

# Making the ARC/PLC Decision Under the 2018 Farm Bill

Presented by Gary Schnitkey, Jonathan Coppess, and Nick Paulson

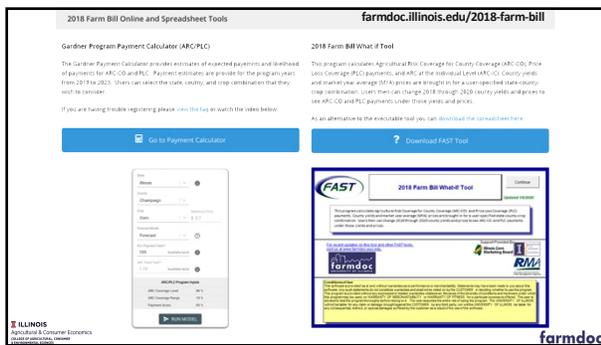
February 17, 2020



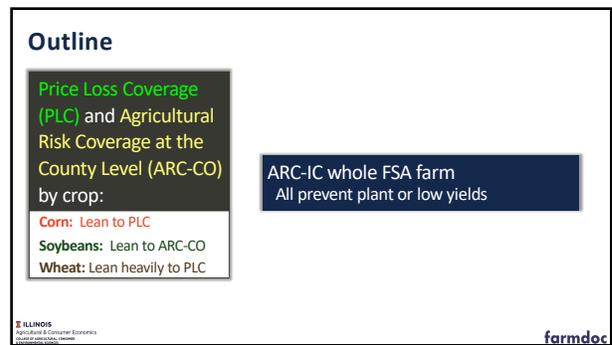
1



2



3

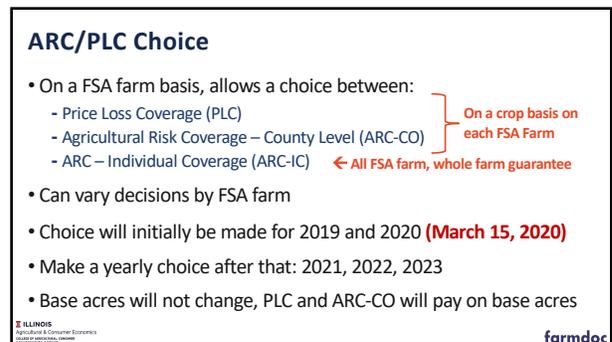


4

Deadlines		Decision
<b>March 15, 2020</b>	1. Make the choice between ARC and PLC for 2019 & 2020 year 2. Enroll for 2019 program year	
June 30, 2020	Enrolling for 2020 program year	
September 30, 2020	Deadline for updating farm PLC yields for 2020 and future program years (Can do this <b>now</b> )	
March 15, 2021	Enroll and change ARC/PLC for 2021 year	
March 15, 2022	Enroll and change ARC/PLC for 2022 year	
March 15, 2023	Enroll and change ARC/PLC for 2023 year	

Spent most of our time today on ARC/PLC choice due March 15

5



6

# Making the ARC/PLC Decision Under the 2018 Farm Bill

Presented by Gary Schnitkey, Jonathan Coppess, and Nick Paulson

February 17, 2020

## PLC

PLC makes payments of

$$.85 \times \left( \begin{matrix} \text{effective} \\ \text{reference price} \end{matrix} - \begin{matrix} \text{higher of MYA} \\ \text{price or loan rate} \end{matrix} \right) \times \text{PLC yield}$$

(National loan rate: **Corn: \$2.20**, SB: \$6.20, Wheat: \$3.38)

MYA (market year average) price

- This is a national, cash price
- Sept to August for corn and soybeans
- June to May for wheat

Eligible for Supplemental Coverage Option (SCO) insurance

ILLINOIS Agricultural & Consumer Economics

farmdoc

7

## Effective Reference Price

Higher of

- 85% of 5-year Olympic moving average
- Reference price

Reference Prices	
Corn	\$3.70
Soybeans	\$8.40
Wheat	\$5.50

Addition of 85% of 5-year Olympic average not likely come into play

5-year Olympic average must be **above**

- \$4.35 for corn
- \$9.88 for soybeans
- \$6.47 for wheat

ILLINOIS Agricultural & Consumer Economics

farmdoc

8



9

## Following slides show 2019 PLC for corn

- Slides show payment for corn
- Estimated 2019 MYA prices come from WASDE, Feb 2019.
- Slides are from 2018 Farm Bill tool, can be downloaded from farmdoc website <https://farmdoc.illinois.edu/2018-farm-bill>

ILLINOIS Agricultural & Consumer Economics

farmdoc

10

## Corn

Table 1. Calculation of PLC Payments

\$3.85 is USDA Feb forecast of 2019 MYA price

History suggests a 13% chance that the 2019 MYA will be below \$3.70

	2019 Payment		2020 Payment	
	Year	MYA Price \$/bu	Year	MYA Price \$/bu
	2013	4.46	2014	3.70
	2014	3.70	2015	3.61
	2015	3.61	2016	3.36
	2016	3.36	2017	3.36
	2017	3.36	2018	3.61
	85% of Olympic average <sup>1</sup>	3.02	85% of Olympic average <sup>1</sup>	3.00
	Statutory reference price	3.70	Statutory reference price	3.70
	Effective reference price <sup>2</sup>	3.70	Effective reference price <sup>2</sup>	3.70
	2019 MYA price	3.85	2020 MYA price	3.85
	Loan rate	2.20	Loan rate	2.20
	Payment rate <sup>3</sup>	0.00	Payment rate <sup>3</sup>	0.00
	2019 payment per base acre <sup>4</sup>	\$0	2020 payment per base acre <sup>4</sup>	\$0

ILLINOIS Agricultural & Consumer Economics

11

## Demonstrate ARC/PLC Tool

[fd-tools.ncsa.illinois.edu](https://fd-tools.ncsa.illinois.edu)

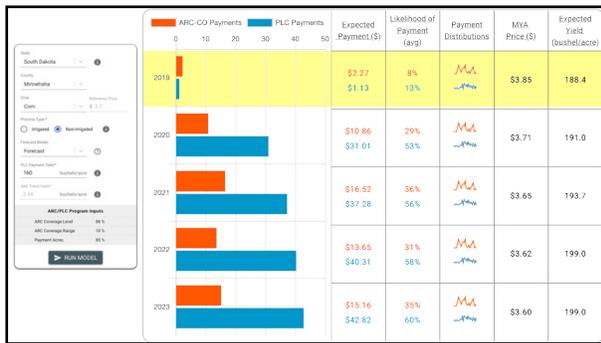
ILLINOIS Agricultural & Consumer Economics

farmdoc

12

# Making the ARC/PLC Decision Under the 2018 Farm Bill

Presented by Gary Schnitkey, Jonathan Coppess, and Nick Paulson  
February 17, 2020



13

## ARC-CO Payments

- ARC payments occur when county revenue is below .86 x benchmark revenue (benchmark yield x benchmark price)
- **Not eligible for Supplemental Coverage Option (SCO) insurance**
- Give example calculations below
- Both ARC-CO and PLC make payments on base acres in crop which will not change.

ILLINOIS Agricultural & Consumer Economics

farmdoc

14

Corn in Minnehaha County, South Dakota, Non-irrigated  
Table 2. Calculation of 2019 Benchmark Yield for ARC-CO

Year	County Yield <sup>1</sup>	80% of T-yield <sup>2</sup>	Higher of Actual or 80% of T-yield <sup>2</sup>	Number of Years to Trend	Trend Yield Adjustment <sup>4</sup>	Trend Adjusted ARC-CO Yield <sup>5</sup>
2013	168.9	120.8	168.9	6	16.0	184.9
2014	167.5	120.8	167.5	5	13.3	180.8
2015	195.5	120.8	195.5	4	10.6	206.2
2016	200.0	120.8	200.0	3	8.0	208.0
2017	196.6	129.6	196.6	2	5.3	202.0
Trend Adjustment <sup>3</sup>		2.66	2019 Benchmark Yield <sup>7</sup>		197.7	

ILLINOIS Agricultural & Consumer Economics

farmdoc

15

Corn in All Counties in the United States  
Table 4. Calculation of Benchmark Prices for ARC-CO

2019 Calculation			2020 Calculation				
Year	MYA Price <sup>1</sup>	Effective Reference Price <sup>2</sup>	Used in Benchmark <sup>3</sup>	Year	MYA Price <sup>1</sup>	Effective Reference Price <sup>2</sup>	Used in Benchmark <sup>3</sup>
2013	4.46	3.70	4.46	2014	3.70	3.70	3.70
2014	3.70	3.70	3.70	2015	3.61	3.70	3.70
2015	3.61	3.70	3.70	2016	3.36	3.70	3.70
2016	3.36	3.70	3.70	2017	3.36	3.70	3.70
2017	3.36	3.70	3.70	2018	3.61	3.70	3.70
2019 Benchmark Price			3.70	2020 Benchmark Price			3.70

ILLINOIS Agricultural & Consumer Economics

farmdoc

16

Corn in Minnehaha County, South Dakota, Non-irrigated  
Calculation of PLC and ARC-CO Payments

Year	County Yield <sup>1</sup>	MYA Price <sup>2</sup>	Payment <sup>4,5</sup>		ARC-CO Calculations			County Yield <sup>3</sup>
			PLC	ARC-CO	Benchmark Yield <sup>6</sup>	Price <sup>7</sup>	Guarantee <sup>8</sup>	
2018	198				Bu	\$/Bu	\$ per base acre	
2019	163	3.85	\$0	\$1	197.7	3.70	628.95	627.55
2020	198	3.85	\$0	\$0	205.5	3.70	653.90	763.65

ILLINOIS Agricultural & Consumer Economics

farmdoc

17

Corn in Brown County, South Dakota, Non-irrigated  
Calculation of PLC and ARC-CO Payments

Year	County Yield <sup>1</sup>	MYA Price <sup>2</sup>	Payment <sup>4,5</sup>		ARC-CO Calculations			County Yield <sup>3</sup>
			PLC	ARC-CO	Benchmark Yield <sup>6</sup>	Price <sup>7</sup>	Guarantee <sup>8</sup>	
2018	169				Bu	\$/Bu	\$ per base acre	
2019	143	3.85	\$0	\$4	174.4	3.70	555.04	550.55
2020	176	3.85	\$0	\$0	178.8	3.70	568.85	678.02

ILLINOIS Agricultural & Consumer Economics

farmdoc

18

# Making the ARC/PLC Decision Under the 2018 Farm Bill

Presented by Gary Schnitkey, Jonathan Coppess, and Nick Paulson

February 17, 2020

## Corn in Brown County, South Dakota, Irrigated Calculation of PLC and ARC-CO Payments

Year	County Yield <sup>1</sup> Bu	MYA <sup>2</sup> \$/bu	Payment <sup>3,4</sup>		ARC-CO Calculations				
			PLC	ARC-CO	Benchmark Yield <sup>5</sup>	Benchmark Price <sup>6</sup>	Guarantee <sup>7</sup>	County 3	
2018	194								
2019	143	3.85	\$0	\$62	198.2	3.70	630.77	550.55	
2020	201	3.85	\$0	\$0	201.4	3.70	640.85	774.04	

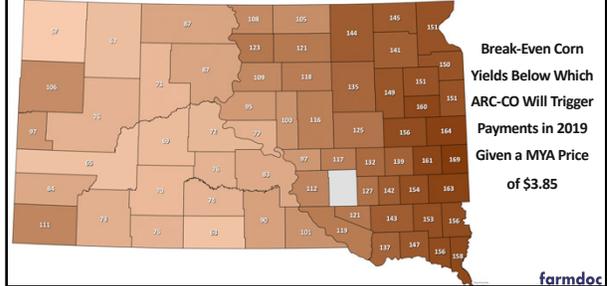
ILLINOIS  
Agricultural & Consumer Economics  
EconomicAnalysis.com



farmdoc

19

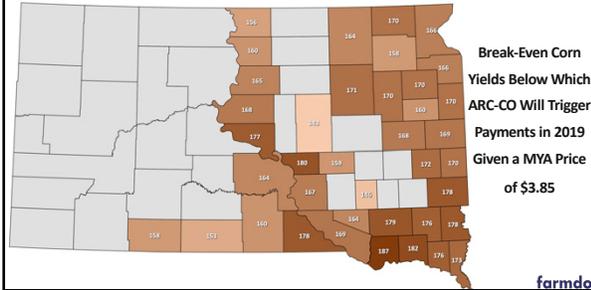
## All/Non-irrigated Corn Breakeven Bushels/acre



farmdoc

20

## Irrigated Corn Breakeven Bushels/acre



farmdoc

21

## Corn: Choosing between PLC and ARC-CO

2019	2020
<p><b>PLC</b> not likely to make a payment</p> <p><b>ARC-CO</b> not likely to make payments in most counties, know more with NASS county yield release on February 20<sup>th</sup></p>	<p><b>PLC</b> 50-50 chance of being below \$3.70 and trigger</p> <p><b>ARC-CO</b> would trigger with regionally specific low yields</p>

### Lean to PLC

Watch for 2019 yield release on Feb 20<sup>th</sup> and our webinar on Feb 24<sup>th</sup> (Register at [go.illinois.edu/fdWebinar](http://go.illinois.edu/fdWebinar))

ILLINOIS  
Agricultural & Consumer Economics  
EconomicAnalysis.com

farmdoc

22

## Soybeans



23

## Soybeans Table 1. Calculation of PLC Payments

2019 Payment			2020 Payment		
Year	MYA Price \$/bu		Year	MYA Price \$/bu	
2013	13.00		2014	10.10	
2014	10.10		2015	8.95	
2015	8.95		2016	9.47	
2016	9.47		2017	9.33	
2017	9.33		2018	8.48	
	85% of Olympic average <sup>1</sup>	8.19		85% of Olympic average <sup>1</sup>	7.86
	Statutory reference price	8.40		Statutory reference price	8.40
	Effective reference price <sup>2</sup>	8.40		Effective reference price <sup>2</sup>	8.40
	2019 MYA price	8.75		2020 MYA price	8.75
	Loan rate <sup>3</sup>	6.20		Loan rate <sup>3</sup>	6.20
	Payment rate <sup>3</sup>	0.00		Payment rate <sup>3</sup>	0.00
	2019 payment per base acre <sup>4</sup>	\$0		2020 payment per base acre <sup>4</sup>	\$0

ILLINOIS  
Agricultural & Consumer Economics  
EconomicAnalysis.com

farmdoc

24

# Making the ARC/PLC Decision Under the 2018 Farm Bill

Presented by Gary Schnitkey, Jonathan Coppess, and Nick Paulson  
February 17, 2020

## Soybeans in Brown County, South Dakota Calculation of PLC and ARC-CO Payments

Year	County Yield <sup>1</sup>	MYA Price <sup>2</sup>	Payment <sup>3,4</sup>		ARC-CO Calculations			County Yield <sup>3</sup>
			PLC	ARC-CO	Benchmark Yield <sup>5</sup>	Price <sup>6</sup>	Guarantee <sup>7</sup>	
2018	48							
2019	46	8.75	\$0	\$0	46.3	9.63	383.28	401.36
2020	46	8.75	\$0	\$0	47.0	9.25	373.49	406.00

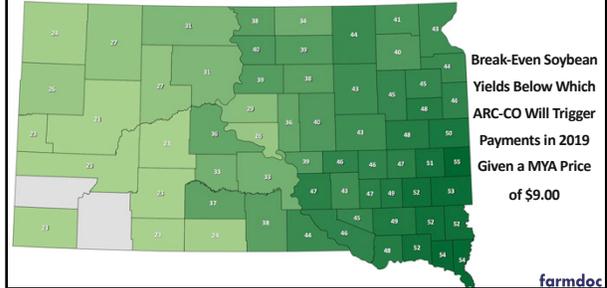
ILLINOIS Agricultural & Consumer Economics



farmdoc

25

## All/Non-irrigated Soybeans Breakeven Bushels/Acre

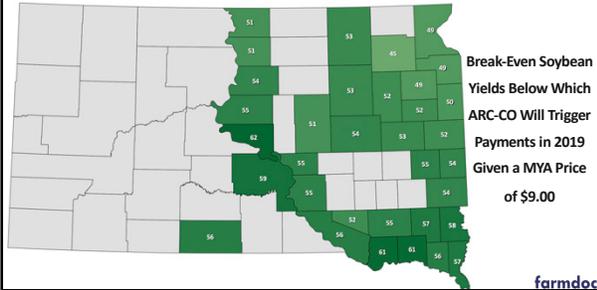


Break-Even Soybean Yields Below Which ARC-CO Will Trigger Payments in 2019 Given a MYA Price of \$9.00

farmdoc

26

## Irrigated Soybeans Breakeven Bushels/Acre



Break-Even Soybean Yields Below Which ARC-CO Will Trigger Payments in 2019 Given a MYA Price of \$9.00

farmdoc

27

28

Year	ARC-CO Payments	PLC Payments	Expected Payment (\$)	Likelihood of Payment (avg)	Payment Distributions	MYA Price (\$)	Expected Yield (bushel/acre)
2019	\$5.83	\$0.17	\$5.83	27%	[Graph]	\$9.00	45.0
2020	\$7.57	\$6.81	\$7.31	32%	[Graph]	\$9.00	45.5
2021	\$6.09	\$7.31	\$7.31	25%	[Graph]	\$9.00	46.0
2022	\$4.79	\$7.41	\$7.41	21%	[Graph]	\$9.00	47.1
2023	\$3.54	\$7.37	\$7.37	17%	[Graph]	\$9.00	47.1

29

## Soybeans: Choosing between PLC and ARC-CO

2019	2020
<p>PLC not likely to make payments</p> <p>ARC-CO could make payments, know more after the Feb 20 release of NASS yields</p>	<p>PLC Having a 2020 MYA price below \$8.40 would be a very bad year, not likely but could happen</p> <p>ARC-CO Need a combination of local low yields and non-increasing prices to generate payments</p>

**Lean to ARC-CO**  
Watch for NASS county yield on Feb 20<sup>th</sup> and our webinar on Feb 24<sup>th</sup> (Register at [go.illinois.edu/fdWebinar](http://go.illinois.edu/fdWebinar))

ILLINOIS Agricultural & Consumer Economics

farmdoc

30

# Making the ARC/PLC Decision Under the 2018 Farm Bill

Presented by Gary Schnitkey, Jonathan Coppess, and Nick Paulson  
February 17, 2020



31

### Wheat

Table 1. Calculation of PLC Payments

2019 Payment			2020 Payment		
Year	MYA Price		Year	MYA Price	
2013	5/8u		2014	5/8u	
2014	6.87		2015	5.99	
2015	5.99		2016	4.89	
2016	4.89		2017	3.89	
2017	3.89		2018	4.72	
2018	4.72		2019	5.16	
85% of Olympic average <sup>1</sup>			85% of Olympic average <sup>1</sup>		
Statutory reference price			Statutory reference price		
Effective reference price <sup>2</sup>			Effective reference price <sup>2</sup>		
2019 MYA price			2020 MYA price		
Loan rate			Loan rate		
Payment rate <sup>3</sup>			Payment rate <sup>3</sup>		
2019 payment per base acre <sup>4</sup>			2020 payment per base acre <sup>4</sup>		

Input: State: South Dakota, County: Brown, Crop: Wheat, Practice: All, PLC Yield: 46

85% of Olympic average<sup>1</sup>: 4.42, 4.18  
Statutory reference price: 5.50, 5.50  
Effective reference price<sup>2</sup>: 5.50, 5.50  
2019 MYA price: 4.55, 2020 MYA price: 4.55  
Loan rate: 3.38, 3.38  
Payment rate<sup>3</sup>: 0.95, 0.95  
2019 payment per base acre<sup>4</sup>: \$37, 2020 payment per base acre<sup>4</sup>: \$37

ILLINOIS Agricultural & Consumer Economics  
farmdoc

32

State: South Dakota  
County: Hutchinson  
Crop: Wheat  
Forecast Model: Forecast  
PLC Payment Yield<sup>4</sup>: 35 bushels/acre  
ARC Trend Yield<sup>5</sup>: 0.69 bushels/acre  
ARC/PLC Program Inputs: ARC Coverage Level: 86%, ARC Coverage Range: 10%, Payment Acres: 85%

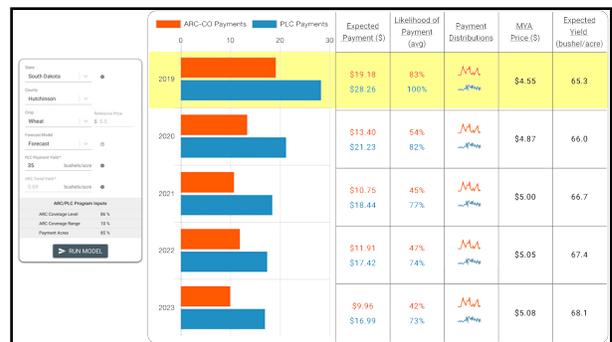
ILLINOIS farmdoc DECISION OUTREACH CENTRAL 2018 Farm Bill Toolbox

2018 Farm Bill Online and Spreadsheet Tools

ARC/PLC Program Inputs: ARC Coverage Level: 86%, ARC Coverage Range: 10%, Payment Acres: 85%

RUN MODEL

33



34

### Wheat in Brown County

#### Calculation of PLC and ARC-CO Payments

Year	County Yield <sup>1</sup> Bu	MYA Price <sup>2</sup> \$/Bu	Payment <sup>3,4</sup>		ARC-CO Calculations					
			PLC	ARC-CO	Yield <sup>5</sup>	Price <sup>6</sup>	Guarantee <sup>7</sup>	County 3		
2018	38	4.55			Bu	\$/Bu				
2019	10	4.55	\$37	\$29	60.7	5.66	295.32	45.50		
2020	55	4.55	\$37	\$9	54.7	5.50	258.64	248.02		

ILLINOIS Agricultural & Consumer Economics  
farmdoc

35

### Wheat in Brown County

#### Calculation of PLC and ARC-CO Payments

2019 and 2020 ARC-CO PLC WHAT-IF COMPARISON

Input: State: South Dakota, County: Brown, Crop: Wheat, Practice: All, PLC Yield: 46

FAST

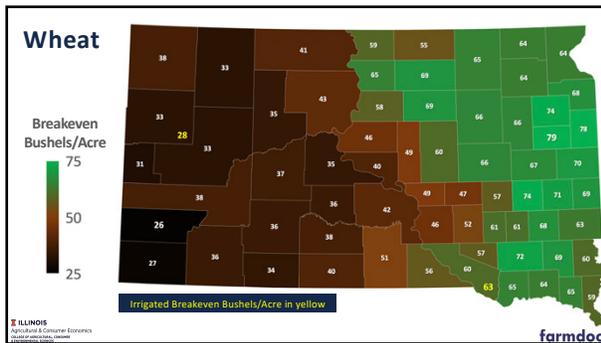
View 2014 Farm Bill Payments

Year	County Yield <sup>1</sup> Bu	MYA Price <sup>2</sup> \$/Bu	Payment <sup>3,4</sup>		ARC-CO Calculations					
			PLC	ARC-CO	Yield <sup>5</sup>	Price <sup>6</sup>	Guarantee <sup>7</sup>	County 3		
2018	38	4.55			Bu	\$/Bu				
2019	54	4.55	\$37	\$29	60.7	5.66	295.32	244.29		
2020	55	4.55	\$37	\$9	54.7	5.50	258.64	248.02		

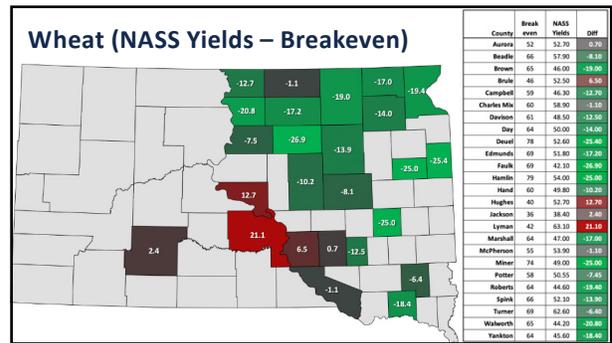
36

# Making the ARC/PLC Decision Under the 2018 Farm Bill

Presented by Gary Schnitkey, Jonathan Coppess, and Nick Paulson  
February 17, 2020



37



38

**Wheat: Choosing between PLC and ARC-CO**

**2019**

PLC will make large payments, depend on PLC yield

ARC-CO will make payments in many counties, but likely less than PLC given "normal" PLC yields for FSA farms.

**2020**

PLC Has a very good chance of payments

ARC-CO SO does ARC-CO but likely pay less than PLC

**Lean to PLC**

Watch for NASS county yield on Feb 20<sup>th</sup> and our webinar on Feb 24<sup>th</sup> (Register at [go.illinois.edu/fdWebinar](http://go.illinois.edu/fdWebinar))

ILLINOIS Agricultural & Consumer Economics

39

**ARC-IC**

[farmdoc.illinois.edu/2018-farm-bill](http://farmdoc.illinois.edu/2018-farm-bill)

Webinar Sponsor

**SD CORN**

40

**ARC-IC**

- Is a FSA farm by farm choice
- ARC-IC farm equals the sum of a producer's share in all FSA farms enrolled in ARC-IC in a state
- Combines all program crops
- Based on farm yields
- Pays on 65% of base acres rather than 85%
- Will pay maximum payment (10% of benchmark) if all acres on FSA farm are prevent plant
- ARC-IC calculator for one farm in 2018 Farm Bill Tool

ILLINOIS Agricultural & Consumer Economics

41

**Corn Benchmark Calculation**

Yield Calculation				Price Calculation		
Year	Planted	Farm Yield	80% of County Yield	Used	MYA Price	Effective Price
2013	Yes	160.0	129.6	156.1	160.0	4.46
2014	No		129.6	177.5	177.5	3.70
2015	Yes	175.0	129.6	178.7	175.0	3.61
2016	No		129.6	197.5	197.5	3.36
2017	Yes	176.0	146.4	167.9	176.0	3.36

Benchmark Revenue Calculation				Effective Reference Price	
Year	Yield <sup>1</sup>	Price <sup>2</sup>	Revenue	Year	Price
2013	160.0	4.46	713.60	2013	4.46
2014	177.5	3.70	656.60	2015	3.61
2015	175.0	3.70	647.50	2016	3.36
2016	197.5	3.70	730.64	2017	3.36
2017	176.0	3.70	651.20	85% of Olympic Average	3.02
Statutory Reference Price				3.70	
Effective Reference Price <sup>3</sup>				3.70	
Benchmark Revenue <sup>4</sup>			673.80		

1<sup>1</sup> If the crop is planted, the higher of farm yield or 80% of T-yield. If not planted, the county yield is used. In the near future, T-yields will be updated.

2<sup>2</sup> The higher of the MYA price or effective reference price.

3<sup>3</sup> Higher of 85% of Olympic average or statutory reference price, capped at 1.15 times reference price

4<sup>4</sup> Olympic average of five previous revenues.

ILLINOIS Agricultural & Consumer Economics

42

# Making the ARC/PLC Decision Under the 2018 Farm Bill

Presented by Gary Schnitkey, Jonathan Coppess, and Nick Paulson  
February 17, 2020

### Soybeans Benchmark Calculation

Yield Calculation					Price Calculation			
Year	Planted	Farm Yield	80% of T-Yield	County Yield	Used Yield <sup>1</sup>	MYA Price	Effective Price	Used Price <sup>2</sup>
2013	No		36.0	42.9	42.9	13.00	8.40	13.00
2014	Yes	50.0	36.0	48.0	50.0	10.10	8.40	10.10
2015	No		36.0	47.3	47.3	8.95	8.40	8.95
2016	Yes	52.0	36.0	51.1	52.0	9.47	8.40	9.47
2017	No		36.0	43.7	43.7	9.33	8.40	9.33

Benchmark Revenue Calculation				Effective Reference Price		
Year	Yield <sup>1</sup>	Price <sup>2</sup>	Revenue	Year	MYA Price	
2013	42.9	13.00	557.70	2013	13.00	
2014	50.0	10.10	505.00	2014	10.10	
2015	47.3	8.95	423.51	2015	8.95	
2016	52.0	9.47	492.44	2016	9.47	
2017	43.7	9.33	408.00	2017	9.33	
Benchmark Revenue <sup>4</sup>			473.65	85% of Olympic Average		8.19
				Statutory Reference Price		8.40
				Effective Reference Price <sup>5</sup>		8.40

**ILLINOIS** Agricultural & Consumer Economics [farmdoc.illinois.edu](http://farmdoc.illinois.edu)

43

### 2019 ARC-IC Payment (all prevent plant)

Payment Assumes One FSA Farm Enrolled in ARC

Crop	2019 Acres		Farm Yield	MYA Price	Loan Rate	Revenue <sup>2</sup>	Benchmark Revenue
	Prevent Planted	Plant					
Corn	50	0	14.5	3.85	2.20	558.25	673.80
Soybeans	50	0	40	8.75	6.20	350.00	473.65
Total	50	0					

Benchmark Revenue <sup>2</sup>	473.65	(\$ per base acre)
Guarantee <sup>3</sup>	407.34	(\$ per base acre)
Farm Revenue <sup>4</sup>	350.00	(\$ per base acre)
ARC-IC Payment <sup>5</sup>	30.79	(\$ per base acre)

**ILLINOIS** Agricultural & Consumer Economics [farmdoc.illinois.edu](http://farmdoc.illinois.edu)

44

### 2019 ARC-IC Payment (all prevent plant)

Payment Assumes One FSA Farm Enrolled in ARC

Crop	2019 Acres		Farm Yield	MYA Price	Loan Rate	Revenue <sup>2</sup>	Benchmark Revenue
	Prevent Planted	Plant					
Corn	50	0	14.5	3.85	2.20	558.25	673.80
Soybeans	50	0	40	8.75	6.20	350.00	473.65
Total	100	0					

Benchmark Revenue <sup>2</sup>	573.73	(\$ per base acre)
Guarantee <sup>3</sup>	493.41	(\$ per base acre)
Farm Revenue <sup>4</sup>	454.13	(\$ per base acre)
ARC-IC Payment <sup>5</sup>	25.54	(\$ per base acre)

**ILLINOIS** Agricultural & Consumer Economics [farmdoc.illinois.edu](http://farmdoc.illinois.edu)

45

### ARC-IC general rule

- Consider taking in 2019 if there is a FSA farm with
  - low yields (Triggering RP crop insurance payments)
  - All prevent plant
- Remember all FSA farms in a state in ARC-IC are combined. Does not seem wise to have all FSA farms in ARC-IC
- Somewhat doubtful if it fits in other situation because only pays on 65% of payment rather than 85% for PLC and ARC-CO

**ILLINOIS** Agricultural & Consumer Economics [farmdoc.illinois.edu](http://farmdoc.illinois.edu)

46

### More than One Farm

- Rank from highest to lowest per base acre payment
- Combining a farm that is hitting the maximum ARC-IC payment with another farm may result in a higher payment
- Combining a non-paying ARC-IC farm with another farm will lower payments unless there is a FSA hitting the max ARC-IC payment

**ILLINOIS** Agricultural & Consumer Economics [farmdoc.illinois.edu](http://farmdoc.illinois.edu)

47

### Estimated 2019 Payments for All Farms Enrolled in ARC-IC

	Enroll in ARC-IC	Share of Production	Base Acres	Benchmark Revenue	Farm Revenue	ARC-IC Payment
1 Farm 1	Yes	100%	100	\$742	\$648	\$0
2 Farm 2	Yes	100%	100	\$742	\$594	\$28
3 Farm 3	***	100%	100	\$813	\$0	\$53

\*\*\* Indicate that this farm would generate a maximum ARC-IC payment if enrolled singly. Combining these farms with other farms could increase average base acre ARC-IC payments.

Estimated 2019 Payments for All Farms Enrolled in ARC-IC		
Total Base Acres <sup>1</sup>	300	acres (weighted by share of production)
Benchmark Revenue <sup>2</sup>	\$765	per base acre
Guarantee <sup>3</sup>	\$658	per base acre
2019 Revenue <sup>4</sup>	\$414	per base acre
2019 ARC-IC Payment <sup>5</sup>	\$50	per base acre
2019 ARC-IC Payment <sup>6</sup>	\$14,921	total all farms enrolled in ARC-IC

From multi-farm ARC-IC tool in 2018 Farm Bill What If Tool

**ILLINOIS** Agricultural & Consumer Economics [farmdoc.illinois.edu](http://farmdoc.illinois.edu)

48

# Making the ARC/PLC Decision Under the 2018 Farm Bill

Presented by Gary Schnitkey, Jonathan Coppess, and Nick Paulson  
February 17, 2020

## Summary

- Be aware of deadlines
- Advice:
  - ARC-IC for FSA farms with all prevent plant acres or low yields
  - Corn: PLC or ARC-CO will not make payments in 2019, except for some counties with low yields, think PLC because of \$3.70 reference price
  - Soybeans: More counties with ARC-CO payments, the \$8.40 reference price is low, lean to ARC-CO
  - Wheat: Both will likely make payments, PLC larger in most cases, lean to PLC
- Feb 20<sup>th</sup> NASS will release county yields, More closely know counties were ARC-CO will make payments. Look for our webinar on Feb 24<sup>th</sup>

ILLINOIS  
Agricultural & Consumer Economics  
COLLEGE OF AGRICULTURAL, CONSUMER  
& ENVIRONMENTAL SCIENCES

farmdoc

49

## 2018 Farm Bill Resources

- FSA Website  
[https://www.fsa.usda.gov/programs-and-services/arcplc\\_program/](https://www.fsa.usda.gov/programs-and-services/arcplc_program/)
- Farm Bill Toolbox (Including 2018 Farm Bill What if Tool)  
<https://farmdoc.illinois.edu/2018-farm-bill>
- Gardner ARC/PLC tool  
<https://fd-tools.ncsa.illinois.edu/>
- FarmdocDaily
  - PLC Description, farmdocDaily, September 24, 2019
  - ARC-CO Description, farmdocDaily, September 17, 2019
  - Choosing Between ARC-CO and PLC, farmdocDaily, October 1, 2019
  - ARC-IC, farmdocDaily, October 29, 2019

farmdocDAILY

ILLINOIS  
Agricultural & Consumer Economics  
COLLEGE OF AGRICULTURAL, CONSUMER  
& ENVIRONMENTAL SCIENCES

farmdoc

50

Thank You for joining us!  
Please submit your questions

farmdoc

farmdoc.illinois.edu/2018-farm-bill



Thank You to our Webinar Sponsor

SD CORN

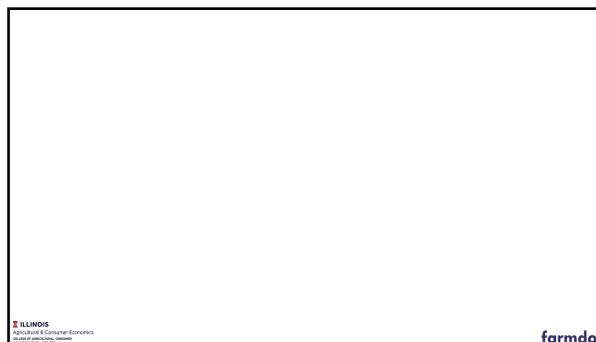
farmdocDAILY  
.Illinois.edu

Subscribe for Latest News Updates

YouTube For the webinar archives and 5-minute farmdoc  
Subscribe to our channel [YouTube.com/farmdocVideo](https://www.youtube.com/farmdocVideo)



51



52