



# 2018 Farm Bill

## Making the ARC/PLC Decision

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*This information is based on our understanding of the 2018 Farm Bill. This information is intended for educational purposes only. Keep checking [www.AgManager.info](http://www.AgManager.info) for the latest information*

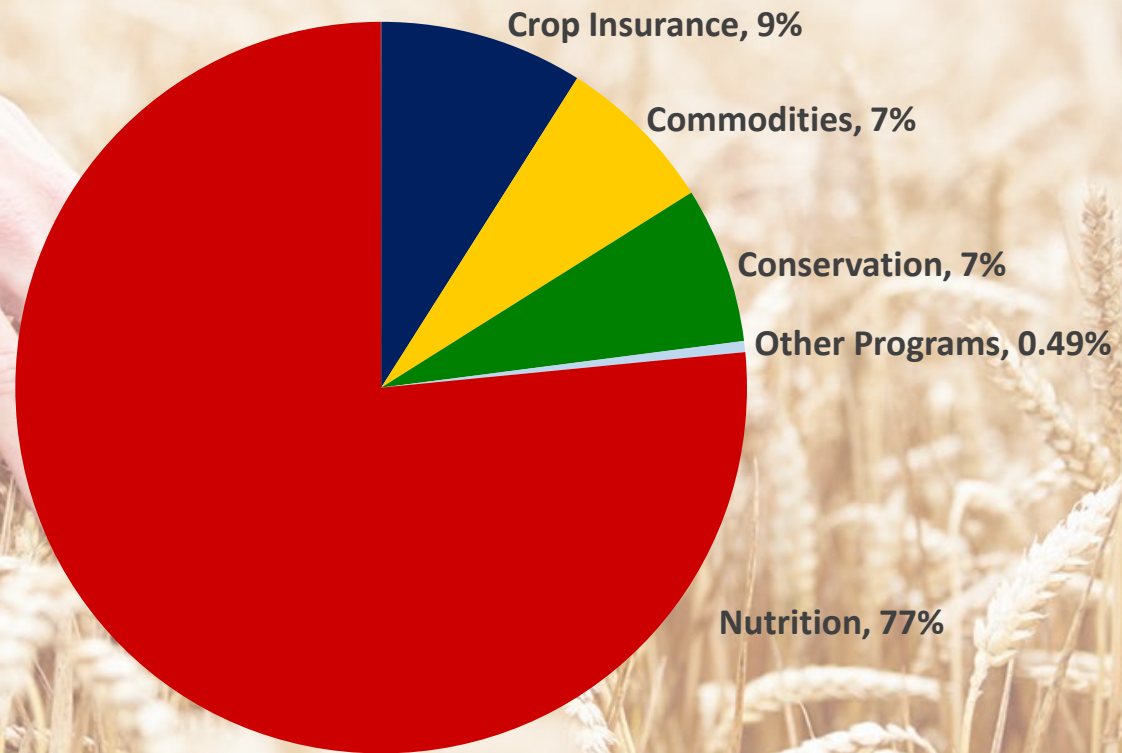


# 2018 Farm Bill Titles

- Title I: Commodities
- Title II: Conservation
- Title III: Trade
- Title IV: Nutrition
- Title V: Credit
- Title VI: Rural Development
- Title VII: Research, Education, and Related Matters
- Title VIII: Forestry
- Title IX: Energy
- Title X: Horticulture
- Title XI: Crop Insurance
- Title XII: Miscellaneous

# Farm Bill Budget

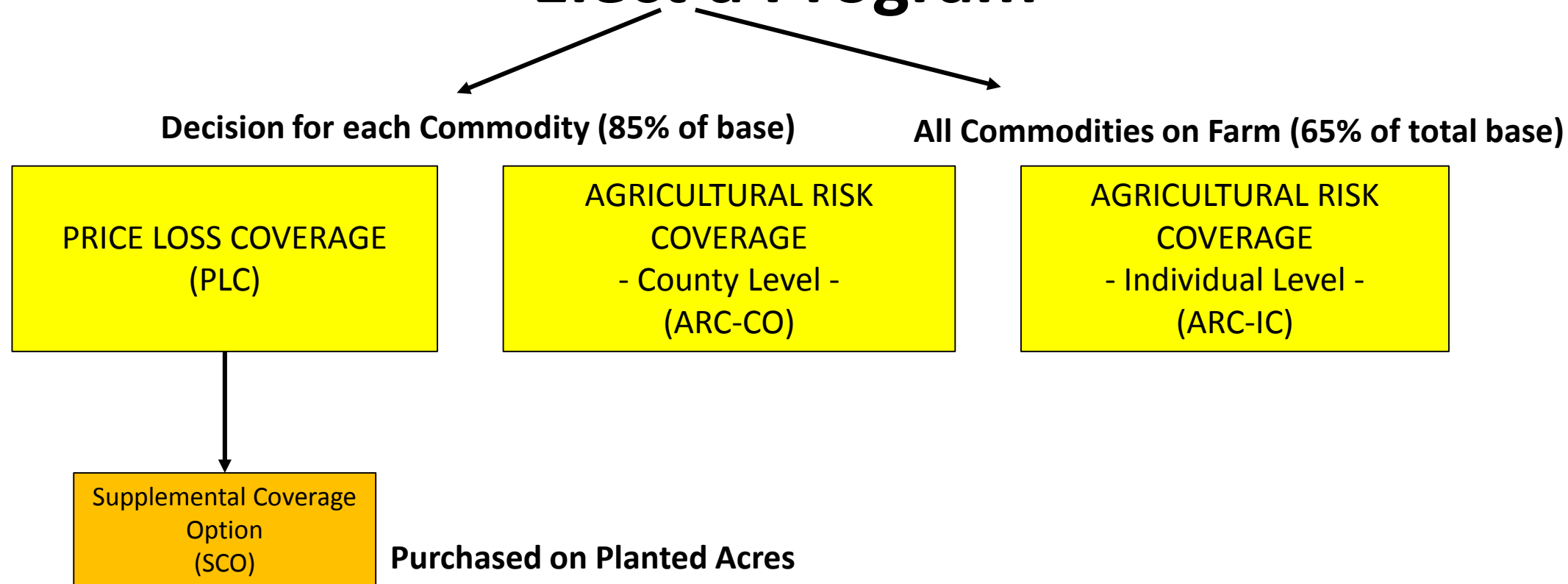
## Projected Outlays, FY2019-2028



Source: Congressional Research Service and Congressional Budget Office

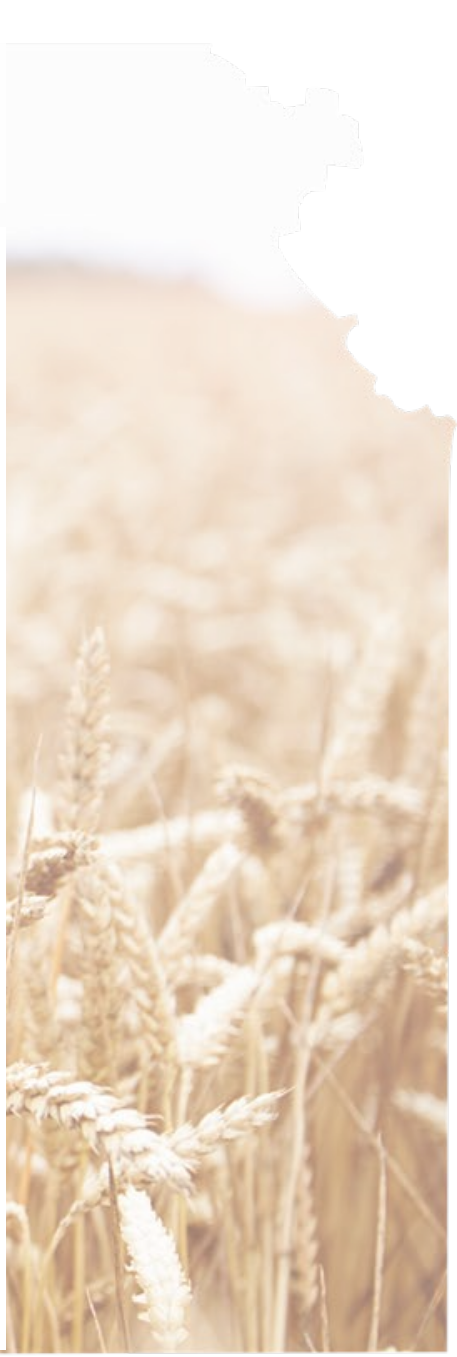
# Decisions to be made...

## Elect a Program





# Brief Review of ARC-CO and PLC Design

- ARC-CO – Low **revenue** program
    - Triggers when revenue is below 86% of county benchmark: set by last 5 years (with 1 lag year) of national Marketing Year Average prices and county yields
    - Payments determined on county-by-county basis, subject to a 10% payment cap.
  - PLC – Low **price** program
    - Triggers when national Marketing Year Average price below the reference price for the crop.
    - Payments determined by a national price, and paid on farm base acres and program yields.
    - Subject to a much higher cap
    - Also provided the option for SCO.
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## Percent of Farms that Made an ARC/PLC Election Nationally by Crop

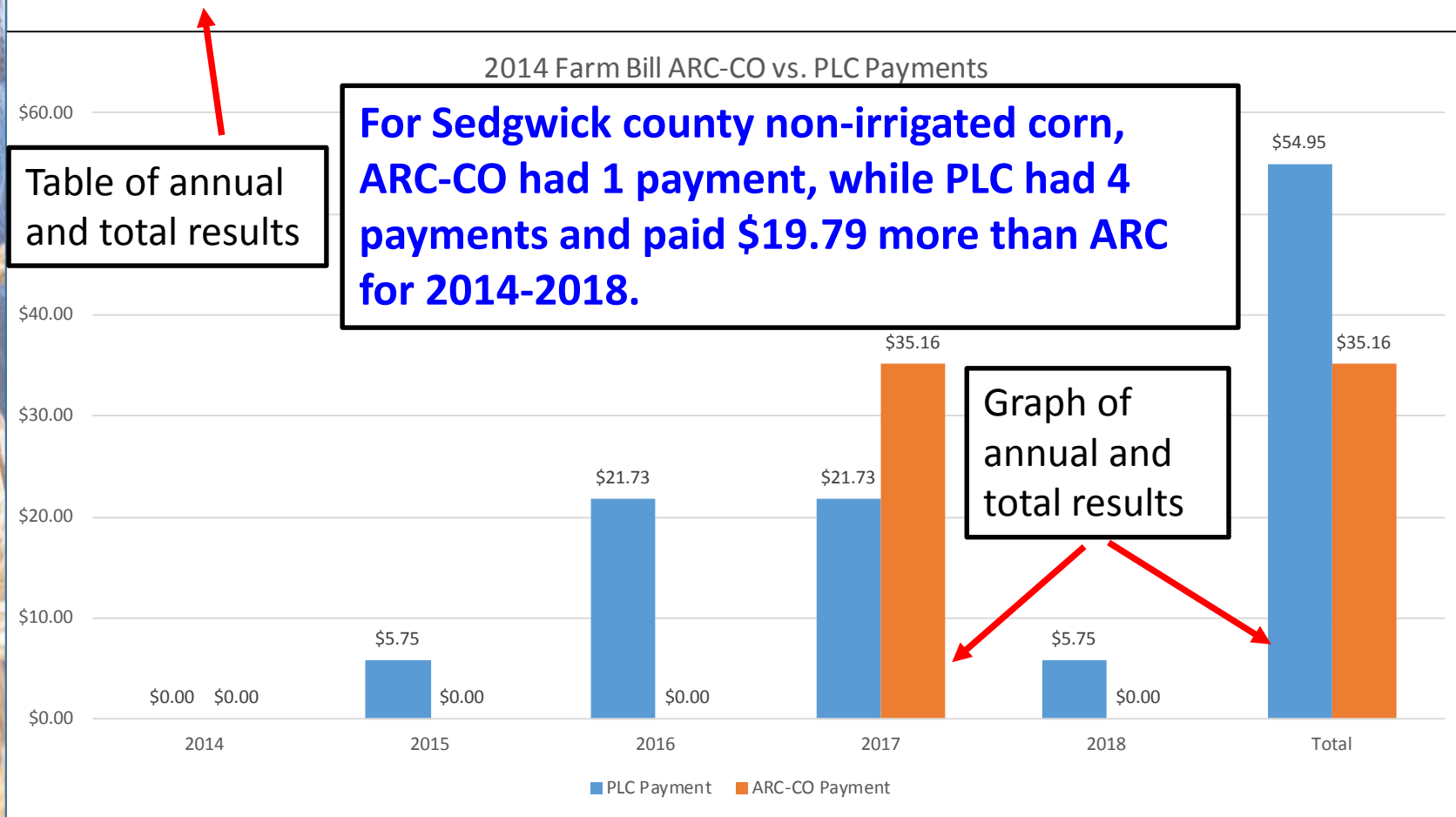
Commodity	PLC	ARC-CO	ARC-IC
BARLEY	57%	42%	1%
CANOLA	93%	7%	1%
CORN	9%	91%	0%
DRY PEAS	44%	53%	3%
FLAXSEED	59%	40%	1%
GRAIN SORGHUM	54%	46%	0%
MUSTARD	53%	42%	4%
OATS	23%	76%	0%
SAFFLOWER	57%	40%	2%
SESAME	76%	24%	0%
SOYBEANS	4%	96%	0%
SUNFLOWERS	49%	50%	1%
WHEAT	34%	66%	0%

## Percent of Farms that made an ARC/PLC election Kansas by Crop

Commodity	PLC	ARC-CO	ARC-IC
BARLEY	46%	54%	0%
CANOLA	68%	32%	0%
CORN	17%	82%	0%
DRY PEAS	27%	73%	0%
FLAX	100%	0%	0%
GRAIN SORGHUM	47%	52%	0%
MUSTARD	0%	100%	0%
OATS	29%	71%	0%
SAFFLOWER	62%	38%	0%
SESAME	56%	44%	0%
SOYBEANS	12%	88%	0%
SUNFLOWERS	33%	66%	1%
WHEAT	23%	76%	0%

# ARC-CO vs PLC Payment Calculator 2014-2018

Production Year	PLC Payment	ARC-CO Payment	Reference Price	Olympic Average Price	Actual Marketing Year Price	Olympic Average Yield	Actual County Yield	Benchmark Revenue	Actual Revenue
2014	\$0.00	\$0.00	\$3.70	\$5.29	\$3.70	71	116	\$375.59	\$429.20
2015	\$5.75	\$0.00	\$3.70	\$5.29	\$3.61	71	97	\$375.59	\$350.17
2016	\$21.73	\$0.00	\$3.70	\$4.79	\$3.36	75	99	\$359.25	\$332.64
2017	\$21.73	\$35.16	\$3.70	\$3.95	\$3.36	89	71	\$351.55	\$238.56
2018	\$5.75	\$0.00	\$3.70	\$3.70	\$3.61	89	79	\$329.30	\$285.19
<b>Total</b>	<b>\$54.95</b>	<b>\$35.16</b>							

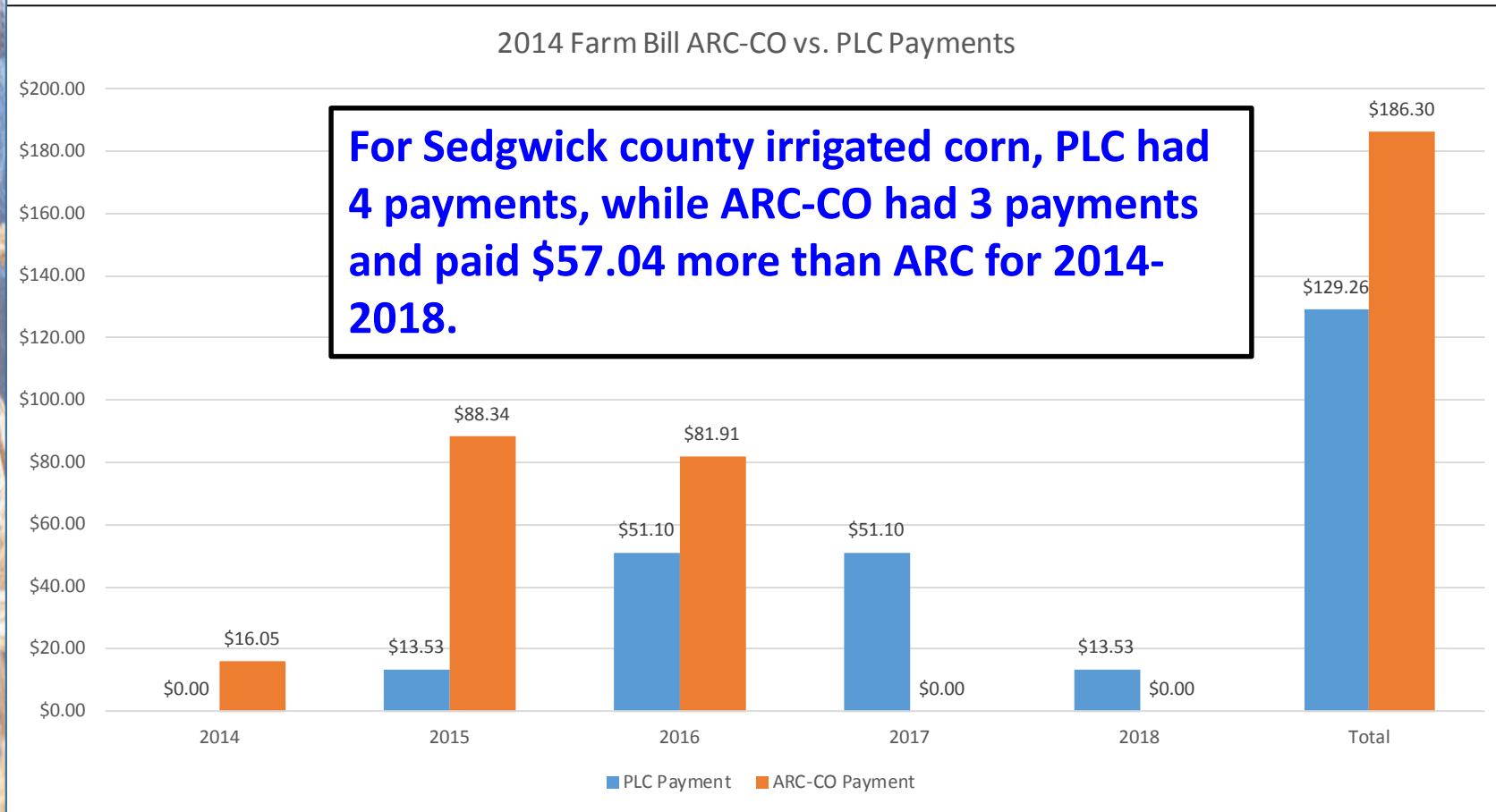


Corn - Nonirrigated

PLC Program Yield:  
63.9 bu/ac

# ARC-CO vs PLC Payment Calculator 2014-2018

Production Year	PLC Payment	ARC-CO Payment	Reference Price	Olympic Average Price	Actual Marketing Year Price	Olympic Average Yield	Actual County Yield	Benchmark Revenue	Actual Revenue
2014	\$0.00	\$16.05	\$3.70	\$5.29	\$3.70	167	201	\$883.43	\$743.70
2015	\$13.53	\$88.34	\$3.70	\$5.29	\$3.61	167	183	\$883.43	\$660.63
2016	\$51.10	\$81.91	\$3.70	\$4.79	\$3.36	171	150	\$819.09	\$504.00
2017	\$51.10	\$0.00	\$3.70	\$3.95	\$3.36	171	182	\$675.45	\$611.52
2018	\$13.53	\$0.00	\$3.70	\$3.70	\$3.61	179	206	\$662.30	\$743.66
<b>Total</b>	<b>\$129.26</b>	<b>\$186.30</b>							



## Corn - Irrigated

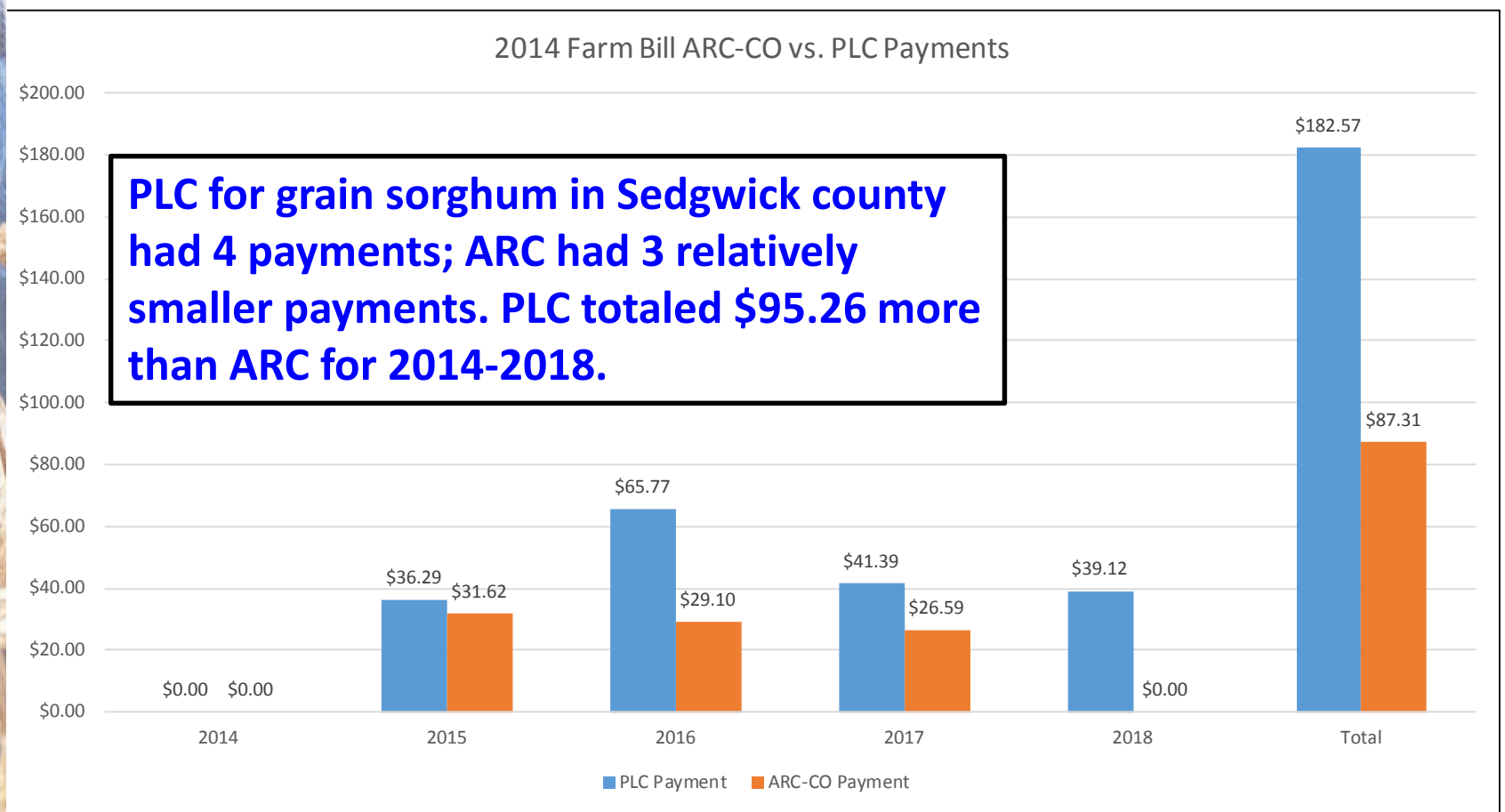
PLC Program Yield:  
150.3 bu/ac



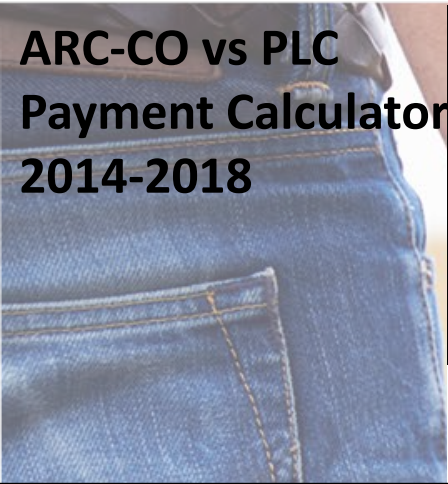
# ARC-CO vs PLC Payment Calculator 2014-2018

Production Year	PLC Payment	ARC-CO Payment	Reference Price	Olympic Average Price	Actual Marketing Year Price	Olympic Average Yield	Actual County Yield	Benchmark Revenue	Actual Revenue
2014	\$0.00	\$0.00	\$3.95	\$5.10	\$4.03	63	76	\$321.30	\$306.28
2015	\$36.29	\$31.62	\$3.95	\$5.10	\$3.31	62	65	\$316.20	\$215.15
2016	\$65.77	\$29.10	\$3.95	\$4.77	\$2.79	61	55	\$290.97	\$153.45
2017	\$41.39	\$26.59	\$3.95	\$4.09	\$3.22	65	59	\$265.85	\$189.98
2018	\$39.12	\$0.00	\$3.95	\$3.98	\$3.26	67	71	\$266.66	\$231.46
<b>Total</b>	<b>\$182.57</b>	<b>\$87.31</b>							

Sorghum - All



PLC Program Yield:  
56.7 bu/ac



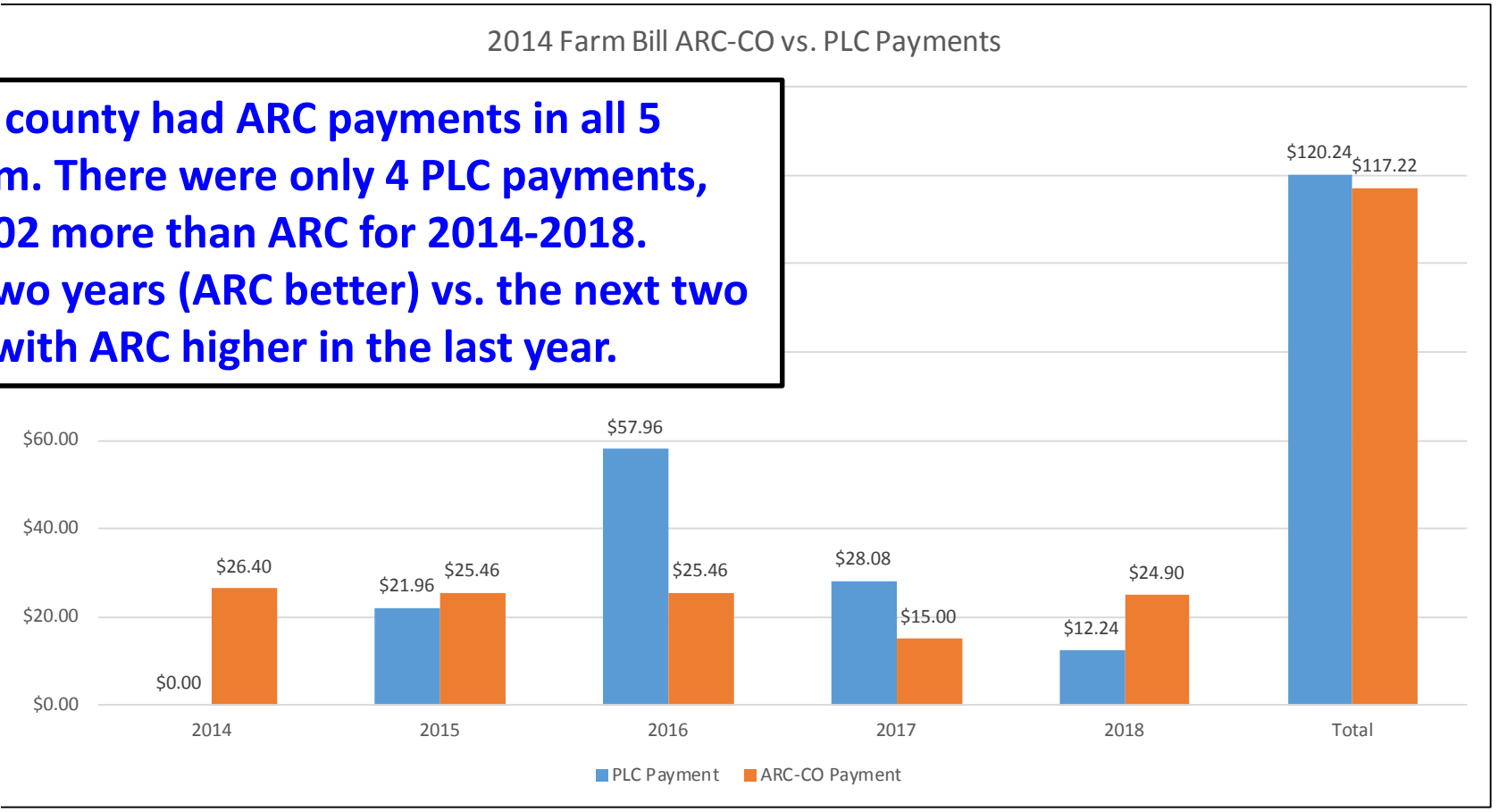
# ARC-CO vs PLC Payment Calculator 2014-2018

Production Year	PLC Payment	ARC-CO Payment	Reference Price	Olympic Average Price	Actual Marketing Year Price	Olympic Average Yield	Actual County Yield	Benchmark Revenue	Actual Revenue
2014	\$0.00	\$26.40	\$5.50	\$6.60	\$5.99	40	25	\$264.00	\$149.75
2015	\$21.96	\$25.46	\$5.50	\$6.70	\$4.89	38	38	\$254.60	\$185.82
2016	\$57.96	\$25.46	\$5.50	\$6.70	\$3.89	38	49	\$254.60	\$190.61
2017	\$28.08	\$15.00	\$5.50	\$6.12	\$4.72	45	47	\$275.40	\$221.84
2018	\$12.24	\$24.90	\$5.50	\$5.66	\$5.16	44	35	\$249.04	\$180.60
Total	\$120.24	\$117.22							

## Wheat - All

PLC Program Yield:  
36 bu/ac

Wheat in Sedgwick county had ARC payments in all 5 years of the program. There were only 4 PLC payments, but PLC totaled \$3.02 more than ARC for 2014-2018. Compare the first two years (ARC better) vs. the next two years (PLC better), with ARC higher in the last year.



# What we did last time around...

- Farmers with more experience picked PLC
  - More experience with low price scenarios than newer farmers who just came off a run of very good incomes
- Farmers with higher crop insurance coverage levels preferred ARC
  - Did not see advantage to SCO option under PLC
- High levels of uncertainty pushed people toward PLC
  - Simpler program and more attractive for people who “just weren’t sure” what program to pick
- Current information on payouts of ARC in 2014 in certain counties pushed people toward ARC
  - Bird-in-hand attitude versus looking at the entire 5-year period

# What do we expect this time around?

- Tendency to look backwards and try to fix our (perceived) mistakes
- But we have to keep looking forward and using the best information we have to determine which program is the best fit
- Risk management versus highest payout
  - Is your farm more susceptible to catastrophic price scenario or shallow loss?
- MFP payments will be supplementing the ARC/PLC payments and may end up being higher for some people
  - Do not depend on MFP in the long run...

# PLC - ARC Producer Election

- The election between ARC/PLC is one of the key changes in the 2018 Farm Bill
  - The initial election will be in 2019 for the first 2 years of the planned 5 year program, i.e., MY 2019/20 & MY 2020/21
  - Beginning with the 2021 crop year, producers will be allowed to *change* their ARC/PLC program elections annually

# Timeline

	Beginning	End
2019 Enrollment (Elect programs for 2019 & 2020)	September 3 <sup>rd</sup> , 2019	<b>March 15<sup>th</sup>, 2020</b>
2020 Enrollment	October 1 <sup>st</sup> , 2019	June 30 <sup>th</sup> , 2020
2020 Yield Update	October 1 <sup>st</sup> , 2019	September 30 <sup>th</sup> , 2020
2019 ARC/PLC Payments Received	October 2020	

*Future years (2021-2023) will have an Oct. 1<sup>st</sup>-March 15<sup>th</sup> enrollment period*

# Unassigned Base Acres

- Farmers-ranchers who planted their entire farm to grass and pasture all years from 2009-2017 will have their base “unassigned”.
- Question: What is NOT grass and pasture?
  - All program crops.
  - Alfalfa
  - Farmers who planted base acres to wheat or oats and harvested it as hay or pasture are considered planted to a program crop.
  - CRP is considered planted and not grass/pasture
  - Farmers who planted triticale, brome, or similar forages for hay or grazing are in a “gray” area. What is the definition of “grass”? It will need to be interpreted by the Secretary.
  - Base acres converted to grass hay or native grass pasture are NOT considered planted to a crop.

# Unassigned Base Acres

- Farmers (ranchers) who have their base “unassigned” will continue have their acres considered “planted” to program crops during the life of this farm bill so it will maintain the base for future legislation.
- These base acres will be “unassigned” from receiving commodity payments, but eligible for the Conservation Stewardship Program (CSP) grasslands program payment at a rate of \$18/acre.
- They will need to sign up for this NRCS program (not automatic) and address at least one resource concern

# What Changed in PLC?

1. “Effective Reference Price” instead of just the statutory reference prices

Commodity	2018 Farm Bill Statutory Price (\$/bu)	Highest “Effective” Reference Price Possible (115% of Statute)
Wheat	5.50	6.33
Corn	3.70	4.26
Sorghum	3.95	4.54
Soybeans	8.40	9.66

# What Changed in PLC?

## 2. Payment Yield Update will again be offered by 2020

- The 2020 update is intended to benefit farmers who sustained multiple years of losses during the 2008-2012 crop years used to calculate the 2014 updated program yield.
- Will use the farm's yields from 2013-2017, excluding any years that the crop was not planted
- Low yield years will be replaced by 75% of the county average yield from 2013-2017
- The average farm yield over these years (after low yield replacement) will be multiplied by 90% and then by a "detrending" factor

\*\*Don't get caught up in the formula. FSA will run this for you. If the update is higher than your current established yield, **UPDATE**, even if in PLC

# Changes made to ARC County

- Increase the transitional yield plug to 80% from 70% used for the Olympic average yield calculation for ARC.

County Yield	
2015	100
2016	120
2017	80
2018	30
2019	110
<i>Olympic Average</i>	<i>96.7</i>

## What this means:

Low years in county yield history will be replaced by a higher number

This will bring the average up in some cases, raising the ARC-CO guaranteed revenue

- A trend yield adjustment, similar to crop insurance's SCO trend adjustment, will be applied to ARC which will also increase the guarantee in many cases

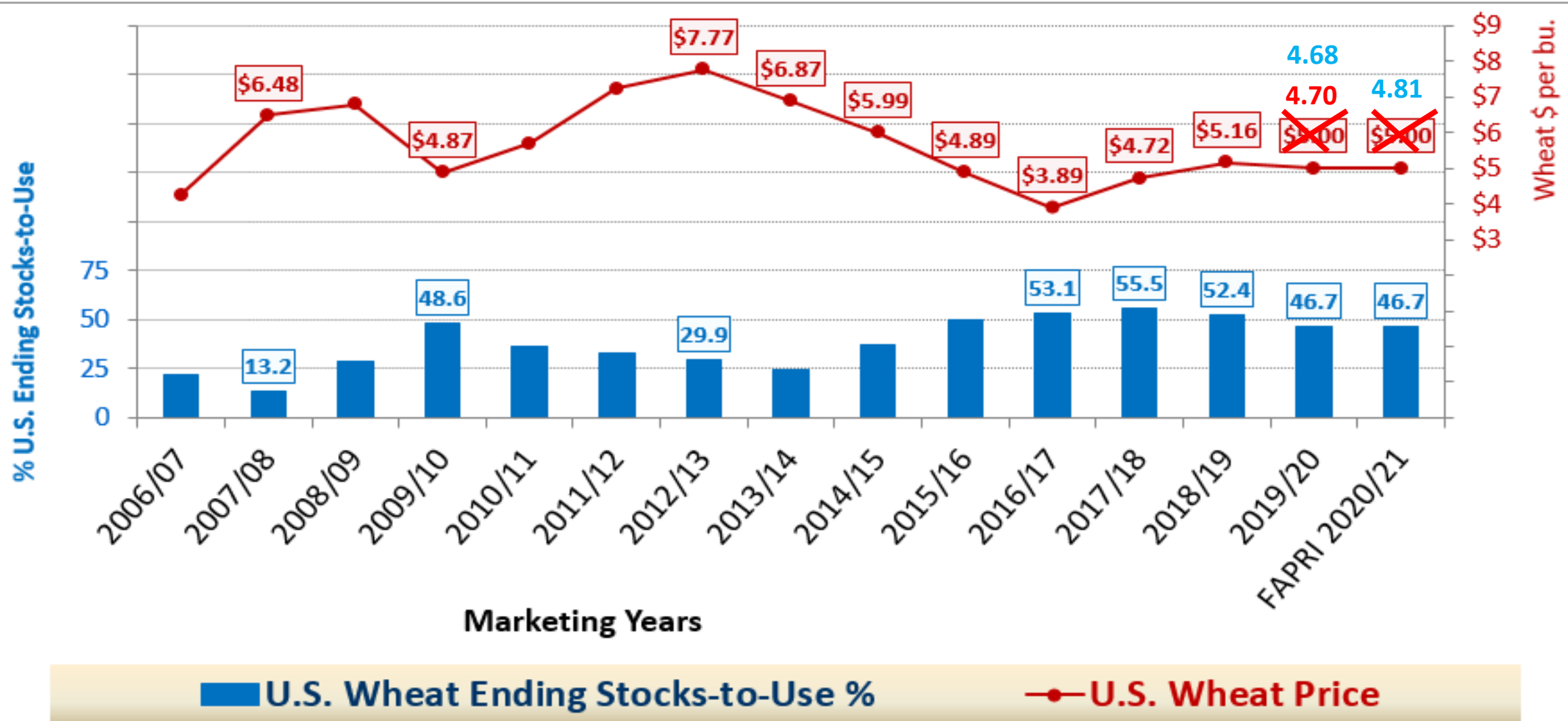
# Changes made to ARC County

- ARC payments will be based on county where base acres are located rather than administrative county.
- Prioritize RMA data in the calculation of county yields used for the ARC guarantee and actual yields.

# Changes made to ARC County

- There will be a separate irrigated and non-irrigated yield ARC guarantee for corn, soybeans, sorghum, and wheat for Sedgwick County
- The 5 year guarantee will have a “lag” year
  - 2019 Guarantee will include years 2013-2017
  - 2020 Guarantee will include years 2014-2018

# U.S. Wheat Ending Stocks & Prices



# What program should I choose?

- PLC payments will be made if the MYA price drops below \$5.50
- PLC payment will exceed ARC-CO payments at any yield level if price drops below **\$4.93**
- With an average yield (**45** bushels), ARC-CO will not start paying until price falls below **\$4.77**
- If the county yield is *lower* than average, ARC-CO will pay at much higher prices BUT if the county yield is *higher* than average, it will take a large price loss to trigger any payment
- ARC-CO maximum payment will be **\$25.27** per acre in 2019

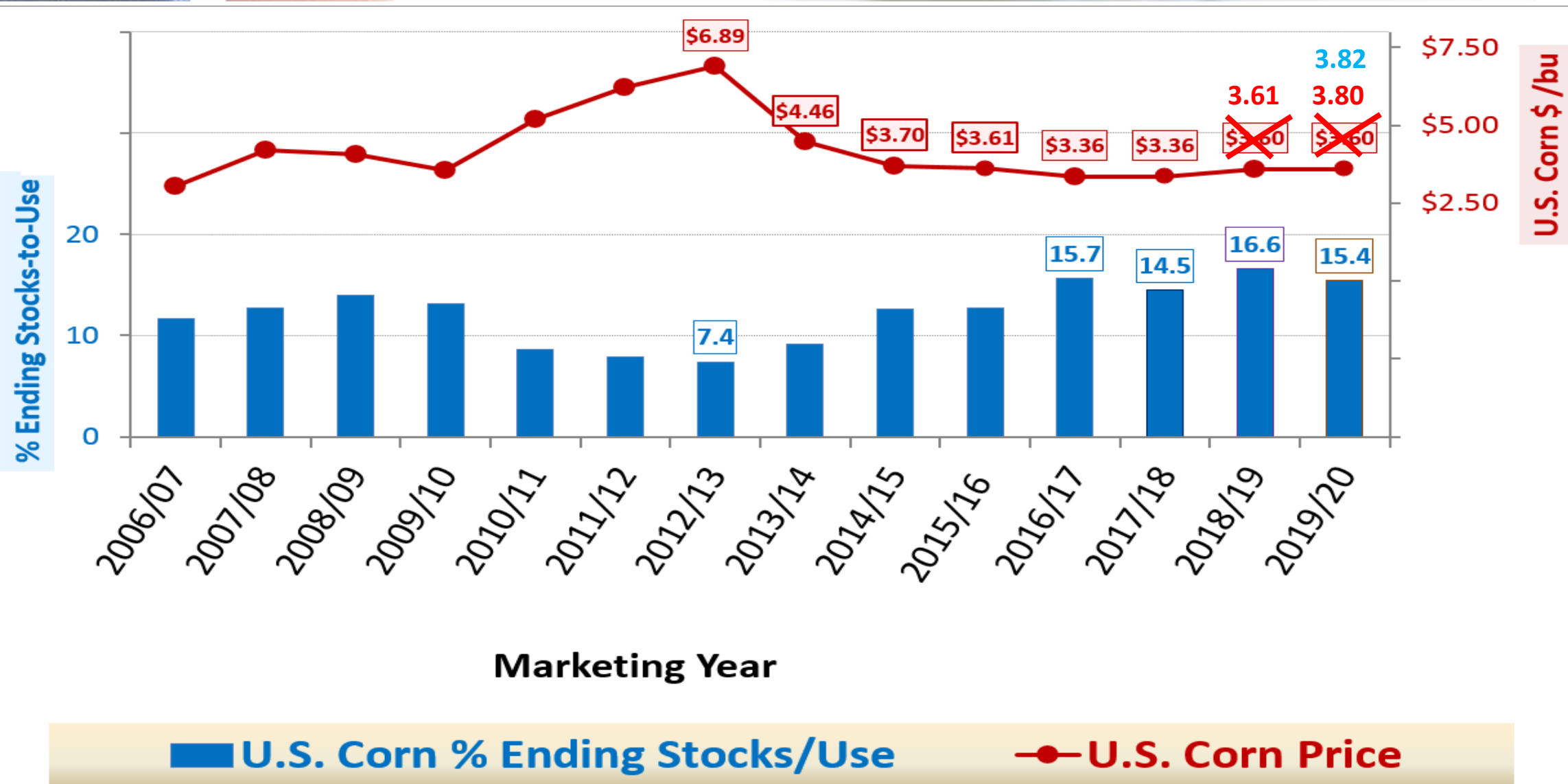
ARC Payments vs. PLC Payments Under Different Yields and Prices for 2019/20 Marketing Year									
<u>County:</u>	<b>Sedgwick</b>		<u>Crop:</u>	<b>Wheat</b>		<u>Type:</u>	<b>Nonirrigated</b>		
				<b>ARC</b>			<b>PLC</b>		
5 Yr. Olympic Avg. County Yield				<b>44.65</b>		Program Yield	<b>44.7</b>		
5 Yr. Olympic Avg. MYA Price				\$5.66		Reference Price	\$5.50		
Benchmark Revenue				\$252.72					
Guaranteed Revenue				\$217.34		PLC > ARC-CO max @	<b>\$4.93</b>		
		Yield							
		27	30	33	37	41	<b>45</b>	50	54
<b>MYA Price</b>	<b>PLC Payment</b>	<b>ARC Payment</b>							
\$6.19	\$0.00	\$25.27	\$25.27	\$13.07	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$6.07	\$0.00	\$25.27	\$25.27	\$17.03	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$5.95	\$0.00	\$25.27	\$25.27	\$20.99	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$5.83	\$0.00	\$25.27	\$25.27	\$24.95	\$1.63	\$0.00	\$0.00	\$0.00	\$0.00
\$5.72	\$0.00	\$25.27	\$25.27	\$25.27	\$5.70	\$0.00	\$0.00	\$0.00	\$0.00
\$5.61	\$0.00	\$25.27	\$25.27	\$25.27	\$9.77	\$0.00	\$0.00	\$0.00	\$0.00
\$5.50	\$0.00	\$25.27	\$25.27	\$25.27	\$13.84	\$0.00	\$0.00	\$0.00	\$0.00
\$5.39	\$4.91	\$25.27	\$25.27	\$25.27	\$17.91	\$0.00	\$0.00	\$0.00	\$0.00
\$5.28	\$9.82	\$25.27	\$25.27	\$25.27	\$21.98	\$0.86	\$0.00	\$0.00	\$0.00
\$5.17	\$14.73	\$25.27	\$25.27	\$25.27	\$25.27	\$5.37	\$0.00	\$0.00	\$0.00
\$5.07	\$19.20	\$25.27	\$25.27	\$25.27	\$25.27	\$9.47	\$0.00	\$0.00	\$0.00
\$4.97	\$23.66	\$25.27	\$25.27	\$25.27	\$25.27	\$13.57	\$0.00	\$0.00	\$0.00
\$4.87	\$28.13	\$25.27	\$25.27	\$25.27	\$25.27	\$17.67	\$0.00	\$0.00	\$0.00
\$4.77	\$32.59	\$25.27	\$25.27	\$25.27	\$25.27	\$21.77	\$2.69	\$0.00	\$0.00
\$4.67	\$37.06	\$25.27	\$25.27	\$25.27	\$25.27	\$25.27	\$7.19	\$0.00	\$0.00
\$4.58	\$41.08	\$25.27	\$25.27	\$25.27	\$25.27	\$25.27	\$11.24	\$0.00	\$0.00
\$4.49	\$45.10	\$25.27	\$25.27	\$25.27	\$25.27	\$25.27	\$15.29	\$0.00	\$0.00
\$4.40	\$49.12	\$25.27	\$25.27	\$25.27	\$25.27	\$25.27	\$19.34	\$0.00	\$0.00

# What program should I choose?

- PLC payments will be made if the MYA price drops below \$5.50
- PLC payment will exceed ARC-CO payments at any yield level if price drops below **\$4.93**
- With an average yield (**63** bushels), ARC-CO will not start paying until price falls below **\$4.77**
- If the county yield is *lower* than average, ARC-CO will pay at much higher prices BUT if the county yield is *higher* than average, it will take a large price loss to trigger any payment
- ARC-CO maximum payment will be **\$35.49** per acre in 2019

ARC Payments vs. PLC Payments Under Different Yields and Prices for 2019/20 Marketing Year									
County:	Sedgwick		Crop:	Wheat			Type:	Irrigated	
				ARC				PLC	
5 Yr. Olympic Avg. County Yield				62.71		Program Yield		62.7	
5 Yr. Olympic Avg. MYA Price				\$5.66		Reference Price		\$5.50	
Benchmark Revenue				\$354.94					
Guaranteed Revenue				\$305.25		PLC> ARC-CO max @		\$4.93	
		Yield							
		37	41	46	51	57	63	69	76
	PLC								
MYA Price	Payment	ARC Payment							
\$6.19	\$0.00	\$35.49	\$35.49	\$20.51	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$6.07	\$0.00	\$35.49	\$35.49	\$26.03	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$5.95	\$0.00	\$35.49	\$35.49	\$31.55	\$1.80	\$0.00	\$0.00	\$0.00	\$0.00
\$5.83	\$0.00	\$35.49	\$35.49	\$35.49	\$7.92	\$0.00	\$0.00	\$0.00	\$0.00
\$5.72	\$0.00	\$35.49	\$35.49	\$35.49	\$13.53	\$0.00	\$0.00	\$0.00	\$0.00
\$5.61	\$0.00	\$35.49	\$35.49	\$35.49	\$19.14	\$0.00	\$0.00	\$0.00	\$0.00
\$5.50	\$0.00	\$35.49	\$35.49	\$35.49	\$24.75	\$0.00	\$0.00	\$0.00	\$0.00
\$5.39	\$6.90	\$35.49	\$35.49	\$35.49	\$30.36	\$0.00	\$0.00	\$0.00	\$0.00
\$5.28	\$13.79	\$35.49	\$35.49	\$35.49	\$35.49	\$4.29	\$0.00	\$0.00	\$0.00
\$5.17	\$20.69	\$35.49	\$35.49	\$35.49	\$35.49	\$10.56	\$0.00	\$0.00	\$0.00
\$5.07	\$26.96	\$35.49	\$35.49	\$35.49	\$35.49	\$16.26	\$0.00	\$0.00	\$0.00
\$4.97	\$33.23	\$35.49	\$35.49	\$35.49	\$35.49	\$21.96	\$0.00	\$0.00	\$0.00
\$4.87	\$39.50	\$35.49	\$35.49	\$35.49	\$35.49	\$27.66	\$0.00	\$0.00	\$0.00
\$4.77	\$45.77	\$35.49	\$35.49	\$35.49	\$35.49	\$33.36	\$4.74	\$0.00	\$0.00
\$4.67	\$52.04	\$35.49	\$35.49	\$35.49	\$35.49	\$35.49	\$11.04	\$0.00	\$0.00
\$4.58	\$57.68	\$35.49	\$35.49	\$35.49	\$35.49	\$35.49	\$16.71	\$0.00	\$0.00
\$4.49	\$63.33	\$35.49	\$35.49	\$35.49	\$35.49	\$35.49	\$22.38	\$0.00	\$0.00
\$4.40	\$68.97	\$35.49	\$35.49	\$35.49	\$35.49	\$35.49	\$28.05	\$1.65	\$0.00

# U.S. Corn % Stocks/Use vs Price\$



# What program should I choose?

- PLC payments will be made if the MYA price drops below \$3.70
- PLC payment will exceed ARC-CO payments at any yield level if price drops below **\$3.33**
- With an average yield (**99** bushels), ARC-CO will not start paying until price falls below **\$3.15**
- If the county yield is *lower* than average, ARC-CO will pay at much higher prices BUT if the county yield is *higher* than average, it will take a large price loss to trigger any payment
- ARC-CO maximum payment will be **\$36.77** per acre in 2019

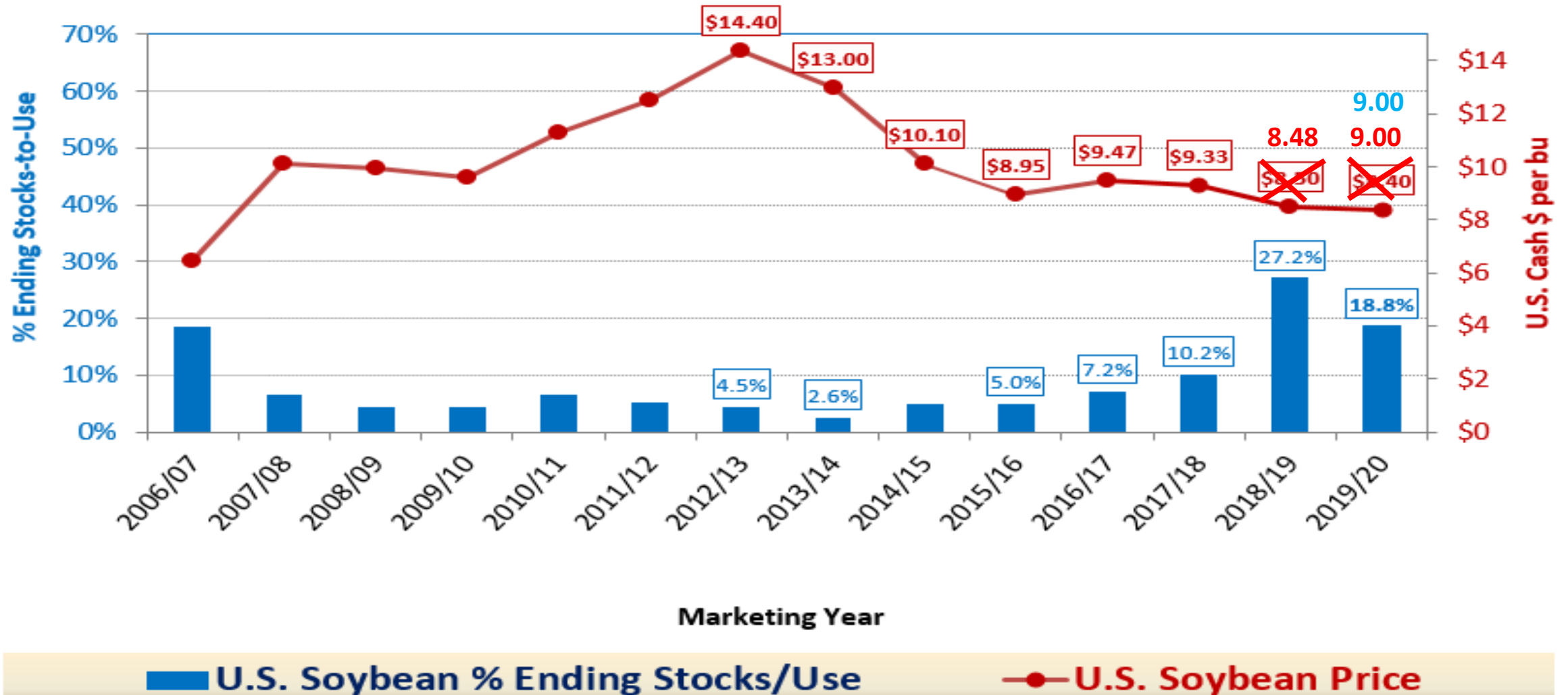
ARC Payments vs. PLC Payments Under Different Yields and Prices for 2019/20 Marketing Year									
County:	Sedgwick		Crop:	Corn			Type:	Nonirrigated	
				ARC				PLC	
5 Yr. Olympic Avg. County Yield				99.39		Program Yield		99.4	
5 Yr. Olympic Avg. MYA Price				\$3.70		Reference Price		\$3.70	
Benchmark Revenue			\$367.74						
Guaranteed Revenue				\$316.26		PLC> ARC-CO max @		\$3.33	
		Yield							
		59	65	72	80	89	99	109	119
	PLC								
MYA Price	Payment	ARC Payment							
\$4.17	\$0.00	\$36.77	\$36.77	\$16.02	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$4.09	\$0.00	\$36.77	\$36.77	\$21.78	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$4.01	\$0.00	\$36.77	\$36.77	\$27.54	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$3.93	\$0.00	\$36.77	\$36.77	\$33.30	\$1.86	\$0.00	\$0.00	\$0.00	\$0.00
\$3.85	\$0.00	\$36.77	\$36.77	\$36.77	\$8.26	\$0.00	\$0.00	\$0.00	\$0.00
\$3.77	\$0.00	\$36.77	\$36.77	\$36.77	\$14.66	\$0.00	\$0.00	\$0.00	\$0.00
\$3.70	\$0.00	\$36.77	\$36.77	\$36.77	\$20.26	\$0.00	\$0.00	\$0.00	\$0.00
\$3.63	\$6.96	\$36.77	\$36.77	\$36.77	\$25.86	\$0.00	\$0.00	\$0.00	\$0.00
\$3.56	\$13.92	\$36.77	\$36.77	\$36.77	\$31.46	\$0.00	\$0.00	\$0.00	\$0.00
\$3.49	\$20.87	\$36.77	\$36.77	\$36.77	\$36.77	\$5.65	\$0.00	\$0.00	\$0.00
\$3.42	\$27.83	\$36.77	\$36.77	\$36.77	\$36.77	\$11.88	\$0.00	\$0.00	\$0.00
\$3.35	\$34.79	\$36.77	\$36.77	\$36.77	\$36.77	\$18.11	\$0.00	\$0.00	\$0.00
\$3.28	\$41.75	\$36.77	\$36.77	\$36.77	\$36.77	\$24.34	\$0.00	\$0.00	\$0.00
\$3.21	\$48.71	\$36.77	\$36.77	\$36.77	\$36.77	\$30.57	\$0.00	\$0.00	\$0.00
\$3.15	\$54.67	\$36.77	\$36.77	\$36.77	\$36.77	\$35.91	\$4.41	\$0.00	\$0.00
\$3.09	\$60.63	\$36.77	\$36.77	\$36.77	\$36.77	\$36.77	\$10.35	\$0.00	\$0.00
\$3.03	\$66.60	\$36.77	\$36.77	\$36.77	\$36.77	\$36.77	\$16.29	\$0.00	\$0.00
\$2.97	\$72.56	\$36.77	\$36.77	\$36.77	\$36.77	\$36.77	\$22.23	\$0.00	\$0.00

# What program should I choose?

- PLC payments will be made if the MYA price drops below \$3.70
- PLC payment will exceed ARC-CO payments at any yield level if price drops below **\$3.33**
- With an average yield (**182** bushels), ARC-CO will not start paying until price falls below **\$3.15**
- If the county yield is *lower* than average, ARC-CO will pay at much higher prices BUT if the county yield is *higher* than average, it will take a large price loss to trigger any payment
- ARC-CO maximum payment will be **\$67.47** per acre in 2019

ARC Payments vs. PLC Payments Under Different Yields and Prices for 2019/20 Marketing Year									
County:	Sedgwick		Crop:	Corn			Type:	Irrigated	
				ARC				PLC	
5 Yr. Olympic Avg. County Yield				182.36		Program Yield		182.4	
5 Yr. Olympic Avg. MYA Price				\$3.70		Reference Price		\$3.70	
Benchmark Revenue				\$674.73					
Guaranteed Revenue				\$580.27		PLC> ARC-CO max @		\$3.33	
		Yield							
		108	120	133	148	164	182	200	218
	PLC								
MYA Price	Payment	ARC Payment							
\$4.17	\$0.00	\$67.47	\$67.47	\$25.66	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$4.09	\$0.00	\$67.47	\$67.47	\$36.30	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$4.01	\$0.00	\$67.47	\$67.47	\$46.94	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$3.93	\$0.00	\$67.47	\$67.47	\$57.58	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$3.85	\$0.00	\$67.47	\$67.47	\$67.47	\$10.47	\$0.00	\$0.00	\$0.00	\$0.00
\$3.77	\$0.00	\$67.47	\$67.47	\$67.47	\$22.31	\$0.00	\$0.00	\$0.00	\$0.00
\$3.70	\$0.00	\$67.47	\$67.47	\$67.47	\$32.67	\$0.00	\$0.00	\$0.00	\$0.00
\$3.63	\$12.77	\$67.47	\$67.47	\$67.47	\$43.03	\$0.00	\$0.00	\$0.00	\$0.00
\$3.56	\$25.54	\$67.47	\$67.47	\$67.47	\$53.39	\$0.00	\$0.00	\$0.00	\$0.00
\$3.49	\$38.30	\$67.47	\$67.47	\$67.47	\$63.75	\$7.91	\$0.00	\$0.00	\$0.00
\$3.42	\$51.07	\$67.47	\$67.47	\$67.47	\$67.47	\$19.39	\$0.00	\$0.00	\$0.00
\$3.35	\$63.84	\$67.47	\$67.47	\$67.47	\$67.47	\$30.87	\$0.00	\$0.00	\$0.00
\$3.28	\$76.61	\$67.47	\$67.47	\$67.47	\$67.47	\$42.35	\$0.00	\$0.00	\$0.00
\$3.21	\$89.38	\$67.47	\$67.47	\$67.47	\$67.47	\$53.83	\$0.00	\$0.00	\$0.00
\$3.15	\$100.32	\$67.47	\$67.47	\$67.47	\$67.47	\$63.67	\$6.97	\$0.00	\$0.00
\$3.09	\$111.26	\$67.47	\$67.47	\$67.47	\$67.47	\$67.47	\$17.89	\$0.00	\$0.00
\$3.03	\$122.21	\$67.47	\$67.47	\$67.47	\$67.47	\$67.47	\$28.81	\$0.00	\$0.00
\$2.97	\$133.15	\$67.47	\$67.47	\$67.47	\$67.47	\$67.47	\$39.73	\$0.00	\$0.00

# U.S. Soybean % Stocks/Use vs Price\$



# What program should I choose?

- PLC payments will be made if the MYA price drops below \$8.40
- PLC payment will exceed ARC-CO payments at any yield level if price drops below **\$7.44**
- With an average yield (**33** bushels), ARC-CO will not start paying until price falls below **\$8.07**
- If the county yield is *lower* than average, ARC-CO will pay at much higher prices BUT if the county yield is *higher* than average, it will take a large price loss to trigger any payment
- ARC-CO maximum payment will be **\$31.39** per acre in 2019

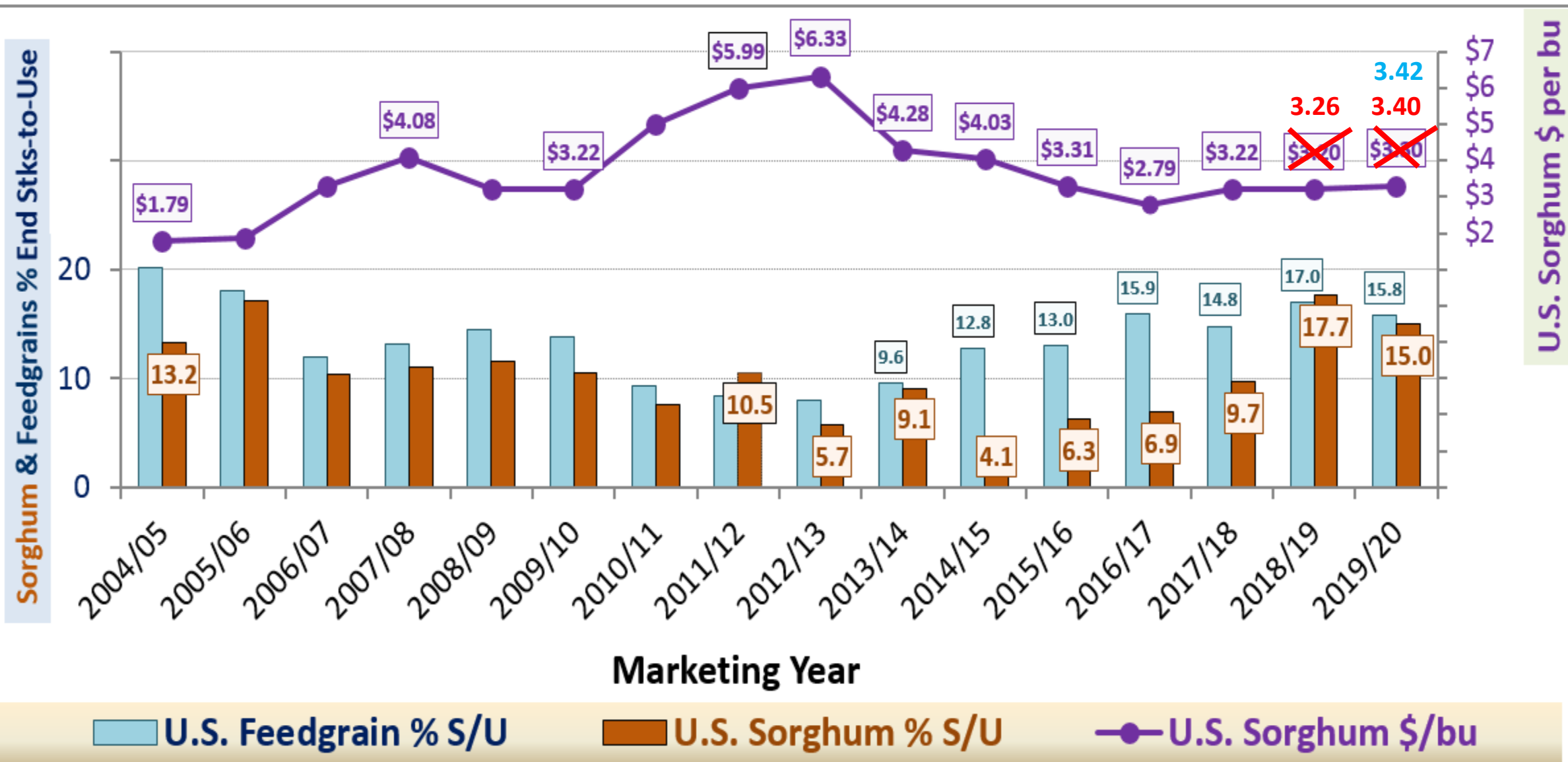
ARC Payments vs. PLC Payments Under Different Yields and Prices for 2019/20 Marketing Year									
County:	Sedgwick		Crop:	Soybeans			Type:	Nonirrigated	
				ARC				PLC	
5 Yr. Olympic Avg. County Yield				32.60		Program Yield		32.6	
5 Yr. Olympic Avg. MYA Price				\$9.63		Reference Price		\$8.40	
Benchmark Revenue				\$313.94					
Guaranteed Revenue				\$269.99		PLC> ARC-CO max @		\$7.44	
		Yield							
		20	22	24	27	30	33	36	40
	PLC								
MYA Price	Payment	ARC Payment							
\$9.46	\$0.00	\$31.39	\$31.39	\$31.39	\$14.57	\$0.00	\$0.00	\$0.00	\$0.00
\$9.27	\$0.00	\$31.39	\$31.39	\$31.39	\$19.70	\$0.00	\$0.00	\$0.00	\$0.00
\$9.09	\$0.00	\$31.39	\$31.39	\$31.39	\$24.56	\$0.00	\$0.00	\$0.00	\$0.00
\$8.91	\$0.00	\$31.39	\$31.39	\$31.39	\$29.42	\$2.69	\$0.00	\$0.00	\$0.00
\$8.74	\$0.00	\$31.39	\$31.39	\$31.39	\$31.39	\$7.79	\$0.00	\$0.00	\$0.00
\$8.57	\$0.00	\$31.39	\$31.39	\$31.39	\$31.39	\$12.89	\$0.00	\$0.00	\$0.00
\$8.40	\$0.00	\$31.39	\$31.39	\$31.39	\$31.39	\$17.99	\$0.00	\$0.00	\$0.00
\$8.23	\$5.54	\$31.39	\$31.39	\$31.39	\$31.39	\$23.09	\$0.00	\$0.00	\$0.00
\$8.07	\$10.76	\$31.39	\$31.39	\$31.39	\$31.39	\$27.89	\$3.68	\$0.00	\$0.00
\$7.91	\$15.97	\$31.39	\$31.39	\$31.39	\$31.39	\$31.39	\$8.96	\$0.00	\$0.00
\$7.75	\$21.19	\$31.39	\$31.39	\$31.39	\$31.39	\$31.39	\$14.24	\$0.00	\$0.00
\$7.60	\$26.08	\$31.39	\$31.39	\$31.39	\$31.39	\$31.39	\$19.19	\$0.00	\$0.00
\$7.45	\$30.97	\$31.39	\$31.39	\$31.39	\$31.39	\$31.39	\$24.14	\$1.79	\$0.00
\$7.30	\$35.86	\$31.39	\$31.39	\$31.39	\$31.39	\$31.39	\$29.09	\$7.19	\$0.00
\$7.15	\$40.75	\$31.39	\$31.39	\$31.39	\$31.39	\$31.39	\$31.39	\$12.59	\$0.00
\$7.01	\$45.31	\$31.39	\$31.39	\$31.39	\$31.39	\$31.39	\$31.39	\$17.63	\$0.00
\$6.87	\$49.88	\$31.39	\$31.39	\$31.39	\$31.39	\$31.39	\$31.39	\$22.67	\$0.00
\$6.73	\$54.44	\$31.39	\$31.39	\$31.39	\$31.39	\$31.39	\$31.39	\$27.71	\$0.79

# What program should I choose?

- PLC payments will be made if the MYA price drops below \$8.40
- PLC payment will exceed ARC-CO payments at any yield level if price drops below **\$7.44**
- With an average yield (**52** bushels), ARC-CO will not start paying until price falls below **\$8.23**
- If the county yield is *lower* than average, ARC-CO will pay at much higher prices BUT if the county yield is *higher* than average, it will take a large price loss to trigger any payment
- ARC-CO maximum payment will be **\$50.25** per acre in 2019

ARC Payments vs. PLC Payments Under Different Yields and Prices for 2019/20 Marketing Year									
County:	Sedgwick		Crop:	Soybeans		Type:	Irrigated		
				ARC				PLC	
5 Yr. Olympic Avg. County Yield				52.18		Program Yield		52.2	
5 Yr. Olympic Avg. MYA Price				\$9.63		Reference Price		\$8.40	
Benchmark Revenue				\$502.49					
Guaranteed Revenue				\$432.14		PLC> ARC-CO max @		\$7.44	
		Yield							
		31	34	38	42	47	52	57	62
	PLC								
MYA Price	Payment	ARC Payment							
\$9.46	\$0.00	\$50.25	\$50.25	\$50.25	\$34.82	\$0.00	\$0.00	\$0.00	\$0.00
\$9.27	\$0.00	\$50.25	\$50.25	\$50.25	\$42.80	\$0.00	\$0.00	\$0.00	\$0.00
\$9.09	\$0.00	\$50.25	\$50.25	\$50.25	\$50.25	\$4.91	\$0.00	\$0.00	\$0.00
\$8.91	\$0.00	\$50.25	\$50.25	\$50.25	\$50.25	\$13.37	\$0.00	\$0.00	\$0.00
\$8.74	\$0.00	\$50.25	\$50.25	\$50.25	\$50.25	\$21.36	\$0.00	\$0.00	\$0.00
\$8.57	\$0.00	\$50.25	\$50.25	\$50.25	\$50.25	\$29.35	\$0.00	\$0.00	\$0.00
\$8.40	\$0.00	\$50.25	\$50.25	\$50.25	\$50.25	\$37.34	\$0.00	\$0.00	\$0.00
\$8.23	\$8.87	\$50.25	\$50.25	\$50.25	\$50.25	\$45.33	\$4.18	\$0.00	\$0.00
\$8.07	\$17.23	\$50.25	\$50.25	\$50.25	\$50.25	\$50.25	\$12.50	\$0.00	\$0.00
\$7.91	\$25.58	\$50.25	\$50.25	\$50.25	\$50.25	\$50.25	\$20.82	\$0.00	\$0.00
\$7.75	\$33.93	\$50.25	\$50.25	\$50.25	\$50.25	\$50.25	\$29.14	\$0.00	\$0.00
\$7.60	\$41.76	\$50.25	\$50.25	\$50.25	\$50.25	\$50.25	\$36.94	\$0.00	\$0.00
\$7.45	\$49.59	\$50.25	\$50.25	\$50.25	\$50.25	\$50.25	\$44.74	\$7.49	\$0.00
\$7.30	\$57.42	\$50.25	\$50.25	\$50.25	\$50.25	\$50.25	\$50.25	\$16.04	\$0.00
\$7.15	\$65.25	\$50.25	\$50.25	\$50.25	\$50.25	\$50.25	\$50.25	\$24.59	\$0.00
\$7.01	\$72.56	\$50.25	\$50.25	\$50.25	\$50.25	\$50.25	\$50.25	\$32.57	\$0.00
\$6.87	\$79.87	\$50.25	\$50.25	\$50.25	\$50.25	\$50.25	\$50.25	\$40.55	\$6.20
\$6.73	\$87.17	\$50.25	\$50.25	\$50.25	\$50.25	\$50.25	\$50.25	\$48.53	\$14.88

# U.S. Sorghum % Stocks/Use vs Price\$



# What program should I choose?

- PLC payments will be made if the MYA price drops below \$3.95
- PLC payment will exceed ARC-CO payments at any yield level if price drops below **\$3.55**
- With an average yield (**66** bushels), ARC-CO will not start paying until price falls below **\$3.36**
- If the county yield is *lower* than average, ARC-CO will pay at much higher prices BUT if the county yield is *higher* than average, it will take a large price loss to trigger any payment
- ARC-CO maximum payment will be **\$26.07** per acre in 2019



ARC Payments vs. PLC Payments Under Different Yields and Prices for 2019/20 Marketing Year									
County:	Sedgwick		Crop:	Grain Sorghum			Type:	Nonirrigated	
				ARC				PLC	
5 Yr. Olympic Avg. County Yield				65.51			Program Yield		65.5
5 Yr. Olympic Avg. MYA Price				\$3.98			Reference Price		\$3.95
Benchmark Revenue				\$260.73					
Guaranteed Revenue				\$224.23			PLC> ARC-CO max @		\$3.55
		Yield							
		39	43	48	53	59	66	73	79
	PLC								
MYA Price	Payment	ARC Payment							
\$4.45	\$0.00	\$26.07	\$26.07	\$10.63	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$4.36	\$0.00	\$26.07	\$26.07	\$14.95	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$4.27	\$0.00	\$26.07	\$26.07	\$19.27	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$4.19	\$0.00	\$26.07	\$26.07	\$23.11	\$2.16	\$0.00	\$0.00	\$0.00	\$0.00
\$4.11	\$0.00	\$26.07	\$26.07	\$26.07	\$6.40	\$0.00	\$0.00	\$0.00	\$0.00
\$4.03	\$0.00	\$26.07	\$26.07	\$26.07	\$10.64	\$0.00	\$0.00	\$0.00	\$0.00
\$3.95	\$0.00	\$26.07	\$26.07	\$26.07	\$14.88	\$0.00	\$0.00	\$0.00	\$0.00
\$3.87	\$5.24	\$26.07	\$26.07	\$26.07	\$19.12	\$0.00	\$0.00	\$0.00	\$0.00
\$3.79	\$10.48	\$26.07	\$26.07	\$26.07	\$23.36	\$0.62	\$0.00	\$0.00	\$0.00
\$3.71	\$15.72	\$26.07	\$26.07	\$26.07	\$26.07	\$5.34	\$0.00	\$0.00	\$0.00
\$3.64	\$20.31	\$26.07	\$26.07	\$26.07	\$26.07	\$9.47	\$0.00	\$0.00	\$0.00
\$3.57	\$24.89	\$26.07	\$26.07	\$26.07	\$26.07	\$13.60	\$0.00	\$0.00	\$0.00
\$3.50	\$29.48	\$26.07	\$26.07	\$26.07	\$26.07	\$17.73	\$0.00	\$0.00	\$0.00
\$3.43	\$34.06	\$26.07	\$26.07	\$26.07	\$26.07	\$21.86	\$0.00	\$0.00	\$0.00
\$3.36	\$38.65	\$26.07	\$26.07	\$26.07	\$26.07	\$25.99	\$2.47	\$0.00	\$0.00
\$3.29	\$43.23	\$26.07	\$26.07	\$26.07	\$26.07	\$26.07	\$7.09	\$0.00	\$0.00
\$3.22	\$47.82	\$26.07	\$26.07	\$26.07	\$26.07	\$26.07	\$11.71	\$0.00	\$0.00
\$3.16	\$51.75	\$26.07	\$26.07	\$26.07	\$26.07	\$26.07	\$15.67	\$0.00	\$0.00

# What program should I choose?


- PLC payments will be made if the MYA price drops below \$3.95
- PLC payment will exceed ARC-CO payments at any yield level if price drops below **\$3.55**
- With an average yield (**88** bushels), ARC-CO will not start paying until price falls below **\$3.36**
- If the county yield is *lower* than average, ARC-CO will pay at much higher prices BUT if the county yield is *higher* than average, it will take a large price loss to trigger any payment
- ARC-CO maximum payment will be **\$34.95** per acre in 2019


ARC Payments vs. PLC Payments Under Different Yields and Prices for 2019/20 Marketing Year									
County:	Sedgwick		Crop:	Grain Sorghum			Type:	Irrigated	
				ARC				PLC	
5 Yr. Olympic Avg. County Yield				87.82		Program Yield		87.8	
5 Yr. Olympic Avg. MYA Price				\$3.98		Reference Price		\$3.95	
Benchmark Revenue				\$349.52					
Guaranteed Revenue				\$300.59		PLC> ARC-CO max @		\$3.55	
		Yield							
		52	58	64	71	79	88	97	106
	PLC								
MYA Price	Payment	ARC Payment							
\$4.45	\$0.00	\$34.95	\$34.95	\$15.79	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$4.36	\$0.00	\$34.95	\$34.95	\$21.55	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$4.27	\$0.00	\$34.95	\$34.95	\$27.31	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$4.19	\$0.00	\$34.95	\$34.95	\$32.43	\$3.10	\$0.00	\$0.00	\$0.00	\$0.00
\$4.11	\$0.00	\$34.95	\$34.95	\$34.95	\$8.78	\$0.00	\$0.00	\$0.00	\$0.00
\$4.03	\$0.00	\$34.95	\$34.95	\$34.95	\$14.46	\$0.00	\$0.00	\$0.00	\$0.00
\$3.95	\$0.00	\$34.95	\$34.95	\$34.95	\$20.14	\$0.00	\$0.00	\$0.00	\$0.00
\$3.87	\$7.02	\$34.95	\$34.95	\$34.95	\$25.82	\$0.00	\$0.00	\$0.00	\$0.00
\$3.79	\$14.05	\$34.95	\$34.95	\$34.95	\$31.50	\$1.18	\$0.00	\$0.00	\$0.00
\$3.71	\$21.07	\$34.95	\$34.95	\$34.95	\$34.95	\$7.50	\$0.00	\$0.00	\$0.00
\$3.64	\$27.22	\$34.95	\$34.95	\$34.95	\$34.95	\$13.03	\$0.00	\$0.00	\$0.00
\$3.57	\$33.36	\$34.95	\$34.95	\$34.95	\$34.95	\$18.56	\$0.00	\$0.00	\$0.00
\$3.50	\$39.51	\$34.95	\$34.95	\$34.95	\$34.95	\$24.09	\$0.00	\$0.00	\$0.00
\$3.43	\$45.66	\$34.95	\$34.95	\$34.95	\$34.95	\$29.62	\$0.00	\$0.00	\$0.00
\$3.36	\$51.80	\$34.95	\$34.95	\$34.95	\$34.95	\$34.95	\$4.91	\$0.00	\$0.00
\$3.29	\$57.95	\$34.95	\$34.95	\$34.95	\$34.95	\$34.95	\$11.07	\$0.00	\$0.00
\$3.22	\$64.09	\$34.95	\$34.95	\$34.95	\$34.95	\$34.95	\$17.23	\$0.00	\$0.00
\$3.16	\$69.36	\$34.95	\$34.95	\$34.95	\$34.95	\$34.95	\$22.51	\$0.00	\$0.00

# OSU-KSU Farm Bill Decision Tool

**2018 Government Program and Crop Insurance Decision Tool**

Amy Hagerman and Eric A. DeVuyst  
Dept of Agricultural Economics  
Oklahoma State University

  
SOUTHERN  
PLAINS  
EXPERIMENT  
STATION



Prior to completing this program, collect your Crop History Summary (mailed to you by FSA) or USDA Report FSA-156EZ from your FSA Office.

Select State/Territory	Kansas	
Select County/Parish	Jackson	
	Select Crops	
Enter Farm Number	Lease % Share	100.00%
Enter Scenario Description		

- Can evaluate the 2-year ARC/PLC decision for each commodity on each individual farm
- Can do scenario analysis for different price/yield levels
- Also has ARC-IC and SCO program capabilities
- Available soon at [AgManager.info](http://AgManager.info)
- Some counties will offer assistance in running this decision tool

# Supplemental Coverage Option

- SCO only available under PLC; cannot purchase if you are in ARC
- An endorsement to your own farm policy ("underlying policy")
- Brings coverage up to 86% of expected yield/revenue
- \$\$ coverage based on farm APH but loss trigger/measure based on county outcome
- Must sign up prior to planting, like regular MPCl policy
- SCO part of larger crop insurance decision
  - Buy SCO -- or -- Buy higher individual coverage -- or -- Don't buy any more insurance
  - Few of the 2014-2018 acres in PLC also bought SCO

# Conclusions and Implications

- For the 2018 Farm Bill, it's a 2-year decision, NOT a 5-year decision, as it was in 2014.
  - What do you expect prices to be over the next two years?
    - Prices lower than PLC reference prices will favor the PLC program
  - What do you expect yields to be over the next two years?
    - The ARC-CO program may be preferred if prices are above reference prices because lower yields can trigger payments
  - Is SCO a consideration? (Nudges toward PLC)
- Implication: be careful of making the decision based solely on the result of the last five years or feeling like you didn't get it right in 2014.

# THANK YOU!

The screenshot shows the AgManager.info website, a resource for agricultural professionals. The header features the Kansas State University logo and navigation links. The 'Ag Policy' menu item is highlighted with a red circle. The main content area includes a section for 'Crop Basis Maps' and a sidebar with various updates and events.

www.agmanager.info

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**Crop Basis Maps**  
Basis Levels for Soybeans, Corn, Wheat, and Grain Sorghum  
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**Welcome to AgManager.info**  
Welcome to the newly redesigned AgManager.info! We hope you enjoy the new look and functionality. If you have any feedback or questions, please contact Rich Llewellyn at [rvl@ksu.edu](mailto:rvl@ksu.edu). Thanks!

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**Upcoming Events**  
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