

ARC-CO/PLC and Crop Insurance Decisions

Yangxuan (Serinna) Liu

Associate Professor and Extension Economist
Agricultural and Applied Economics

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Agent Training



UNIVERSITY OF
GEORGIA

College of Agricultural &
Environmental Sciences

*Department of Agricultural
and Applied Economics*



Today's Topic

ARC and PLC Programs

Texas A&M ARC and PLC
Decision Aid

Crop Insurance Considerations



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Timeline for ARC and PLC Election and Enrollment

Although the election between ARC and PLC is optional, enrollment in the program is required to be eligible for the payments.

The deadline for re-election and enrollment between ARC and PLC is **April 15, 2025.**



ARC and PLC Programs

1

ARC - Agriculture Risk Coverage

- ARC – CO (ARC – County)
- ARC – IC (ARC – Individual)

2

PLC – Price Loss Coverage



2025 →



Operator makes planting decision

2025/2026 Marketing Year Begin →



2026 →

2025/2026 Marketing Year Data Released →

MYA Price and County Yield Data Released following close of the Marketing Year



2025/2026 Payment After October 1, 2026 →

ARC/PLC Payment is made after October 1 of Year 2

Year 1



Plant



Begin Marketing Year

Marketing year for cotton and peanuts begins during growing season on August 1

Harvest

Year 2



End of Marketing Year

Marketing year for cotton and peanuts ends on July 31 of Year 2

Payment



ARC/PLC election and enrollment for 2025 April 15, 2025

Figure 1: Two-Year Timeline for Key Dates of ARC and PLC Payments for Cotton and Peanut Farmers. Photo Credit: Dr. John Lai. University of Florida Institute of Food and Agricultural Sciences Food and Resource Economics Department.

Picture source: Liu, Y., Rabinowitz, A. N. & Lai, J. H. (2019). Eligibility and Payments under the 2018 Farm Bill PLC and ARC Programs. Department of Agricultural and Applied Economics, University of Georgia. Report No. AGECON-19-12PR. November 2019.



ARC – CO Program

$$\begin{aligned} \text{BENCHMARK County Revenue} &= \\ \text{5-Yr Olympic Average Yield Per Planted Acre} & \\ & \times \\ \text{5-Yr Olympic Average Market Price} & \end{aligned}$$

$$\text{ARC Guarantee} = 86\% \times \text{Benchmark County Revenue}$$

$$\begin{aligned} \text{ACTUAL County Revenue} &= \\ \text{Actual County Yield Per Planted Acre} & \\ & \times \\ \text{Higher of Avg Market Price or Loan Rate} & \end{aligned}$$

$$\text{ARC Payment}^* = \text{ARC Guarantee} - \text{Actual County Revenue}$$

***Or 10% of Benchmark Revenue, whichever is less**

ARC payments are made on 85% of base acres.

If the Average Market Price for any given year is lower than the Effective Reference Price, the Effective Reference Price will be used to calculate the 5-Year Olympic Average Market Price.



PLC Payment Calculation

PLC Payment Rate = Effective Reference Price - Higher of MYA¹ Price
or Loan Rate

$$\begin{aligned} \text{Total PLC Payment} &= \text{PLC Payment Rate} \\ &\quad \times \text{PLC Payment Yield} \\ &\quad \times 85\% \text{ of Base Acres}^2 \end{aligned}$$

¹MYA – Marketing Year Average

²Base Acres for a specific covered commodity



2025 Effective Reference Prices

Commodity	FAPRI Projected Price for 2025/2026 Crop	Effective Reference Price	
Wheat	\$5.79	\$5.56	Bushel
Corn	\$4.13	\$4.26	Bushel
Grain Sorghum	\$3.84	\$4.51	Bushel
Soybeans	\$9.65	\$9.66	Bushel
Peanuts	\$505.4	\$535	Ton
Seed Cotton	\$0.342	\$0.367	Pound

Given the current price outlook – where producers may expect to receive some assistance from PLC.

- Corn, Grain Sorghum, Soybeans (Maybe), Peanuts, Seed Cotton



Implications for STAX



Beginning with the 2019 crop year, those who participate in PLC/ARC for the **Seed Cotton Base Acres** will be ineligible for STAX.

- On farms with little (or no) seed cotton base, be sure to take a close look at area-wide policies like STAX.
- Scenario: plant 160 acres of cotton on a farm with 80 acres of soybean base and 80 acres of peanut base.
- One Option: The producer can purchase STAX on 160 acres of cotton and enroll all 160 acres of soybean/peanut base in ARC/PLC.

Implications for SCO



Those who participate in ARC for the **Base Acres for A Covered Commodity** will be ineligible for SCO for **that commodity**.

- Scenario: plant 160 acres of cotton on a farm with 80 acres of soybean base and 80 acres of peanut base.
- One Option: The producer can purchase SCO on 160 acres of cotton and enroll all 160 acres of soybean/peanut base in ARC.



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ARC or PLC, Which one is Better?

- Deciding between the ARC and PLC is a farm by farm decision.
- Depends on:
 - Your farm's PLC payment yield
 - Your county's historical yield (past five years)
 - Historical marketing year average prices (past five years)
 - Current year's county yield
 - Current year's marketing year average price
 - Historical Irrigated Percentage



ARC-CO/PLC Decision Aid

<https://www.afpc.tamu.edu/>

The Agricultural & Food Policy Center

@Texas A&M University



Our mission

To provide unbiased and objective economic analysis of the impacts for policy alternatives on stakeholders.

Current Projects

AFPC recently released a handbook titled [Where's the Risk: A Livestock Risk Management Handbook](#). This handbook profiles a number of risk management tools that have been made available to livestock and forage producers over the last several years. While most of the tools are broadly applicable to a number of different species, the focus of this handbook primarily is on cattle. Click [here](#) to download a free PDF of the book, and click [here](#) for an AgriLife Today article on the book's release. For those interested in obtaining a free printed copy of the book, please call or [email](#) our front office.

AFPC recently released a book titled [The U.S. Beef Supply Chain: Issues and Challenges](#). This book is the culmination of a study on cattle markets initiated at the request of the bi-partisan leadership of the House Agriculture Committee in the 116th Congress and the U.S. Department of Agriculture. Click [here](#) to download a free PDF of the book, and click [here](#) for an AgriLife Today article on the book's release. For those interested in obtaining a printed copy of the book, check back at this page for updates.

2025 ARC-CO/PLC Decision Aid

Latest Publications

[Estimating the Impact of Changes to USDA's Handling of SNAP Overpayments](#)
Working Paper: AFPC Representative Farm Economic Outlook for the 2024 FAPRI Baseline
Briefing Paper: AFPC Representative Farm Economic Outlook for the 2024 FAPRI Baseline
[Concentration and Competition in the U.S. Fertilizer Industry](#)
[The Inflation Reduction Act of 2022: What's in it for Agricultural Producers?](#)
[Economic Impact of the U.S. Sugar Industry](#)
[Economic Impact of Higher Crop and Input Prices on AFPC's Representative Crop Farms](#)
[Impact of Higher Input Costs on the U.S. Rice Industry](#)
[Analysis of S.3229 – Cattle Price Discovery and Transparency Act of 2021](#)
[Economic Impact of Higher Fertilizer Prices on AFPC's Representative Crop Farms](#)
[Overview of the Dual Use Crop Insurance Policy for Forage Producers](#)
[Economic Impacts of the Sensible Taxation and Equity Promotion Act and the For the 99.5 Percent Act on AFPC's Representative Farms and Ranches](#)

Relevant Publications

[Briefing Paper: Representative Farms Economic Outlook for the 2023 FAPRI/AFPC Baseline](#)
[Working Paper: Representative Farms Economic Outlook for the 2023 FAPRI/AFPC Baseline](#)



ARC-CO/PLC Decision Aid

<https://afpc.tamu.edu/tools/farm/farmbill/2018/>



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2025 ARC-CO/PLC Decision Aid

To retrieve your saved farms, you must first

[→ Login](#)



2018 Farm Bill Decision Aid

To retrieve your saved farms, you must first

➔ Login

To create an account, just enter an email address and password. ✕

Email Address

Password

➔ Login



2018 Farm Bill Decision Aid

 Home

 Logout

To get started, let's create a farm unit.

 + New Farm



 Home

 Logout

Edit Farm Unit

FSA Farm Number

1234

State

Georgia

County

Jenkins

Crop

Seed Cotton

 Save



[Home](#)

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Farm Unit

FSN 1234

State Georgia

County Jenkins

Crop Seed Cotton

[Edit](#)

Edit this farm unit

[Add Another Crop](#)

Create another farm unit, starting with this farm's information.

[Delete](#)

Delete this farm unit and all its data.

Decision Aids

[Expected Payments Tool](#)

This decision aid characterizes probabilities of different levels of expected FSA payments for 2021.



 Home

 Logout

Edit Farm Unit

FSA Farm Number

1234

State

Georgia



County

Jenkins



Crop

Peanuts



 Save



My Farm Units

+ New Farm

FSN

State

County

Crop

1234

Georgia

Jenkins

Seed Cotton

1234

Georgia

Jenkins

Peanuts

1234

Georgia

Jenkins

Corn



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2025 ARC-CO/PLC Decision Aid

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Expected Payments

This decision aid characterizes probabilities of different levels of expected FSA payments. These characterizations are based on 500 possible future realizations of market prices and county yields. The expected payments are an average across these many possibilities. Values displayed in the results will not match the payments you might calculate using single specific price and yield realizations. To see the likelihoods of different levels of payments, click on an individual expected payment in the results table.

FSN 1234

State Georgia

County Jenkins

Crop Seed Cotton

NOTE: PLC Payment Yield must be expressed in lbs of SEED COTTON per acre. If you are obtaining your PLC Payment Yield from FSA forms, this figure should already reflect a seed cotton yield.

Base Acres

25

ac

PLC Payment Yield

Historical Irrigated Percentage ⓘ

2025

2500

lbs/ac

50

%

Your Seed Cotton Expectations

Your Expected Price

Projected Prices ⓘ

Use These

2025

0.3394

\$/lb

0.3394

\$/lb

Advanced Settings (Not recommended for most users)


If you have experienced exceptional circumstances in your county or would like to customize your analysis, check here to enable additional settings.

Recalculate



Advanced Settings (Not recommended for most users)

If you have experienced exceptional circumstances in your county or would like to customize your analysis, check here to enable additional settings.

 Recalculate

Crop	Program	2025	Total
Seed Cotton	PLC	\$1,841	\$1,841
Irrigated Seed Cotton	ARC	\$439	\$439
Non-Irrigated Seed Cotton		\$289	\$289

 Print



Using the Decision Aid

- If you need help for any reason with the Decision Aid call:

Texas A&M University Agricultural and Food
Policy Center

979-845-5913



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Georgia Row Crop Insurance Dates

Commodity	Sales Closing Date	Projected Price Date Range	Harvest Price Date Range
Corn	2/28/2025	01/15 - 02/14	08/01 - 08/31
Grain Sorghum	2/28/2025	01/15 - 02/14	08/01 - 08/31
Soybeans	2/28/2025	01/15 - 02/14	11/01 - 11/30
Peanuts	2/28/2025	01/15 - 02/14	10/01 - 10/31
Seed Cotton	2/28/2025	01/15 - 02/14	10/01 - 10/31



2025 Georgia Row Crop Insurance Projected Prices

Commodity	Type Name	Projected Price	Unit
Cotton		\$0.69	Pound
Corn		\$4.66	Bushel
Grain Sorghum		\$4.67	Bushel
Peanuts	Runners	\$491	Ton
Peanuts	Spanish	\$790.4	Ton
Peanuts	Virginia	\$564.6	Ton
Soybeans		\$10.6	Bushel

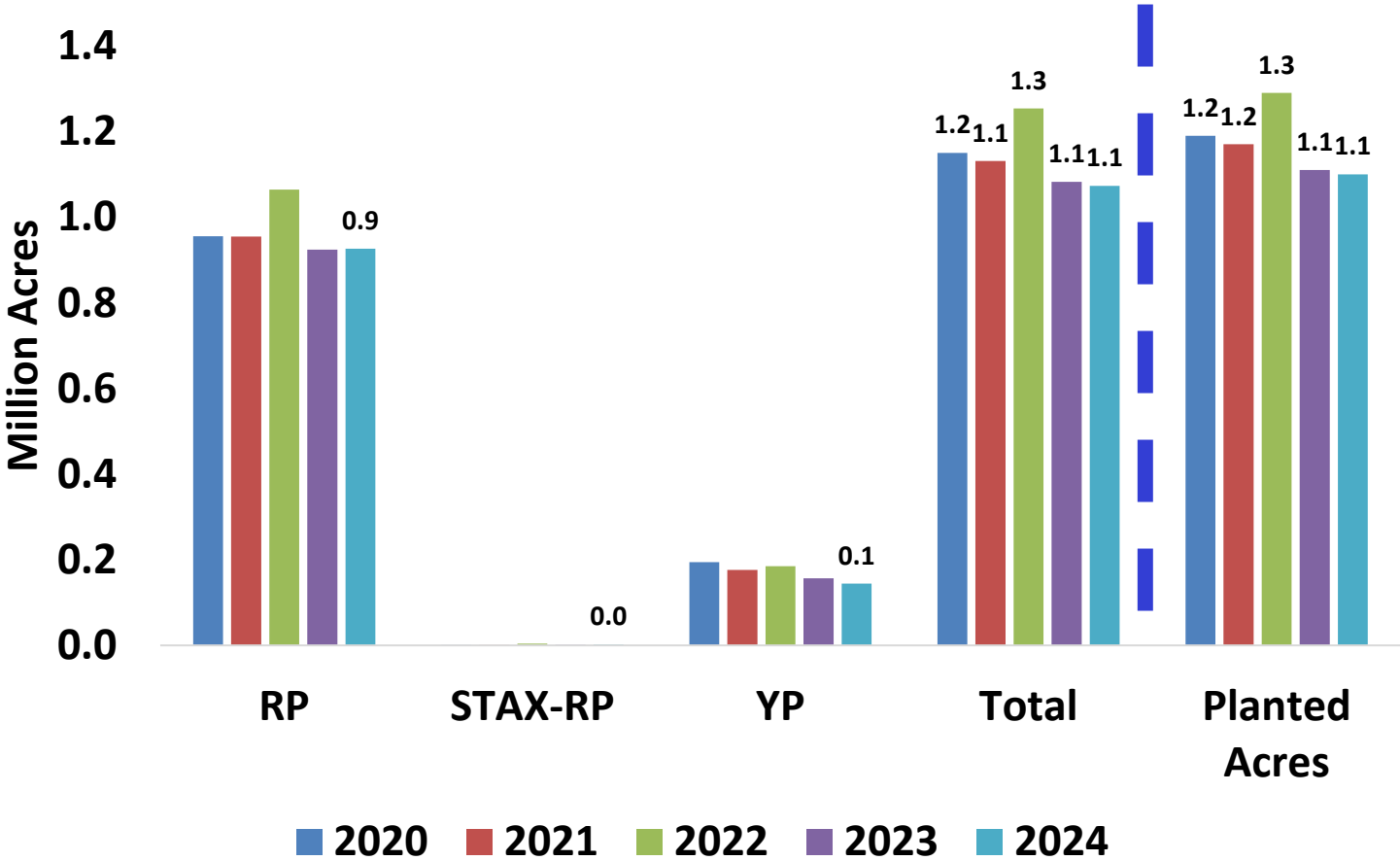
Practice Type: Conventional

Crop Insurance Options for Cotton

Cotton Crop Insurance	Type	Trigger	Standalone
Deep Loss Programs			
Yield Protection (YP)	Individual	Farm Yield	Yes
Revenue Protection (RP)	Individual	Farm Revenue	Yes
Revenue Protection, Harvest Price Exclusion (RP-HPE)	Individual	Farm Revenue	Yes
Shallow Loss Programs			
Supplemental Coverage Option (SCO)	Area	County Yield or County Revenue	No
Enhanced Coverage Option (ECO)	Area	County Yield or County Revenue	No
Stacked Income Protection (STAX)	Area	County Revenue	Yes, and can be purchased as an add-on Policy
Stacked Income Protection (STAX), Harvest Price Exclusion (STAX-HPE)	Area	County Revenue	Yes, and can be purchased as an add-on Policy
Additional Programs			
Area Risk Protection (ARP)	Area	County Yield or County Revenue	Yes
Hurricane Insurance Protection – Wind Index (HIP-WI)	Area	Hurricane or Tropical Storm Incidence and Wind Speed	No

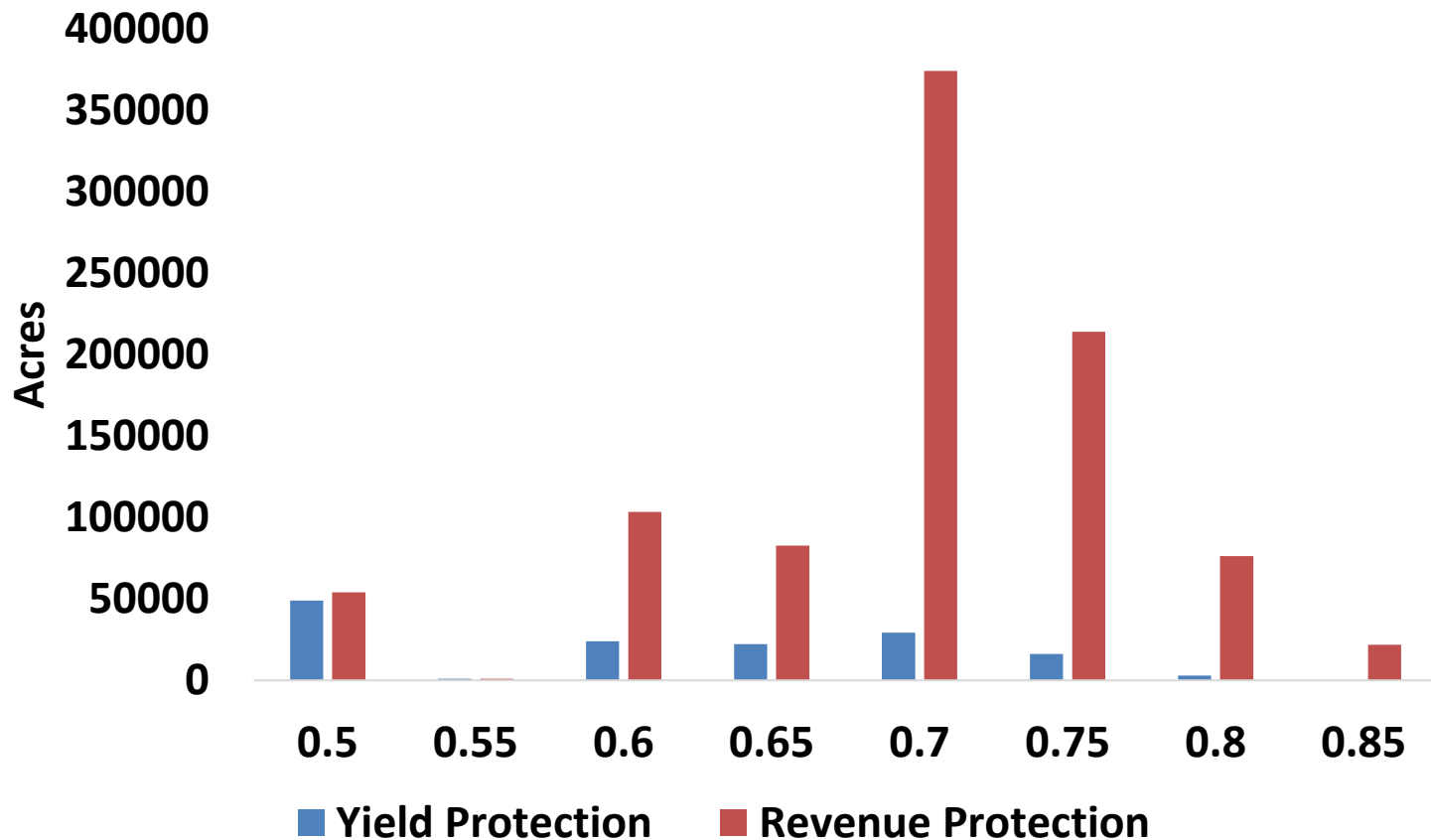
Chong, Fayu, Yangxuan Liu, and Hunter Biram. "Exploring Diverse Crop Insurance Options for Cotton Producers." Southern Ag Today 3(51.3). December 20, 2023.

Cotton Enrollment Acres of Crop Insurances in GA



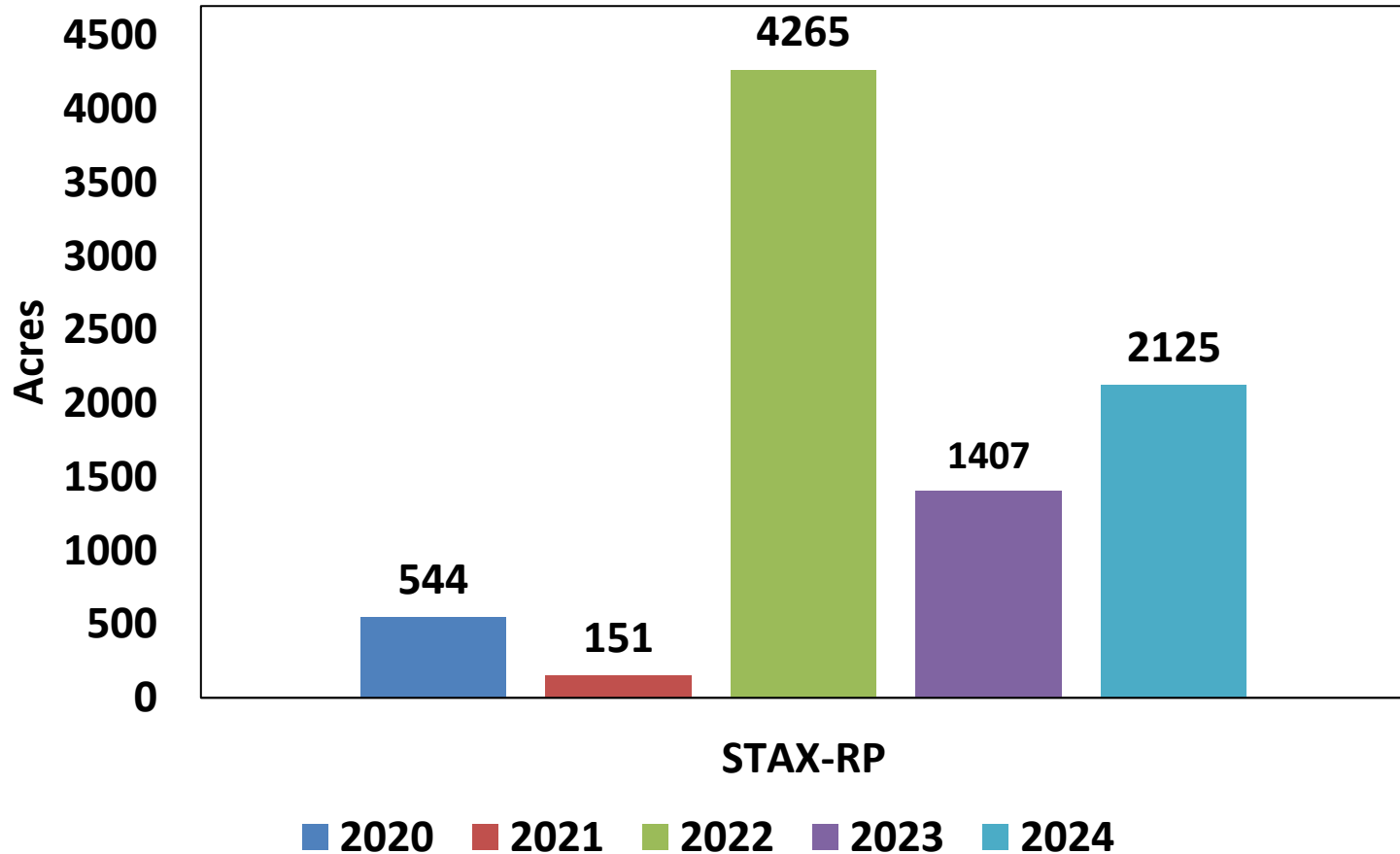
Source: Data from USDA RMA

2024 GA Cotton YP and RP Coverage Levels and Enrollment Acres



Source: Data from USDA RMA

GA Cotton Enrollment Acres of STAX

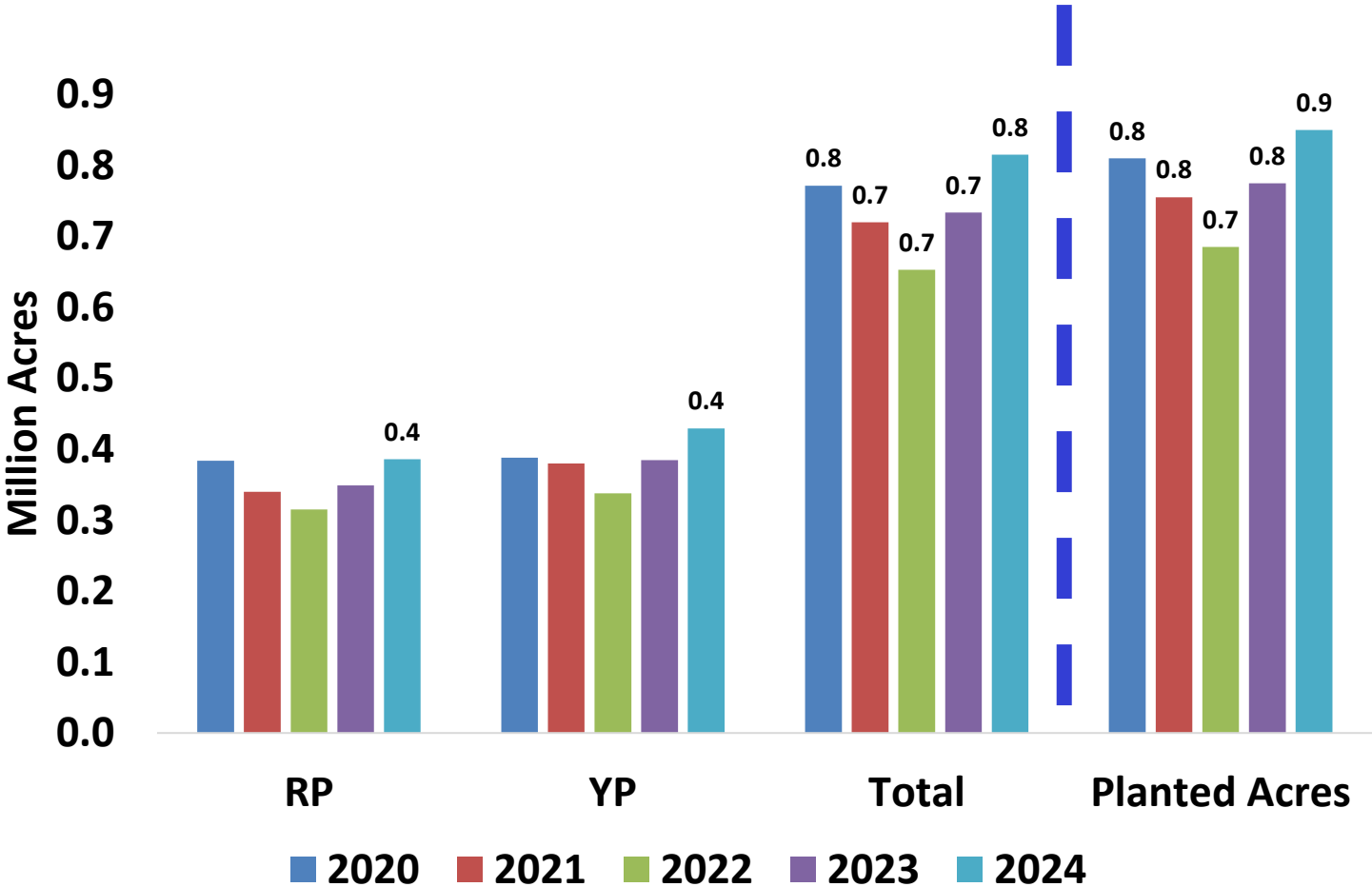


Source: Data from USDA RMA

Crop Insurance Options for Peanuts

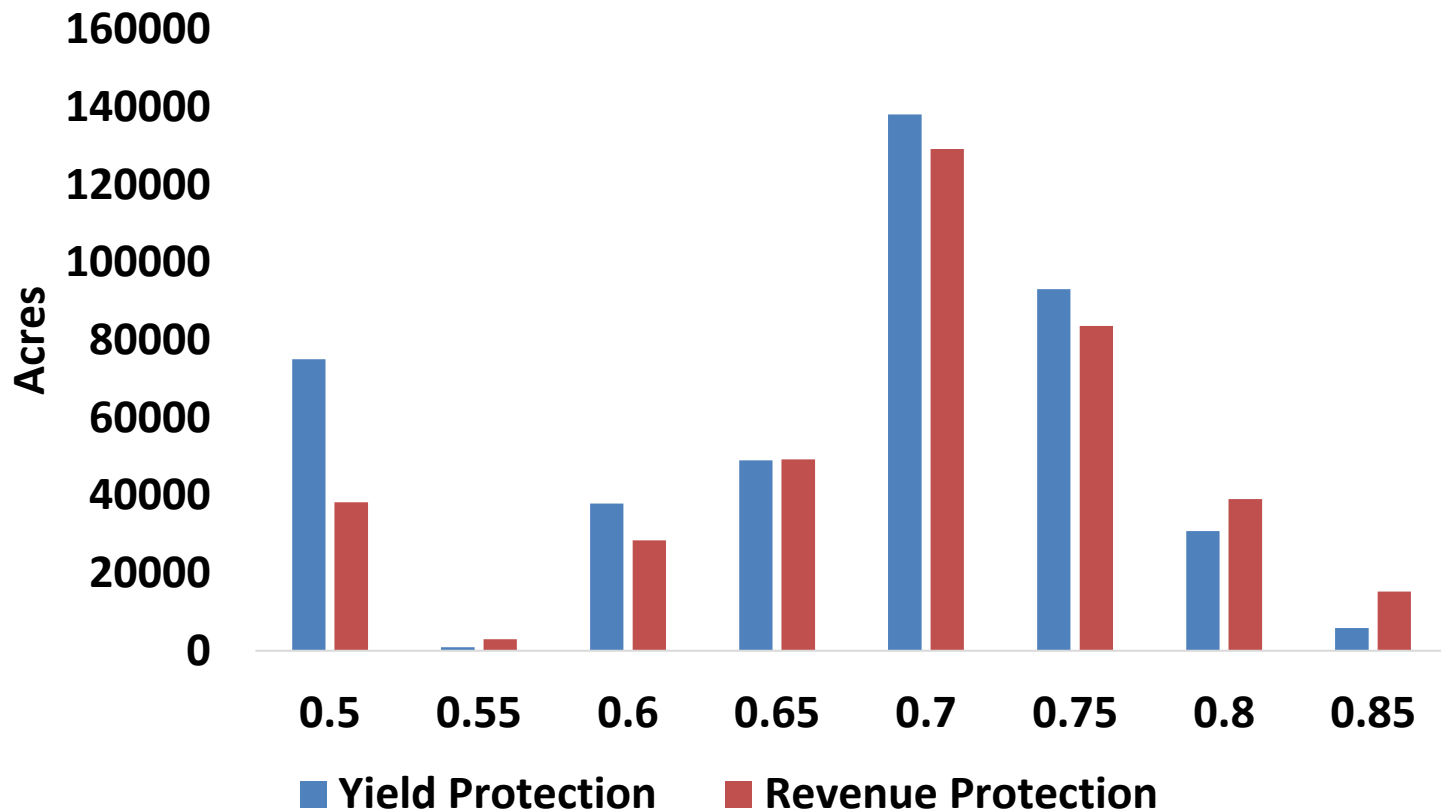
Cotton Crop Insurance	Type	Trigger	Standalone
Deep Loss Programs			
Yield Protection (YP)	Individual	Farm Yield	Yes
Revenue Protection (RP)	Individual	Farm Revenue	Yes
Revenue Protection, Harvest Price Exclusion (RP-HPE)	Individual	Farm Revenue	Yes
Shallow Loss Programs			
Supplemental Coverage Option (SCO)	Area	County Yield or County Revenue	No
Enhanced Coverage Option (ECO)	Area	County Yield or County Revenue	No
Additional Programs			
Hurricane Insurance Protection – Wind Index (HIP-WI)	Area	Hurricane or Tropical Storm Incidence and Wind Speed	No

Peanuts Enrollment Acres of Crop Insurances in GA



Source: Data from USDA RMA

2024 GA Peanuts YP and RP Coverage Levels and Enrollment Acres



Source: Data from USDA RMA

ARC/PLC and Crop Insurance

With the current projected prices on crop insurance, ARC or PLC enrollment makes more economic sense than STAX for cotton.

Producers who would like to increase their coverage level (higher than their current selected coverage level for YP and RP) can explore the option of adding ECO or SCO.

- Those who participate in ARC for the Base Acres for a Covered Commodity will be ineligible for SCO for that commodity.

2025 Subsidy Rates for Crop Insurance Products

Coverage Level	RP and YP		SCO	ECO	STAX
	Basic & Optional Units	Enterprise Units			
50%	67%	80%	65%		
55%	64%	80%	65%		
60%	64%	80%	65%		
65%	59%	80%	65%		
70%	59%	80%	65%		
75%	55%	77%	65%		80%
80%	48%	68%	65%		80%
85%	38%	53%	65%		80%
90%				65%	80%
95%				65%	

Do You have any Questions?

- Feel free to contact me:
- Yangxuan (Serinna) Liu
- Associate Professor
- University of Georgia
- (229) 386-3512
- Yangxuan.Liu@uga.edu



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