K·STATE Research and Extension | Meadowlark District

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ARC/PLC Decision Time

Tis the season for making ARC/PLC elections through your local Farm Service Agency Office. That also means an annual reminder about how each program works.

PLC is short for Price Loss Coverage and can most simply be explained as making payments if the national Marketing Year Average Price (MYA) falls below a specific reference prices (Corn: $4.26; Grain Sorghum: $4.51; Soybeans: $9.66; Wheat: $5.56). Payments are based on the *difference* between the reference price and the MYA, times the farm's established program yield with FSA, then paid on 85 percent of the base acres in that commodity. This program will pay on losses in price unless the MYA gets below established loan rates. In short, if commodity prices are low, large payments can occur.

Agricultural Risk Coverage (ARC) is a revenue program. It takes a benchmark price (Corn: $5.03; Grain Sorghum $5.30; Soybeans: $12.17; Wheat: $6.72) times the county's benchmark yield to establish a benchmark revenue for each crop. If the current year's revenue (calculated as the national MYA price multiplied by the 2025 county yield) is less than 86% of this amount, an ARC payment is triggered. The advantage: both yield and price are considered, meaning payments can occur if either/both cause revenue declines. The disadvantage: payments are capped at 10 percent of benchmark revenue and that can happen quickly if a payment is triggered. It also pays on 85 percent of the farm's base acres in each crop.

Because historical prices used to set the guarantees have been higher, both programs will see higher price benchmarks this year. While ARC may be more likely to pay unless there is a bumper crop yield in the county, overall protection against low prices is less than PLC because of the 10 percent payment cap. Keep in mind: payments for the 2025 crop year won't be paid until October 2026 (once 2025 county yields are determined and MYA prices are known) meaning a lot can happen in the way of market prices between now and then.

If the decision isn't as clear cut as you'd like, consider the ARC/PLC Tradoff spreadsheet at https://agmanager.info/ag-policy/2018-farm-bill/tradeoff-between-20252026-arc-and-plc . It allows you to assess the potential for ARC or PLC payments at various MYA price levels and county yields, allowing you to look at what the most likely scenario might be so you can make a good decision about the program for you.

Two reminders: First, if you are interested in participating in the Supplemental Coverage Option (SCO) on your individual crop insurance, base acres in that commodity will need to be enrolled in PLC. A new tool to help analyze SCO potential can be found at: https://agmanager.info/crop-insurance/crop-insurance-papers-and-information/advanced-arc-plc-sco-tradeoff-tool. Second, be aware of program deadlines. Producers have until April 15th to make their farm program selections with FSA for crops harvested in 2025, but crop insurance – and farm program elections tied to them (SCO) will have earlier deadlines associated with crop insurance. Know enrollment deadlines for *all* the pieces of the puzzle.

Want to hear more from K-State Ag Economists Robin Reid and Jenny Ifft? Check out their recent webinar at: https://agmanager.info/events/2025-winter-wednesday-webinars .