

2018 Farm Bill

Making the ARC/PLC Decision

Mykel Taylor | Robin Reid | Daniel O'Brien | Monte Vandever | Rich Llewelyn

Kansas State University Agricultural Economics

Check out our WEB page at <http://www.AgManager.info>

Copyright 2019, All Rights Reserved

Jeanne Falk Jones

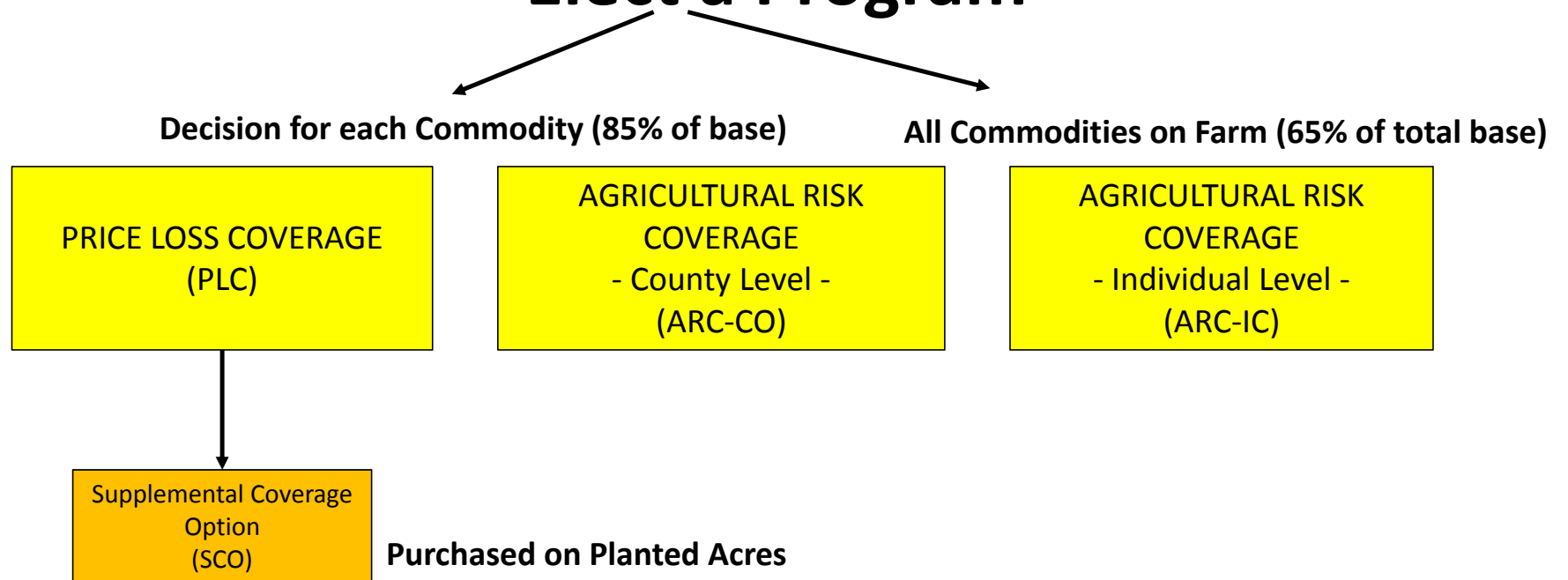
K-State Multi-County Agronomist

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 for the latest information

Decisions to be made...

TENANT OR BOTH
IF SHARED RISK

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.

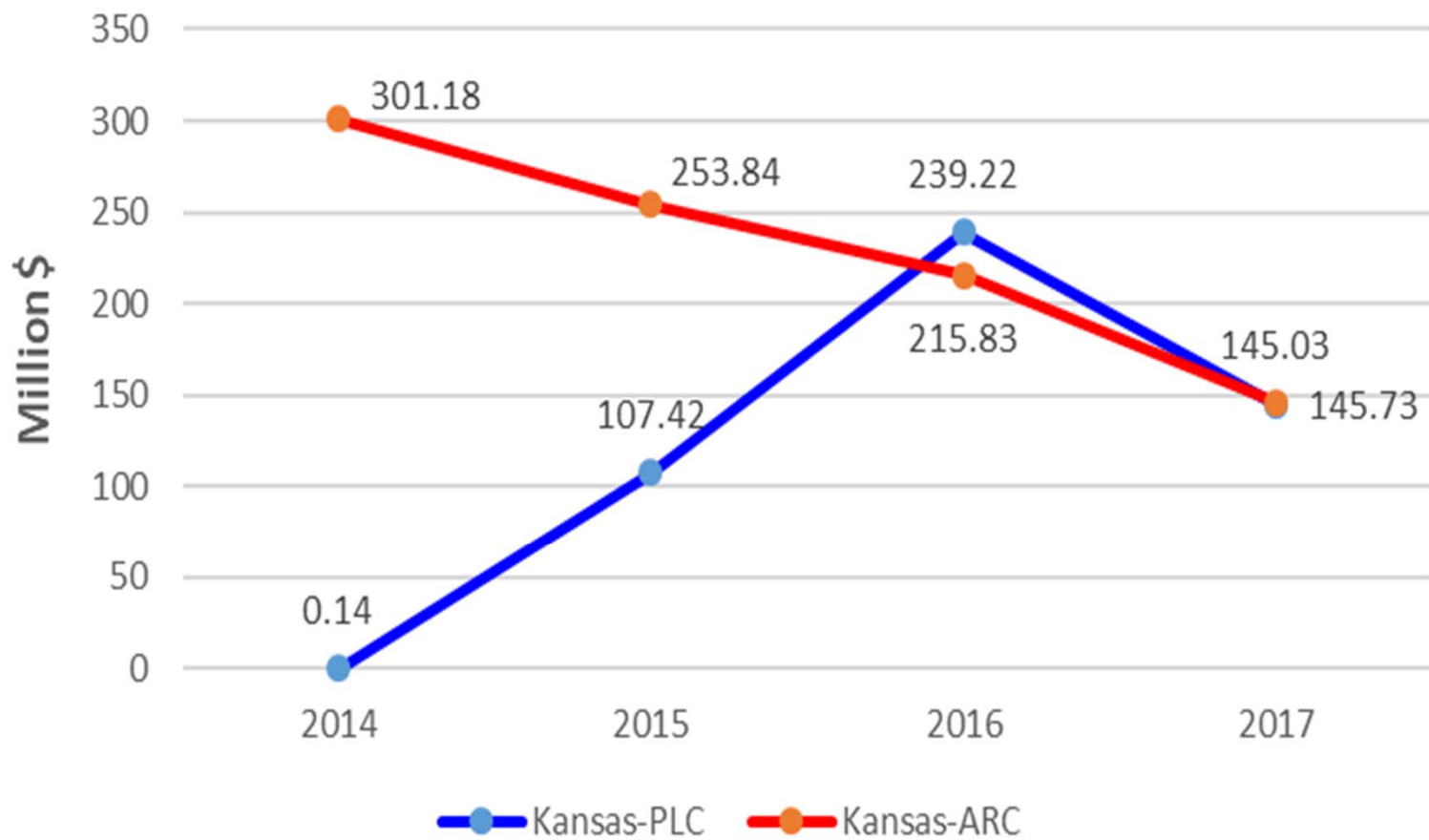
Supplemental Coverage Option

- 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 MPCCI 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

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%

Kansas ARC and PLC Total Payments: 2014-2017

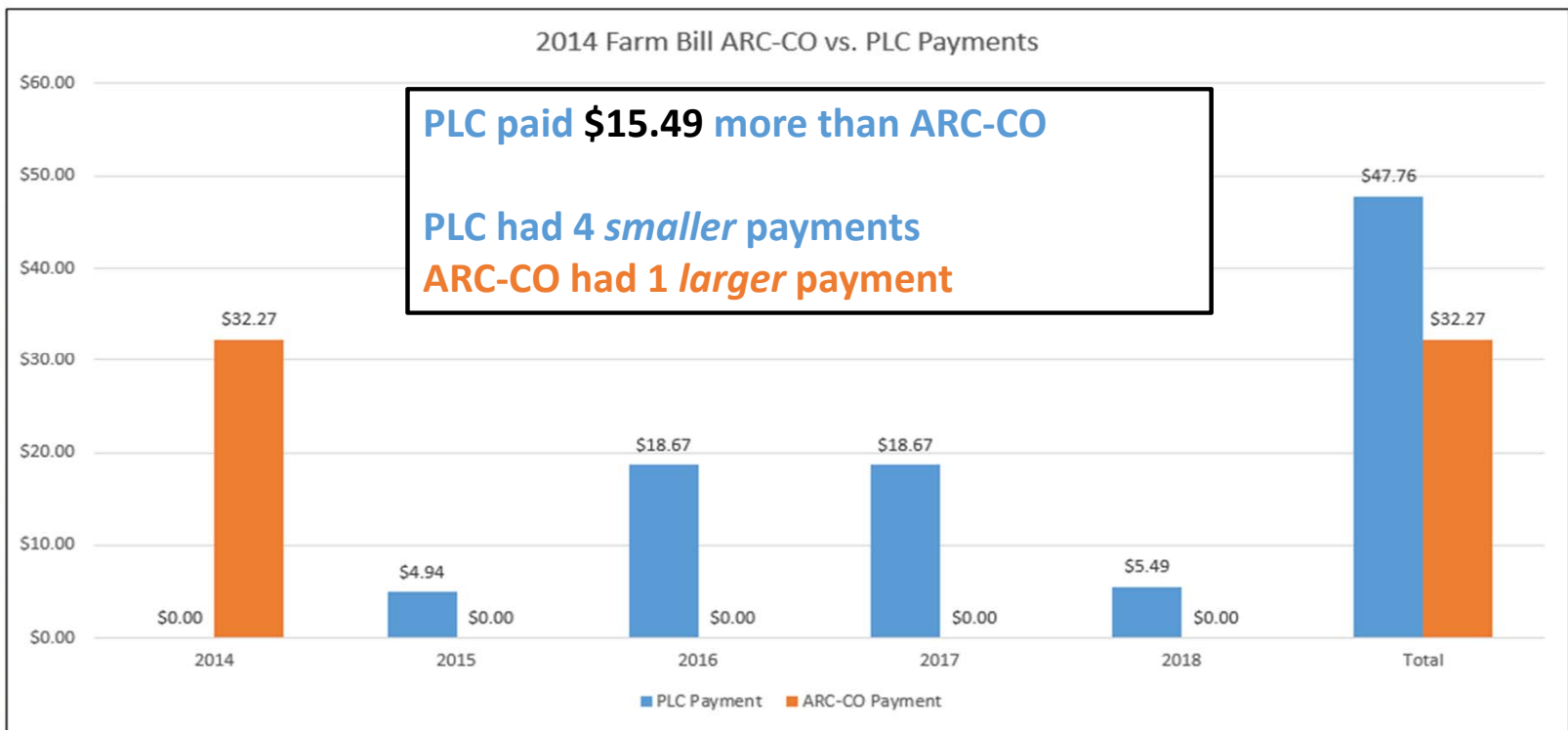


ARC-CO vs. PLC Payment Calculator 2014-2018

Corn-Nonirrigated Sherman County

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	\$32.27	\$3.70	\$5.29	\$3.70	61	64	\$322.69	\$236.80
2015	\$4.94	\$0.00	\$3.70	\$5.29	\$3.61	53	86	\$280.37	\$310.46
2016	\$18.67	\$0.00	\$3.70	\$4.79	\$3.36	53	85	\$253.87	\$285.60
2017	\$18.67	\$0.00	\$3.70	\$3.95	\$3.36	58	94	\$229.10	\$315.84
2018	\$5.49	\$0.00	\$3.70	\$3.70	\$3.60	78	73	\$288.60	\$263.88
Total	\$47.76	\$32.27							

**2018 MYA price, County Yield, and Actual Revenue are ESTIMATES based on the available data*

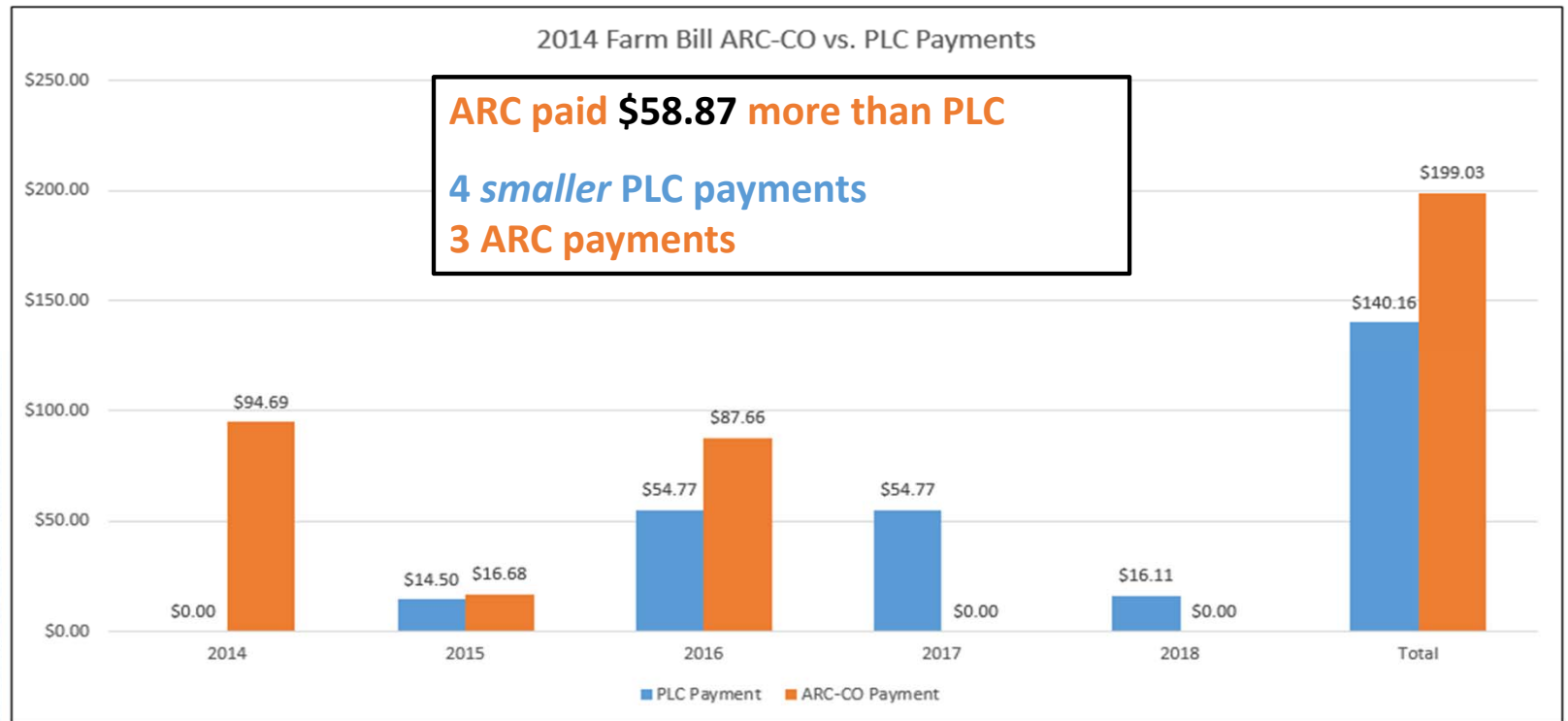


ARC-CO vs. PLC Payment Calculator 2014-2018

Corn-Irrigated Sherman County

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	\$94.69	\$3.70	\$5.29	\$3.70	179	183	\$946.91	\$677.10
2015	\$14.50	\$16.68	\$3.70	\$5.29	\$3.61	183	226	\$968.07	\$815.86
2016	\$54.77	\$87.66	\$3.70	\$4.79	\$3.36	183	178	\$876.57	\$598.08
2017	\$54.77	\$0.00	\$3.70	\$3.95	\$3.36	180	196	\$711.00	\$658.56
2018	\$16.11	\$0.00	\$3.70	\$3.70	\$3.60	186	206	\$688.20	\$740.52
Total	\$140.16	\$199.03							

**2018 MYA price, County Yield, and Actual Revenue are ESTIMATES based on the available data*

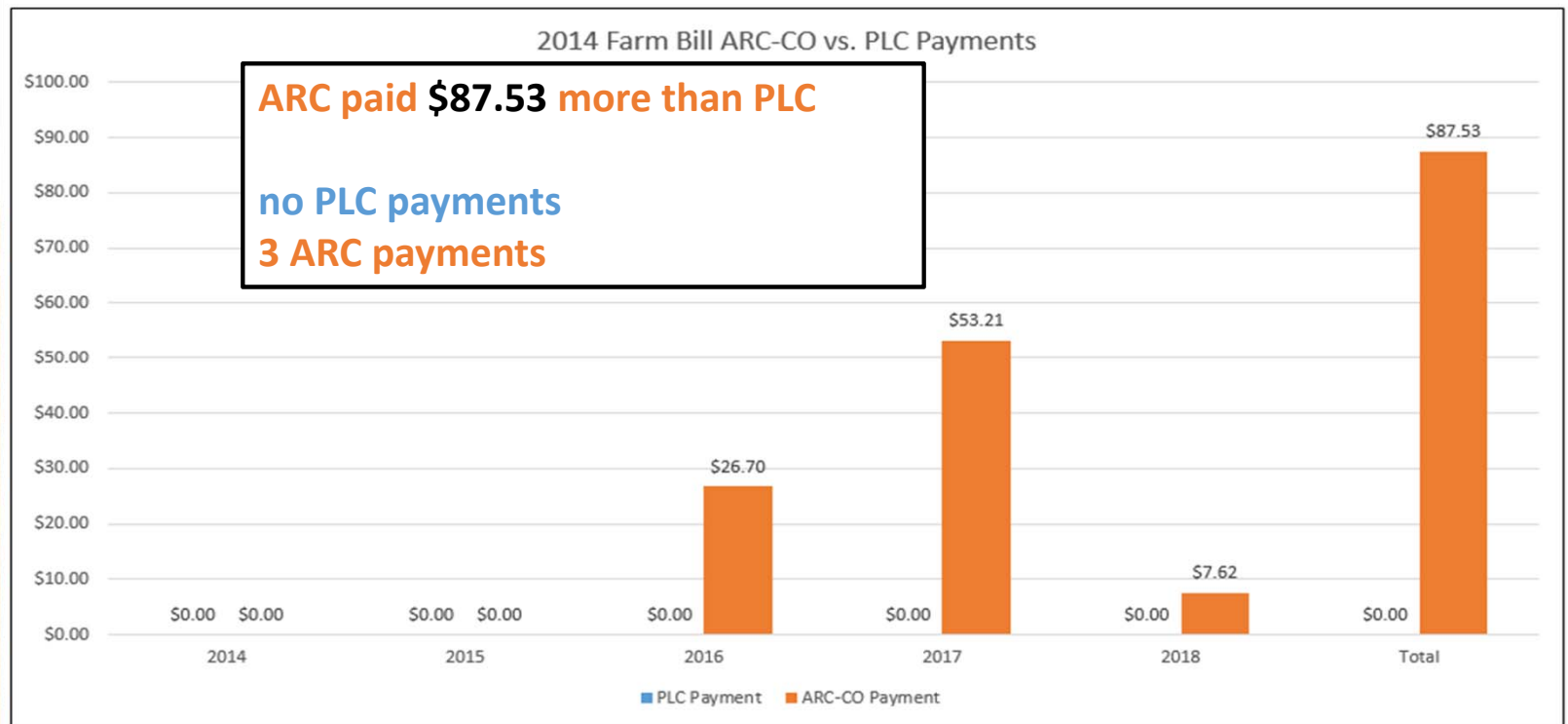


ARC-CO vs. PLC Payment Calculator 2014-2018

Soybeans-All Sherman County

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	\$8.40	\$12.27	\$10.10	47	51	\$576.69	\$515.10
2015	\$0.00	\$0.00	\$8.40	\$12.27	\$8.95	48	60	\$588.96	\$537.00
2016	\$0.00	\$26.70	\$8.40	\$11.87	\$9.47	49	50	\$581.63	\$473.50
2017	\$0.00	\$53.21	\$8.40	\$10.86	\$9.33	49	42	\$532.14	\$391.86
2018	\$0.00	\$7.62	\$8.40	\$9.63	\$8.51	49	47	\$471.87	\$398.18
Total	\$0.00	\$87.53							

**2018 MYA price, County Yield, and Actual Revenue are ESTIMATES based on the available data*

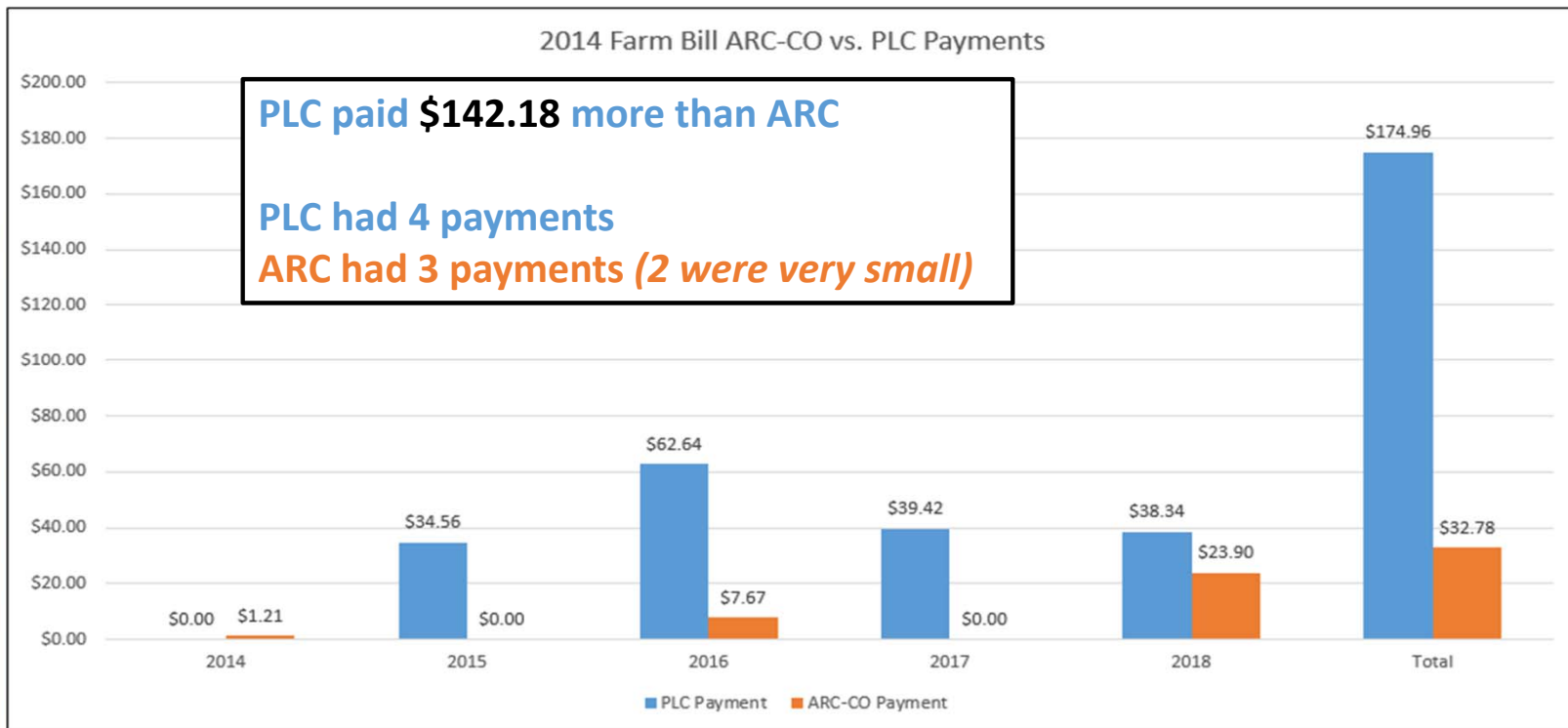


ARC-CO vs. PLC Payment Calculator 2014-2018

Grain Sorghum-All Sherman County

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	\$1.21	\$3.95	\$5.10	\$4.03	60	65	\$306.00	\$261.95
2015	\$34.56	\$0.00	\$3.95	\$5.10	\$3.31	59	88	\$300.90	\$291.28
2016	\$62.64	\$7.67	\$3.95	\$4.77	\$2.79	59	84	\$281.43	\$234.36
2017	\$39.42	\$0.00	\$3.95	\$4.09	\$3.22	61	73	\$249.49	\$235.06
2018	\$38.34	\$23.90	\$3.95	\$3.98	\$3.24	74	71	\$294.52	\$229.39
Total	\$174.96	\$32.78							

**2018 MYA price, County Yield, and Actual Revenue are ESTIMATES based on the available data*



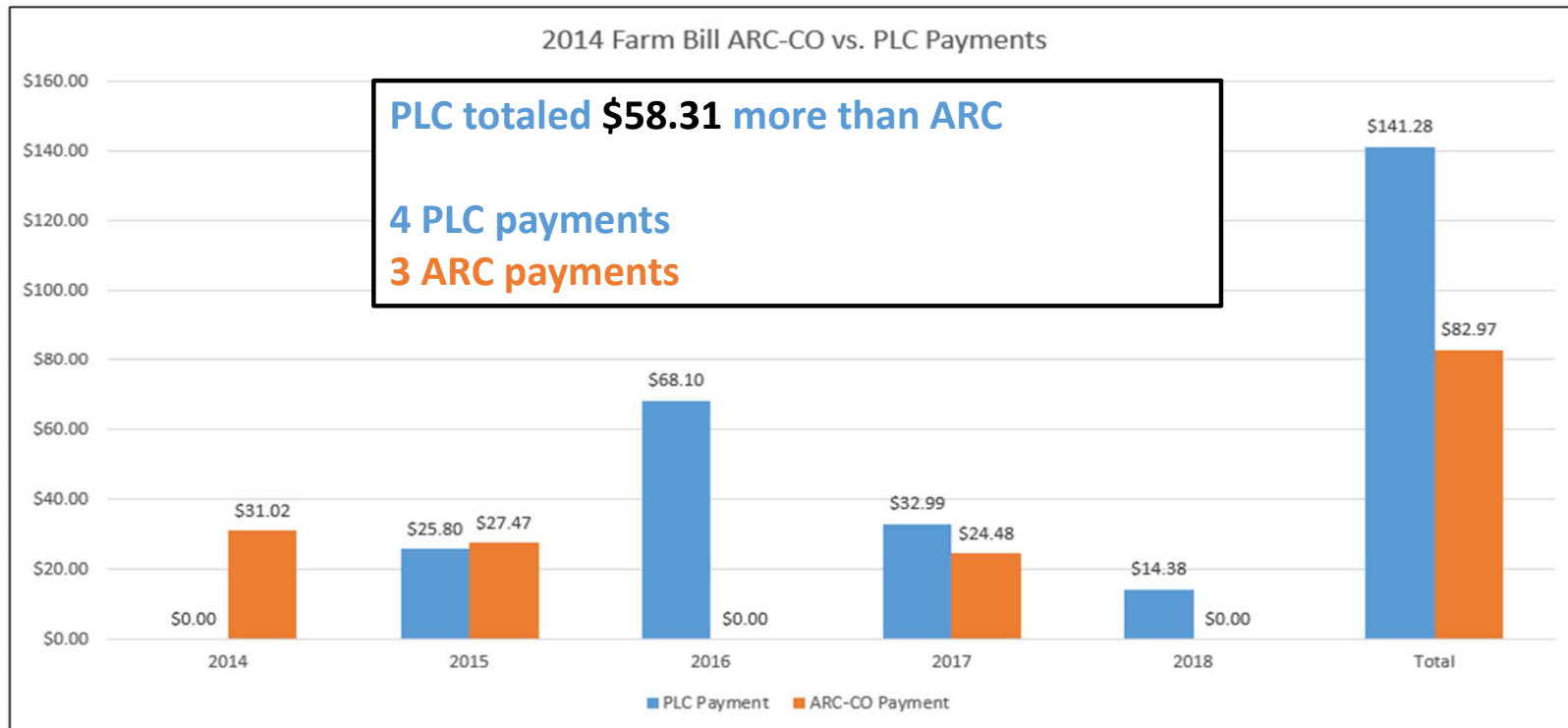
ARC-CO vs. PLC Payment Calculator 2014-2018

Wheat-All

Sherman County

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	\$31.02	\$5.50	\$6.60	\$5.99	47	34	\$310.20	\$203.66
2015	\$25.80	\$27.47	\$5.50	\$6.70	\$4.89	41	41	\$274.70	\$200.49
2016	\$68.10	\$0.00	\$5.50	\$6.70	\$3.89	40	68	\$268.00	\$264.52
2017	\$32.99	\$24.48	\$5.50	\$6.12	\$4.72	40	32	\$244.80	\$151.04
2018	\$14.38	\$0.00	\$5.50	\$5.66	\$5.16	36	40	\$203.76	\$207.12
Total	\$141.28	\$82.97							

**2018 MYA price, County Yield, and Actual Revenue are ESTIMATES based on the available data*



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...

Decisions to be made...

- Each farm will choose a farm program to enroll in starting Sept. 1st, 2019
- If you do not enroll, your farm will default to the decision made for the last farm bill and NO payment will be received on the 2019 crop
- The first payment of the new Farm Bill will be made in Oct. 2020
 - This will be on the crops harvested in 2019

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 rd , 2019	March 15th, 2020
2020 Enrollment	October 1 st , 2019	June 30 th , 2020
2020 Yield Update	October 1 st , 2019	September 30 th , 2020
2019 ARC/PLC Payments Received	October 2020	

Future years (2021-2023) will have an Oct. 1st-March 15th enrollment period

What Changed in PLC?

1. **“Effective Reference Price”** instead of just 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

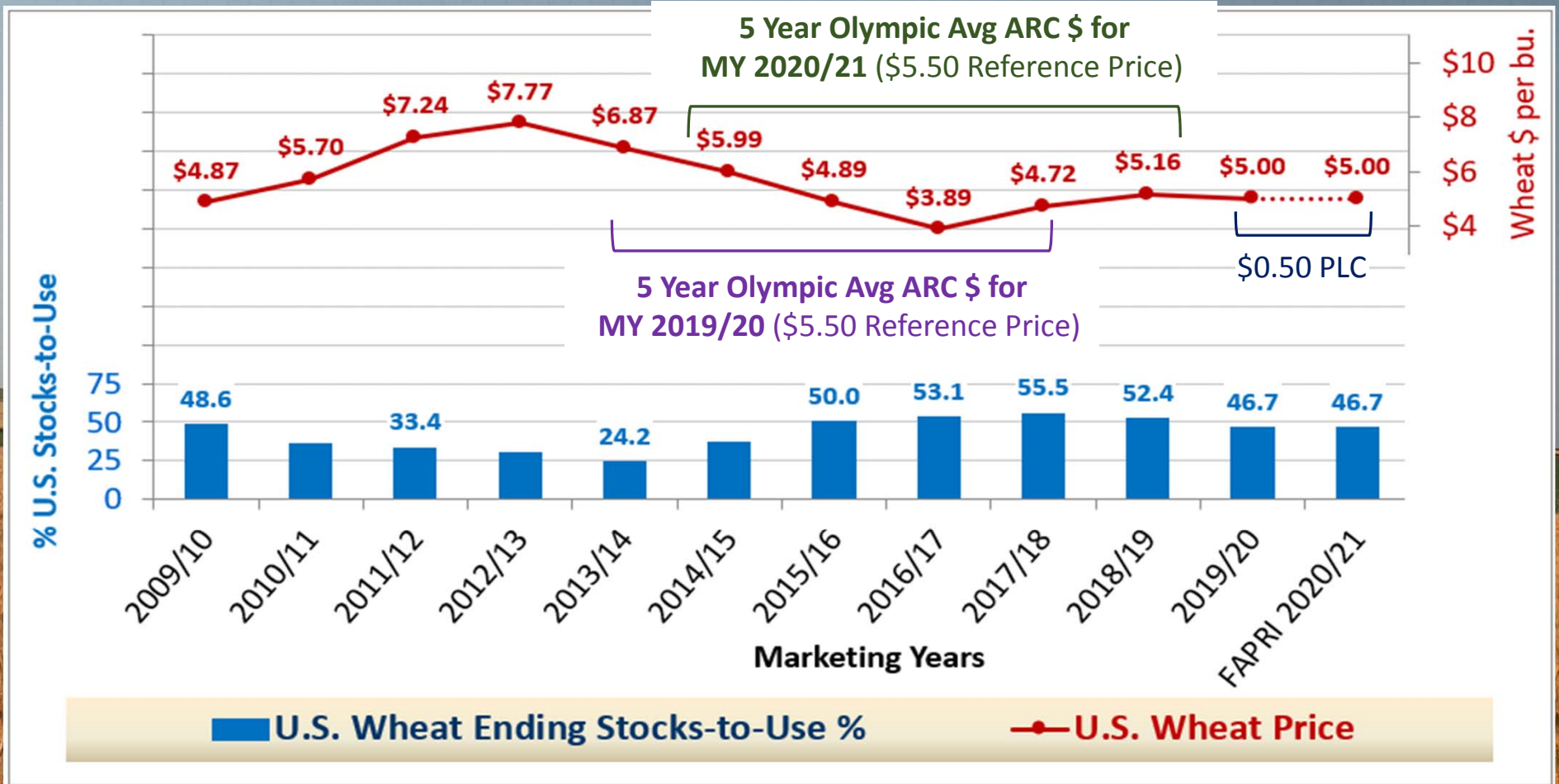
Don't get caught up in the formula. FSA will run this for you. If the update is higher than your current established yield, **UPDATE, even if in PLC

What Changed in PLC?

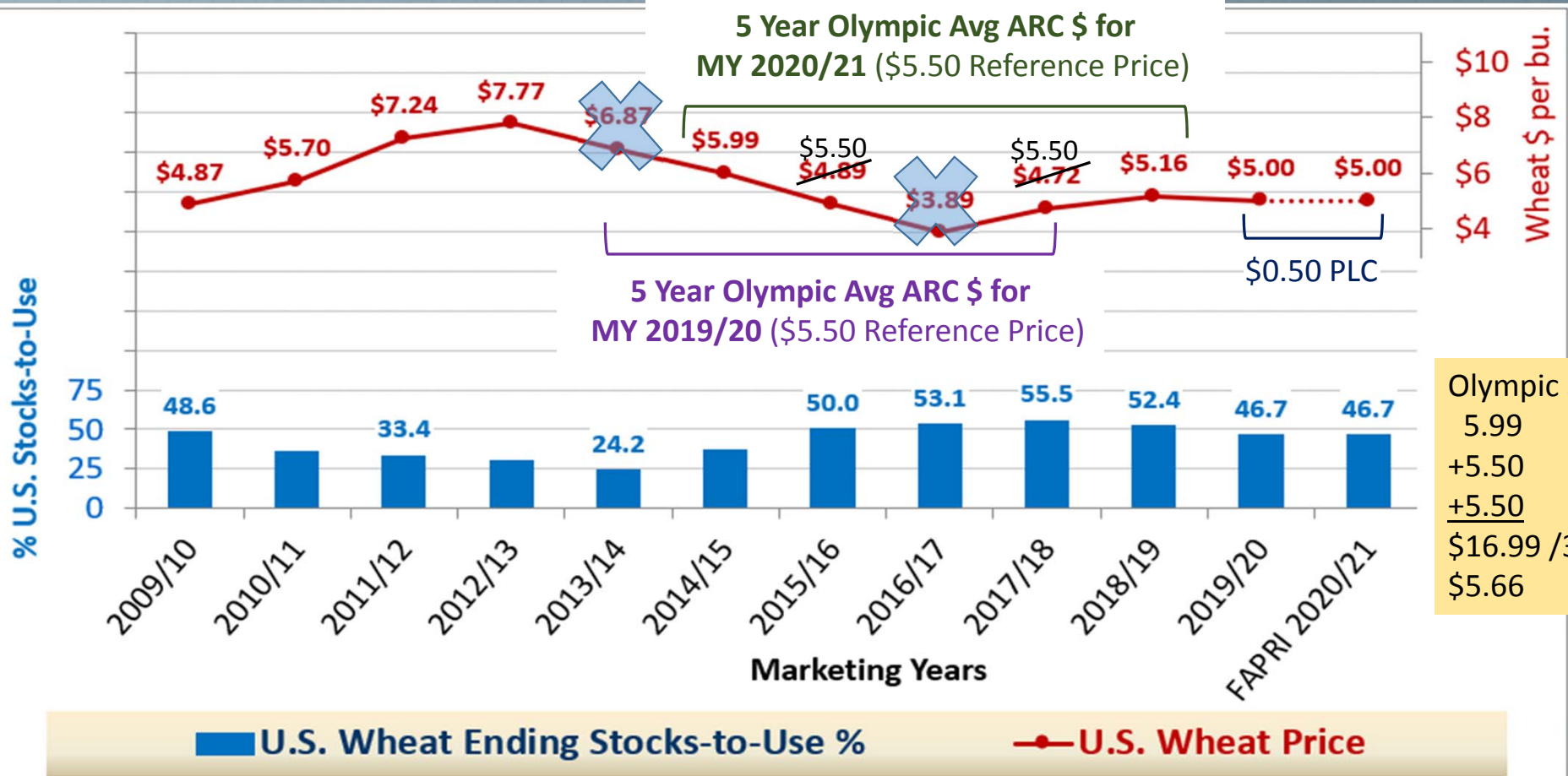
Marketing Loan Prices:

CORN	\$2.20 /bu
SOYBEANS	\$6.20 /bu
WHEAT	\$3.38 /bu
GRAIN SORGHUM	\$2.20 /bu

U.S. Wheat Ending Stocks & Prices



U.S. Wheat Ending Stocks & Prices



what program should I choose?

Non-Irrigated

Wheat

- 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 (40.2 bushels), ARC-CO will NOT start paying until price falls below ≈ \$4.88**
- 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 \$22.75 per acre in 2019

County:	Sherman	Crop:	Wheat	Type:	Non-Irrigated					
			ARC		PLC					
5 Yr. Olympic Avg. County Yield*			40.2	Program Yield	40.2					
5 Yr. Olympic Avg. MYA Price			\$5.66	Reference Price	\$5.50					
Benchmark Revenue			\$227.53							
Guaranteed Revenue			\$195.68	PLC > ARC-CO max @	\$4.93					
			Yield							
			23	26	29	32	36	40	44	48
MYA Price	PLC Payment	ARC Payment								
\$6.19	\$0.00	\$22.75	\$22.75	\$16.17	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$6.07	\$0.00	\$22.75	\$22.75	\$19.65	\$1.44	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$5.95	\$0.00	\$22.75	\$22.75	\$22.75	\$5.28	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$5.83	\$0.00	\$22.75	\$22.75	\$22.75	\$9.12	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$5.72	\$0.00	\$22.75	\$22.75	\$22.75	\$12.64	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$5.61	\$0.00	\$22.75	\$22.75	\$22.75	\$16.16	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$5.50	\$0.00	\$22.75	\$22.75	\$22.75	\$19.68	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$5.39	\$4.42	\$22.75	\$22.75	\$22.75	\$22.75	\$1.64	\$0.00	\$0.00	\$0.00	\$0.00
\$5.28	\$8.84	\$22.75	\$22.75	\$22.75	\$22.75	\$5.60	\$0.00	\$0.00	\$0.00	\$0.00
\$5.17	\$13.27	\$22.75	\$22.75	\$22.75	\$22.75	\$9.56	\$0.00	\$0.00	\$0.00	\$0.00
\$5.07	\$17.29	\$22.75	\$22.75	\$22.75	\$22.75	\$13.16	\$0.00	\$0.00	\$0.00	\$0.00
\$4.97	\$21.31	\$22.75	\$22.75	\$22.75	\$22.75	\$16.76	\$0.00	\$0.00	\$0.00	\$0.00
\$4.87	\$25.33	\$22.75	\$22.75	\$22.75	\$22.75	\$20.36	\$0.88	\$0.00	\$0.00	\$0.00
\$4.77	\$29.35	\$22.75	\$22.75	\$22.75	\$22.75	\$22.75	\$4.88	\$0.00	\$0.00	\$0.00
\$4.67	\$33.37	\$22.75	\$22.75	\$22.75	\$22.75	\$22.75	\$8.88	\$0.00	\$0.00	\$0.00
\$4.58	\$36.98	\$22.75	\$22.75	\$22.75	\$22.75	\$22.75	\$12.48	\$0.00	\$0.00	\$0.00
\$4.49	\$40.60	\$22.75	\$22.75	\$22.75	\$22.75	\$22.75	\$16.08	\$0.00	\$0.00	\$0.00
\$4.40	\$44.22	\$22.75	\$22.75	\$22.75	\$22.75	\$22.75	\$19.68	\$2.08	\$0.00	\$0.00

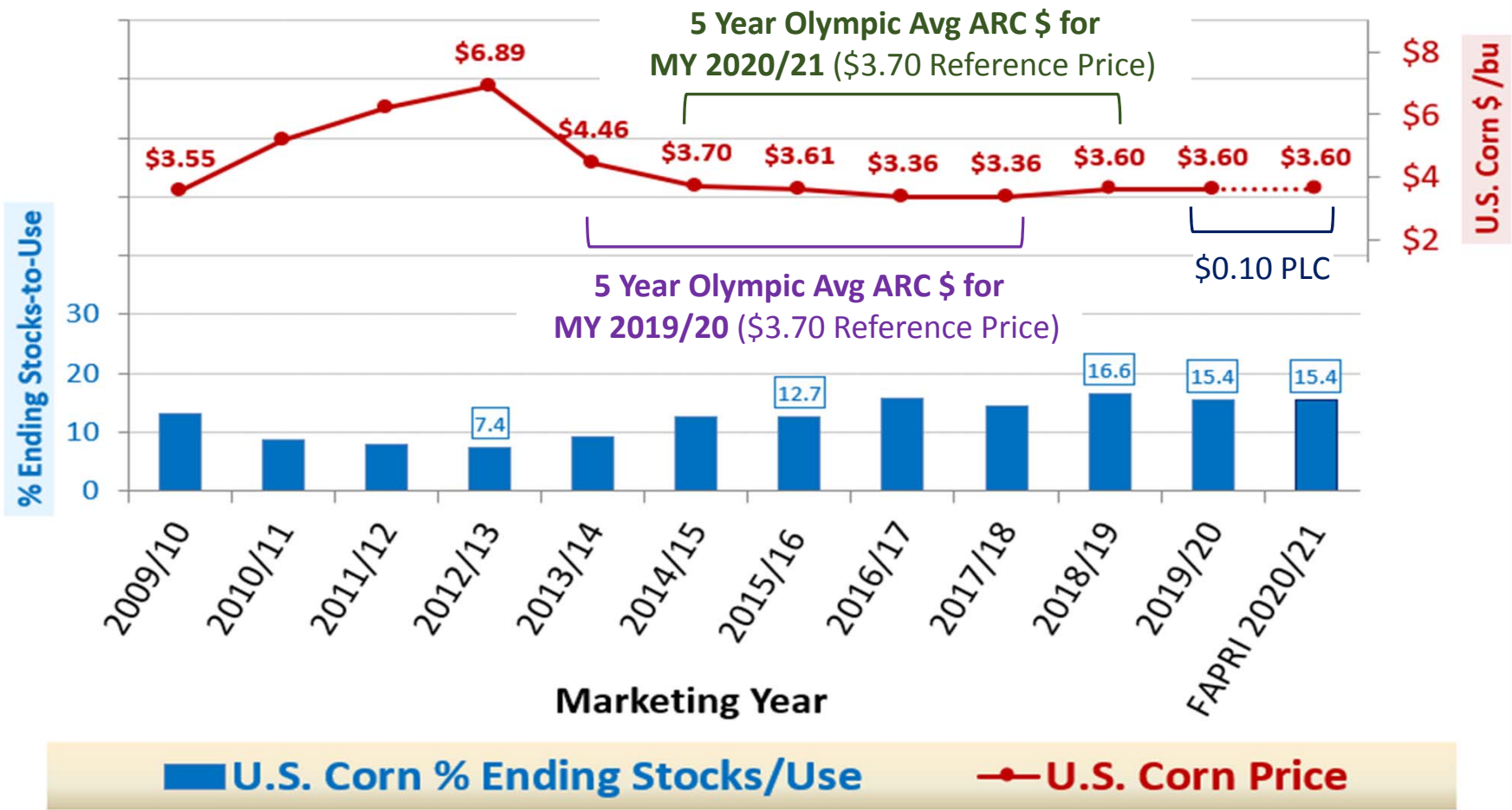
What program should I choose?

Irrigated Wheat

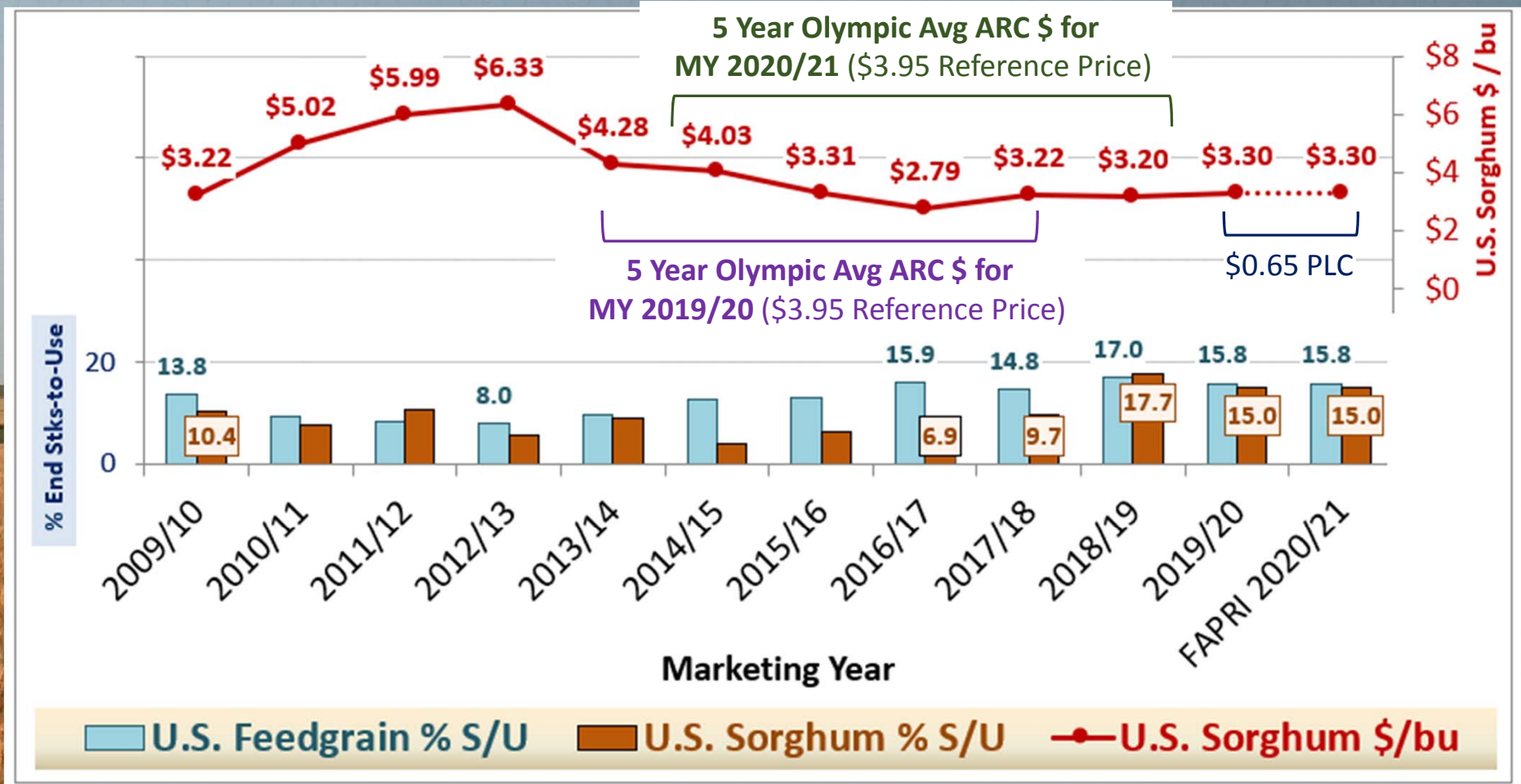
- PLC payments will be made if the MYA price drops below \$5.50
- **PLC payment will exceed ARC-CO payments at any yield level if price drops below ≈ \$4.93**
- **With an average yield (62.0 bushels), ARC-CO will NOT start paying until price falls below ≈ \$4.85**
- If the county yield is LOWER than 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 **\$35.09** per acre in 2019

ARC Payments vs. PLC Payments Under Different Yields and Prices for 2019/20 Marketing Year														
County:	Sherman	Crop:	Wheat			Type:	Irrigated							
					ARC			PLC						
5 Yr. Olympic Avg. County Yield*					62.0		Program Yield	62.0						
5 Yr. Olympic Avg. MYA Price					\$5.66		Reference Price	\$5.50						
Benchmark Revenue					\$350.92									
Guaranteed Revenue					\$301.79		PLC > ARC-CO max @	\$4.93						
							Yield							
							37	41	45	50	56	62	68	74
MYA Price	PLC Payment	ARC Payment												
\$6.19	\$0.00	\$35.09	\$35.09	\$23.24	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$6.07	\$0.00	\$35.09	\$35.09	\$28.64	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$5.95	\$0.00	\$35.09	\$35.09	\$34.04	\$4.29	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$5.83	\$0.00	\$35.09	\$35.09	\$35.09	\$10.29	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$5.72	\$0.00	\$35.09	\$35.09	\$35.09	\$15.79	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$5.61	\$0.00	\$35.09	\$35.09	\$35.09	\$21.29	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$5.50	\$0.00	\$35.09	\$35.09	\$35.09	\$26.79	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$5.39	\$6.82	\$35.09	\$35.09	\$35.09	\$32.29	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$5.28	\$13.64	\$35.09	\$35.09	\$35.09	\$35.09	\$6.11	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$5.17	\$20.46	\$35.09	\$35.09	\$35.09	\$35.09	\$12.27	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$5.07	\$26.66	\$35.09	\$35.09	\$35.09	\$35.09	\$17.87	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$4.97	\$32.86	\$35.09	\$35.09	\$35.09	\$35.09	\$23.47	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$4.87	\$39.06	\$35.09	\$35.09	\$35.09	\$35.09	\$29.07	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$4.77	\$45.26	\$35.09	\$35.09	\$35.09	\$35.09	\$34.67	\$6.05	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$4.67	\$51.46	\$35.09	\$35.09	\$35.09	\$35.09	\$35.09	\$35.09	\$12.25	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$4.58	\$57.04	\$35.09	\$35.09	\$35.09	\$35.09	\$35.09	\$35.09	\$17.83	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$4.49	\$62.62	\$35.09	\$35.09	\$35.09	\$35.09	\$35.09	\$35.09	\$23.41	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$4.40	\$68.20	\$35.09	\$35.09	\$35.09	\$35.09	\$35.09	\$35.09	\$28.99	\$2.59	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

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



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



What program should I choose?

Irrigated Corn

- PLC payments will be made if the MYA price drops below \$3.70 per bushel
- **PLC payment will exceed ARC-CO payments at any yield level if price drops below ≈ \$3.33**
- **With an average yield (197.8 bushels), ARC-CO will NOT start paying until price falls below ≈ \$3.18**
- 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 \$73.19 per acre in 2019

ARC Payments vs. PLC Payments Under Different Yields and Prices for 2019/20 Marketing Year										
County:	Sherman	Crop:	Corn			Type:	Irrigated			
			ARC				PLC			
5 Yr. Olympic Avg. County Yield*			197.8			Program Yield	197.8			
5 Yr. Olympic Avg. MYA Price			\$3.70			Reference Price	\$3.70			
Benchmark Revenue			\$731.86							
Guaranteed Revenue			\$629.40			PLC > ARC-CO max @	\$3.33			
		Yield								
		117	130	144	160	178	198	218	238	
MYA Price	PLC Payment	ARC Payment								
\$4.17	\$0.00	\$73.19	\$73.19	\$28.92	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
\$4.09	\$0.00	\$73.19	\$73.19	\$40.44	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
\$4.01	\$0.00	\$73.19	\$73.19	\$51.96	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
\$3.93	\$0.00	\$73.19	\$73.19	\$63.48	\$0.60	\$0.00	\$0.00	\$0.00	\$0.00	
\$3.85	\$0.00	\$73.19	\$73.19	\$73.19	\$13.40	\$0.00	\$0.00	\$0.00	\$0.00	
\$3.77	\$0.00	\$73.19	\$73.19	\$73.19	\$26.20	\$0.00	\$0.00	\$0.00	\$0.00	
\$3.70	\$0.00	\$73.19	\$73.19	\$73.19	\$37.40	\$0.00	\$0.00	\$0.00	\$0.00	
\$3.63	\$13.85	\$73.19	\$73.19	\$73.19	\$48.60	\$0.00	\$0.00	\$0.00	\$0.00	
\$3.56	\$27.69	\$73.19	\$73.19	\$73.19	\$59.80	\$0.00	\$0.00	\$0.00	\$0.00	
\$3.49	\$41.54	\$73.19	\$73.19	\$73.19	\$71.00	\$8.18	\$0.00	\$0.00	\$0.00	
\$3.42	\$55.38	\$73.19	\$73.19	\$73.19	\$73.19	\$20.64	\$0.00	\$0.00	\$0.00	
\$3.35	\$69.23	\$73.19	\$73.19	\$73.19	\$73.19	\$33.10	\$0.00	\$0.00	\$0.00	
\$3.28	\$83.08	\$73.19	\$73.19	\$73.19	\$73.19	\$45.56	\$0.00	\$0.00	\$0.00	
\$3.21	\$96.92	\$73.19	\$73.19	\$73.19	\$73.19	\$58.02	\$0.00	\$0.00	\$0.00	
\$3.15	\$108.79	\$73.19	\$73.19	\$73.19	\$73.19	\$68.70	\$5.70	\$0.00	\$0.00	
\$3.09	\$120.66	\$73.19	\$73.19	\$73.19	\$73.19	\$73.19	\$17.58	\$0.00	\$0.00	
\$3.03	\$132.53	\$73.19	\$73.19	\$73.19	\$73.19	\$73.19	\$29.46	\$0.00	\$0.00	
\$2.97	\$144.39	\$73.19	\$73.19	\$73.19	\$73.19	\$73.19	\$41.34	\$0.00	\$0.00	

What program should I choose?

Non-irrigated Corn

- PLC payments will be made if the MYA price drops below \$3.70 per bushel
- **PLC payment will exceed ARC-CO payments at any yield level if price drops below ≈ \$3.33**
- **With an average yield (72.2 bushels), ARC-CO will NOT start paying until price falls below ≈ \$3.18**
- 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 **\$26.71** per acre in 2019

County:	Sherman	Crop:	Corn			Type:	Non-Irrigated			
			ARC				PLC			
5 Yr. Olympic Avg. County Yield*			72.2			Program Yield	72.2			
5 Yr. Olympic Avg. MYA Price			\$3.70			Reference Price	\$3.70			
Benchmark Revenue			\$267.14							
Guaranteed Revenue			\$229.74			PLC > ARC-CO max @	\$3.33			
			Yield							
			43	48	53	59	65	72	79	86
MYA Price	PLC Payment	ARC Payment								
\$4.17	\$0.00	\$26.71	\$26.71	\$8.73	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$4.09	\$0.00	\$26.71	\$26.71	\$12.97	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$4.01	\$0.00	\$26.71	\$26.71	\$17.21	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$3.93	\$0.00	\$26.71	\$26.71	\$21.45	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$3.85	\$0.00	\$26.71	\$26.71	\$25.69	\$2.59	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$3.77	\$0.00	\$26.71	\$26.71	\$26.71	\$7.31	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$3.70	\$0.00	\$26.71	\$26.71	\$26.71	\$11.44	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$3.63	\$5.05	\$26.71	\$26.71	\$26.71	\$15.57	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$3.56	\$10.11	\$26.71	\$26.71	\$26.71	\$19.70	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$3.49	\$15.16	\$26.71	\$26.71	\$26.71	\$23.83	\$2.89	\$0.00	\$0.00	\$0.00	\$0.00
\$3.42	\$20.22	\$26.71	\$26.71	\$26.71	\$26.71	\$7.44	\$0.00	\$0.00	\$0.00	\$0.00
\$3.35	\$25.27	\$26.71	\$26.71	\$26.71	\$26.71	\$11.99	\$0.00	\$0.00	\$0.00	\$0.00
\$3.28	\$30.32	\$26.71	\$26.71	\$26.71	\$26.71	\$16.54	\$0.00	\$0.00	\$0.00	\$0.00
\$3.21	\$35.38	\$26.71	\$26.71	\$26.71	\$26.71	\$21.09	\$0.00	\$0.00	\$0.00	\$0.00
\$3.15	\$39.71	\$26.71	\$26.71	\$26.71	\$26.71	\$24.99	\$2.94	\$0.00	\$0.00	\$0.00
\$3.09	\$44.04	\$26.71	\$26.71	\$26.71	\$26.71	\$26.71	\$7.26	\$0.00	\$0.00	\$0.00
\$3.03	\$48.37	\$26.71	\$26.71	\$26.71	\$26.71	\$26.71	\$11.58	\$0.00	\$0.00	\$0.00
\$2.97	\$52.71	\$26.71	\$26.71	\$26.71	\$26.71	\$26.71	\$15.90	\$0.00	\$0.00	\$0.00

What program should I choose?

Non-irrigated Sorghum

- PLC payments will be made if the MYA price drops below \$3.95 per bushel
- **PLC payment will exceed ARC-CO payments at any yield level if price drops below ≈ \$3.55**
- **With an average yield (61.2 bushels), ARC-CO will NOT start paying until price falls below ≈ \$3.40**
- 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 \$24.36 per acre in 2019

ARC Payments vs. PLC Payments Under Different Yields and Prices for 2019/20 Marketing Year										
County:	Sherman	Crop:	Grain Sorghum			Type:	Non-irrigated			
					ARC			PLC		
5 Yr. Olympic Avg. County Yield*					61.2		Program Yield	61.2		
5 Yr. Olympic Avg. MYA Price					\$3.98		Reference Price	\$3.95		
Benchmark Revenue					\$243.58					
Guaranteed Revenue					\$209.48		PLC > ARC-CO max @	\$3.55		
			Yield							
			37	41	45	50	55	61	67	73
MYA Price	PLC Payment					ARC Payment				
\$4.45	\$0.00	\$24.36	\$24.36	\$9.23	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$4.36	\$0.00	\$24.36	\$24.36	\$13.28	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$4.27	\$0.00	\$24.36	\$24.36	\$17.33	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$4.19	\$0.00	\$24.36	\$24.36	\$20.93	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$4.11	\$0.00	\$24.36	\$24.36	\$24.36	\$3.98	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$4.03	\$0.00	\$24.36	\$24.36	\$24.36	\$7.98	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$3.95	\$0.00	\$24.36	\$24.36	\$24.36	\$11.98	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$3.87	\$4.90	\$24.36	\$24.36	\$24.36	\$15.98	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$3.79	\$9.79	\$24.36	\$24.36	\$24.36	\$19.98	\$1.03	\$0.00	\$0.00	\$0.00	\$0.00
\$3.71	\$14.69	\$24.36	\$24.36	\$24.36	\$23.98	\$5.43	\$0.00	\$0.00	\$0.00	\$0.00
\$3.64	\$18.97	\$24.36	\$24.36	\$24.36	\$24.36	\$9.28	\$0.00	\$0.00	\$0.00	\$0.00
\$3.57	\$23.26	\$24.36	\$24.36	\$24.36	\$24.36	\$13.13	\$0.00	\$0.00	\$0.00	\$0.00
\$3.50	\$27.54	\$24.36	\$24.36	\$24.36	\$24.36	\$16.98	\$0.00	\$0.00	\$0.00	\$0.00
\$3.43	\$31.82	\$24.36	\$24.36	\$24.36	\$24.36	\$20.83	\$0.25	\$0.00	\$0.00	\$0.00
\$3.36	\$36.11	\$24.36	\$24.36	\$24.36	\$24.36	\$24.36	\$4.52	\$0.00	\$0.00	\$0.00
\$3.29	\$40.39	\$24.36	\$24.36	\$24.36	\$24.36	\$24.36	\$8.79	\$0.00	\$0.00	\$0.00
\$3.22	\$44.68	\$24.36	\$24.36	\$24.36	\$24.36	\$24.36	\$13.06	\$0.00	\$0.00	\$0.00
\$3.16	\$48.35	\$24.36	\$24.36	\$24.36	\$24.36	\$24.36	\$16.72	\$0.00	\$0.00	\$0.00

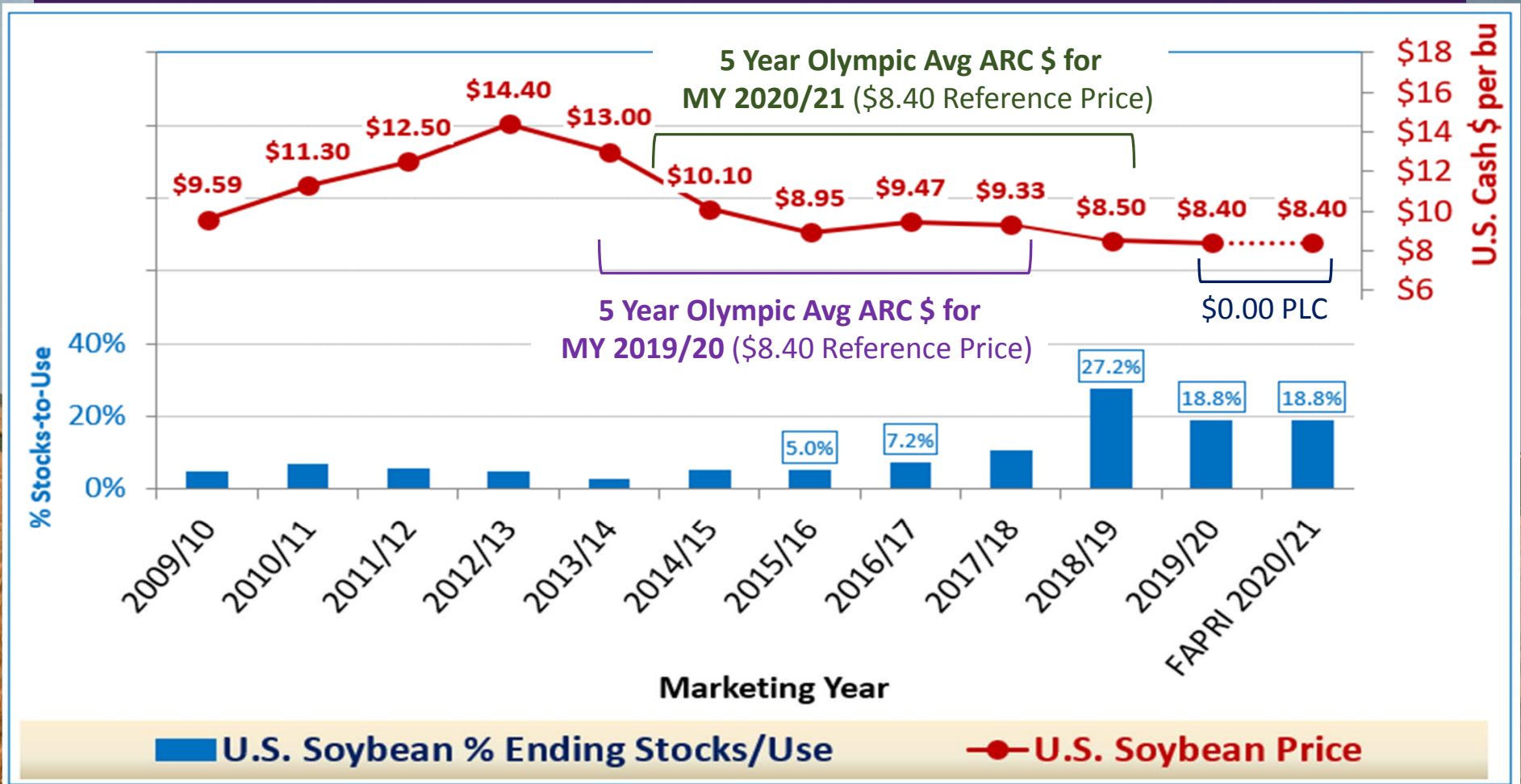
What program should I choose?

Irrigated Sorghum

- PLC payments will be made if the MYA price drops below \$3.95 per bushel
- **PLC payment will exceed ARC-CO payments at any yield level if price drops below ≈ \$3.55**
- **With an average yield (98 bushels), ARC-CO will NOT start paying until price falls below ≈ \$3.40**
- 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 **\$39.00** per acre in 2019

ARC Payments vs. PLC Payments Under Different Yields and Prices for 2019/20 Marketing Year											
County:	Sherman	Crop:	Grain Sorghum	Type:	Irrigated						
			ARC		PLC						
5 Yr. Olympic Avg. County Yield*			98.0	Program Yield	98.0						
5 Yr. Olympic Avg. MYA Price			\$3.98	Reference Price	\$3.95						
Benchmark Revenue			\$390.04								
Guaranteed Revenue			\$335.43	PLC > ARC-CO max @	\$3.55						
				Yield							
				58	64	71	79	88	98	108	118
MYA Price	PLC Payment	ARC Payment									
\$4.45	\$0.00	\$39.00	\$39.00	\$19.48	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
\$4.36	\$0.00	\$39.00	\$39.00	\$25.87	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
\$4.27	\$0.00	\$39.00	\$39.00	\$32.26	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
\$4.19	\$0.00	\$39.00	\$39.00	\$37.94	\$4.42	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
\$4.11	\$0.00	\$39.00	\$39.00	\$39.00	\$10.74	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
\$4.03	\$0.00	\$39.00	\$39.00	\$39.00	\$17.06	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
\$3.95	\$0.00	\$39.00	\$39.00	\$39.00	\$23.38	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
\$3.87	\$7.84	\$39.00	\$39.00	\$39.00	\$29.70	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
\$3.79	\$15.68	\$39.00	\$39.00	\$39.00	\$36.02	\$1.91	\$0.00	\$0.00	\$0.00	\$0.00	
\$3.71	\$23.52	\$39.00	\$39.00	\$39.00	\$39.00	\$8.95	\$0.00	\$0.00	\$0.00	\$0.00	
\$3.64	\$30.38	\$39.00	\$39.00	\$39.00	\$39.00	\$15.11	\$0.00	\$0.00	\$0.00	\$0.00	
\$3.57	\$37.24	\$39.00	\$39.00	\$39.00	\$39.00	\$21.27	\$0.00	\$0.00	\$0.00	\$0.00	
\$3.50	\$44.10	\$39.00	\$39.00	\$39.00	\$39.00	\$27.43	\$0.00	\$0.00	\$0.00	\$0.00	
\$3.43	\$50.96	\$39.00	\$39.00	\$39.00	\$39.00	\$33.59	\$0.00	\$0.00	\$0.00	\$0.00	
\$3.36	\$57.82	\$39.00	\$39.00	\$39.00	\$39.00	\$39.00	\$6.15	\$0.00	\$0.00	\$0.00	
\$3.29	\$64.68	\$39.00	\$39.00	\$39.00	\$39.00	\$39.00	\$13.01	\$0.00	\$0.00	\$0.00	
\$3.22	\$71.54	\$39.00	\$39.00	\$39.00	\$39.00	\$39.00	\$19.87	\$0.00	\$0.00	\$0.00	
\$3.16	\$77.42	\$39.00	\$39.00	\$39.00	\$39.00	\$39.00	\$25.75	\$0.00	\$0.00	\$0.00	

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



What program should I choose?

Irrigated Soybeans

- PLC payments will be made if the MYA price drops below \$8.40 per bushel
- **PLC payment will exceed ARC-CO payments at any yield level if price drops below ≈ \$7.44**
- **With an average yield (59.6 bushels), ARC-CO will NOT start paying until price falls below ≈ \$8.20**
- 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 **\$57.40** per acre in 2019

ARC Payments vs. PLC Payments Under Different Yields and Prices for 2019/20 Marketing Year											
County:	Sherman	Crop:	Soybeans			Type:	Irrigated				
				ARC				PLC			
5 Yr. Olympic Avg. County Yield*				59.6		Program Yield		59.6			
5 Yr. Olympic Avg. MYA Price				\$9.63		Reference Price		\$8.40			
Benchmark Revenue				\$573.95							
Guaranteed Revenue				\$493.60		PLC > ARC-CO max @		\$7.44			
			Yield								
			36	40	44	49	54	60	66	72	
MYA Price	PLC Payment					ARC Payment					
\$9.46	\$0.00	\$57.40	\$57.40	\$57.40	\$30.06	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
\$9.27	\$0.00	\$57.40	\$57.40	\$57.40	\$39.37	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
\$9.09	\$0.00	\$57.40	\$57.40	\$57.40	\$48.19	\$2.74	\$0.00	\$0.00	\$0.00	\$0.00	
\$8.91	\$0.00	\$57.40	\$57.40	\$57.40	\$57.01	\$12.46	\$0.00	\$0.00	\$0.00	\$0.00	
\$8.74	\$0.00	\$57.40	\$57.40	\$57.40	\$57.40	\$21.64	\$0.00	\$0.00	\$0.00	\$0.00	
\$8.57	\$0.00	\$57.40	\$57.40	\$57.40	\$57.40	\$30.82	\$0.00	\$0.00	\$0.00	\$0.00	
\$8.40	\$0.00	\$57.40	\$57.40	\$57.40	\$57.40	\$40.00	\$0.00	\$0.00	\$0.00	\$0.00	
\$8.23	\$10.13	\$57.40	\$57.40	\$57.40	\$57.40	\$49.18	\$0.00	\$0.00	\$0.00	\$0.00	
\$8.07	\$19.67	\$57.40	\$57.40	\$57.40	\$57.40	\$57.40	\$9.40	\$0.00	\$0.00	\$0.00	
\$7.91	\$29.20	\$57.40	\$57.40	\$57.40	\$57.40	\$57.40	\$19.00	\$0.00	\$0.00	\$0.00	
\$7.75	\$38.74	\$57.40	\$57.40	\$57.40	\$57.40	\$57.40	\$28.60	\$0.00	\$0.00	\$0.00	
\$7.60	\$47.68	\$57.40	\$57.40	\$57.40	\$57.40	\$57.40	\$37.60	\$0.00	\$0.00	\$0.00	
\$7.45	\$56.62	\$57.40	\$57.40	\$57.40	\$57.40	\$57.40	\$46.60	\$1.90	\$0.00	\$0.00	
\$7.30	\$65.56	\$57.40	\$57.40	\$57.40	\$57.40	\$57.40	\$55.60	\$11.80	\$0.00	\$0.00	
\$7.15	\$74.50	\$57.40	\$57.40	\$57.40	\$57.40	\$57.40	\$57.40	\$21.70	\$0.00	\$0.00	
\$7.01	\$82.84	\$57.40	\$57.40	\$57.40	\$57.40	\$57.40	\$57.40	\$30.94	\$0.00	\$0.00	
\$6.87	\$91.19	\$57.40	\$57.40	\$57.40	\$57.40	\$57.40	\$57.40	\$40.18	\$0.00	\$0.00	
\$6.73	\$99.53	\$57.40	\$57.40	\$57.40	\$57.40	\$57.40	\$57.40	\$49.42	\$9.04	\$0.00	

What program should I choose?


Non-irrigated Soybeans

- PLC payments will be made if the MYA price drops below \$8.40 per bushel
- **PLC payment will exceed ARC-CO payments at any yield level if price drops below ≈ \$7.44**
- **With an average yield (19.8 bushels), ARC-CO will NOT start paying until price falls below ≈ \$8.20**
- 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 \$19.07 per acre in 2019

ARC Payments vs. PLC Payments Under Different Yields and Prices for 2019/20 Marketing Year											
County:	Sherman	Crop:	Soybeans			Type:	Non-irrigated				
			ARC				PLC				
5 Yr. Olympic Avg. County Yield*			19.8			Program Yield	19.8				
5 Yr. Olympic Avg. MYA Price			\$9.63			Reference Price	\$8.40				
Benchmark Revenue			\$190.67								
Guaranteed Revenue			\$163.98			PLC > ARC-CO max @	\$7.44				
			Yield								
			12	13	14	16	18	20	22	24	
MYA Price	PLC Payment		ARC Payment								
\$9.46	\$0.00	\$19.07	\$19.07	\$19.07	\$19.07	\$12.62	\$0.00	\$0.00	\$0.00	\$0.00	
\$9.27	\$0.00	\$19.07	\$19.07	\$19.07	\$19.07	\$15.66	\$0.00	\$0.00	\$0.00	\$0.00	
\$9.09	\$0.00	\$19.07	\$19.07	\$19.07	\$19.07	\$18.54	\$0.36	\$0.00	\$0.00	\$0.00	
\$8.91	\$0.00	\$19.07	\$19.07	\$19.07	\$19.07	\$19.07	\$3.60	\$0.00	\$0.00	\$0.00	
\$8.74	\$0.00	\$19.07	\$19.07	\$19.07	\$19.07	\$19.07	\$6.66	\$0.00	\$0.00	\$0.00	
\$8.57	\$0.00	\$19.07	\$19.07	\$19.07	\$19.07	\$19.07	\$9.72	\$0.00	\$0.00	\$0.00	
\$8.40	\$0.00	\$19.07	\$19.07	\$19.07	\$19.07	\$19.07	\$12.78	\$0.00	\$0.00	\$0.00	
\$8.23	\$3.37	\$19.07	\$19.07	\$19.07	\$19.07	\$19.07	\$15.84	\$0.00	\$0.00	\$0.00	
\$8.07	\$6.53	\$19.07	\$19.07	\$19.07	\$19.07	\$19.07	\$18.72	\$2.58	\$0.00	\$0.00	
\$7.91	\$9.70	\$19.07	\$19.07	\$19.07	\$19.07	\$19.07	\$19.07	\$5.78	\$0.00	\$0.00	
\$7.75	\$12.87	\$19.07	\$19.07	\$19.07	\$19.07	\$19.07	\$19.07	\$8.98	\$0.00	\$0.00	
\$7.60	\$15.84	\$19.07	\$19.07	\$19.07	\$19.07	\$19.07	\$19.07	\$11.98	\$0.00	\$0.00	
\$7.45	\$18.81	\$19.07	\$19.07	\$19.07	\$19.07	\$19.07	\$19.07	\$14.98	\$0.08	\$0.00	
\$7.30	\$21.78	\$19.07	\$19.07	\$19.07	\$19.07	\$19.07	\$19.07	\$17.98	\$3.38	\$0.00	
\$7.15	\$24.75	\$19.07	\$19.07	\$19.07	\$19.07	\$19.07	\$19.07	\$19.07	\$6.68	\$0.00	
\$7.01	\$27.52	\$19.07	\$19.07	\$19.07	\$19.07	\$19.07	\$19.07	\$19.07	\$9.76	\$0.00	
\$6.87	\$30.29	\$19.07	\$19.07	\$19.07	\$19.07	\$19.07	\$19.07	\$19.07	\$12.84	\$0.00	
\$6.73	\$33.07	\$19.07	\$19.07	\$19.07	\$19.07	\$19.07	\$19.07	\$19.07	\$15.92	\$2.46	


OSU-KSU Farm Bill Decision Tool


2018 Government Program and Crop Insurance Decision Tool

 **KANSAS STATE UNIVERSITY**

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

Mykel Taylor and Robin Reid
Dept. of Agricultural Economics
Kansas State University

 **K-STATE**
Research and Extension



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
- Some counties will offer assistance in running this decision tool

Conclusions & 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 U.S. & regional crop yields can trigger payments
 - Is SCO a consideration? (Nudges toward PLC)

Conclusions & Implications

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.

www.agmanager.info

The screenshot shows the AgManager.info website. At the top, there is a purple header with the Kansas State University logo and 'Agricultural Economics'. Below the header is a navigation bar with links for Home, About, Contributors, Events, Farm Management Guides, KFMA, KSPMRA, News, Programs, Sponsors, Tools, Sign In, and Register. A search bar is located on the right side of the navigation bar. The main content area features a large image of grain silos with the text 'Crop Basis Maps' and 'Basis Levels for Soybeans, Corn, Wheat, and Grain Sorghum'. A 'View Maps' button is visible below the text. On the left side, there are logos for KFMA and K-State Research and Extension, along with a sign-up for weekly email updates. The right side of the page contains sections for 'Welcome to AgManager.info', 'Recent Updates', and 'Upcoming Events'. The 'Ag Policy' link in the navigation bar is circled in red.

KANSAS STATE UNIVERSITY Agricultural Economics

Home About Contributors Events Farm Management Guides KFMA KSPMRA News Programs Sponsors Tools Sign In Register

AgManager.info Land & Leasing Crop Insurance Grain Marketing Livestock & Meat **Ag Policy** Search

Crop Basis Maps

Basis Levels for Soybeans, Corn, Wheat, and Grain Sorghum

View Maps

KFMA

K-STATE
Research and Extension

Sign up for weekly email updates.

Your Favorites

Click the 'Add to Favorites' to add that page to your favorites list

Welcome to AgManager.info

Add to Favorites

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 Lewelyn at rvl@ksu.edu. Thanks!

Recent Updates

Daily LDP Payment Estimate
September 12, 2016 - Barnaby - RISK MANAGEMENT STRATEGIES

Cattle Feeding Returns
September 12, 2016 - Tonsor - CATTLE FINISHING RETURNS

Weekly Grain Market Outlook - Dan O'Brien
September 9, 2016 - O'Brien - KSRN RADIO INTERVIEWS

Interactive Crop Basis Tool
September 8, 2016 - GRAIN MARKETING

Kansas Days Suitable for Fieldwork

Upcoming Events

Kansas State University/Washburn Law School Inaugural Agribusiness Symposium
September 20, 2016
Manhattan

Ag Lenders Conferences
October 4, 2016
Garden City

Ag Lenders Conferences
October 5, 2016
Manhattan

...view more

Jeanne Falk Jones
K-State Multi-County Agronomist
jfalkjones@ksu.edu

K-State Sunflower District –
Goodland
785-890-4880

K-State Northwest Area Office
785-462-6281