

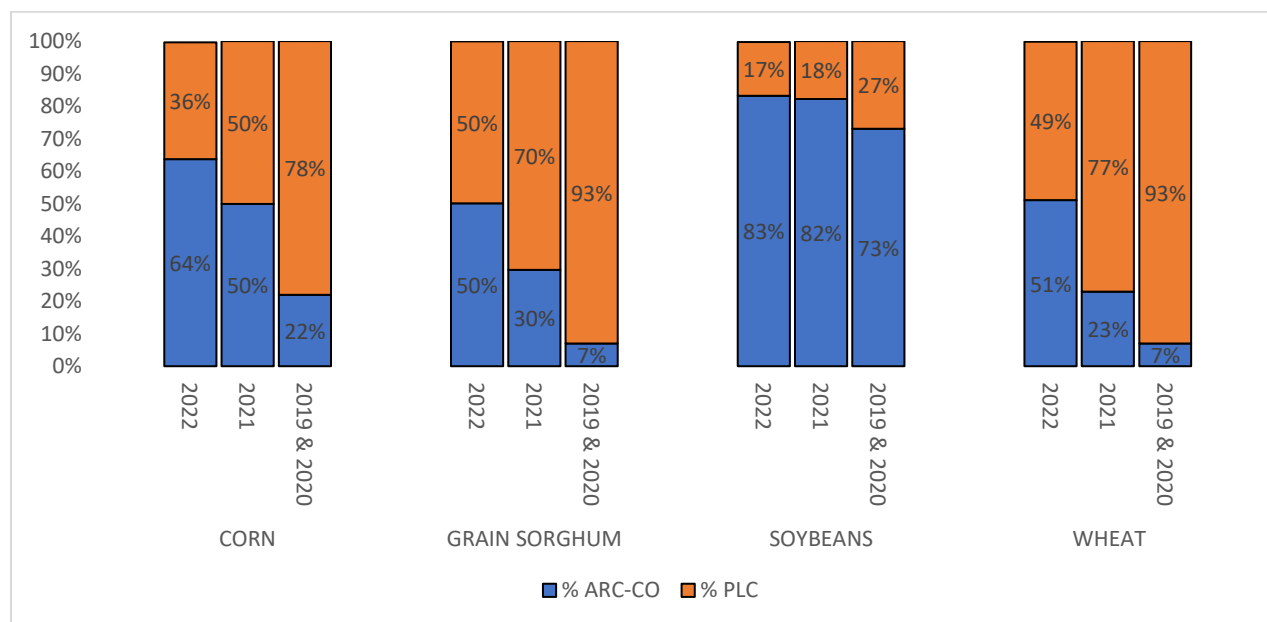
2018 Farm Bill Program Elections for 2022/2023 Marketing Year

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The 2018 Farm Bill has allowed farmers more flexibility in their Title I farm program choice by allowing annual program elections by March 15th each year. Historically, Price Loss Coverage (PLC) has been the favored program choice for wheat and grain sorghum base acres in Kansas, having 93% of base acres enrolled for the 2019 and 2020 election year. Corn historically has also favored the PLC program, with 77% of base acres in Kansas electing PLC in 2019 and 2020. Since that time, as commodity prices have increased above PLC payment prices, there has been a significant shift to the Agricultural Risk Coverage program at the County Level (ARC-CO). Soybean base is the only major Kansas commodity that has been consistently elected the ARC-CO program, driven by an \$8.40 PLC reference price has yet to trigger any PLC payments.

Figure 1 shows the percentage of base acres in Kansas electing either ARC-CO or PLC each year since the start of the 2018 Farm Bill. While Agricultural Risk Coverage at the Individual level (ARC-IC) is also a program choice, for this comparison those acres are omitted given that program participation is extremely small and combines all base acres into one guarantee. Note that 2019 and 2020 was a combined election where producers were locked into a 2-year program selection.

Figure 1: Farm Program Election in Kansas



For the first time since the 2018 Farm Bill, Kansas corn base acres electing ARC-CO has surpassed those enrolled in PLC. This is not unexpected, given that a \$3.70 PLC reference price seems to have a very slim likelihood of payments when corn is currently selling around \$7.00/bushel. The marketing year for 2022 planted corn will not start until Sept. 1st, 2022 and will run to Aug. 31st, 2023, so uncertainty does exist. Dry conditions across much of the state does lend to believing ARC-CO to be the better choice at this time, although a significant yield loss at the county level will be needed to trigger an ARC-CO payment. Specifically, a county yield that is less than 53% of the county benchmark yield will be needed to begin triggering an ARC-CO payment, if a \$6.00 marketing year average (MYA) national price is assumed.

Grain Sorghum base is evenly split between ARC-CO and PLC for the 2022 election by Kansas farmers. With a \$3.95 PLC reference price and current commodity prices in the \$6.00-\$7.00 range, PLC payments also seem unlikely at this time. ARC-CO payments would kick-in with a county yield that is 57% less than the county benchmark yield, assuming a \$6.00 MYA price.

Like grain sorghum, wheat is very near an even split between ARC-CO and PLC. The PLC reference price for wheat is \$5.50 with the marketing year starting June 1st, 2022 and ending May 31st, 2023. Current forecasts of the MYA price are conservatively at \$8.00. ARC-CO payments would start with a 2022 county yield being 59% of the county benchmark yield, which is quite possible in many counties of Kansas that have experience drought conditions through much of the growing season.

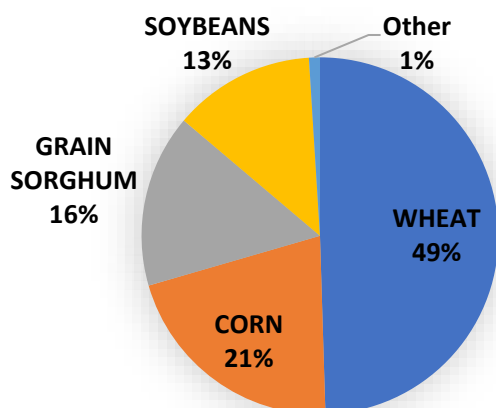
Finally, soybeans have again favored the ARC-CO program in 2022, with 83% of base acres electing that program. The ARC-CO benchmark price is favorable to the PLC reference price at \$9.12 and \$8.40 respectively. With an estimated \$13.00 MYA for 2022/2023, a 2022 county yield would need to be 56% of the county benchmark to trigger a payment.

It should be noted for all commodities, this payment (if any) would not be received until October of 2023.

While many farmers in Kansas are growing more corn and soybeans, almost half of the base acres in Kansas are assigned still 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 have not given the option to reallocate their base acres since the 2014 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 (including % of base enrolled in each program for each county) can be found at

<https://www.agmanager.info/ag-policy/kansas-arcplc-enrollment-maps/kansas-20222023-plc-enrollment-county>

Figure 3. Percentage of total county WHEAT base electing PLC

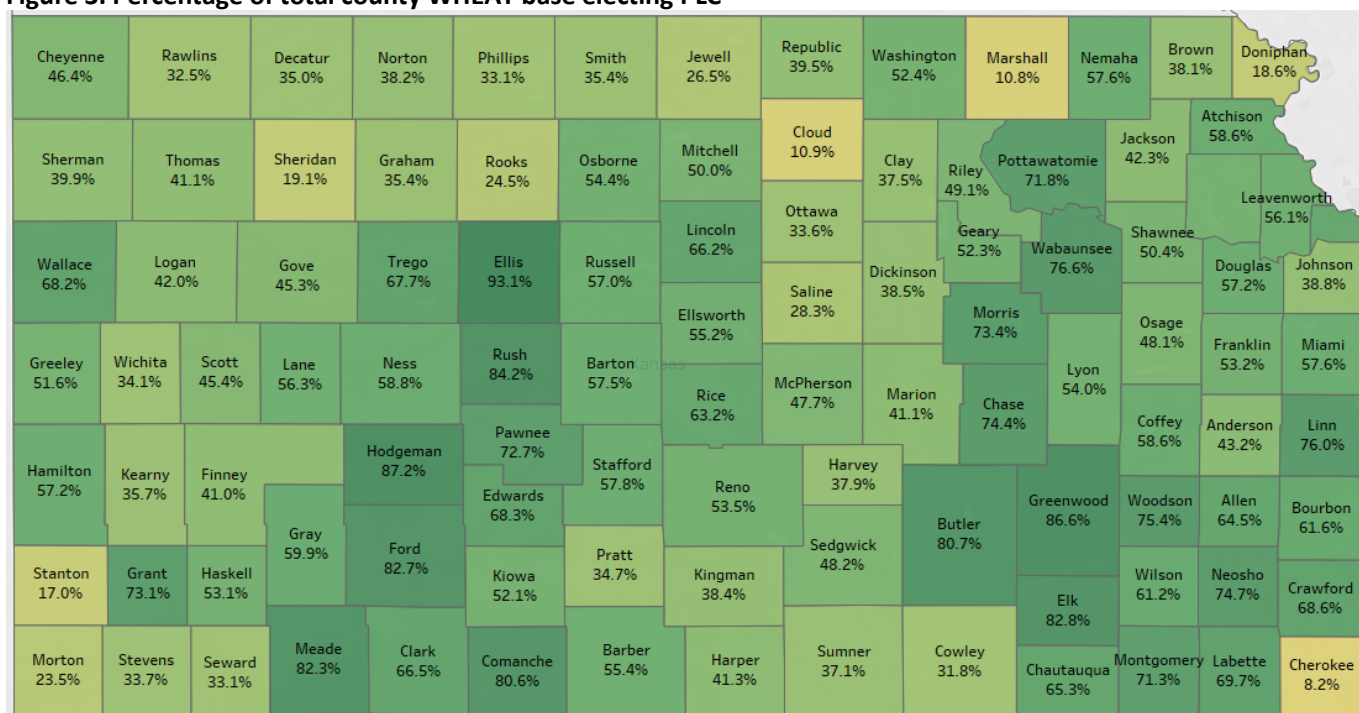


Figure 4. Percentage of total county CORN base electing PLC

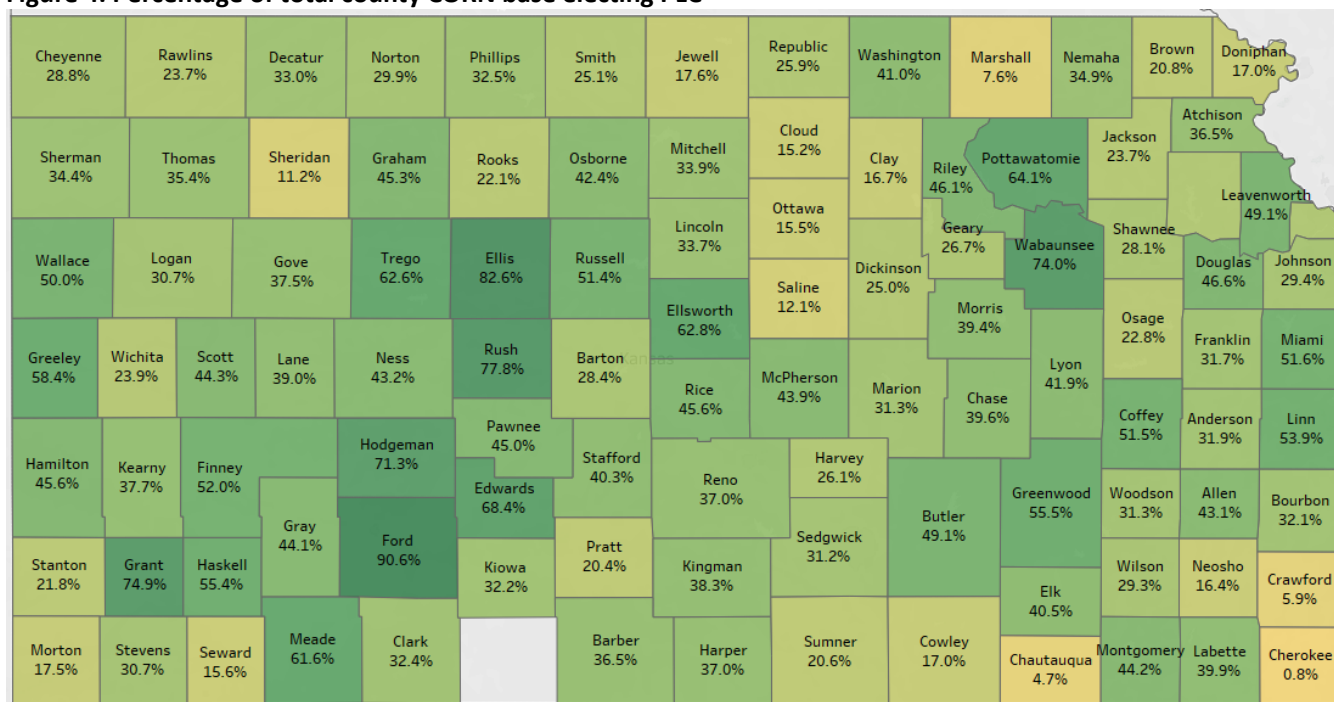


Figure 5. Percentage of total county GRAIN SORGHUM base electing PLC

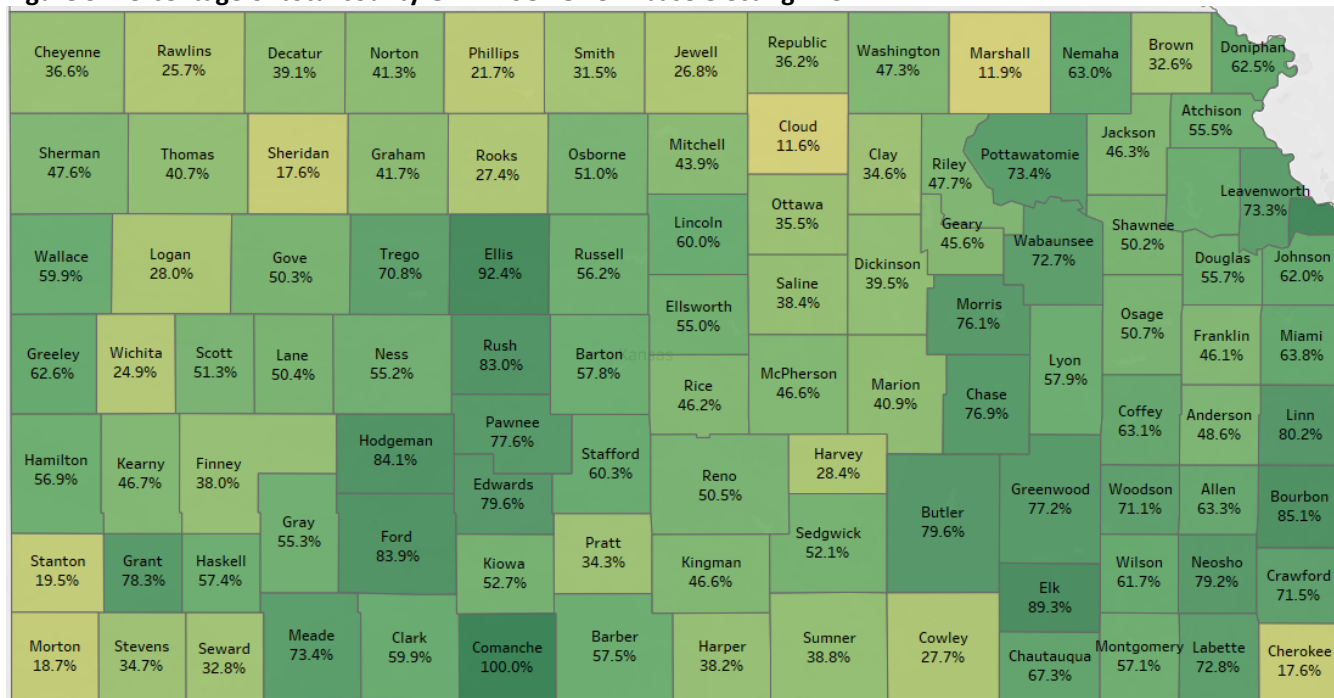
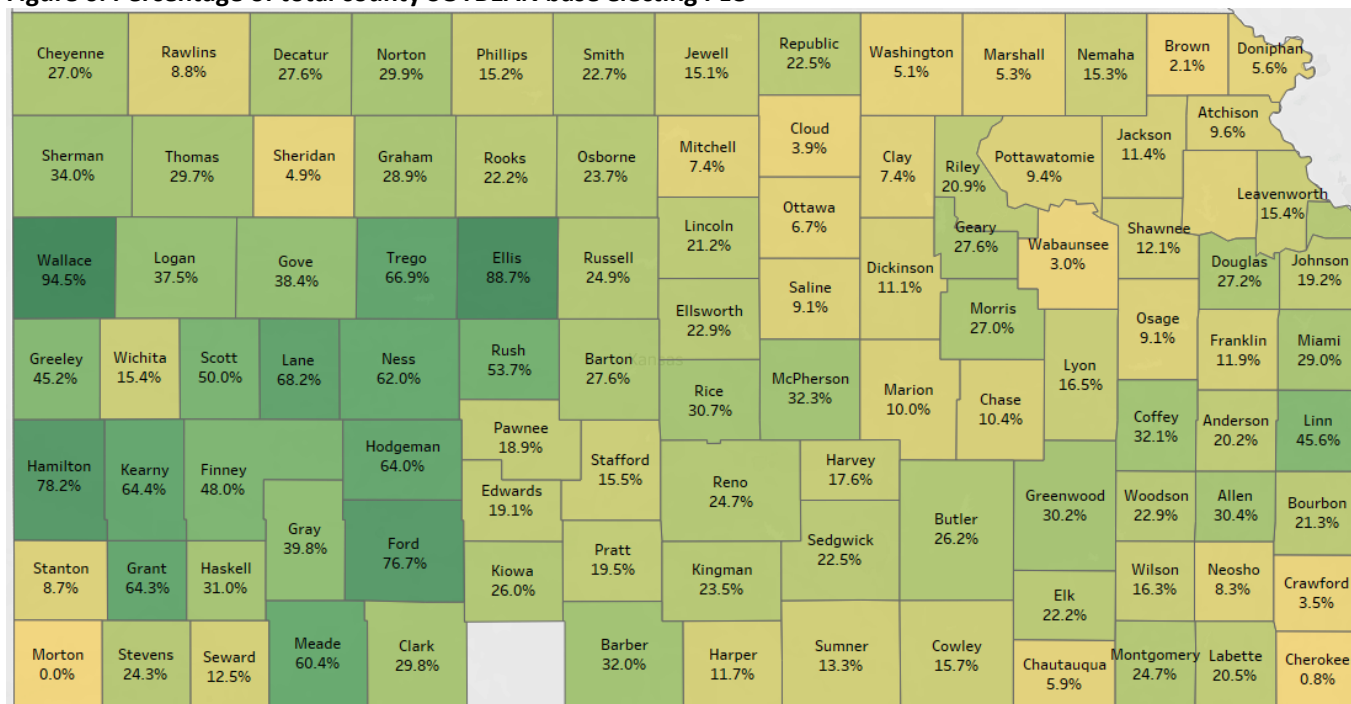


Figure 6. Percentage of total county SOYBEAN base electing PLC

Overall, farmers made elections between ARC and PLC that were expected given 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 2022/2023 marketing year.

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