

ARC and PLC Recommendations for 2022

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Signup for the USDA commodity support programs Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) for the 2022 crop year began October 18, 2021. Farmers have until March 15, 2022 to change their decisions, but unless market expectations for 2022 change substantially in the next few months, I do not see my recommendation changing. Because expected prices for 2022 are well above the reference prices, my recommendation is to sign up for county ARC (ARC-CO) for corn, soybean, wheat, and oat base acres for 2022.

Signup is for 2022 crops, with payments coming, if triggered, in September and October of 2023, after the 2022 marketing year ends. Price expectations for 2022 are substantially higher than the PLC Reference Prices used as a price floor for corn, soybeans, wheat, and oats. As a result, ARC-CO is the better option for those wanting to maximize potential payments: county-level problems causing low county yields that trigger ARC payments are more likely than the national marketing year average price to fall below the reference prices. However, the likelihood and size of ARC payments are also quite low given expected market prices, thus I emphasize that neither ARC nor PLC is likely to make large payments for 2022.

Given the low likelihood of ARC or PLC payments and the high price expectations for 2022, this may be a year to consider two new crop insurance options that only recently become available: SCO (Supplemental Coverage Option) and ECO (Enhanced Coverage Option). These policy options allow you to lock in more of your expected revenue by using a county crop insurance policy to cover part of your individual Revenue Protection (RP) or Yield Protection (YP) deductible. Note that SCO and ECO are crop insurance policies, and so you will need to contact your crop insurance agent, not your county FSA office. I have created a short video explaining more details (<https://youtu.be/FOnMayBOL-Y>).

The ARC/PLC Calculator is available on the FarmDOC page (<https://fd-tools.ncsa.illinois.edu/>). This tool is the best estimator of average returns using a farmer's specific payment yields and county information and the latest price expectations. Price forecasts were last updated in January 2021. While waiting for updates, use the "Custom" option in the tool to put in our own price expectations. See this post for guidance: <https://aae.wisc.edu/pdmitchell/2021/11/24/guidance-on-2022-price-forecasts/>.

See my ARC PLC Resources Page <https://aae.wisc.edu/pdmitchell/extension/arc-plc-signup/> for more resources, including videos explaining the logic for my recommendations, an overview of SCO and ECO, recommendations for minor crops, and farm types that may find ARC-IC useful.

