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ARC vs PLC Decision for 2025

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Slumping row crop prices have induced greater attention among grain farmers regarding farm bill safety net programs. Congress will be considering a new farm bill once again in 2025, following extensions in 2023 and 2024 of the 2018 farm bill. Eligibility and funding levels for nutrition programs relative to farm program support will steer much of the debate. Within, the farm programs, discussion will evolve around the level of reference (support) prices, base acres, and other payment parameters which ultimately will determine safety net program provisions for crops beyond the 2025 crop year. The farm bill extension passed last December continues the basic structure of the safety net programs established in the 2014 and 2018 farm bills for eligible crops for the upcoming crop year.

The current farm bill provides two programs to provide income support for specified row crops -- the Agricultural Risk Coverage (ARC) and the Price Loss Coverage (PLC) programs. The ARC program provides payments when actual crop revenues fall below a specified guaranteed level, while the PLC program provides payments when the national average market price (or the national average loan rate if higher) for a given covered commodity falls below a specified effective reference price for that commodity. Producers will be required to make an election of ARC vs PLC for 2025 farm bill crops (primarily corn, soybeans, and wheat in Kentucky) at their local Farm Service Agency (FSA) office or they can apply online by the April 15, 2025 deadline. If producers do not submit their election by April 15th, their 2024 election remains in effect. For specific enrollment details on these programs for 2025, click here.

This purpose of this article is to provide some insights and tools that producers can utilize in making their ARC versus PLC decision for their 2025 crops. Several Universities including Kansas State, the University of Illinois, and Texas A&M offer decision tools to aid in the ARC/PLC discussion and are linked at the end of this article. Each tool offers a different user-interface and its own advantages and disadvantages; however, each one can aid in the decision-making process.

In recent history, Kentucky producers have likely chosen Agricultural Risk Coverage at the County level (ARC-CO) for corn and soybeans. The added protection for low yields in combination with higher commodity prices made PLC unlikely to trigger, and thus, ARC-CO provided the most protection. The current decision for the 2025/2026 marketing year still points to ARC-CO being the best for beans; however, the lower price environment creates trade-offs for corn and wheat.

In general, ARC still offers the most protection to deep losses due to its protection over falling yields as well as price; however, PLC may cover more shallow losses due to price loss alone. To put this simply, PLC could result in higher payments should county yields be average or above and prices drop where ARC will offer higher payments if county yields fall below average. The April 15th decision date throws another wrench as we have more time (compared to our usual March 15th deadline) to collect information and estimate the season average price. We will know more about potential season average prices, particularly for corn after the release of the Prospective Planting report on March 31st as well as the potential impacts of tariffs. In general, current results point to ARC-CO enrollment which offers more protection over yield losses; however, if prices drop drastically between now and April 15th it may be beneficial to change to PLC enrollment option near the deadline.

Our colleague, Greg Halich provides a specific example utilizing the University of Illinois tool in his article *ARC-PLC Decision Tool Instructions and Example*. You can develop your own farm program payment scenarios by clicking on the Decision Tools Links below:

Kansas State

University of Illinois

Texas A&M

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