Cotton Transition, Price Loss Coverage, County Agricultural Risk Coverage, and Individual Agricultural Risk Coverage Diagram for the 2014 Crop Year

May 15, 2014

Step 1: Election

Producers on a farm must make a one-time election of: (1) Price Loss Coverage (PLC) / County Agricultural Risk Coverage (ARC-CO); or (2) Individual ARC (ARC-IC).
Program election is farm by farm. For example, if a producer has two (or more) farms, one farm may participate in PLC/ARC-CO and the other farm(s) may participate in ARC-IC [1/]

Cotton Transition Payments

Farms with 2013 cotton bases

Note: Payments are available to all producers with former cotton base for the 2014 crop, (available to producers in non-STAX counties for the 2015 crop).

Payment is equal to:

Payment Acres

2014: 60 percent of former upland cotton base
(2015: 36.5 percent of former upland cotton base)

times

$0.0900

times

Payment Yield

the farm's direct yield

Price Loss Coverage (PLC) [1/] and County ARC Election (ARC-CO) [2/]

If a Producer elects PLC/County ARC, the Producer must also make a one-time election to select which base acres on the farm are enrolled in PLC and which base acres are enrolled in ARC-CO

Payments are issued on percent of base[3/] acres plus plantings of covered commodities on generic base.[4/]

Step 2: When is Payment Issued?

PLC

When the 2014 Effective Price…

higher of: 2014 12-Month Market Year Average Price
(For barley, use all-barley price)
or
2014 National Loan Rate

…is Less Than the 2014 Reference Price

Wheat: $5.50; Corn: $3.70;
Sorghum: $3.95; Barley: $4.95;
Oats: $2.40; Rice: $14.00;
Temperate Japonica Rice: $16.10;
Soybeans: $8.40; Other Oilseeds: $20.15;
Peanuts: $535; Dry Peas: $11.00;
Lentils: $19.97; Small Chickpeas: $19.04;
Large Chickpeas: $21.54

ARC-CO

When the 2014 Actual Crop Revenue…

2014 Actual Average County Yield
times
higher of: 2014 12-Month Market Year Average Price
or
2014 National Loan Rate

… Is Less than the 2014 ARC County Guarantee

86%
times
Benchmark County Revenue
2009-13 Olympic Average National Farm Price [2/] (substitute reference price for each year reference price is less than farm price)
times
2009-13 Olympic Average Historical County Yield
(substitute the 70% of the County Transitional (T) yield for each year the historic yield is less than 70% of T)

Individual ARC Election (ARC-IC) [2/]

If Individual ARC is elected, then every covered commodity planted on that farm is covered by Individual ARC. Production includes the producer's share of the covered commodities on all ARC-IC farms in the State.

Payments are issued on percent of base acres. Payments are not earned if the producer does not have planted and considered planted acres of a covered commodity.

When the 2014 Actual Crop Revenue…

Sum of (Production of Each Covered Commodity
times
higher of: 2014 12-Month Market Year Average Price or
2014 National Loan Rate
divided by:
Producer's Share of All Planted and Considered Planted Acres of the Covered Commodities)

… Is Less than the 2014 ARC Producer Guarantee

86%
times

Benchmark Producer Revenue

2009-13 Olympic average of a producer's annual benchmark revenues for each commodity for each ARC-IC enrolled farm, excluding the high and low annual revenues. Each commodity's annual revenue is averaged across all farms, weighted by plantings.7/

Step 3: What is the Payment Formula?

PLC

Payment is equal to:

Payment Acres

85 percent of the sum of: (1) base acres[3/] of the covered commodity on the farm; and (2) generic basis acres[4/] on the farm planted to the covered commodity
Payment acres are reduced if fruits and vegetables or wild rice (FAVs) are planted on payment acres. The reduction is equal to FAV acreage planted in excess of 15 percent base 5/
times

Price Shortfall calculated In Step 2, not to exceed the reference price minus the national loan rate

times

Payment Yield

100% of the farm's counter-cyclical yield
However, the Owner(s) may make a one-time election to update payment yields on a commodity by commodity basis, equal to 90 percent of the farm's 2008-12 average
yield per planted acre (excluding years with no plantings), except if the yield in any of the years is less than 75 percent of the county yield, 75 percent of the
2008-12 county yield is substituted for that year.[6/]

ARC-CO

Payment is equal to:

Payment Acres

85 percent of the sum of: (1) base acre[3/] of the covered commodity on the farm; and (2) generic basis acres[4/] on the farm planted to the covered commodity
Payment acres are reduced if fruits and vegetables or wild rice (FAVs) are planted on payment acres. The reduction is equal to FAV acreage planted in excess of 15 percent base.5/
times

The Crop Revenue Shortfall calculated In Step 2, not to exceed 10 percent of Benchmark County Revenue

ARC-IC

Payment is equal to:

Payment Acres

65 percent of the sum of: (1) base acres[3/] of the covered commodities on the farm; and (2) generic basis acres[4/] on the farm planted to the covered commodities
Payment acres are reduced if fruits and vegetables or wild rice (FAVs) are planted on payment acres. The reduction is equal to FAV acreage planted in excess of 35 percent base.5/
times

The Farm Revenue Shortfall calculated In Step 2, not to exceed 10 percent of Benchmark Producer Revenue

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1/ If no election is made in 2014, no payments will be issued in 2014 and PLC is deemed to be made for the 2015 crop year.

2/ To the maximum extent practicable, the Secretary shall calculate payments separately for irrigated and nonirrigated acres.

3/ Owners have a one-time opportunity to: (1) retain the farm's bases as of Sept. 30, 2013; or (2) reallocate base acres (excluding cotton bases) based on the proportion of the 2009-12 average of: (i) planted and prevented acres of the covered commodity; to (ii) the total of planted and prevented acres of all covered commodities on the farm. 2013 cotton base acres are renamed as generic bases acres.

4/ Payments are made on generic base acres only to the extent the generic base acres are planted to covered commodities based on the following rules:
If a single covered commodity is planted and the total number of acres of the covered commodity exceeds the generic base acres on the farm, the generic base acres are attributed to the covered commodity, not to exceed the total number of generic base acres.
If multiple covered commodities are planted and the total number of acres planted to all covered commodities exceed the generic base acres on the farm, the generic base acres are attributed to each covered commodity on a pro rata basis to reflect the ratio that the planted acreage of each covered commodity is to the total number of acres planted to all covered commodities.
If the total number of acres planted to all covered commodities on the farm does not exceed the generic base acres on the farm, the number of acres planted to a covered commodity is attributed to the covered commodity.

5/ Reductions in payment acres are not made if FAVs are grown for conservation purposes and not harvested for use or sale, or if double cropped.

6/ Yields may be updated for all farms, regardless of program election- PLC, ARC-CO, ARC-IC

7/ 2009-13 Annual Benchmark Revenues for each commodity equal the (higher of the 12-month market year average (MYA) price or Reference Price) times 2009-13 Producer's Historical Average Yield on all farms in which the producer has an Interest: (substitute 70% of the County Transitional (T) yield for each year the historic yield is less than 70% of T).

Note: 2014 payments will be issued, if triggered, after the end of the marketing year, but not before October 1, 2015.