



2014 ARC-CO Payments: Release of 2014 County Yields

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The Farm Service Agency has released 2014 county yields thereby providing the final item needed to calculate 2014 Agricultural Risk Coverage – County Option (ARC-CO) payments. This article provides an overview and U.S. map of these payments for corn, soybeans, and wheat.

2014 ARC-CO Payments

Specific levels of ARC-CO payments can be obtained from a FAST spreadsheet entitled the *ARC-CO PLC Payment Estimator*. This spreadsheet is available for download from the FAST section of *farmdoc* (click [here](#) for download). By using this worksheet, an individual can select a specific state, county, and crop combination (see Figure 1). The tool will then give the 2014 ARC-CO payment, as well as estimates of 2015 through 2018 payments. Users can change 2015 through 2018 estimates by changing county yields and Market Year Average (MYA) prices.

The example in Figure 1 is for corn in DeKalb County, Illinois. The 2014 county yield computed by FSA for DeKalb County is 194 bushels per acre, as reported on the 2014 line of the *Payment Estimator*. This yield, along with a MYA price of \$3.70 results in an ARC-CO payment of \$62.07 per base acre. If a farm has 100 base acres in corn, total payment would be \$6,207 (\$62.07 x 100 base acres). The \$62.07 per acre reflects a 6.8% reduction in program payments due to Federal legislation requiring sequester if certain budgetary requirement had not been met.

Yields for some county and crop combinations have not been released. Yields in this spreadsheet will be updated as those yields are released. FSA will release these yields [here](#).

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Figure1. ARC-CO PLC Payment Estimator

fdd

Input

State	Illinois
County	DeKalb
Crop	Corn
Type	All
PLC Payment Yield	145

Use Defaults

Help

Print



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What-If

Change the county yields and Market Year Average (MYA) prices for 2014 and 2018 to see payments under ARC-County and PLC. Payments are stated per base acre, as such they are multiplied by .85. If there are 100 base acres per farm, multiply the result below by 100.

Input	Agricultural Risk Coverage (ARC) - County					Price Loss Coverage (PLC)
	Year	County Yield	MYA Price ¹	Benchmark	ARC	Payment ⁵
				Yield ²	Price ³	
2009	161	3.55				
2010	180	5.18				
2011	184	6.22				
2012	159	6.89				
2013	193	4.46				\$/acre
2014	194	3.70	175	5.29	796	62.07
2015	196	3.80	186	5.29	846	83.63
2016	198	3.80	190	4.83	789	31.30
2017	200	4.00	194	4.02	671	0.00
2018	202	4.00	196	3.87	652	0.00
Five-Year Average					35.40	0

National loan rate equals: 1.95

Reference price equals: 3.70

2014 ARC and PLC payments:

2014 ARC-CO and PLC payments are estimated on a per base acre basis. Payments are adjusted to account for the fact that payments are made on 85% of base acres.

2014 payments are adjusted for a 6.8% sequester. The 2014 payment is multiplied by .932 (1 - .068).

NA for 2014 yields mean that Farm Service Agency has not released data for that county.

- ¹ Market year average price which is a national price for a marketing year.
- ² Equals Olympic average of five-previous yields. Olympic averages eliminate high and low observations.
- ³ Equals Olympic average of five-previous prices, price can not be less than reference price.
- ⁴ Equals benchmark yield x benchmark price x .86.
- ⁵ Equals .85 x minimum of (ARC guarantee - county yield x MYA price) or (10% of benchmark yield x benchmark price), when county revenue is less than ARC guarantee, zero otherwise.
- ⁶ Equals (reference price - higher of MYA price or national loan rate) x PLC payment yield x .85.

Maps of 2014 ARC-CO Payments

Figure 2 shows a map giving ARC-CO payments for all counties in the United States where 2014 county yield data exists. For counties with both irrigated and non-irrigated time series, the payment for the irrigated series is shown in the maps. As can be seen, ARC-CO payment above \$45 per acre occur in many counties in Nebraska, Minnesota, Iowa, Wisconsin, and Ohio. These areas typically had average to below average yields in 2014. Other areas such as southern Iowa, Missouri, central and southern Illinois, and southern

Indiana did not have payments. These areas had exceptionally good yields in 2014 relative to the Olympic average of yields for 2009-2013.

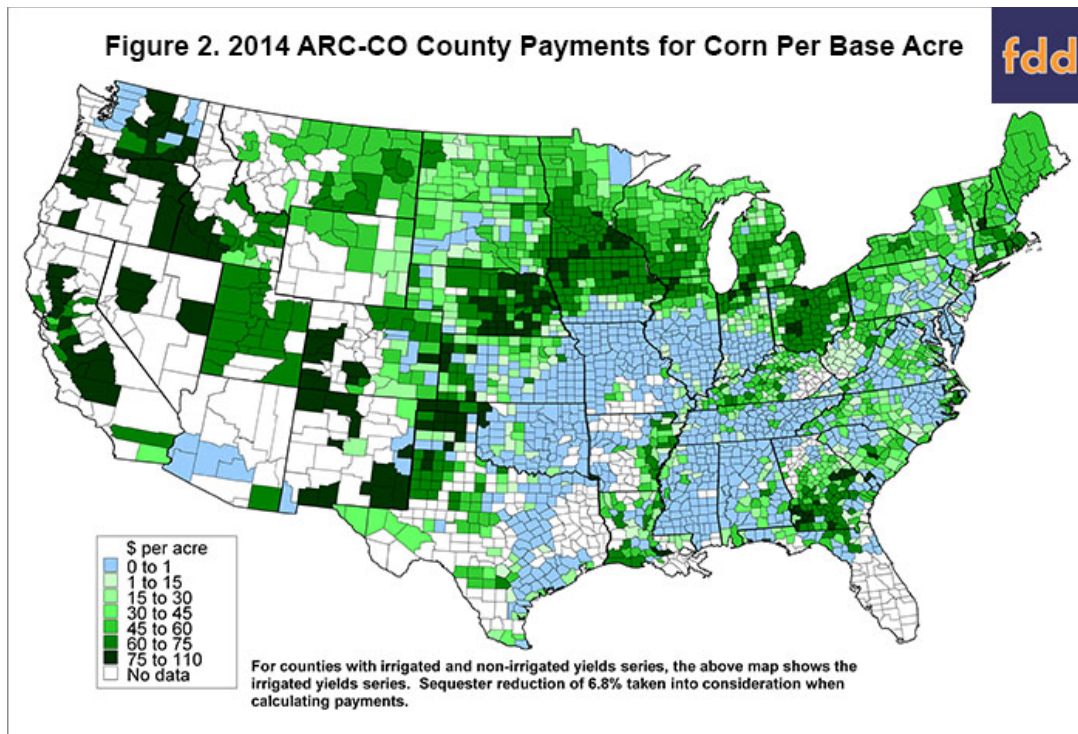


Figure 3 shows ARC-CO payments for soybeans. Many fewer counties had soybean payments than did corn payments, primarily because crop year average for 2014 was not as far below the Olympic average for 2009-2013 as for corn. A concentration of counties received soybean payments in Nebraska, Iowa, Minnesota, Wisconsin, Michigan, Ohio, Pennsylvania, and New York.

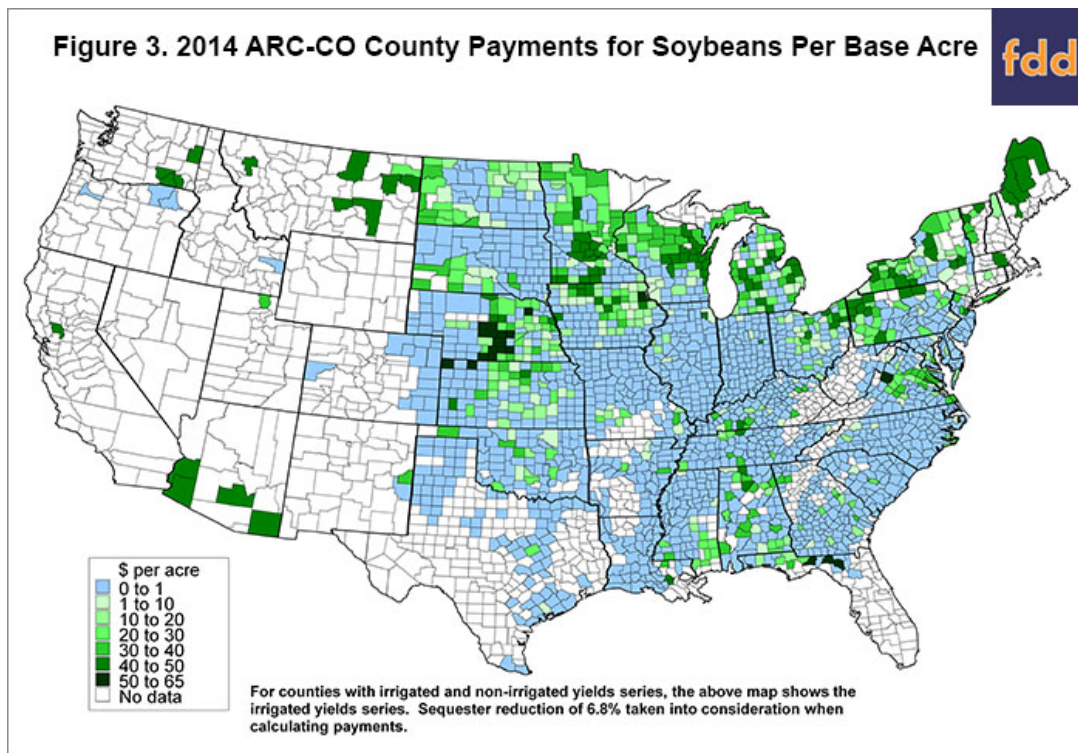
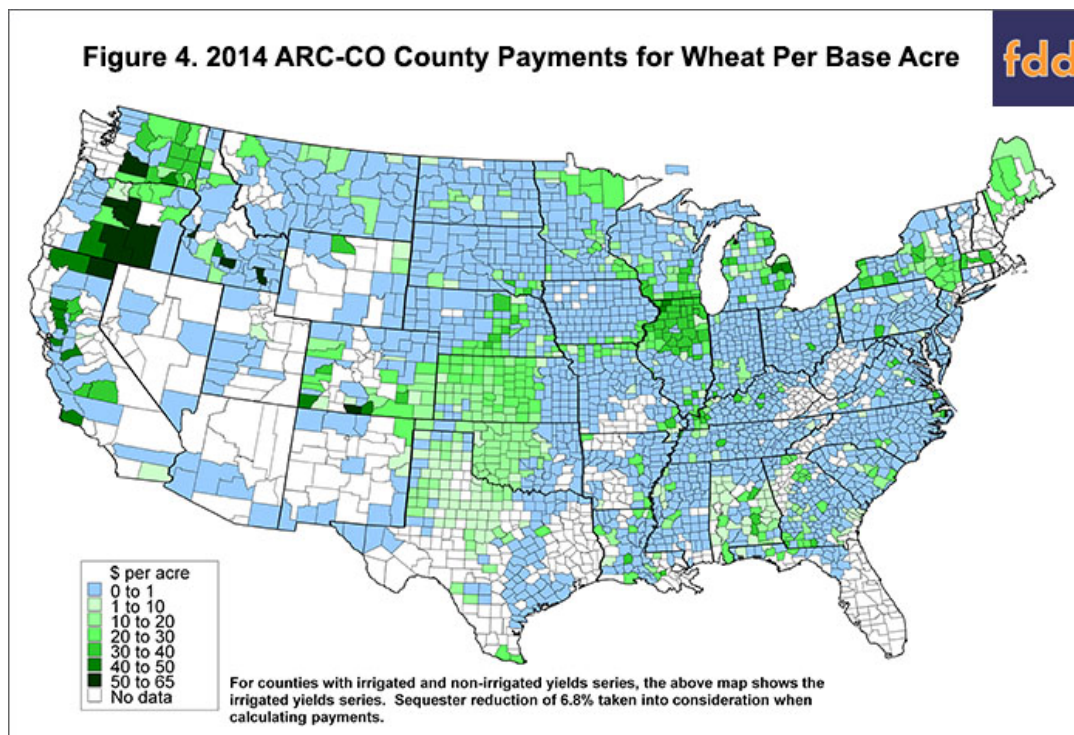


Figure 4 shows ARC-CO payments for wheat. Wheat payments occurred in Kansas, Oklahoma, and Texas. Payments also occurred in Washington and Oregon. There were payments calculated for wheat in Illinois; however, there are few bases acres of wheat in Illinois.



Summary Thoughts

A couple of notes on 2014 payments and their lessons for ARC-CO payments in 2015:

1. Payments on ARC-CO vary greatly across counties, as is illustrated in the above maps. Since ARC-CO considers county yields in its calculations, payments will vary by county. Payments in 2015 also will vary across counties depending on county yields.
2. Yield can vary greatly in adjacent counties, reflecting that local agro-climate conditions can vary notably across areas that are geographically close.
3. How yields will vary across counties in 2015 is difficult to determine at this point. Release of county yields by National Agricultural Statistical Service (NASS) in February will aid in locating areas where yield differences will occur. However, NASS yield are not the same as the yields used by FSA. Hence, differences will not be known for certain until FSA releases 2015 county yields, approximately this time next year.

References

farmdoc website. [2014 Farm Bill Tool: ARC-CO PLC Spreadsheet](#). Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, Released November 10, 2015.

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