

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):

Covered Commodities On ACR-IC Farm	PLANTED ACRES	Planted / Total Planted	Producer Weighted % Planted Acres across all Farms
Corn	110	(110 / 160)	68.75%
Soybeans	50	(50 / 160)	31.25%
Total	160		

ARC-IC Calculations

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

Corn	2009	2010	2011	2012	2013	5-Year Olympic Average Revenue	Producer Weighted %Planted Acres across all Farms	Weighted 5-year Olympic Average
Yield	125	100	165	110	95			
70% of T	85	85	85	85	85			
MYA	\$3.55	\$5.18	\$6.22	\$6.89	\$4.50			
Reference Price	\$3.70	\$3.70	\$3.70	\$3.70	\$3.70			
Revenue	\$462.50	\$518.00	\$1026.30	\$757.90	\$427.50	\$579.47	68.75%	\$398.39

ARC-IC Calculations

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

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

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: $(\$418.36 \times 31.25\%) = \underline{\$130.74}$

Total Farm Benchmark $\$529.13$

Producer Weighted Guarantee:

ARC-IC Farm Guarantee: $\$529.13 \times 86\% = \$455/\text{acre}$

ARC-IC Calculations

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

CROP	2014 Total Production	2014 MYA Price	National Loan Rate	ARC-IC Total Revenue
Corn (110bu/ac)	12,100 bu	\$4.50	\$1.95	\$54,450
Soybeans (25bu/ac)	1250 bu	\$12.50	\$5.00	\$15,625
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:	<u>\$437.97</u>
	\$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