

Meetings Explaining the 2014 Farm Bill Commodity Programs

January 8, 2015

The 2014 Farm Bill which was passed last February has proven to be a rather complicated program. In Wisconsin the commodity crops covered include corn, soybeans, wheat and oats. Crops not covered in the program include alfalfa, potatoes, cranberries and other specialty crops. Most potato and vegetable growers have base acres from other farms which would make them eligible for program coverage.

The 2014 Farm Bill established three programs to replace Direct Payments, Counter Cyclical Payments, and ACRE Payments. These three programs are Price Loss Coverage (PLC) and Agricultural Risk Coverage County (ARC-CO) and Agricultural Risk Coverage Individual (ARC-IN).

UW-Extension will be holding local meetings to provide additional information and suggestions concerning these programs. We have five meetings scheduled;

-January 23, Waupaca County UW-Extension, Courthouse, Lower Level

-January 26, Marquette County UW-Extension Office, Demonstration Room

-January 28, Green Lake County Government Center Training Room

-January 30, Adams County UW-Extension Office, Room 145B

-February 5, Waushara County UW-Extension Office, Demonstration Room.

All meetings will be held from 1 to 3 PM.

These five meetings will be conducted by UW-Extension and will provide some examples and suggestions about which programs may be more favorable financially to local growers.

Personnel from the local FSA offices should be on hand to answer questions specific to FSA.

There is no charge to attend and no pre-registration is required.

Important dates to remember are February 27 as the deadline for a landowner to update farm yields and base acres, March 31 to sign up for either the ARC or the PLC program (March 15 for PLC if you desire to sign up for the Supplemental Coverage Option, SCO).

Price Loss Coverage is essentially the same as the Counter Cyclical Payments program, except it now has higher target prices (which are now called Reference Prices). Payments are made to farmers for low crop prices when the national average crop price over the whole marketing year is below the Reference Price. For corn and soybeans the marketing year runs from September 1 to August 31. A key note here is that the Reference Price is the national crop price and the average over the whole marketing year, not the price the farmer actually receives.

Agricultural Risk Coverage (ARC) is the new commodity support program to replace ACRE. The 2014 Farm Bill created two versions of ARC, a County ARC program and a Whole-Farm ARC program. The County ARC creates a revenue guarantee at the county-level for each program crop, and then eligible farmers receive ARC payments if the actual county revenue is less than the actual county guarantee. ARC uses a 5-year Olympic average of each county’s yields (the Olympic average drops out the high and the low years and takes the average of the remaining three). The PLC Reference price is used if it exceeds the national marketing year average price and the 70% of the county T-yield is used if it exceeds the actual county yield. The county ARC guarantee is 86% of the 5-year Olympic average price times the 5-year Olympic average of county yields. The ARC payment rate is the county guarantee minus the actual county revenue, up to 10% of the 5-year Olympic average price times the 5-year Olympic average of county yields.

Whole Farm ARC works essentially the same as the County ARC program, in that it establishes a revenue guarantee and then if the actual revenue falls below this guarantee, the farmer receives payments. Whole-Farm ARC uses the historical and actual revenue for each program crop, but averages across all program crops, weighting by each crop’s planted acres.

Once a person signs up for the program you are locked into that program for the duration of the 2014 Farm Bill which lasts through the 2018 crop year.

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