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ARC/PLC Decision

I've had a few calls recently regarding the annual ARC/PLC enrollment decision. Most will again select ARC-County for corn and soybean base acres. The following article, written by UK Extension Agriculture Economists Drs. Will Snell and Grant Gardner, explains why that is still the likely best decision.

Slumping row crop prices have induced greater attention among grain farmers regarding farm bill safety net programs. Congress will be considering a new farm bill again in 2025, following extensions in 2023 and 2024 of the 2018 farm bill. Eligibility and funding levels for nutrition programs relative to farm program support will steer much of the debate. Within the farm programs, discussion will evolve around the level of reference (support) prices, base acres, and other payment parameters which will ultimately determine safety net program provisions for crops beyond the 2025 crop year. The farm bill extension passed last December continues the basic structure of the safety net programs established in the 2014 and 2018 farm bills for eligible crops for the upcoming crop year.

The current farm bill provides two programs to provide income support for specified row crops -- the Agricultural Risk Coverage (ARC) and the Price Loss Coverage (PLC) programs. The ARC program provides payments when actual crop revenues fall below a specified

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guaranteed level. The PLC program provides payments when the national average market price (or the national average loan rate if higher) for a given covered commodity falls below a specified effective reference price. Producers will be required to make an election of ARC vs PLC for 2025 corn, soybean, and wheat at the Farm Service Agency office by the April 15, 2025 deadline. If producers do not submit their election by April 15th, their 2024 election remains in effect.

This article will provide some insights and tools producers can utilize when making their ARC versus PLC decision for their 2025 crops. Several Universities, including Kansas State, the University of Illinois, and Texas A&M offer decision tools to aid in the ARC/PLC discussion. Each tool offers a different user-interface and its own advantages and disadvantages; however, each one can aid in the decision-making process. Dr. Greg Halich, UK Extension Agriculture Economist recommends the tool developed by the University of Illinois as it has options that give you more flexibility in evaluating the results. You can download the Illinois version at <https://farmdoc.illinois.edu/policy-toolbox>.

In recent history, Kentucky producers have likely chosen Agricultural Risk Coverage at the County level (ARC-CO) for corn and soybeans. The added protection for low yields in combination with higher commodity prices made PLC unlikely to trigger, and thus, ARC-CO provided the most protection. The current decision for the 2025/2026 marketing year still points to ARC-CO being the best for beans; however, the lower price environment creates trade-offs for corn and wheat.

In general, ARC still offers the most protection against deep losses due to its protection over falling yields and price; however, PLC may cover more shallow losses due to price loss

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alone. To put this simply, PLC could result in higher payments should county yields be average or above and prices drop. ARC will offer higher payments if county yields fall below average.

The April 15th decision date throws another wrench as we have more time to collect information and estimate the season average price. We will know more about potential season average prices, particularly for corn after the release of the Prospective Planting report on March 31st as well as the potential impacts of tariffs. In general, current results point to ARC-CO enrollment which has greater protection over yield losses; however, if prices drop drastically between now and April 15th, it may be beneficial to change to the PLC enrollment option near the deadline.

Italian Ryegrass Control Field tour

An Italian Ryegrass Control Field tour will be held on March 27, 2025. The tour will begin at 9 am at the Caldwell County Extension Office (1025 U.S. Highway 62 West, Princeton, KY) with a short introduction to this increasingly problematic weed and overview of past UK research. It continues with touring ryegrass field trials highlighting ryegrass control methods. They will show spring herbicide applications and how to implement cover crops into a ryegrass management system.

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