2018 Farm Bill Program Elections for 2019/2020 and 2020/2021 Marketing Years

Robin Reid (robinreid@ksu.edu) – K-State Department of Agricultural Economics
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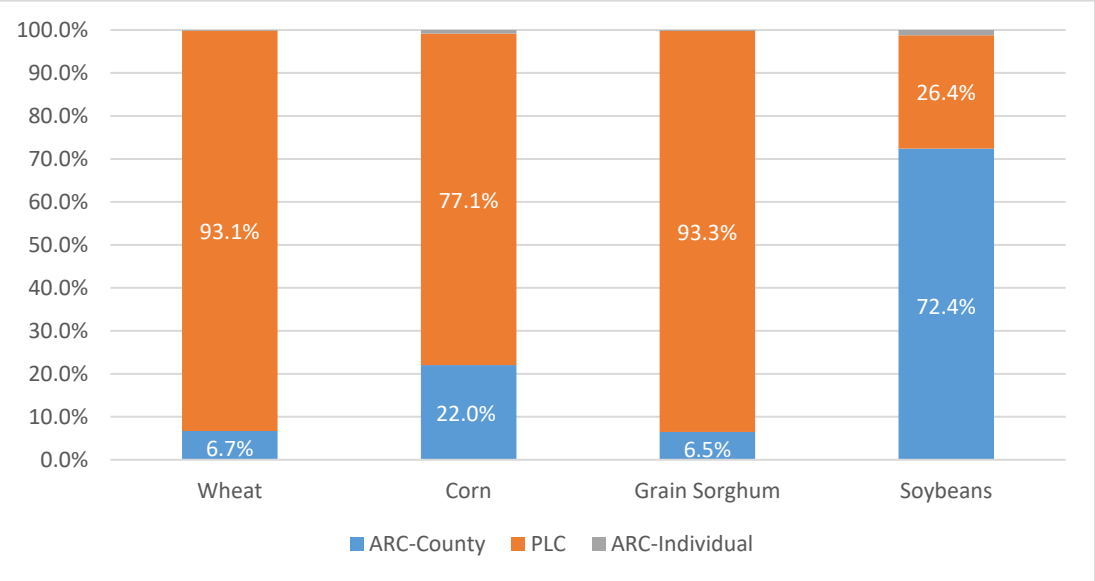
A lot has changed since the farm program election period for the 2019/2020 and 2020/2021 marketing years ended March 16th, 2020. COVID-19 has had huge unforeseen impacts on the crop markets that may have farmers wondering if they made the right choice between Agricultural Risk Coverage (ARC) and Price Loss Coverage (PLC). The first program payment will be received this October, which will be for the crop harvested in 2019 that is being marketed between September 2019 and August 2020. The crop that will be harvested in 2020 will also be locked into the same election decision as the 2019 crop and payment will be received in October 2021.

USDA Farm Service Agency (FSA) recently released the election results that farmers made between ARC and PLC. When looking at the percentage of commodity base that elected between the three program choices, Kansas matches the national election choices very closely (Table 1 and Figure 1). Almost all wheat and grain sorghum base went into PLC with over ¾ of the corn base also selecting that program. Soybeans favored ARC-County, with nearly 80% electing that program at the national level and 72% in Kansas. ARC-Individual was more popular for corn and soybean base nationally, as this program was more inviting in areas that had prevented planting in the spring of 2019.

Table 1. Farm Program elections in Kansas and Nationally

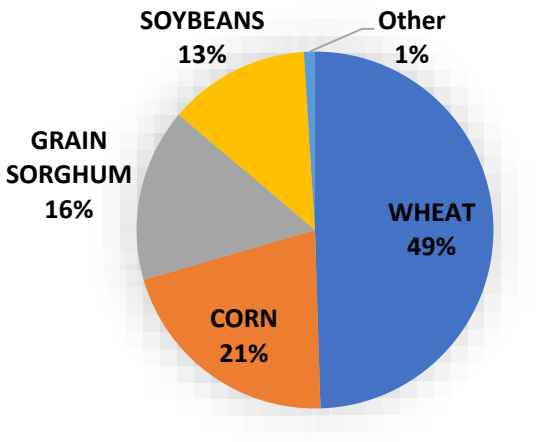
	ARC-County	PLC	ARC-Individual
Kansas			
Wheat	6.7%	93.1%	0.2%
Corn	22.0%	77.1%	0.8%
Grain Sorghum	6.5%	93.3%	0.2%
Soybeans	72.4%	26.4%	1.2%
National			
Wheat	5.9%	93.0%	1.0%
Corn	18.6%	75.5%	5.9%
Grain Sorghum	5.9%	93.4%	0.7%
Soybeans	79.7%	14.1%	6.2%

Figure 1: Farm Program Election in Kansas



Almost half of the base acres in Kansas are assigned to wheat (Figure 2), with the remainder balanced between corn, soybeans and grain sorghum. Only 1% of the base in Kansas is assigned to other commodities. Farmers were not given the option to reallocate their base acres in the 2018 Farm Bill.

Figure 2. Base acres in Kansas as assigned to commodities



Farm Program election choices varied across Kansas (Figures 3-6). The following maps and interactive details about each county can be found at https://www.agmanager.info/ag-policy/kansas-arcplc-enrollment-maps/kansas-20192020-plc-enrollment-county

Figure 3. Percentage of total county WHEAT base electing PLC

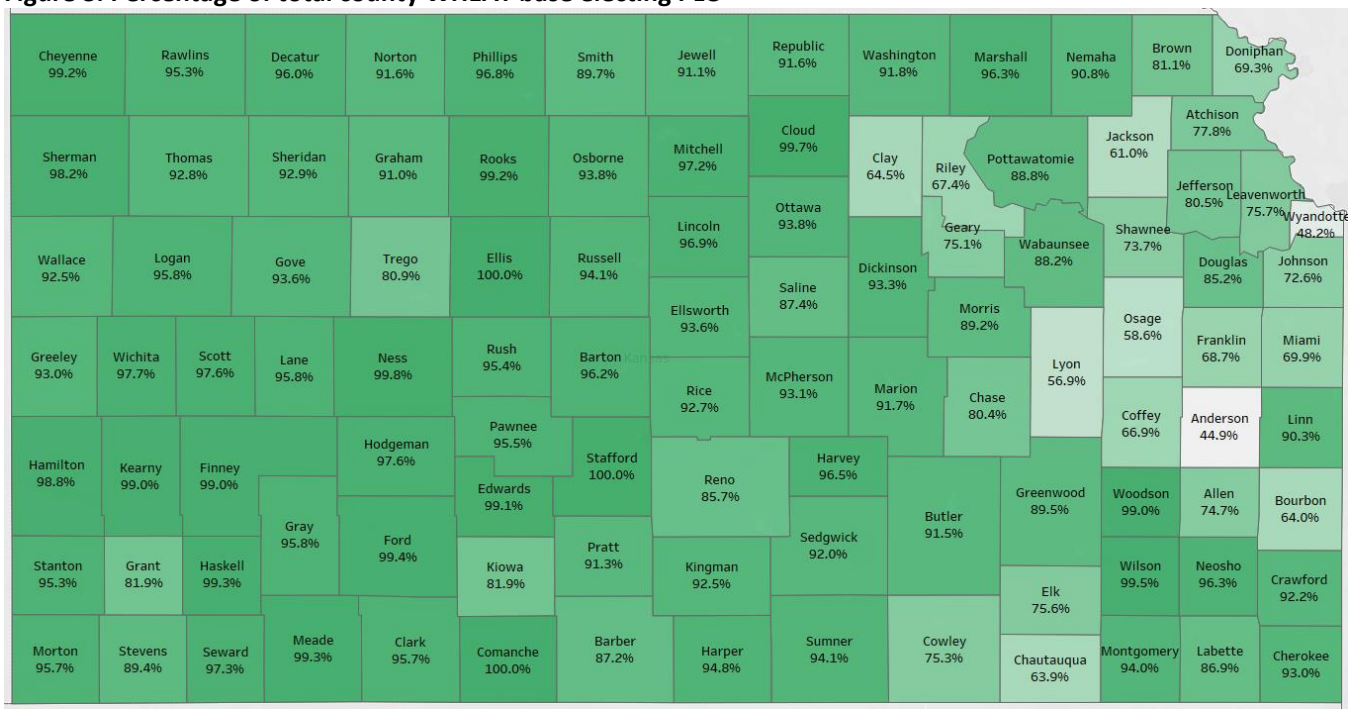


Figure 4. Percentage of total county CORN base electing PLC

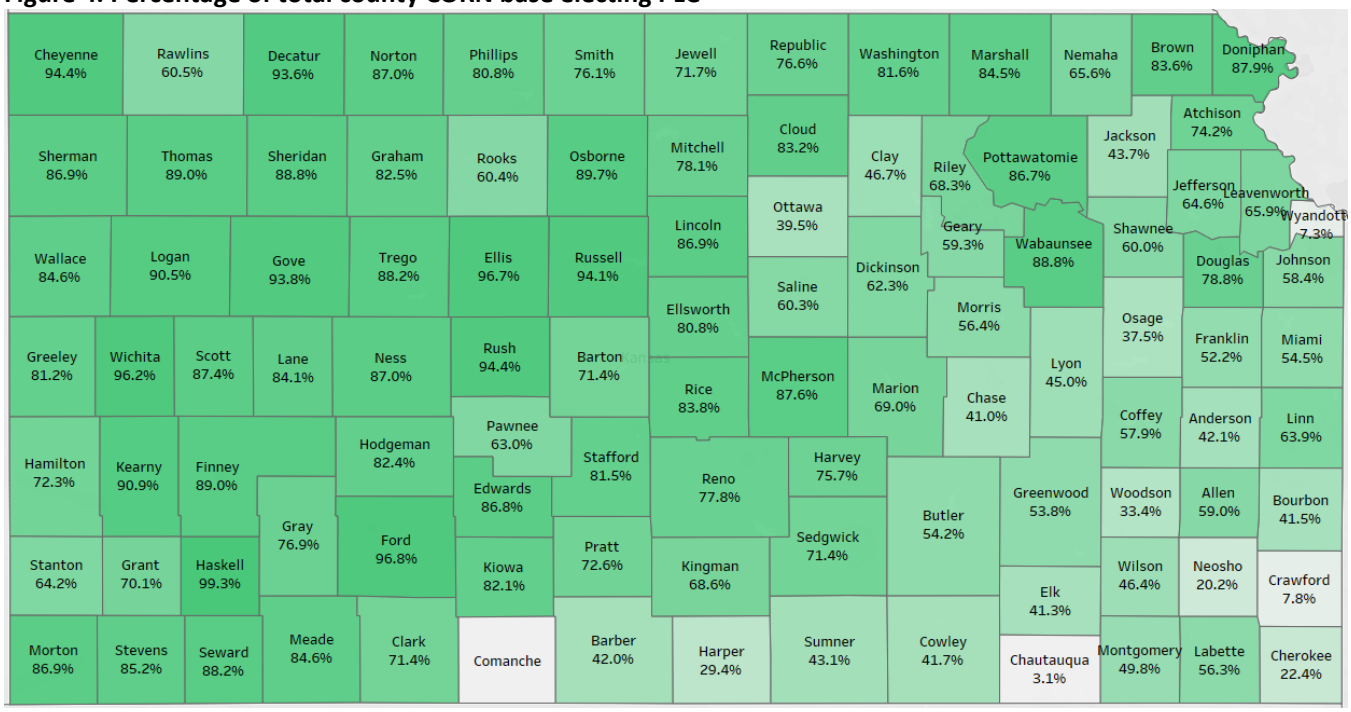


Figure 5. Percentage of total county GRAIN SORGHUM base electing PLC

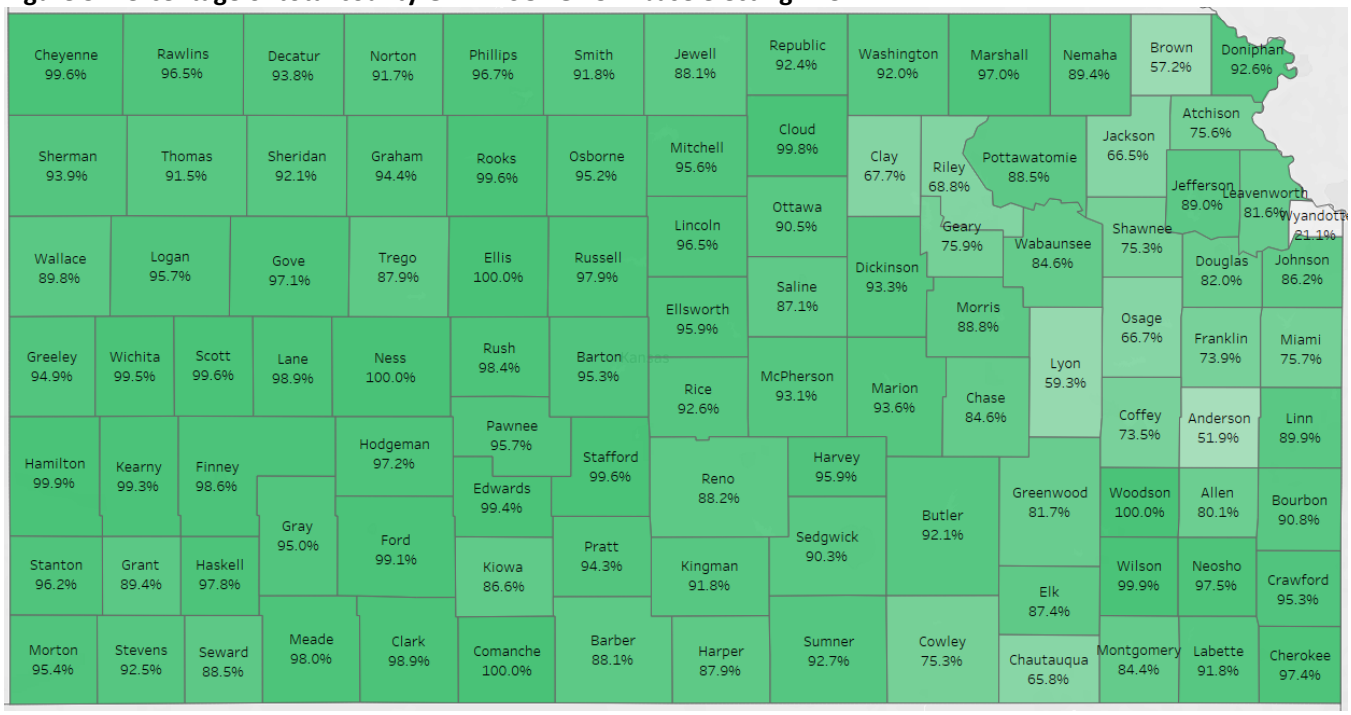
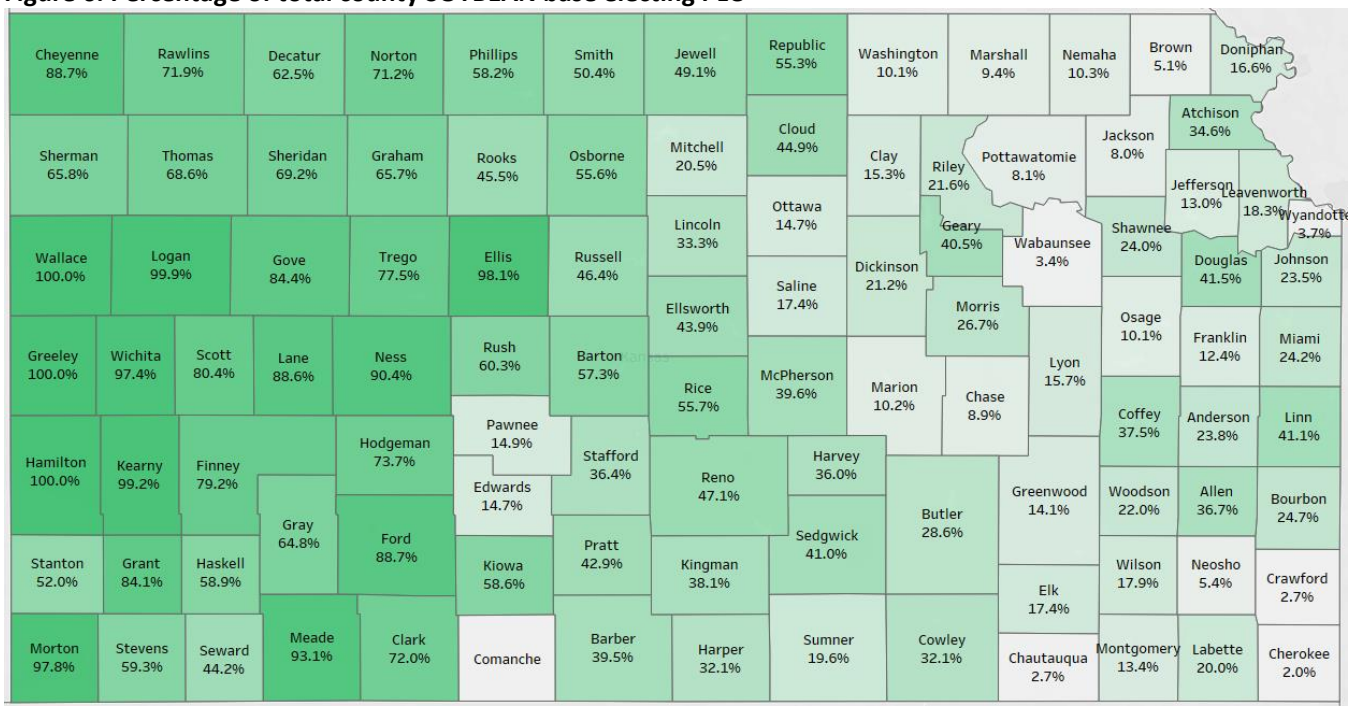


Figure 6. Percentage of total county SOYBEAN base electing PLC



Overall 93% of the wheat and grain sorghum base in Kansas went into PLC, however some counties in the eastern portion of Kansas had lower PLC enrollment. These tended to be counties with fewer wheat and grain sorghum base acres. Most corn base went into PLC, except for counties in the southeast portion of Kansas and a few others. Soybean base in the eastern half of Kansas favored ARC-County. Counties in the western portion of Kansas went with PLC for soybean base at a higher percentage, but represent relatively few soybean base acres.

As most farmers were making elections during January- March 16th, 2020, Marketing Year Average (MYA) prices were predicted to be lower than the reference prices for wheat and grain sorghum, which made PLC the more inviting choice. Soybeans MYA prices were predicted to stay above $8.40 (the PLC reference price) which led most farmers to choose ARC-County, where payments could kick in with a low county yield. Corn base was the most difficult commodity to elect a farm program for as predictions then were for MYA prices to stay slightly above $3.70, the reference price for PLC, and 2019 yields had been average or better in most counties (which reduced the chances of an ARC-County payment).

Since the election period ended, all of these commodities have been trading lower. The most recent estimates from K-State can be found here: https://www.agmanager.info/crop-insurance/risk-management-strategies/mya-price-estimates-updated-arc-and-plc-commodity-0 . Much of the loss in price occurred after a significant portion of the marketing year was passed, which makes a 2019/2020 PLC payment for soybeans unlikely and likely only a small payment for corn for the first year of the program. Farmers are locked into their program choice for the 2020/2021 marketing year as well, where significant PLC payments could take place for corn if the current price environment persists and may even lead to PLC payments for soybeans.

Overall, farmers made elections between ARC and PLC that were in line with MYA price predictions at the time of the election period. It remains to be seen if these elections will produce the highest payments over the two years that farmers will be locked into their program choice, especially with the uncertainly of a global pandemic causing great volatility in the agricultural markets.

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K-State Agricultural Economics | 342 Waters Hall, Manhattan, KS 66506-4011 | 785.532.1504
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