ARC-IC Overview

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ARC-IC Overview

- ARC-IC requires:
  - Election
  - Enrollment
  - Planting of covered commodities

- Prevent Plant (PP) acres are not included in ARC-IC Calculations, **EXCEPT** when 100% of covered commodities are PP.

- Production – annual reports of production of covered commodities (like ACRE).
ARC-IC Overview

- **ARC-IC** is a revenue-based “farm” level program, weighted to the producer share level.

- **Revenue loss** occurs when the actual producer revenue falls below the farm guarantee (86% of farm benchmark).

- Farm benchmark revenues are the 5 year Olympic average of revenues for covered commodities planted on the farm, as weighted for the producer

- Payments are made on 65% of “TOTAL” base acres of all covered commodities on the **ARC-IC farm**.
ARC-IC Definitions

• ARC-IC Payment Rate CAP:
  – The ARC-IC payment rate is “capped” at 10% of the ARC-IC producer benchmark revenue
  – The 10% Cap is weighted at the producer level.
ARC-IC Definitions

• ARC-IC Eligible Crops:
  – ARC-IC applies to the planted covered commodities on enrolled farms.
    • Exception for 100% PP farms.
  – Covered commodities on farms not enrolled into the annual ARC-IC contract and acreage of “nonprogram crops” **are excluded** from calculations.
  – Crop insurance linkage is not required.
## ARC-IC Calculations

### ARC-IC Payment Calculation

(Two Crop – One Producer/Farm):

<table>
<thead>
<tr>
<th>Covered Commodities On ACR-IC Farm</th>
<th>PLANTED ACRES</th>
<th>Planted / Total Planted</th>
<th>Producer Weighted % Planted Acres across all Farms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corn</td>
<td>110</td>
<td>(110 / 160)</td>
<td>68.75%</td>
</tr>
<tr>
<td>Soybeans</td>
<td>50</td>
<td>(50 / 160)</td>
<td>31.25%</td>
</tr>
<tr>
<td>Total</td>
<td>160</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## ARC-IC Calculations

### ARC-IC Example – (Two Crop – One Producer/Farm):

<table>
<thead>
<tr>
<th>Corn</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>5-Year Olympic Average Revenue</th>
<th>Producer Weighted %Planted Acres across all Farms</th>
<th>Weighted 5-year Olympic Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yield</td>
<td>125</td>
<td>100</td>
<td>165</td>
<td>110</td>
<td>95</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>70% of T</td>
<td>85</td>
<td>85</td>
<td>85</td>
<td>85</td>
<td>85</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MYA</td>
<td>$3.55</td>
<td>$5.18</td>
<td>$6.22</td>
<td>$6.89</td>
<td>$4.50</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reference Price</td>
<td>$3.70</td>
<td>$3.70</td>
<td>$3.70</td>
<td>$3.70</td>
<td>$3.70</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>$462.50</td>
<td>$518.00</td>
<td>$1026.30</td>
<td>$757.90</td>
<td>$427.50</td>
<td>$579.47</td>
<td>68.75%</td>
<td>$398.39</td>
</tr>
</tbody>
</table>
### ARC-IC Example – (Two Crop – One Producer/Farm):

<table>
<thead>
<tr>
<th>Soybeans</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>5-Year Olympic Average Revenue</th>
<th>Producer Weighted %Planted Acres across all Farms</th>
<th>Weighted 5-year Olympic Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yield</td>
<td>38</td>
<td>41</td>
<td>29</td>
<td>48</td>
<td>33</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>70% of T</td>
<td>27</td>
<td>27</td>
<td>27</td>
<td>27</td>
<td>27</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MYA</td>
<td>$9.59</td>
<td>$11.30</td>
<td>$12.50</td>
<td>$14.40</td>
<td>$12.95</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reference Price</td>
<td>$8.40</td>
<td>$8.40</td>
<td>$8.40</td>
<td>$8.40</td>
<td>$8.40</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>$364.42</td>
<td>$463.30</td>
<td>$362.50</td>
<td>$691.20</td>
<td>$427.35</td>
<td>$418.36</td>
<td>31.25%</td>
<td>$130.74</td>
</tr>
</tbody>
</table>

**Notes:**
- **Revenue** calculated as Yield * Reference Price * Acres
- **5-Year Olympic Average Revenue** calculated as Weighted %Planted Acres across all Farms
- **References** for yield and MYA can be found in the context.
ARC-IC Calculations

ARC-IC Example - (Two Crop – One Producer/Farm):

Producer Weighted ARC-IC Benchmark (BM):

Corn BM Revenue: ($579.47 \times 68.75\%) = $398.39
Soybean BM Revenue: ($418.36 \times 31.25\%) = $130.74
Total Farm Benchmark $529.13

Producer Weighted Guarantee:

ARC-IC Farm Guarantee: $529.13 \times 86\% = $455/acre
### ARC-IC Example - (Two Crop – One Producer/Farm)
#### Current Year Revenue:

<table>
<thead>
<tr>
<th>CROP</th>
<th>2014 Total Production</th>
<th>2014 MYA Price</th>
<th>National Loan Rate</th>
<th>ARC-IC Total Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corn (110bu/ac)</td>
<td>12,100 bu</td>
<td>$4.50</td>
<td>$1.95</td>
<td>$54,450</td>
</tr>
<tr>
<td>Soybeans (25bu/ac)</td>
<td>1250 bu</td>
<td>$12.50</td>
<td>$5.00</td>
<td>$15,625</td>
</tr>
</tbody>
</table>

**Total Revenue**

$70,075

**Actual Revenue** $70,075 / 160 Total Planted Acres

$437.97/acre 2014 revenue
ARC-IC Calculations

ARC-IC Example - (Two Crop - One Producer/Farm):

ARC-IC Payment Calculation:

- ARC-IC Guarantee: $455.05 ($529.13 X 86%)
- ARC-IC Actual Revenue: $437.97
  $17.08/acre payment

Note: Payment rate CAP is no more than 10% of the ARC-IC Producer Benchmark Revenue ($529.13) or $52.91.

Producer Payment:

150 acres (total farm bases) X 65% X $17.08 X 100% = $1665.30