Pottawatomie/Wabaunsee 2018 Farm Bill Informational Meeting
Pottawatomie/Wabaunsee CRU (Combined Resource Unit)

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• KSTATE EXTENSION: Shannon Blocker
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- **Pottawatomie and Wabaunsee County Producers:**
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    - 372-669 (FSANOW)
  - Message:
    - Kspottawatomie or kswabaunsee

AD-2047 Forms available to update your email address for GovDelivery today!
2014 Farm Bill vs. 2018 Farm Bill
What’s New

- New election options
- Updating PLC yields
- Grass/Idled/Fallow (GIF)
- ARC-CO
  - Use of RMA yields
  - Use of Irrigated/Non-irrigated Yields
  - Physical location
- 10-acre base
Election
Election

• 2014 – Elect at the beginning of the Farm Bill and is irrevocable for the life of the Farm Bill

• 2018
  • Elect in 2019; election is also for 2020.
  • Producer may change election each subsequent year (2021, 2022, and 2023).
Election (continued)

• Failure to elect under 2014 Farm Bill
  Default to PLC and no 2014 payment

• Failure to elect under 2018 Farm Bill
  Default to previous election on farm and no 2019 payment
Election Decision & Processing

For 2019 through 2023

- The election decision is:
  - Unanimous
  - “Irrevocable” through 2020
  - Made by all 2019 producers with a share of cropland acres on the farm

- Election is integrated into the Enrollment process

- Election and Enrollment are on the same form
Election Period

• September 1, 2019 through March 15, 2020
  • The same time period as enrollment

• Election cannot be finalized without a completed enrollment

• “1-time opportunity” to elect ARC or PLC
  • To preserve 2019 payment eligibility
  • To avoid a default election for 2019 and 2020

• Election is accepted as valid
  • Until such time it is determined to be invalid
  • Acceptance does not signify approval
Election Period

• Option to change elections is available each year beginning in 2021
  • For 2021: October 1, 2020 through March 15, 2021
  • For 2022: October 1, 2021 through March 15, 2022
  • For 2023: October 1, 2022 through March 15, 2023

• If elections are not changed:
  • the elections in effect on the farm will continue
  • no action is required

• NOTE: Late-filed elections are not authorized
Completing Election

• Who must sign?
  • ALL producers on the farm with a share or interest in cropland acres

• 2019/2020 election decision
  • Is made by 2019 producers
  • Election remains in effect for 2020
  • Even if producers are different in 2020
Completing Election

Election decision for 2021, 2022 and 2023

• The option to change elections is available, but not required

• Must be unanimous

• Is made by all producers on the farm in the applicable year with a share of cropland acres
Election Options

• **ARC-CO or PLC**
  - For all covered commodities with base acres on the farm
  - On a crop-by-crop basis
  - Not applicable if an ARC-IC election is made

• **ARC-IC**
  - For all 22 covered commodities AND the farm
Price Loss Coverage Program

PLC
PLC Yield Update

2014 Farm Bill
• Updated using 2008 through 2012 average yield times 90% times yield adjustment factor

2018 Farm Bill
• Updated using 2013 through 2017 average yield times 90% times yield adjustment factor
• Effective in 2020 and subsequent years
PLC Definitions

• PLC Yield

  • Farm-level yield maintained in Farm Records
  • Most recently updated in 2014 for 21 covered commodities and seed cotton was updated in 2018
  • Option to update again in 2020
    • for 2020 through 2023
  • Based on a 5-year simple average of farm yields obtained from owner/producer for 2013-2017
PLC Definitions

Marketing Year Average Price (MYA)

- National Price, determined by the Secretary
- Weighted average of all prices received during the marketing year following harvest
  - For Example: the marketing year for corn is September 1 – August 31
  - Determined for each crop year

Average National Loan Rate is statutory set loan rates

- Effective Price
  - The higher of:
    - The MYA Price
    - Average National Loan Rate
PLC Definitions

• **Effective Reference Price**

  The Lesser of:
  • 115% of the Reference Price
  OR
  • The Greater of
    • The Reference Price or
    • 85% of the 5-year Olympic Average of the MYA
## PLC Reference Prices

<table>
<thead>
<tr>
<th>Crop</th>
<th>Reference Prices</th>
<th>Crop</th>
<th>Reference Prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barley 1/</td>
<td>$4.95 per bu.</td>
<td>Mustard</td>
<td>$20.15 per cwt.</td>
</tr>
<tr>
<td>Chickpeas, Large (Garbanzo Bean, Kabuli)</td>
<td>$21.54 per cwt.</td>
<td>Rapeseed</td>
<td>$20.15 per cwt.</td>
</tr>
<tr>
<td>Chickpeas, Small (Garbanzo Bean, Desi)</td>
<td>$19.004 per cwt.</td>
<td>Safflower</td>
<td>$20.15 per cwt.</td>
</tr>
<tr>
<td>Corn</td>
<td>$3.70 per bu.</td>
<td>Sesame Seed</td>
<td>$20.15 per cwt.</td>
</tr>
<tr>
<td>Dry Peas</td>
<td>$11.00 per cwt.</td>
<td>Sunflower</td>
<td>$20.15 per cwt.</td>
</tr>
<tr>
<td>Grain Sorghum</td>
<td>$3.95 per bu.</td>
<td>Peanuts</td>
<td>$535.00 per ton</td>
</tr>
<tr>
<td>Lentils</td>
<td>$19.97 per cwt.</td>
<td>Rice, Long Grain</td>
<td>$14.00 per cwt.</td>
</tr>
<tr>
<td>Oats</td>
<td>$2.40 per bu.</td>
<td>Rice, Medium Grain 2/</td>
<td>$14.00 per cwt.</td>
</tr>
<tr>
<td>Canola</td>
<td>$20.15 per cwt.</td>
<td>Soybeans</td>
<td>$8.40 per bu.</td>
</tr>
<tr>
<td>Crambe</td>
<td>$20.15 per cwt.</td>
<td>Wheat</td>
<td>$5.50 per bu.</td>
</tr>
<tr>
<td>Flaxseed</td>
<td>$11.28 per bu.</td>
<td>Seed Cotton</td>
<td>$0.367 per lb.</td>
</tr>
</tbody>
</table>

1/ Barley price is based on the ‘all barley’ price. Previously the price was based on the ‘feed barley’ price.

2/ Includes short grain and temperate japonica rice
PLC Payments

\[
\text{PLC Payment Rate} = \text{Effective Reference Price} - \text{Effective Price}
\]

**NOTE:** If the difference is zero or negative, no payment will trigger.
PLC Payments

Farm Level Payment Amount

\[
\text{Payment Rate} \times \text{PLC Yield} \times \text{Payment Acres} = \text{Payment}
\]

Payment Calculation: Multiply Payment Rate by PLC Yield by Payment Acres

• NOTE: PLC Payments are not dependent on the planting of the crop
ARC

Overview / Definitions
ARC Background

The ARC program has two *Election* options

- **ARC-CO**: County Level Yields
- **ARC-IC**: Individual Farm Yields
ARC Background

ARC-CO or PLC may be *Elected* on a covered commodity by covered commodity basis on the farm

ARC-IC is *Elected* for ALL covered commodities at the farm level
ARC Background

Upon election of PLC, ARC-CO or ARC-IC for 2019, the election becomes *Irrevocable* through 2023.

Starting in 2021, the *election* can be *changed* annually through 2023.

**NOTE:** Election made for 2019 remains in effect for 2020 and cannot be changed.
# ARC Background

<table>
<thead>
<tr>
<th>IF an election by ALL “producers” on the farm for 2019 is completed by...</th>
<th>THEN the election is irrevocably effective for...</th>
</tr>
</thead>
</table>

**NOTE:** Starting with 2021, the election can be changed yearly through 2023.
**ARC Background**

<table>
<thead>
<tr>
<th>IF an election by ALL “producers” on the farm for 2019 is <em>NOT</em> completed by...</th>
<th>THEN the election <em>defaults</em> to the election from 2014 through 2018 and is irrevocably effective for...</th>
</tr>
</thead>
<tbody>
<tr>
<td>end of the election period (March 15, 2020)</td>
<td>2020, 2021, 2022 and 2023 crop years. <strong>NO payments for 2019</strong></td>
</tr>
<tr>
<td></td>
<td><strong>NOTE:</strong> Starting with 2021, the election can be changed yearly through 2023.</td>
</tr>
</tbody>
</table>
ARC Background

ARC-CO provides *income support* through revenue calculations at the *County* level

- not dependent on the planting of a covered commodity
- no requirement to report production or yield by farm or producer
ARC Background

• ARC-IC provides income support through revenue calculations at the farm (producer) level for ALL acreage planted to covered commodities, across ALL farm’s enrolled in ARC-IC in the State

  • requires planting of covered commodities with 100% prevented planted exception

  • requires production to be reported
<table>
<thead>
<tr>
<th>ARC-CO/PLC Election</th>
<th>ARC-IC Election</th>
</tr>
</thead>
<tbody>
<tr>
<td>Producer may elect ARC-CO or PLC per covered commodity on the farm</td>
<td>Producer may elect ARC-IC for <strong>ALL</strong> covered commodities on the farm, not each specific covered commodity</td>
</tr>
<tr>
<td>Payments are issued on <strong>85 percent</strong> of the covered commodity base acres</td>
<td>Payments are issued on <strong>65 percent</strong> of TOTAL covered commodity base acres on the farm. Payments are calculated using the “plantings” of covered commodities on the farm and yields from the farm.</td>
</tr>
<tr>
<td>No requirement to plant a covered commodity</td>
<td>No payment earned if no covered commodities are planted on the farm</td>
</tr>
</tbody>
</table>
ARC-CO Steps
### ARC-CO Steps

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 1</td>
<td><strong>Calculate Benchmark Revenue</strong> (<em>Olympic Yield X Olympic Price</em>)</td>
</tr>
<tr>
<td>Step 2</td>
<td><strong>Calculate ARC-CO Guarantee</strong> (<em>Benchmark Revenue X 86%</em>)</td>
</tr>
<tr>
<td>Step 3</td>
<td><strong>Calculate Actual Crop Revenue</strong> (<em>Actual Yield X Actual Price</em>)</td>
</tr>
<tr>
<td>Step 4</td>
<td><strong>Determine if a Revenue Loss Occurred</strong> <em>(does Revenue fall below Guarantee)</em></td>
</tr>
<tr>
<td>Step 5</td>
<td><strong>Determine if Revenue Loss EXCEEDS 10% of Benchmark Revenue</strong></td>
</tr>
<tr>
<td>Step 6</td>
<td><strong>Calculate Producer Payment</strong></td>
</tr>
</tbody>
</table>
ARC-CO Benchmark Revenue:

- **5 Year Olympic Average Yield:**
  
  higher of the county yield or 80% of the county transitional yield (Substitute Yield).

  Multiplied by

- **5 Year Olympic Average Price:**
  
  higher of the Market Year Average (MYA) price or the Effective Reference Price for the covered commodity.

5 years: Based on 5 years prior to the preceding year of the program year (lag year)
ARC-CO Overview

ARC-CO Guarantee:

- calculated at 86% of the **ARC-CO Benchmark Revenue** calculation

- recalculated each year, 2019 through 2023
ARC-CO Overview

ARC-CO Actual Year Revenue:

- Actual Average County Yield for the covered commodity

  Multiplied by

- higher of:
  - Marketing Year Average (MYA) Price for the covered commodity
  or
  - National Loan Rate for the covered commodity.
ARC-CO Definitions

Marketing Year Average (MYA) Price:

- means the *national average price* received by producers during the *12-month marketing year* as determined by FSA for the relevant crop of the covered commodity.

- **Example:**
  - 2019 Corn – September 1, 2019 - August 31, 2020
ARC-CO Definitions

National Loan Rate:

- Statutory set loan rates used to calculate actual crop revenue if the loan rate is higher than the Marketing Year Average Price for the covered commodity
- Only used in the Actual Year Revenue calculation
Years to Compute Benchmark Yield for ARC-CO

2014 Farm Bill – used immediately preceding five years
Example: 2017 Benchmark Yield used crop years 2012-2016

2018 Farm Bill – uses immediately preceding five years with data (lags one year)
Example: 2020 Benchmark Yield uses crop years 2014-2018
ARC-CO County Yields

2014 Farm Bill used the cascade of:
1. NASS
2. RMA
3. STC

2018 Farm Bill used the cascade of:
1. RMA
2. NASS if available
3. STC

NASS data may be changed (surrounding counties, knowledge, etc) but shall be documented
Physical County

2014 Farm Bill – Used the administrative location of the farm to drive the payment (2014 and 2015 – producers could select to pay based on physical location of tract)

2018 Farm Bill – the law directed FSA to pay based on physical location of the farm. FSA will pay based on the physical location of the tract that has base acres.
ARC-CO Physical Location

- The farm’s benchmarks, guarantees, and actual revenues based on the physical location of tract(s) as determined by FSA, weighted by each tract’s base acres of the covered commodity.

- Weighted revenues will then be Summarized to the farm level to determine overall revenue for each covered commodity on the administrative farm that is enrolled in ARC-CO.
Enrollment
Enrollment

2014 Farm Bill – Enrollment began November 1 and continued through August 1

2018 Farm Bill – Enrollment begins:

- For 2019, begins September 3, 2019 and ends March 15, 2020
- For 2020 – begins after October 1, 2019 and ends June 30, 2020
- For 2021-2023 – begins after October 1 of the applicable FY and continues through March 15 of that FY
General Information

Annual enrollment period

• Enrollment Dates
  • 2019 – September 1, 2019 – March 15, 2020
  • 2020 – October 1, 2019 – June 30, 2020
  • 2021 – October 1, 2020 – March 15, 2021
  • 2022 – October 1, 2021 – March 15, 2022
  • 2023 – October 1, 2022 – March 15, 2023

Contract approval deadline:
  • 30 days after Enrollment Period ends
General Information
New in 2018 Farm Bill

Multi-year Contract Enrollment

• Available only in the 2019 enrollment period

• The enrollment will roll year-to-year unless a change occurs
General Information
New in 2018 Farm Bill

Multi-year Contract Enrollment

Changes that terminate:

• A change to the farm’s constitution
• A change to any base acres or PLC yield
• A change to any producer with a share greater than zero
• A change to any producer involved in the 2019 election
• A change in election or enrollment of any crop
• A change in the refuse payment indicator
General Information
New in 2018 Farm Bill

Multi-year Contract Enrollment

• Once a change occurs:
  • the continuous enrollment is over
  • annual enrollment will be necessary
    • For the year when the change occurred
    • And all subsequent years
Contract Requirements
CCC-866/CCC-862 Appendix

• Contains the terms and conditions of the ARCPLC contract

• By signing the contract, participants
  • Acknowledge receipt
  • Agree to abide by the terms

• Each participant must receive one of the following:
  • A hard copy
  • An emailed copy
  • A web site link
Contract Requirements
Deceased/Incompetent/Missing Producers

• If ARCPLC contract was signed prior to:
  Death / Incompetence Declaration / Disappearance

  • Producer is considered eligible
  • Payment may be issued to the producer
  • Payment may be issued using an FSA-325
  • Or a succession-in-interest may be processed if it is before the end of the contract period
10 Base Acre Provision

2014 Farm Bill
• A farm may not receive payment if sum of base acres is 10.00 or less
• Exceptions:
  • Socially disadvantaged farmers or ranchers
  • Limited resource farmers or ranchers

2018 Farm Bill
• A farm may not receive payment if sum of base acres on all farms in which the producer has an interest is 10.00 or less
• Exceptions: same as above, but added:
  • Beginning farmers or ranchers
  • Veteran farmers or ranchers
Grass/Idle/Fallow (GIF) Farms

- If all the cropland on a farm was planted to grass or pasture, including idled or fallow, from 1/1/09-12/31/17, then producers may not receive ARC/PLC payments for the 2019-23 crops.
- Producers are eligible $18 per acre for a 5-year contract under the Grassland Conservation Initiative under CSP and are given considered planted credit for base purposes. Contact NRCS for more information about the CSP Program.
APPOINTMENTS WILL BE REQUIRED

Westmoreland County Office Phone Number: 785-457-3661