference price for the covered commodity.

2018: The 2018 Farm Bill will make PLC payment to producers when the effective price for the applicable covered commodity is less than the effective reference price for the covered commodity.

ARC

2014: If the 12-month national average market price for any year in the benchmark calculation is less than the reference price, then the reference price was substituted for the 12-month national average market price for that year.

2018: If the 12-month national average market price for any year in the benchmark calculation is less than the effective reference price, then the effective reference price will be substituted for the 12-month national average market price for that year.

Determining Counties and Crops with a Separate Irrigated and Non-irrigated Guarantee and Actual Revenue

2014: The 2014 Farm Bill directed the Secretary, to the extent practicable, to calculate a separate actual revenue and guarantee for irrigated and non-irrigated covered commodities. FSA implemented the policy by determining that a county and crop combination must have at least 25 percent of the acreage irrigated and 25 percent of the acreage non-irrigated using FSA planted data for the 2008 through 2013 crop years.

2018: Under the 2018 Farm Bill, the same language was used except that the phrase “to the extent practicable” was removed. FSA policy for determining a county and crop that will have a separate irrigated and non-irrigated guarantee and actual revenue will be based on RMA data. In order to be designated a county with a separate irrigated and non-irrigated guarantee

and actual revenue, one of the following items must occur:

- RMA irrigated and non-irrigated data must be available in 3 of the 5 years between the years 2013 and 2017, or
- Both of the following:
 - FSA irrigated and non-irrigated data must indicate the county had at least 10% irrigated and 10% non-irrigated in the county between the years 2013 and 2017
 - an average of 5,000 acres was planted in the county every year 2013 through 2017

FSA will evaluate these counties beginning in 2021 and continue through the end of the farm bill.

Enrollment Dates

2014: Under the 2014 Farm Bill, the enrollment dates were November 1 through August 1 of the applicable contract year.

2018: Under the 2018 Farm Bill, the enrollment dates will be as follows:

| Contract Year | Enrollment Dates |
|---------------|--|
| 2019 | September 3, 2019 through March 15, 2020 |
| 2020 | October 7, 2019 through June 30, 2020 |
| 2021 | October 2020 through March 15, 2021 |
| 2022 | October 2021 through March 15, 2022 |
| 2023 | October 2022 through March 15, 2023 |

More Information

For more information on FSA programs, eligibility and related information, visit fsa.usda.gov.

Find your Local USDA Service Center

To locate your local FSA office, visit farmers.gov/service-locator.

