

News column for use week of February 26, 2024  
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### **2023 and 2024 ARC and PLC Outlook Predicts Minimal Payments**

The deadline to enroll your land in either the Price Loss Coverage (PLC) or Agricultural Risk Coverage (ARC-CO) is approaching! All new enrollments, renewals, or election changes to ARC-CO/PLC are due March 15<sup>th</sup>, 2024, for the 2024 crop year. K-State Research and Extension recently released reference price and payment estimates for the 2022, 2023, and 2024 crop years. Several of the estimates highlighted here may be useful in helping you make ARC-CO and PLC election decisions.

ARC-CO/PLC payments are distributed after the close of a crop's marketing year, not after the crop year. This means that crops harvested in the fall of 2023 are given until September 30<sup>th</sup>, 2024 to be marketed before the Farm Service Agency (FSA) makes payments against that crop.

ARC-CO/PLC payments are delayed a year because FSA uses the crop's marketing year's price data to calculate the Marketing Year Average (MYA) price. The 2023-24 marketing year for corn, soybeans, and milo runs from September 1<sup>st</sup>, 2023 to August 31<sup>st</sup>, 2024. Winter wheat follows a different schedule; its 2023-24 marketing year runs from June 1<sup>st</sup>, 2023 to May 31<sup>st</sup>, 2024. For the wheat crop planted last fall, the marketing year is June 1<sup>st</sup>, 2024 to May 31<sup>st</sup>, 2025. It is important to remember that the March 15<sup>th</sup> deadline for ARC-CO/PLC elections is for the 2024 crop. Payments will not be made until 2025, based on MYA prices from September 1<sup>st</sup>, 2024 to August 31<sup>st</sup>, 2025 (or June 1<sup>st</sup>, 2024 to May 31<sup>st</sup>, 2025 for wheat).

K-State Research and Extension's (KSRE) outlook on ARC-CO/PLC payments for the 2022, 2023, and 2024 crop years does not predict high payouts for participants in either program, if any. It is almost certain that PLC will not issue any payments for the 2023 crop in 2024. KSRE predicts final MYA prices to be as follows:

- Wheat: \$7.11/bu.
- Corn: \$4.73/bu.
- Milo: \$4.91/bu.
- Soybeans: \$12.62/bu.

Although these final MYA price predictions are anywhere from \$0.72/bu. - \$2.12/bu. below KSRE projections from last year, they are still well above existing PLC reference prices, which are as follows:

- Wheat: \$5.50/bu.
- Corn: \$4.01/bu.
- Milo: \$4.06/bu.
- Soybeans: \$9.26/bu.

This year is unique because the effective **reference prices** for corn, milo, and soybeans are above statutory reference prices \*(\$3.70, \$3.95, and \$8.40, respectively) because recent years of high prices are now being factored into 5-Year Olympic Average (OA) prices, which determines effective reference prices. These increases are **still well below MYA price projections**, though. Final MYA prices for each commodity would need to drop below reference prices for PLC payments to be triggered.

KSRE also predicts that ARC-CO will likely not issue any payments to farmers in the River Valley District either. To review, ARC-CO payments are calculated by a comparison of county Actual Revenue and county Benchmark Revenue. Actual Revenue is calculated as MYA price times MYA Yield. 5-Year OA Price and OA Yield, which drop the highest and lowest values of each variable, are used to calculate Benchmark Revenue, against which Actual Revenue is measured. However, ARC-CO rules stipulate that the level of per acre revenue that an enrollee is guaranteed cannot be above 86% of the Benchmark Revenue (i.e., Guaranteed Revenue); also, the Maximum Allowable Amount that ARC-CO can pay producers is 10% of the Benchmark Revenue value.

The amount that **ARC-CO** actually pays out is the smaller of two options: (1) the difference between Guaranteed Revenue and Actual Revenue [ $86\% * \text{Benchmark Revenue} - (\text{MYA Price} * \text{MYA Yield})$ ], OR (2) the Maximum Allowable Amount [ $10\% * \text{Benchmark Revenue}$ ]. But **prices** have been so **much higher than reference prices** lately that **yields would have to dramatically decline before any payments are issued**. Nevertheless, ARC-CO payments were made for Cloud County's soybean base acres in October 2023 despite high MYA prices because MYA yields in 2022 were 27 bushels below benchmark yields. Based on the USDA Risk Management Agency's (RMA) current projections of 2023 yields, however, ARC-CO payments are much less likely to occur this fall.

The 2024 crop year is already underway for wheat and will begin soon for corn, soybeans, and milo, but the finalized MYA prices for each commodity will not be posted until well into 2025. Unless commodity prices dramatically plummet between now and the end of the 2024-25 marketing year, PLC is unlikely to issue any payments for the 2023 crop year.

Also remember that a new Farm Bill is scheduled to be negotiated and proposed this year, as the 1-year extension of the 2018 Farm Bill is set to expire on September 30<sup>th</sup>, 2024. A new Farm Bill will provide new guidance on future elections of PLC and ARC-CO in 2025 and beyond. If you have any questions about the PLC or ARC-CO programs, please contact Luke Byers, River Valley District Agriculture and Natural Resources Extension Agent, at (785) 632-5335, or by email at [lsbyers@ksu.edu](mailto:lsbyers@ksu.edu).