

BROWN-THUNE-DURBIN-LUGAR
AGGREGATE RISK AND REVENUE MANAGEMENT (ARRM) PROGRAM

Eligible Crops:

RMA insurable Commodity Title crops (Wheat, Feed grains (corn, grain sorghum, barley, oats), Rice, Soybeans, Upland Cotton, Minor Oilseeds, Peanuts, Pulse Crops (dry peas, lentils, chickpeas).

ARRM is an annual election

ARRM is crop specific

Calculations based on planted acres (considered planted/prevented plant acres are not eligible)

Base acres have no bearing on ARRM calculations.

Production of fruits and vegetables does not affect eligibility

Native sod tilled for purposes of crop production is not eligible for ARRM

Program guarantee and payment calculations are based on Crop Reporting District yields.

Crop Reporting District (CRD) Program Guarantee

Ninety percent of the Olympic Average of revenue for the preceding five crop years. Revenue is calculated by multiplying the National Average Harvest Price by the Average CRD Yield.

Crop Reporting District (CRD) Actual Revenue

The product of the National Average Harvest Price for the applicable crop year and Actual CRD Yield (Actual CRD Yield is the quantity of the covered commodity produced in the CRD divided by the number of acres planted to the covered commodity in the CRD in the applicable crop year)

Farm Revenue Guarantee:

For all enrolled acres and crops owned or operated by a producer and/or landlord, the farm-level guarantee is determined by multiplying by 90 percent the Olympic Average revenue from the preceding five crop years. Each year's revenue is the product of the producer's Actual Production History (APH) as determined by RMA data, and the National Average Harvest Price

In successive years the revenue guarantee cannot move up or down by more than 10 percent

Actual Farm Revenue:

The product of the National Average Harvest Price and the actual yield for the current crop year.

Payment Trigger:

Participants are eligible for a payment if the CRD Actual Revenue is below the CRD Program Guarantee *and* the participants' Actual Farm Revenue is below the Benchmark Farm/Enterprise Unit Revenue.

Other Considerations:

Any crop subsequently planted on land determined for federal crop insurance purposes to be prevented planted acreage shall not be considered in calculating either the Guaranteed Revenue or Actual Production Revenue for a farm except in those instances where the farm has a history of “double-cropping” and is located in an area where double cropping is an acceptable farming practice for federal crop insurance purposes.

Payments:

If a participant is eligible following calculation will be made to determine the value of the ARRM payment: The product of: the lesser of 1) the difference between the CRD Benchmark Revenue and the CRD Actual revenue or 2) 15 percent of the ARRM program guarantee for the applicable crop year; and 85 percent of the acres enrolled; and the quotient of the participant’s APH and the CRD yield.

Limitation on Payments:

The amount of an ARRM payment to be paid to the participant for the crop year shall not exceed 15 percent of the amount of the Farm Guarantee.

Payments will be made on 85 percent of planted acres enrolled in the program

Total amount of ARRM program payments a participant may receive is subject to 2008 farm bill payment limitations for the ARRM program.

Also subject to 2008 farm bill AGI and ACRE payment limitations
Current conservation compliance rules apply

Budget Offset Assumptions:

SURE expires and is not reauthorized.

Eliminates the direct and counter-cyclical payment programs