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Information Regarding USDA Farm Program and Crop Insurance Implementation Under the 2014 Farm Bill

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The following information was obtained from the U.S. House Committee on Agriculture, Subcommittee on General Farm Commodities and Risk Management public hearing regarding the implementation of the Agricultural Act of 2014 held on July 10, 2014. The purpose of this hearing was to evaluate the implementation of the commodity and crop insurance titles of the 2014 farm bill that was signed into law over five months ago. Previous provisions of the commodity title included direct and countercyclical payment programs as well as an average crop revenue election program; all of which were repealed with the passage of the new farm law. These provisions were replaced with a choice between two programs for covered commodities- agriculture risk coverage (ARC) and price loss coverage (PLC) programs that only trigger payment when producers suffer a loss, beginning with the 2014 crop year. In order to achieve substantial budget savings to the commodity title, these budgetary offsets were promised with an enhancement of the risk management safety net tools afforded under the new crop insurance title of the farm bill. With implementation of this farm bill and the shift to what can be considered a ‘risk-based’ safety net, producers and landowners will be faced with a series of farm program decisions that are irrevocable for the duration of the farm bill. One such decision is whether to participate in the ARC program and be ineligible to purchase SCO insurance on that covered commodity. This is one example of the interaction between the commodity title and the crop insurance title of the 2014 farm bill.

Timeline	**Intended Information/Policy Action**
Spring 2014	RMA to begin revising premium rates charged for CAT coverage based on average historical ‘loss ratio’. RMA will update actuarial documents throughout the year as applicable for full implementation.
Spring 2014	RMA to complete updates that reflect permanent enterprise unit subsidy.
Summer 2014	FSA launches a website with tables of monthly updated data for information on how ARC and PLC guarantees and payments will be determined for the 2014 crop.
Late-Summer 2014	RMA to release coverage maps/information on SCO and STAX availability.
Late-Summer 2014	FSA to provide producers information on their current base acres, yields, and the 2009-12 planting history and offer them an opportunity to verify this information with their local FSA office for covered commodities.
Late-Summer 2014	RMA to release policy materials for SCO
Late-Summer 2014	FSA to release information on cotton transition payments.

Late-Summer 2014	RMA publishes interim rule: to begin to offer enterprise units for irrigated and non-irrigated crop and coverage levels for spring crops in 2015 and adjustment in APH will be made available for crops planted in the fall of 2015.
Late-Summer / Early-Fall 2014	Information on SCO for corn, grain sorghum, rice, soybeans, wheat, and cotton will be made available from RMA.
Late-Summer / Early-Fall 2014	Policy materials and county availability for STAX will be made available by RMA.
Fall 2014	Opportunity to update farm program yields and reallocate base acres with by FSA.
Late 2014	USDA will propose the definition of “significant contribution of active personal management” of the actively engaged in farming provision.
Mid-Winter 2014 / Early 2015	All producers on a farm will be required to make a one-time, unanimous, and irrevocable election between price protection (PLC), county-level revenue protection (ARC-C), and/or individual farm-level revenue protection (ARC-I) for the 2014-15 crop years with FSA for covered commodities.

The highlighted cells denote program authority vetted with the USDA FSA regarding farm program implementation for covered commodities. Agency/program abbreviations listed in the table include: RMA = Risk Management Agency; CAT = catastrophic risk protection endorsement; FSA = Farm Service Agency; ARC = agriculture risk coverage; PLC = price loss coverage; SCO = supplemental coverage option; STAX = stacked income protection plan; APH = actual production history; ARC-C = agriculture risk coverage program with county-level coverage option; an ARC-I = agriculture risk coverage program with individual farm-level coverage option.

Comments made in this research brief were obtained from statements made by House Agriculture Committee Subcommittee on General Farm Commodities and Risk Management Chairman K. Michael Conaway R-TX and Ranking Member David Scott D-GA and the testimony of the Hon. Michael T. Scuse, Under Sectary for Farm and Foreign Agricultural Services, USDA on July 10, 2014. This preliminary information is based on interpretation of the legislative text and is subject to final rule and regulation issued by USDA.

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