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## National Price and Yield Trigger for ACR-CO Benchmark Revenue

### BACKGROUND

Payments rates under ARC-CO depend on national average crop prices and county average crop yields. Due to county-to-county differences in program yields payments vary significantly across political boundaries.

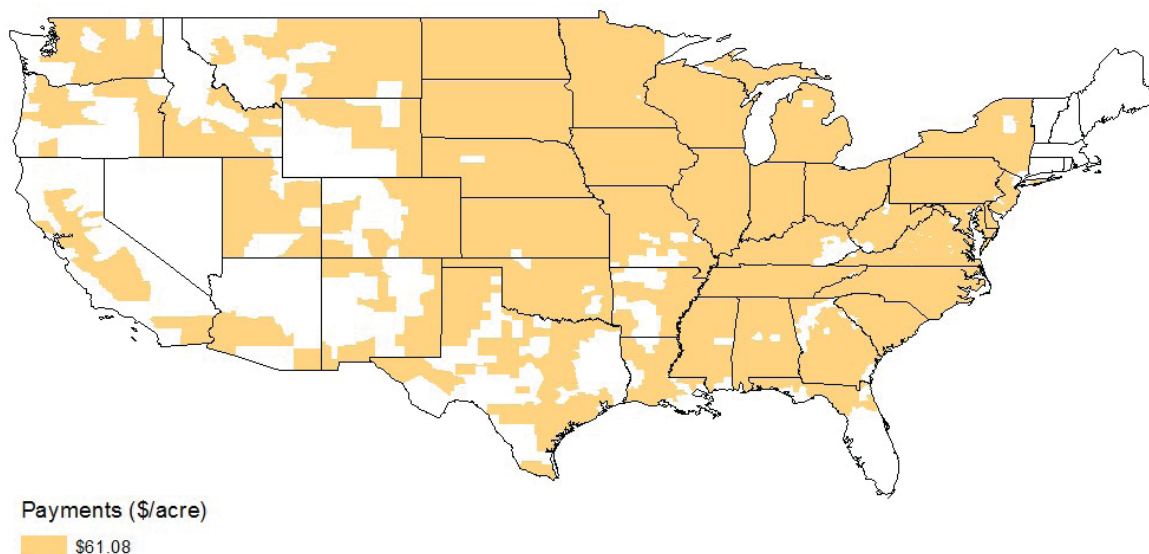
### OPTION

Use U.S. average commodity prices and yields in the actual and benchmark revenue calculations. (ARC-National)

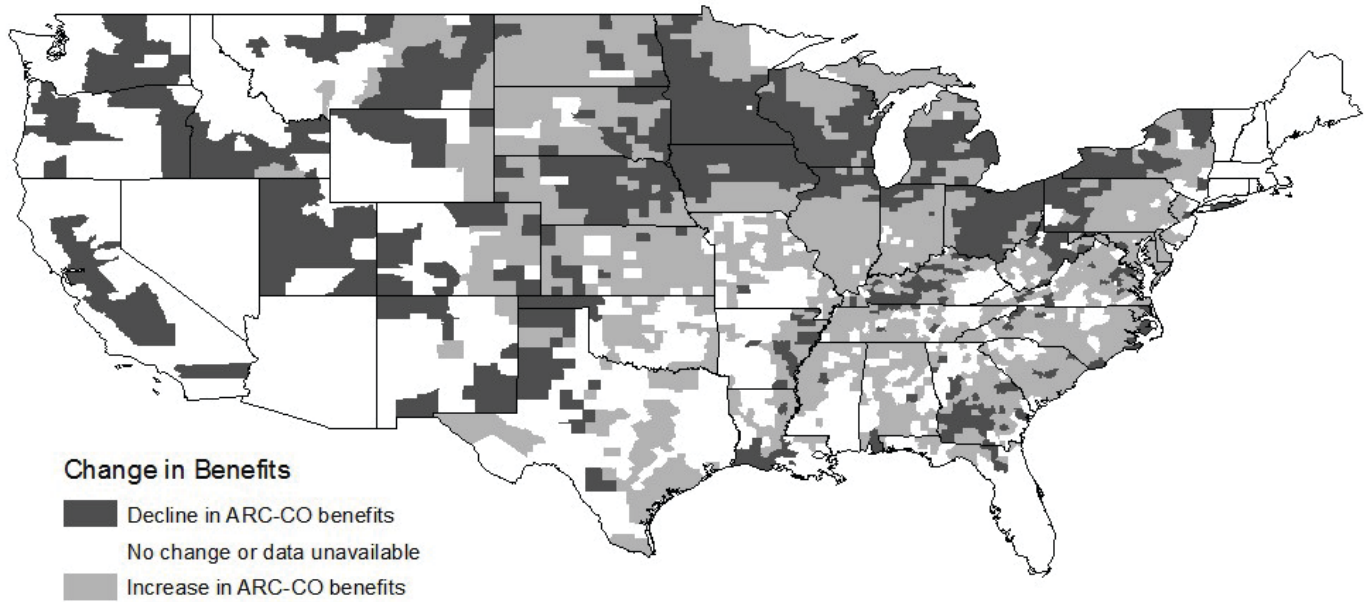
This option means program payments would be triggered when the national average crop revenue fell below the benchmark revenue guarantee. It effectively makes ARC-National function similar to the Price Loss Coverage program (PLC) in that program payments would be uniform across the country for each commodity. The difference between the programs would be that PLC provides target price support and ARC-National would provide target revenue support.

Our estimates show that for the 2014 crop year, this option would have reduced program payments by ten percent overall. Payments increased for corn by six percent, but were eliminated entirely for soybeans and wheat.

**Estimated Program Payments and Change from ARC-CO for Corn Base Acres using U.S. Prices and U.S. Yields, 2014-2015 Marketing Year (ARC-National)**



**Estimated Change from ARC-CO for Corn Base Acres using U.S. Prices and U.S. Yields, 2014-2015 Marketing Year (ARC-National)**



The following table summarizes the consequences in the 2014 crop year of the option described above in millions of dollars.

	<b>Actual Program Payments 1/</b>	<b>ARC-National</b>
Corn	\$3,655	\$3,890 (+\$639)
Wheat	\$341	\$0 (-100%)
Soybeans	\$314	\$0 (-100%)
<b>Total (Corn, Soybeans, Wheat)</b>	<b>\$4,310</b>	<b>\$3,890 (-10%)</b>