Farm Bill Program Flow Chart

Identify the "Potential Risk" for Your Farm this Next Year
(Choose per Commodity on each FSA Farm Number)

Note: Use this decision tree as a __starting point__ for your Farm Bill program decisions. It is best used when paired with the MSU Farm Bill Analyzer tool and Farm Number information (FSA Form 156). Always evaluate program options against scenarios of potential market price or yield changes based on your risk concerns.

Price Protection
Based on Market Prices for production's marketing year (i.e., harvest – summer)

Revenue Protection
Based on next year's Yields and Market Prices for production's marketing year (i.e., harvest – summer)

Price Loss Coverage (PLC)

Total Payment = Payment Rate × PLC Yield X __85%__ of Base Acres

Payment rate only if *Market Price* is less than *Reference Price*

Key Terms:

Reference Price = Prices for covered commodities set in Farm Bill

Market Price = Greater of National Marketing Year Average price (MYA) or National Loan Rate for the crop

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Are commodity yields on "Your Farm" typically close to "County" yields?

No
Consider __expected__ Market Prices and __level__ of Yield differences

Yes

Agricultural Risk Coverage Individual (ARC-IC)

Total Payment = Payment Rate × __65%__ of Base Acres

Payment rate is lesser of
__Weighted__ Coverage Guarantee - __Weighted__ Actual Revenue
or 10% of __Weighted__ Benchmark Revenue

Key Terms:

Weighted Benchmark Revenue = Percent (%) of Commodity Planted × 5-year Olympic Average of Your Farm Yield × 5-year Olympic Average MYA Price

Weighted Coverage Guarantee = 86% of Weighted Benchmark Revenue

Weighted Actual Revenue = Market Year Average (MYA) Price × Your Farm Yield × Percent (%) of Commodity Planted

(Note: all commodities on FSA Farm Number must use ARC-IC, if chosen)

Agricultural Risk Coverage County (ARC-CO)

Total Payment = Payment Rate × __85%__ of Base Acres

Payment rate is lesser of
Coverage Guarantee - Actual Revenue
or 12% of *Benchmark Revenue*

Key Terms:

Benchmark Revenue = 5-year Olympic Average of County Yield × 5-year Olympic Average of Market Year Average (MYA) Price

Coverage Guarantee = 90% of Benchmark Revenue

Actual Revenue = Market Year Average (MYA) Price × County Yield

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MSU Farm Bill Analyzer is available at the MSU Farm Bill website: https://www.canr.msu.edu/farm_bill/

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