

Updates on ARC and PLC Recommendations for 2024

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Farmers have until March 15, 2024 to make their final commodity program decisions for their base acres for each crop and each FSA farm. Price expectations for 2024 crops have declined since January, so that the likelihood and expected amount of program payments has increased somewhat, but county ARC still is the recommended choice for Wisconsin farmers.

In mid-February, the USDA published expected season average farm prices for the 2024 crop, updating their estimates from November of 2023. For corn and soybeans, projected prices declined 10 cents per bushel – to \$4.40 for corn and \$11.20 for soybeans, while wheat expectations fell to \$6.00, down 80 cents from their November projection. However, despite these significant declines, they are still above the PLC effective reference price floors of \$4.01 for corn, \$9.26 for soybeans, and \$5.50 for wheat. Because of these declines in projected prices, the likelihood and magnitude of projected ARC and PLC payments increased, but county ARC program is still the recommended option. However, if a farmer wants to buy SCO (Supplemental Coverage Option) as part of the crop insurance coverage for a crop, then all base acres for that crop must be enrolled in PLC.

ARC payments are triggered when county revenue falls below the county guarantee, while PLC payments are triggered when the national marketing year average price falls below the price floor. ARC and PLC both use the same national marketing year average price, but county ARC also uses the county yield and county yields are more variable than national prices. Drought was an issue in 2023 for many parts of the Corn Belt, but the US set a record for the national average per acre corn yield of 177.3 bu/ac, while the average US soybean yield was tied for 4th at 50.6 bu/ac, with yields for both crops just below trend. However, some counties were hit more severely by drought and suffered yield losses. Going into the 2024 crop season, drought conditions continue to linger in many parts of the Midwest, including most Wisconsin counties, suggesting that county yields could be lower than expected, while nationally yields and prices could still be near expectations. This logic is why ARC is considered a better choice than PLC – County ARC is more likely to pay and to pay more than PLC.

USDA 2024 projections (<https://usda.library.cornell.edu/concern/publications/qn59q396v>) and the Farm DOC price simulator tool (<https://fd-tools.ncsa.illinois.edu/>) have been updated so that farmers can see projected prices and estimate of the size and likelihood of ARC and PLC payments for their counties and yields. 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, and recommendations for minor crops in Wisconsin.

