

U.S. Department Of Agriculture
Farm Service Agency

2014 Farm Bill Briefing

February 20, 2015





Farm Loan

- **Eddie Trevino**
- Chief, Farm Loan Division
- Texas State Farm Service Agency
- USDA
- February 20, 2015

FSA Farm Loans

USDA – Farm Service Agency
Farm Loan Programs

America's Lender of First Opportunity

- If you are a farmer or rancher who is unable to obtain credit from another lender to start, purchase, sustain, or expand your family farm you may be able to obtain a loan through FSA's Farm Loan Programs.
- FSA has different types of loans depending on your current situation and credit needs. FSA loan officers are available to answer your questions and to help with the application process.

What Type of Loans are Available

USDA – Farm Service Agency
Farm Loan Programs

America's Lender of First Opportunity

- Direct Loan Program
 - Operating 
 - Microloan*
 - Farm Ownership
 - Emergency
 - Youth Projects
- Guaranteed Loan Program
 - Operating
 - Line of Credit
 - Farm Ownership
 - Conservation
 - Land Contract Guarantee

Loans Obligated

FSA - Texas

<u>LOAN TYPE</u>		<u>FY 2013</u>		<u>FY 2014</u>	
✓ Direct Operating Loans	1,050	\$63.3 million	1,287	\$73.2 million	
✓ Microloans (OL)	231	\$ 4.5 million	355	\$ 7.2 million	
✓ Emergency Loans	65	\$ 4.9 million	9	\$.5 million	
✓ Direct Farm Ownership	139	\$24.6 million	211	\$39.4 million	
✓ Guaranteed OL	159	\$45.5 million	239	\$66.3 million	
✓ Guaranteed FO	31	\$22.7 million	65	\$38.8 million	
Totals	1,671	\$165.5 million	2,166	\$225.6 million	

FY 2014: 78% to Beginning Farmers & Ranchers and
Historically Underserved Producers

2014 Farm Bill

Improvements to Farm Loan Programs – Immediate

- ❑ Conservation Loan Program
 - Increases percent of guarantee from 75% to 80%
 - 90% for Beginning and SDA farmers and ranchers
- ❑ Direct Farm Ownership – Joint Financing Interest Rate
 - 2 percent below the regular interest rate with a floor of 2.5%
 - Today – 2.5%!
- ❑ Direct Farm Ownership – Down Payment Loans
 - Increase the maximum loan amount from \$225,000 to \$300,000

2014 Farm Bill

Improvements to Farm Loan Programs – Immediate

- ❑ Youth Loan Program
 - Removes the rural residency requirement
- ❑ Guaranteed Operating Loan Eligibility Term Limits
 - 15 year term limits have been removed
- ❑ Modification of definition of Beginning Farmer or Rancher
 - Sets the average size of farmland owned at no greater than 30% of the average size farm in the county
 - Previously this definition used the median farm size

2014 Farm Bill

Improvements to Farm Loan Programs – Effective November 7, 2014

- ❑ Direct Operating – Micro Loan
 - Increasing maximum loan amount from \$35,000 to \$50,000
- ❑ Direct Farm Ownership Loan Eligibility
 - Reduces eligibility requirement regarding participation in the business operations of a farm or ranch for at least 3 years of the past 10 years.
 - Applicants can replace one of the three years with:
 - Postsecondary education in agriculture business, horticulture, animal science, agronomy or other agricultural related fields or,
 - Significant business management experience, or
 - Leadership or management experience while servicing in any branch of the military

2014 Farm Bill

Improvements to Farm Loan Programs – Effective November 7, 2014

Entities

- All entities will be eligible to apply for an FSA loan assistance except for non-profits and estates

Operating Entities

- May qualify for direct or guaranteed farm ownership loans, provided the individuals that are owners of the farm (real estate) own at least 50% of the family farm (operating entity)

Embedded Entities

- Applicants that are owned by another entity or entities (embedded) may qualify for direct and guaranteed loans provided that the individuals that own the family farm own at least 75% of each embedded entity

FY 2015 Funding

	National Allotment	National Available (2/12/15)	Texas Allotment	Texas Available
Direct OL	\$1.2 billion	\$811.6 million	\$76.4 million	\$50.8 million
Direct FO	\$1.5 billion	\$1.1 billion	\$99.3 million	\$82.9 million
Guar. OL	\$1.4 billion	\$1.1 billion	Held at HDQTS	Held at HDQTS
Guar. FO	\$2.0 billion	\$1.4 billion	\$30.8 million	\$15.8 million
Totals	\$6.1 billion	\$4.4 billion		

- *Appropriation language allows for plus 25% in zero subsidy programs
- Direct FO and Guaranteed FO are zero subsidy programs



FY 2015 – Obligation Comparison

FSA - Texas

<u>LOAN TYPE</u>	<u>FY 2015 Obligations as % of FY 2014 (1/31/2015)</u>
✓ Direct Operating Loans	83%
✓ Direct Farm Ownership	348%
✓ Guaranteed OL	90%
✓ Guaranteed FO	106%

***Texas continues to lead the nation in Microloans obligated in FY 2015 at \$2.9 million**



Applying for a Loan

- Visit your local FSA Office or the FSA Website
 - www.fsa.usda.gov and click on the "Forms" tab

FSA loan officers can provide assistance in completing the FSA forms or can identify other sources of assistance in your area.

- Applications may be submitted by:
 - calling for an appointment with an FSA loan officer;
 - mailing, faxing, or delivering your application to your local FSA office; or
 - electronically submitting your application if you have registered through the e-gov system. For information click on the "Online Services" tab at www.fsa.usda.gov

FSA Farm Loans

Questions

February 20, 2015



Conservation

Micky Woodard

Chief, Conservation Division
Texas State Farm Service Agency
USDA

February 20, 2015

Conservation

The Agricultural Act of 2014 authorizes use of federal funds to assist or implement targeted conservation objectives.



Program Changes

- **CRP – 30th Anniversary year (1985)**
 - The Farm Bill established the maximum acreage enrollment at **24 Million acres effective FY 2017.**
 - FY 2015 – National enrollment is **24 Million acres**
 - Texas - 3 million acres
 - CRP Acreage Expiration

	National	Texas
– FY 2014	1.8 Million	149,000
– FY 2015	1.9 Million	155,772
– FY 2016	1.2 Million	58,705

Program Activity

- Open enrollment for targeted resource concerns (CCRP and SAFE).
 - Highly Erodible Land Initiative (HELI)
 - Center Pivot Corners Policy Shift (Practice CP33)
- Expired CRP lands have the reduced base acres reinstated to the current farm.
- Conservation Compliance Required.
 - Conservation Systems Application
 - Wetland Conversion Restrictions

Program Changes

- Grassland Reserve Program was rescinded. Existing GRP rental contracts will complete terms of agreement.
- CRP Grasslands replaces GRP rental contract. (Implementation pending.)
- All easement actions now under NRCS Agricultural Conservation Easement Program (ACEP).
- Emergency Response to Natural Disaster and Restoration of physical losses are unchanged. (ECP and EFRP).

Conservation Impacts

- Lesser Prairie Chicken was listed as a Threatened species on April 10, 2014.
 - FSA received approval of the CRP Biological Opinion on April 14, 2014.
 - Conservation activity in the LPC Action Area are integrated with accepted conservation measures.
 - Annual Primary Nesting Season (March 1- July 1)
 - Possible Fencing or other Structure restrictions within 1.25 miles of known LPC populations
 - LPC listing also included Rule 4 d exemptions for generally all routine agriculture activities.

Program Activity

- RMA subsidy eligibility linked to Conservation Compliance standards.
 - Required Producer certification of compliance on form AD-1026 prior to insurance year. Annual deadline is June 1.
 - Non compliant producers forfeit premium subsidy benefits. Crop insurance remains available but at full premium cost.
 - Only applicable to RMA only participation.

Conservation Partners

- Producers
- Local Governments
- State and National Associations
- Special Interests Groups
- Energy Groups
- USDA Agencies and others



Texas Priority Emphasis

- Air Quality
 - High residue covers (grass type crops)
- Water Quality
 - High residue cover through Buffer areas
- Water Quantity
 - Effective Cover Crop
- Wildlife Management
 - Cover Diversity and Sustainability of Habitat

Questions



A vertical strip on the left side of the slide shows a rural landscape with a golden field in the foreground, green hills in the middle ground, and a blue sky in the background.

Common Management and Price Support Division

Darren Owens

Chief, Common Management and Prices Support Division

Texas State Farm Service Agency

USDA

Price Support Programs

- Marketing Assistance Loans
- Loan Deficiency Payments
- Dairy Programs
 - Dairy Indemnity Program
 - Margin Protection Program
- Trade Adjustment Assistance
- Farm Stored Facility Loans

Margin Protection Program for Dairy Operations

- The Margin is the difference between:
 - National All-Milk price
 - National Average Feed Cost.
- Payments are calculated every 2 month period.

Margin Protection Program for Dairy Operations

MPP-Dairy offers dairy producers

- Catastrophic coverage, at no cost, except annual administrative fee
- Greater coverage at various levels for a premium, in addition to, the annual administrative fee.



Margin Protection Program Dairy

Registration and Annual Coverage
Election Period for 2016.

July 1 through September 30, 2015.

For 2015 Texas enrolled 75% of our dairy
operations into the MPP.

Marketing Assistance Loans

Marketing assistance loans provide interim financing at harvest and help producers meet cash flow needs without having to sell their commodities when market prices are low.

Loan Deficiency Payments

The LDP rate is the amount by which the loan rate at the storage location exceeds the current loan repayment rate for the commodity.

- Grains – Daily Market Rates
- Cotton and Rice- Average World Price (AWP) announce weekly
- Peanuts – National Posted Price (weekly)
- Wool – National Rate (Weekly)

2013/2014 MALs/LDPs

- \$435 million issued in Commodity Loans for 2013 Texas Crop
- \$732.1 million issued in Commodity Loans for the 2014 Texas Crop as of 18 Feb. resulting in \$44.1 million in market gains on redeemed loans.
- \$73.1 million issued in Loan Deficiency Payments for the 2014 Crop as of 18 Feb.

Marketing Assistance Loans and Loan Deficiency Payments

Commodities Eligible for Loan or LDP

- Barley
- Corn
- Cotton
- Grain sorghum (includes dual purpose sorghum varieties as determined by CCC)
- Honey
- Mohair (not offered for 2015)
- Oats
- Oilseeds
- Peanuts
- Pulse crops
- Rice
- Wheat
- Wool
- Any of the commodities listed above, mechanically harvested as other than grain, excluding hay or silage.
- Hay, silage, and unshorn pelts are eligible for LDP only.

Locking-In Repayment Rates

- Producers may lock in a repayment rate for 60 calendar days.
- Lock-in rates:
 - Can be requested on disbursed loans only
 - Cannot be requested within 14 calendar days of loan maturity.
 - Locks in the Market Gain amount

Filing Loan Deficiency Payments

- Producers must complete CCC-633EZ Page 1 before beneficial interest is lost.
- Producers are encouraged to complete CCC-633EZ, Page 1 when filing acreage reports in the county office.

LDP Requests for Cotton

Cotton LDPs may be disbursed only on eligible, ginned cotton upon presentation of production evidence in the form of a warehouse receipt or bale list.

Producers requesting LDP must submit both CCC-633EZ, Pages 1, and 3, and may select the following options on page 3:

Irrevocable module lock-in.

For harvested cotton in modules, before ginning, a producer may request to lock-in AWP rate to be used for LDP calculation. AWP/LDP rate is that which is effective on the date an accurately completed request is submitted. The cotton is identified by a gin-supplied module number. After the cotton is ginned, the producer provides bale information that corresponds to the cotton identified by the module number. These requests for lock-in of AWP and LDP cannot be revised or cancelled

LDP Requests for Cotton

Gin –Direct.

A producer may request gin-direct LDPs. LDP rate is the payment rate effective on the date the cotton is ginned. These requests are allowed to be revised or terminated under certain circumstances.

LDP Requests for Cotton

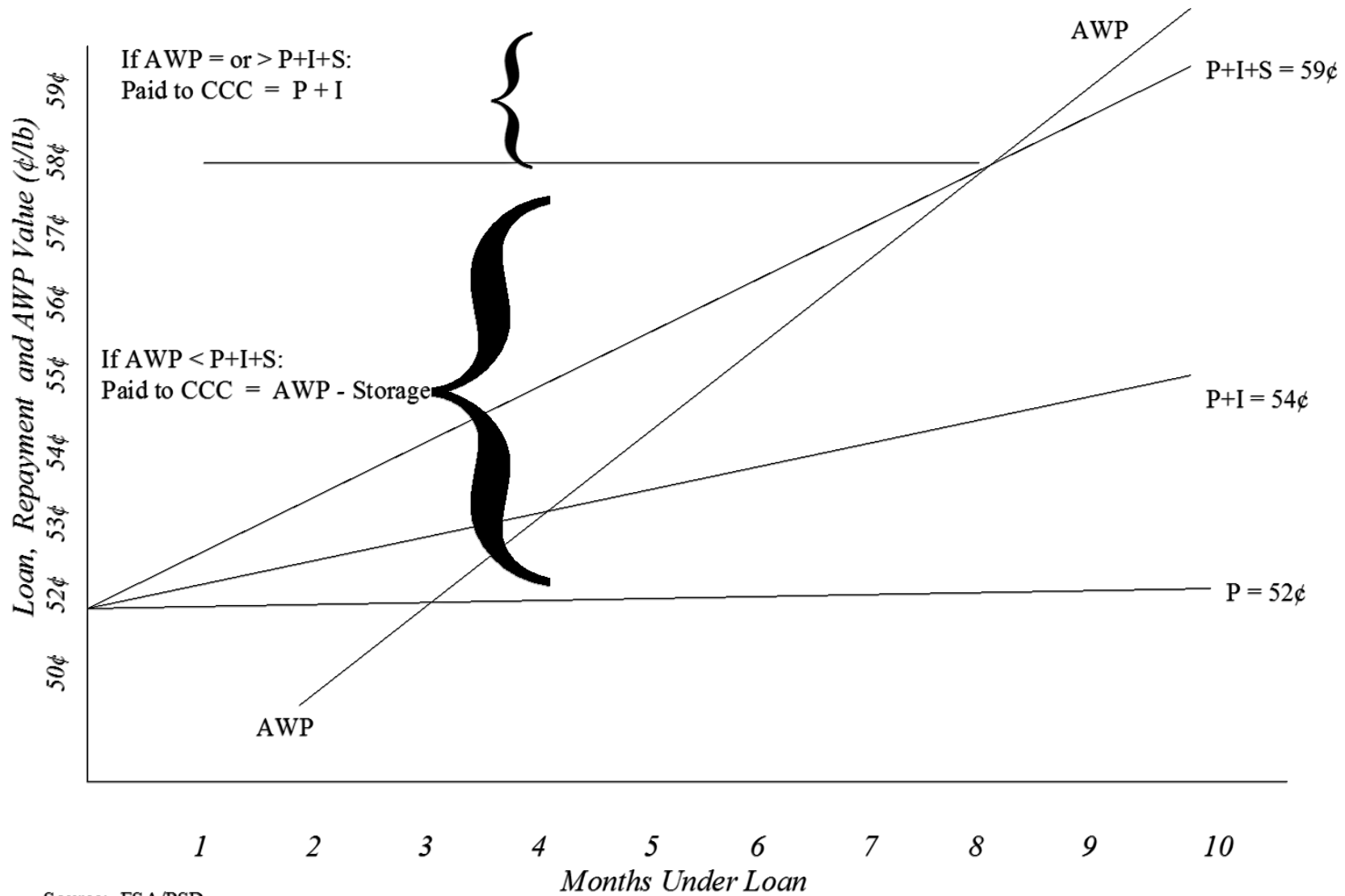
Irrevocable post-ginning.

On cotton that has been ginned, a producer may request LDP supported by a bale list. LDP rate is the rate effective on the date that an accurately completed application is submitted. These LDP requests, once submitted, cannot be revised or cancelled.

LDP Requests for Cotton

Lost BI (Beneficial Interest).

If BI has been lost before the LDP is requested, and the producer had filed CCC-633 EZ, page 1 before the date BI was lost, then the producer may request LDP. For these LDP's, the payment rate is the rate on the date that BI was lost. The producer **must** provide acceptable documentation of the date BI was lost on the applicable quantity.



Source: FSA/PSD
 RedeemLoanCalcgraphic

Common Management and Price Support

Payment Eligibility
Payment Limitation



Payment Eligibility & Limitation

- Payment Eligibility and Payment Limitation are separate determinations from program eligibility. Producers may be eligible to participate in a program but ineligible for payments or the payments may be limited.
- Total annual payments that a "person" may receive under agricultural programs have been limited since enactment of the Agricultural Act of 1970.
- The Agricultural Act of 2014 authorized payments with applied payment limitation and payment eligibility provisions and added a \$900,000 average adjusted gross income (AGI) limitation.

Payment Eligibility & Limitation

5-PL Par. 15A- General Applicability

Program or Payment	Applicable Rules				
	Actively Engaged in Farming	Cash-Rent Tenant	Direct Attribution	Foreign Person	AGI
Conservation Programs					
CRP			X	X	X
ECP			X		X I/
EFRP			X		X I/
EQIP			X		X
Commodity Programs					
ARC and PLC	X	X	X	X	X
Cotton Transition	X	X	X	X	X
Disaster Assistance Programs					
ELAP			X		X
LFP			X		X
LIP			X		X
NAP			X		X
TAP			X		X
Price Support Programs					
LDP's	*-X	X	X	X	X
Loans				X	
MLG's	X	X--*	X	X	X
MPP				X	
Other Programs					
AMA			X		X
TAAF			X		X

Payment Eligibility

For producers and legal entities who are participants in Conservation, Price Support, Disaster and Livestock Assistance, TAAF, and other program eligibility and payment limitation purposes determinations of eligibility will be made for:

- Direct attribution
- Minor child rules
- Rules for foreign persons

(PL- 5 Par.44D)

Payment Eligibility

A Member Contribution determination

The 2008 Farm Bill made significant changes in the documentation required by members of a **joint operation** or **entity** to prove their contributions of active personal labor and/or active personal management. These were continued in the 2014 Farm Bill.

These rules are much more restrictive than in previous years.

Every stockholder or member of each entity must be able to provide proof by reasonable means that they make significant contributions of active personal labor and/or active personal management that:

- are performed on a regular basis throughout the crop year;
- are identifiable and documentable as to which partner, stockholder, or member made such contribution;
- are separate and distinct from any other partner, stockholder, or member with an ownership interest in the farming operation.

Payment Eligibility

A Member Contribution determination

- ***Such contributions must be:***
 - Performed on a regular basis
 - Identifiable and documentable
 - Separate and distinct from the contributions of any other stockholder
- ***Failure to meet member contribution rule for actively engaged***
 - Payments to the entity will be reduced by an amount commensurate with the ownership share held by that stockholder who failed to make such contributions to the entity's farming operation.

Payment Limitation

The general concept of ATTRIBUTION...

- Payments to individuals are unchanged.
- Payments to legal entities are limited by attributing them to the “warm bodies” and entities that are interest holders.

Payments to legal entities....

- *will be attributed to persons:*
 - with direct and indirect ownership interest in the legal entity
 - through 4 tiers or levels of ownership in embedded legal entities that have not already been attributed the maximum limitation
 - who have not already been attributed the maximum limitation.
 - Each attributed amount applies to the individual or entities payment limitation.

Payment Limitation

5-PL Par. 17A -Person or Legal Entity Payment Limitation

Program Payment Type	Annual Limitation, Unless Otherwise Noted, 2014 Through 2018
Commodity and Price Support Programs	
ARC, PLC, LDP, and MLG payments for other than peanuts	\$125,000
ARC, PLC, LDP, and MLG payments for peanuts	\$125,000
Transition assistance for producers of upland cotton	\$40,000 <u>1/</u>
Conservation Programs	
AMA	\$50,000 <u>2/</u>
CRP annual rental payment and incentive payment	\$50,000 <u>3/</u>
CSP	\$200,000 <u>4/</u>
ECP (per disaster event)	\$200,000
EFRP (per disaster event)	\$500,000
EQIP	\$450,000 <u>5/</u>
Disaster Assistance Programs	
ELAP, LFP, LIP	\$125,000 <u>6/</u>
NAP	\$125,000
TAP	\$125,000
Other Programs	
TAAF	\$10,000

Average Adjusted Gross Income

Under the 2014 Farm Bill, the average AGI:

- *Is \$900,000*
- *Applies to persons or legal entities*
- *Based on the 3 taxable years preceding the most immediately preceding complete taxable year for which program payments are requested **
- *The IRS validates the producer certification. If a producer is found ineligible by IRS they are provided 3 options by FSA*
 - *Acknowledgment of Exceeding the AGI*
 - *CPA/Attorney Certification*
 - *Provide copies of all tax returns for the affected years.*

Average Adjusted Gross Income

Average Adjusted Gross Income Certification Forms

CCC-941 – *This is the only certification and consent form used for the \$900,000 AGI limitation and referred to the IRS for verification.*

- The CCC-941 cannot be signed using an FSA-211 Power of Attorney

Questions





Farm Service Agency

Livestock Disaster Assistance Programs



2014 Agricultural Act

Livestock Disaster Programs

- Livestock disaster programs
 - Livestock Forage Disaster Program (LFP)
 - Livestock Indemnity Program (LIP)
 - Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish (ELAP)
- Payment limitation of \$125,000 per year



Livestock Forage Disaster Program (LFP)

February 20, 2015



Livestock Forage Disaster Program (LFP)

- Compensates livestock producers for grazing losses due to drought on native or improved grasses that occurred after September 30, 2011
- Pastureland must be in permanent vegetative cover or have been planted for grazing

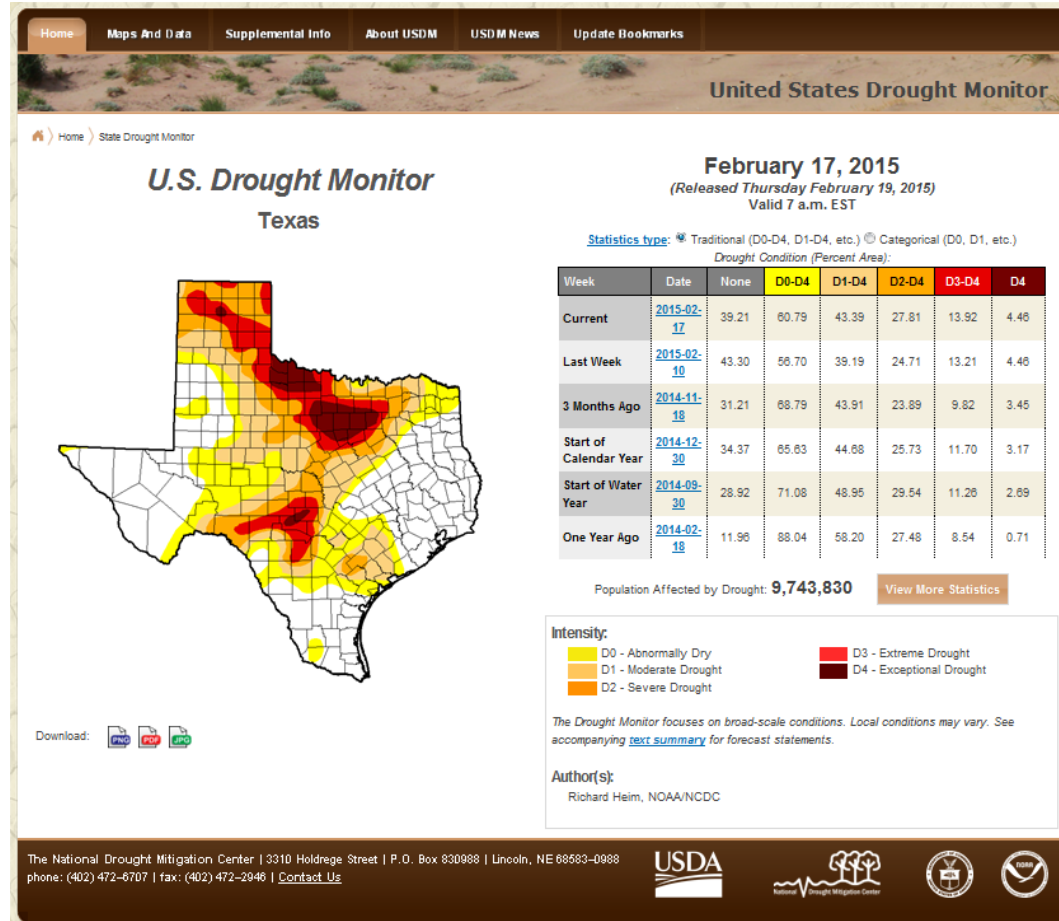
Eligible Livestock

- Beef Cattle
- Dairy Cattle
- Bison
- Poultry
- Sheep
- Swine
- Horses
- Other livestock as determined by the Secretary of Agriculture

County Drought Eligibility

Based on U.S. Drought Monitor

<http://droughtmonitor.unl.edu>





Eligible Livestock Producers

- Must own, lease (cash/share), or be a contract grower of covered livestock during the 60 days before the event
- Have the risk of providing the grazing land for livestock
- Be livestock that would normally have been grazing the eligible grazing land or pastureland in the county

Eligible Covered Livestock

- Be livestock that the eligible livestock producer:
 - Owned, leased, purchased, entered into a contract to purchase or was a contract grower of
 - or
 - Sold because of a qualifying drought during the preceding 1 or 2 production years.
- Been maintained for commercial use
- Not have been livestock that were or would have been in a feedlot, on the beginning date of the qualifying drought


Eligible Grazing Types

- Nonirrigated
 - Improved Pasture
 - Native Pasture
 - Small Grains
 - Annual Ryegrass
 - Forage Sorghum



How to Apply for LFP

- Application Deadline for program years 2011, 2012, 2013 and 2014 has passed however, Texas still has over 13,000 producers on the register.
- We are currently taking applications for those counties that have been notified by the National Office that they have suffered a qualifying loss.
- For 2015 and subsequent years, eligible livestock producers must complete a CCC-853 and required supporting documentation no later than 30 calendar days after the end of the calendar year in which the grazing losses occurred. Losses must occur in the calendar year the application is being filed.



Livestock Indemnity Program (LIP)

February 20, 2015



Livestock Indemnity Program (LIP)

- Provides benefits to livestock producers for livestock deaths in excess of normal mortality caused by adverse weather
- Payments are equal to 75 percent of the average fair market value of the livestock type/class

How to Apply for LIP

For 2015 and all subsequent years:

- the final date to file notice of loss is no later than 30 calendar days of when the loss of livestock is apparent to the producer
- The final date to submit an application for payment is January 30 of each year.



Emergency Assistance for Livestock, Honey Bees, and Farm Raised Fish(ELAP)



Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish (ELAP)

Provides emergency assistance to eligible producers of livestock, honeybees and farm-raised fish who have suffered losses due to an eligible adverse weather or eligible loss condition, including blizzards, disease (including cattle tick fever), water shortages and wildfires, as determined by the Secretary

ELAP Covered Losses

There are four categories of livestock losses covered by ELAP:

- Livestock death losses caused by an eligible loss condition;
- Livestock feed and grazing losses that are not due to drought or wildfires on federally managed lands;
- Losses resulting from the additional cost of transporting water to livestock due to an eligible drought;
- Losses resulting from the additional cost associated with gathering livestock for treatment related to cattle tick fever


How to Apply for ELAP

For 2015 and subsequent program years to apply for benefits under ELAP producer must:

- File a notice of loss, within 30 calendar days after livestock loss is apparent
- Submit an **Application For Payment** by November 1 after the program year in which the loss occurred.



Questions?



NONINSURED CROP DISASTER ASSISTANCE PROGRAM (NAP)

February 20, 2015

NAP

- NAP is available on crops not covered by RMA
 - Grown for food
 - Planted and grown for livestock consumption
 - Grown for fiber
 - Specialty crops
 - Value loss crops

NAP

Provides financial assistance to producers of non-insurable crops when low yields, loss of inventory or prevented planting occur due to a natural disaster

NAP

- Eligible causes of loss include:
 - drought,
 - freeze,
 - hail,
 - excessive moisture,
 - excessive winds or hurricanes
 - other conditions related to damaging weather or adverse natural occurrence including, disease, insect infestation and excessive heat.

NAP

NAP coverage was originally authorized in 1994 for production losses that exceeded 50 % of expected production at 55% of the price.

The 2014 Farm Bill changed the levels of coverage offered to provide a better risk tool for non-insurable crops.

NAP

Buy Up Coverage

- NAP will continue to offer the 50% yield and 55% price for the \$250 service fee.
 - Beginning with 2015, NAP will include buy-up protection
 - Producers may elect coverage for each individual crop at 50, 55, 60 or 65% of yield at 100% of the average market price.
 - Premiums will equal 5.25% of liability.
- Note: Grazed crops are excluded from buy up coverage.

NAP

Service Fee and Premiums

- For 2015 and forward, basic NAP coverage service fees will remain:
 - \$250 per crop
 - \$750 per person per administrative county
 - \$1,875 for a producer with farming interest in multiple counties.
- For buy up coverage a premium will be calculated. The premium is capped at \$6563 per producer. This is in addition to the NAP service Fee.

NAP

Limited Resource Producers, Beginning Farmers and Ranchers and Socially Disadvantage Farmers and Ranchers:

- NAP Fees are waived
- Premium for buy-up coverage is reduced by 50%
- Capped at \$3282

How to Apply for NAP

- File an application for coverage by the applicable sales closing date
- Report acreage by the applicable reporting date
- Timely file a notice of loss
- Report production
- Timely file an application for payment



Questions?

A vertical strip on the left side of the slide showing a photograph of a golden wheat field in the foreground, with rolling green hills and a blue sky in the background.

Agricultural Risk Coverage (ARC) & Price Loss Coverage (PLC)

Basic Provisions



Basic Provisions

- Title I, Agriculture Act of 2014
(Pub. L. 113-79)

Two New Programs

- Agricultural Risk Coverage (ARC)
- Price Loss Coverage (PLC)

Covered Commodities

21 Covered Commodities

Barley	Canola	Corn
Crambe	Flaxseed	Garbanzo, Large
Garbanzo, Small	Grain Sorghum	Lentils
Mustard Seed	Oats	Peanuts
Peas, Dry	Rapeseed	Rice, Long Grain
Rice, Medium Grain	Safflowers	Sesame Seed
Soybeans	Sunflower Seed	Wheat

NOTE: Cotton is no longer a Covered Commodity

Generic Base Acres

Cotton Base

- upland cotton base acres now exist as generic base acres
- For 2014 there was a one time enrollment of cotton base acres into the CTAP program.
- Beginning with 2015 cotton producers will have the STAX insurance program available thru RMA

Generic Base Acres

Generic base acres planted to a covered commodity are eligible for ARC/PLC payments and will be attributed to the planted covered commodity.

Basic Provisions

- **Option 1**
 - Price Loss Coverage (PLC)
- **Option 2**
 - Agricultural Risk Coverage-County Level (ARC-CO)
- **Option 3**
 - Agricultural Risk Coverage-Individual Contract (ARC-IC)



ARC Background

- Upon election of PLC, ARC-CO or ARC-IC for 2014, the “**Election**” becomes “**Irrevocable**” through 2018
- If an election is NOT made by the end of the election period, (*March 31, 2015*), then:
 - farm will be defaulted into PLC for 2015 through 2018
 - no payments earned for the 2014 crop year



Option 1

Price Loss Coverage (PLC)

- Price Protection Program
- provides price protection to producers who have a share of crop acreage and a risk in producing a covered commodity on base acres in years where the effective price for that commodity falls below the published reference price for that commodity.

Reference Prices

Crop	Reference Prices	Crop	Reference Prices
Barley <u>1/</u>	\$4.95 per bu.	Mustard	\$20.15 per cwt.
Chickpeas, Large (Garbanzo Bean, Kabuli)	\$21.54 per cwt.	Rapeseed	\$20.15 per cwt.
Chickpeas, Small (Garbanzo Bean, Desi)	\$19.04 per cwt.	Safflower	\$20.15 per cwt.
Corn	\$3.70 per bu.	Sesame Seed	\$20.15 per cwt.
Dry Peas	\$11.00 per cwt.	Sunflower	\$20.15 per cwt.
Grain Sorghum	\$3.95 per bu.	Peanuts	\$535.00 per ton
Lentils	\$19.97 per cwt.	Rice, Long Grain	\$14.00 per cwt.
Oats	\$2.40 per bu.	Rice, Medium Grain <u>2/</u>	\$14.00 per cwt.
Canola	\$20.15 per cwt.	Soybeans	\$8.40 per bu.
Crambe	\$20.15 per cwt.	Wheat	\$5.50 per bu.
Flaxseed	\$11.28 per bu.		.

- 1/ Barley price is based on the price of “all barley”. Previously the price was based on the “feed barley” price.
2/ Includes short grain and temperate japonica rice



PLC Payments

Payment Rate = Difference between reference price and the effective price.

NOTE: If the difference between the reference price and the effective price is zero or negative, no payment will trigger.



PLC Background

PLC payments:

- issued when the effective price for the commodity falls below the posted reference price for that commodity.
- NOT dependent on the planting of the crop with the exception of Generic Base.
- issued as soon as possible after October 1 in the year following the applicable marketing year
- PLC is the “default” program

Option 2

Agriculture Risk Coverage County Level



Agricultural Risk Coverage

- ARC-CO **and** PLC may be **“Elected”** on the same farm.
- elected on a covered commodity by covered commodity basis for the farm.
- Each farm stands alone



Agricultural Risk Coverage

- ARC-CO provides revenue loss coverage at the “**County**” level
- does not require production reports from producers,
- benchmark revenues and actual revenues are computed using “**County**” yield data, not individual producer/farm yield data
- payments are NOT dependent on planting of covered commodities with the exception of Generic Base
- Payment when Crop Revenues *fall below* Benchmark Revenue levels

ARC-CO Summary

Marketing Year Average (MYA) prices:

- used in revenue calculations
- determined at the end of the marketing period for the crop.

ARC-CO revenue calculations are computed after the MYA prices are determined

ARC-CO payments are made in OCTOBER after the MYA prices are determined

Option 3

Agriculture Risk Coverage- Individual Level (IC)

Agriculture Risk Coverage Individual Level (IC)

- ARC-IC provides revenue loss coverage at the farm level for **ALL** acreage planted to covered commodities, across **ALL** farm's **enrolled** in the State
- Elected on a farm by farm basis.
- Requires production reporting
- ARC IC triggers when current year revenues fall below benchmark revenue levels
- Crop insurance – is not required (linkage) nor is revenue from indemnities assessed to the farm's revenue.



ARC-IC Overview

ARC-IC Election

Producer elects ARC-IC for ALL Crop Base Acres on the farm, not each specific crop

Payments are issued on 65 percent of TOTAL base acres on the farm. Revenue loss is calculated using the “plantings” of covered commodities on the farm. No payment earned if no covered commodities are planted on the farm



ARC-IC Features

- **ARC-IC farm level yield data, stays with the farm.**
- Like ACRE, the farm level yield data will remain with the farm regardless of who obtains the farm in a subsequent year.

Important Dates and Reminders

- **February 27, 2015** – Final Date for an owner to reallocate bases and update yields
- **March 31, 2015** – Final Date for producers to **Elect** PLC, ARC-CO or ARC-IC
- Producers are urged to use extension tool to determine which program fits their operation
- Annual payments are no longer “guaranteed”

Enrollment



Enrollment is expected to begin some time this spring.

Producers must enroll the farm every year for the life of the farm bill to earn payments.



Questions