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Eligibility and Payments under the 2018 Farm Bill PLC and ARC Programs

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The 2018 Farm Bill, officially known as the Agriculture Improvement Act of 2018, provides safety net support programs for agricultural producers throughout the United States. These programs include the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs for Title I covered commodities. ARC and PLC were first introduced in the 2014 Farm Bill, designed to protect against low prices or low revenue. The 2018 Farm Bill extended both programs with some modifications and new decisions for producers and landowners. Covered commodities include barley, canola, large and small chickpeas, corn, crambe, flaxseed, grain sorghum, lentils, mustard seed, oats, peanuts, dry peas, rapeseed, long grain rice, medium grain rice (which includes short grain rice), safflower seed, seed cotton, sesame, soybeans, sunflower seed and wheat. **This publication discusses the eligibility for ARC and PLC payments provided by the 2018 Farm Bill.** Additional publications, AGECON-19-13PR and AGECON-19-14PR, focusing on computing ARC/PLC safety net payments and implications of these programs, respectively, are available at https://agecon.uga.edu/extension/policy.html.

Eligibilities and Payment Limits

Any unassigned base will remain unassigned and not eligible for ARC/PLC payments. Beginning with the 2019 crop year, payment limits for ARC and PLC for all covered commodities (except for peanuts) remain at $125,000 per person or entity, with a separate payment limit of $125,000 for peanuts, as in the 2014 Farm Bill. In the 2018 Farm Bill, Loan Deficiency Payments (LDP) and Marketing Loan Gains (MLG) from the Marketing Loan Programs were excluded from the $125,000 payment limit. The Adjusted Gross Income (AGI) limit remains at $900,000 per person or legal entity. If the actual AGI on a farm exceeds the AGI limits, the person or legal entity is not eligible for program payments.

Definition of Actively Engaged

There are no changes in the rules related to being actively engaged in farming, except for the expansion of the definition of family members. First cousins, nieces, and nephews are now included as family members who may be eligible for payments.

Farms with Less than 10 Base Acres

Producers must have a combined minimum of more than 10 base acres across all of their farms to be eligible for payments. The only exception to the 10 base acre rule is for socially disadvantaged farmers or ranchers, beginning farmers or ranchers, veteran farmers or ranchers, or limited resource farmers or ranchers.

Farms with All Base Acres in Grass or Pasture

A new provision was added to the 2018 Farm Bill that prohibits payments on base acres if all of the cropland on the farm was planted to grass or pasture during 2009 to 2017. While producers may not be eligible for ARC/PLC payments, these base acres are eligible for a special grasslands Conservation Stewardship Program (CSP) for which they can receive $18 per acre.

Payment Timeline

Payments for ARC and PLC occur beginning in October of the following marketing year. Exact payment times for a specific covered commodity depend on when the marketing year for that crop ends and when data for calculation of payments is available. Figure 1 uses cotton and peanuts as an example to explain the timeline of ARC and PLC payments. This is the same timeline that was established in the 2014 farm bill.

Figure 1: Two-Year Timeline for Key Dates of ARC and PLC Payments for Cotton and Peanut Farmers. Photo Credit: Dr. John Lai. University of Florida Institute of Food and Agricultural Sciences Food and Resource Economics Department.

Summary

While many of the ARC/PLC eligibility criteria are the same as the 2014 Farm Bill, producers may now find opportunities with the expanded eligibility of family members to include first cousins, nieces, and nephews who are actively engaged in the farming operation. Producers with less than

10 base acres and those with all grass or pasture planted on their base acres are not eligible for payments. This information is important for producers to understand as these programs continue to provide support during times when commodity prices are low and farm financial pressures are present.

This publication details the eligibility and payment of the ARC and PLC programs. Additional publications focusing on the calculation of program benefits (AGECON-19-13PR) and the decision-making process (AGECON-19-14PR) are available at https://agecon.uga.edu/extension/policy.html.

References

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