2014 Farm Bill Overview

The 2014 farm bill calls for significant changes in commodity programs, including:

- Eliminates Direct Payments, Countercyclical Payments, ACRE and SURE.
- Producers will have to choose between:

  - **Agriculture Risk Coverage (ARC):** Protects producers against income losses relative to their recent income experience. *(Often referred to as a shallow loss program)*

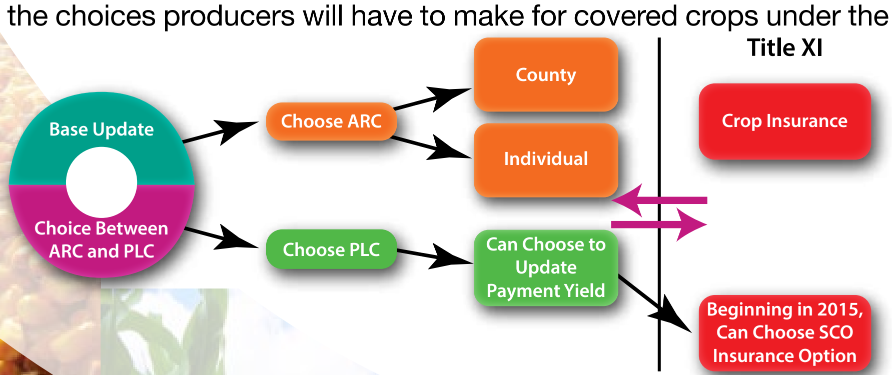
  - **Price Loss Coverage (PLC):** Provides income protection against steep price declines. *(Often referred to as a deep loss program)* If this option is chosen, producers have the opportunity to update their payment yields to 90 percent of the 2008-2012 crop year averages.
- Allows producers to either maintain existing crop acreage base or reallocate their base average acres planted to covered commodities from 2009-2012. Also, cotton base acres are now generic base acres.
- Decisions on the farm program and base acres must be made for the 2014 crop, and cannot be changed for the life of the 2014 farm bill.
- In 2015, producers will have a new areawide insurance program, **Supplemental Coverage Option (SCO)**, available to purchase that is designed to protect against losses that would normally fall within their insurance deductible range.
- Payment limits have been set at $125,000 per person (for ARC, PLC and LDPs combined), with a $900,000 AGI limitation.

Additionally, the bill:

- Consolidates 23 conservation programs to 13, and focuses conservation efforts on working lands.
- Ties conservation compliance for wetlands and highly erodible land to premium support for crop insurance
- Maintains authorizations for important agricultural research programs, including AFRI and a new Foundation for Food and Agriculture Research, which will provide a structure and mandatory funding for new public/private partnerships and investments that will further USDA's research mission.
- Maintains authorizations and funding levels for export promotion, including the Foreign Market Development (FMD) program and the Market Access Program (MAP).

Producer Decisions

This chart outlines the choices producers will have to make for covered crops under the Commodity Title



This decision is on a crop-by-crop basis for each farm *unless the producer chooses individual ARC, then it is for all the crops on that farm.*

Farm Program Decisions

Producers are strongly encouraged to carefully consider farm program options for each farm, as land enrolled in either ARC or PLC must stay in the chosen program for the life of this farm bill.

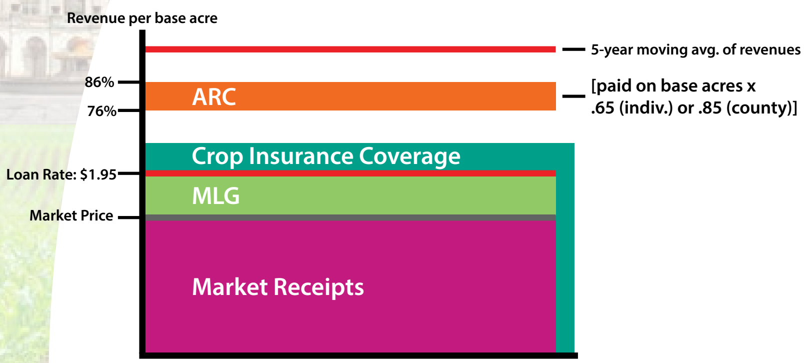
**If all parties cannot agree on a choice, then the farm would not be enrolled in ARC or PLC for the 2014 crop and would automatically be enrolled in PLC for the 2015 crop and beyond.*

Corn Reference Price
$3.70 / bu

Corn Marketing Loan Rate
$1.95 / bu

Agriculture Risk Coverage (ARC)

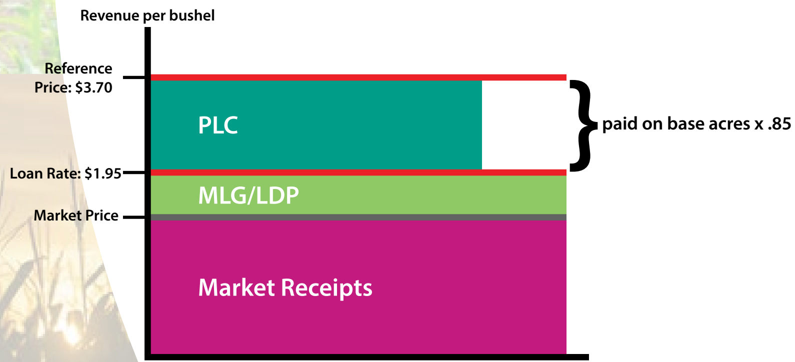
Support for corn producers under the ARC-County program



As it will likely take USDA - Farm Service Agency several months to interpret and implement the new legislation, farm program sign up will likely not occur until summer at the earliest.

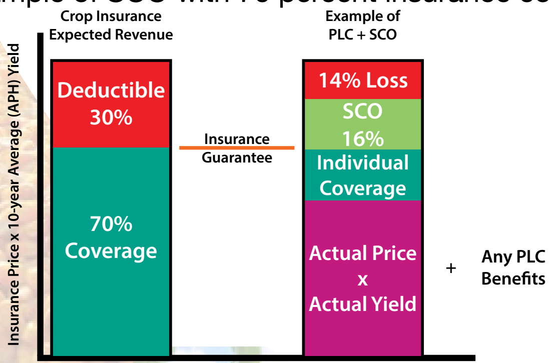
Price Loss Coverage (PLC)

Support for corn producers under the PLC program



Supplemental Coverage Option (SCO)

Below is an example of SCO with 70 percent insurance coverage on any given crop



The information provided is based on Texas Corn Producers' reading of the Agriculture Act of 2014, discussions with Ag Committee staff, and the assistance of the Ag and Food Policy Center at Texas A&M University. There will likely be differences in our interpretation and the final regulations, but this is a preliminary guide for producers to begin educating themselves on the farm program decisions they will face.

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