

Ag Policy Brief #2014-02

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:: Agricultural Risk Coverage :: Information Sheet ::

- Delivered by the Farm Service Agency
- Payment triggers when "Actual County Revenue" is from 14% to 24% below the "Benchmark County Revenue"
- Payments cannot exceed 10% of Benchmark Revenue
- Important to consider the relationship between your farm and the county-level yield and revenue
- Supplemental Coverage Option (SCO) is not available with ARC
- Cotton is not eligible for ARC
- Payment Limit = \$125,000 (total of all ARC, PLC, Marketing Loan, and Loan Deficiency Payment)
- Conservation compliance required

Payment:

$$\frac{\text{86\% of Benchmark County-Level Revenue}^1 - \text{Actual County-Level Revenue}^2}{\text{Program Crop Farm Base Acres} \times \text{85\%}}$$

¹ Benchmark County Program Crop Revenue:
 times 5-year Olympic Average County Yield
 times 5-year Olympic Average National Marketing Year Average Price

² Actual County Program Crop Revenue:
 times Current Marketing Year County Yield
 times Current National Marketing Year Average Price

An Olympic Average removes the highest and lowest value from the calculation.

ARC Corn Example

	2014	2015	2016	2017	2018
5-Yr Olympic Average County Yield	149	153	160	162	160
5-Yr Olympic Average Market Year Price	\$5.30	\$5.30	\$5.08	\$4.69	\$4.39
ARC Benchmark Revenue	\$789.70	\$810.90	\$812.80	\$759.78	\$702.40
86% of Benchmark	\$679.14	\$697.37	\$699.01	\$653.41	\$604.06
Maximum ARC Payment, once triggered (\$/acre)	\$78.97	\$81.09	\$81.28	\$75.98	\$70.24
Actual County Yield	156	158	161	163	166
Actual Market Year Average Price	\$4.15	\$4.52	\$5.05	\$3.47	\$4.24
Actual County Revenue	\$647.40	\$714.16	\$813.05	\$565.61	\$703.84
86% Benchmark minus Actual	\$31.74	\$0.00	\$0.00	\$87.80	\$0.00
85% Covered Base	0.85	0.85	0.85	0.85	0.85
Per Acre ARC Payment	\$26.98	\$0.00	\$0.00	\$74.63	\$0.00

	2014	2015	2016	2017	2018
5-Yr Olympic Average County Yield	45	43	43	43	44
5-Yr Olympic Average Market Year Price	\$12.17	\$12.17	\$12.27	\$12.47	\$11.76
ARC Benchmark Revenue	\$547.50	\$523.17	\$527.47	\$536.21	\$517.44
86% of Benchmark	\$470.85	\$449.92	\$453.62	\$461.14	\$445.00
Maximum ARC Payment, once triggered (\$/acre)	\$54.75	\$52.32	\$52.75	\$53.62	\$51.74
Actual County Yield	42	43	43	44	45
Actual Market Year Average Price	\$10.54	\$11.60	\$13.11	\$10.98	\$8.14
Actual County Revenue	\$442.68	\$498.00	\$563.73	\$483.12	\$366.30
86% Benchmark minus Actual	\$28.17	\$0.00	\$0.00	\$0.00	\$78.70
85% Covered Base	0.85	0.85	0.85	0.85	0.85
Per Acre ARC Payment	\$23.94	\$0.00	\$0.00	\$0.00	\$51.74

ARC Soybean Example