

Farm Program Payments for 2021/2022 Marketing Year Very Minimal in Kansas

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It is that time of year when Agricultural Risk Coverage (ARC) and Price Loss Coverage (PLC) payments would be hitting farmer's direct deposit accounts, but increases in commodity prices in the 2021/2022 marketing year have made for very few counties actually receiving them. This payment is for the crop harvested in 2021, where the marketing year concluded on May 31st for wheat and August 31st for corn, grain sorghum and soybeans.

PLC payments will not be made on wheat, corn, grain sorghum or soybeans this year as the 2021/2022 Marketing Year Average (MYA) was much higher than PLC reference prices that would start triggering payments. Table 1 makes this comparison. This payment is made based on established program yields of the farm, so has no actual yield component.

Table 1: 2021/2022 Marketing Year Average Prices vs. PLC reference prices for 2021

Commodity	2021 PLC Reference Price	2021/2022 MYA
Corn	\$3.70	\$6.00
Soybeans	\$8.40	\$13.30
Grain Sorghum	\$3.95	\$5.94
Wheat	\$5.50	\$7.63

ARC-CO takes into account the MYA price and the actual county yield to determine if there was a loss in revenue that was 86% below the guarantee based on a 5-year Olympic average of national MYA prices and county-level yields. Table 2 shows the yield loss it took, below the Benchmark County Yield, to start triggering ARC-CO payments. Since the needed loss was so significant, very few counties in the state experienced this severity of yield loss in 2021.

Table 2: 2021 ARC County Benchmark Prices, 2021/2022 Marketing Year Average Prices, and Yield loss needed to Trigger an ARC-CO payment

Commodity	2021 ARC-CO Benchmark Price	2021/2022 MYA	County Yield Loss needed to start Triggering ARC-CO payment
Corn	\$3.70	\$6.00	53%
Soybeans	\$8.95	\$13.30	58%
Grain Sorghum	\$3.95	\$5.94	57%
Wheat	\$5.50	\$7.63	62%



Specifically, ARC-County Payments for 2021/2022 in Kansas include:

Corn	
Cheyenne County (Non-irrigated)	\$36.67
Rawlins County (Non-irrigated)	\$40.42
Sherman County (Non-irrigated)	\$36.23
Finney County (Non-irrigated)	\$35.44

Grain Sorghum	
Cheyenne County (Non-irrigated)	\$14.92
Elk County (All)	\$23.48

Soybeans	
Rawlins County (Non-irrigated)	\$27.61
Decatur County (Non-irrigated)	\$26.97
Trego County (All)	\$39.45
Ness County (All)	\$7.51
Chautauqua County (All)	\$1.84
Labette County (All)	\$0.23

These payment rates reflect a per acre payment that will be paid on 85% of the base acres in that commodity for the farm if they are enrolled in ARC-CO. Budget sequestration is not included in the published rates.

Maps showing detail of ARC-CO calculations for all counties can be found here:

Kansas:

<https://www.agmanager.info/ag-policy/arc-co-actual-payment-maps/kansas-20212022-arc-co-payment-rates>

National:

<https://www.agmanager.info/ag-policy/arc-co-actual-payment-maps/national-20212022-arc-co-payment-rates>

Here are the key variables to note when looking at the detail for the county as you hover your cursor over it (see Figure 1):

2021 Benchmark Price: 5-Year Olympic Average of National Marketing Year Prices (2015-2019)

2021 Benchmark Yield: 5-Year Olympic Average of trend adjusted county yields (2015-2019)

2021 Benchmark Revenue: 2021 Benchmark Yield X 2021 Benchmark Price

2021 Guaranteed Revenue: 86% of Benchmark Revenue

2021/2022 National Price: Marketing Year Average Price for 2021/2022

2021 Actual Yield: County Yield determined by FSA

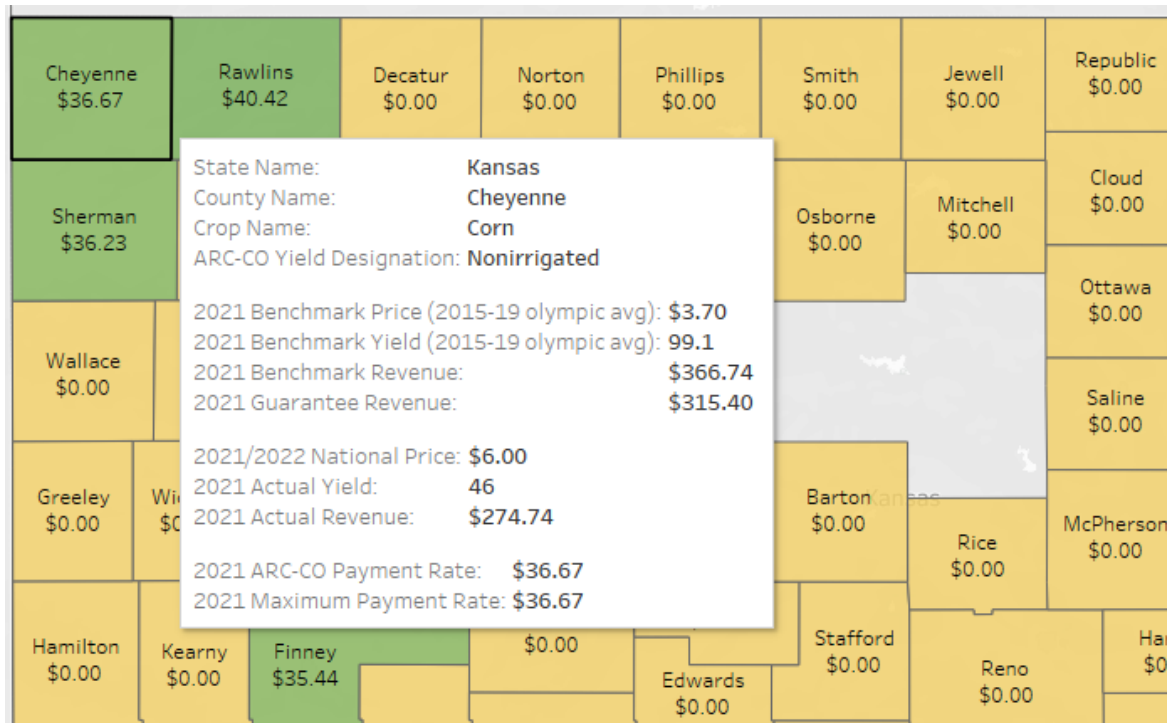
2021 Actual Revenue: 2021/2022 National Price x 2021 Actual Yield

2021 ARC-CO Payment Rate: 2021 Actual Revenue subtracted from 2021 Guaranteed Revenue, if there was a loss, not to exceed the maximum payment rate

2021 Maximum Payment Rate: 10% of Benchmark Revenue, which is the maximum payment rate per acre, by law.



Figure 1. Screenshot of ARC-County Corn payment map for Cheyenne County, KS



As harvest is continuing across the state of Kansas, many producers are wondering what ARC-CO payments could look like in October 2023, since much of the state is experiencing drought and yield losses are significant in many areas. Even with commodity prices staying high relative to ARC benchmark prices, it is likely that many counties will receive ARC-CO payments for their 2022 crops because of low yield. The Agricultural Economics Department at Kansas State University will be publishing MYA price estimates and ARC-CO projected payments for 2022/2023 marketing year to help producers with this question.

March 15th, 2023, will also be the deadline for the program election for the 2023 harvested crop. This will be the last ARC/PLC decision under the 2018 Farm Bill, with hopefully a new Farm Bill coming in 2023.

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