Projected ARC, PLC, and Crop Insurance Net Payouts per Acre under OBBBA

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Introduction

The *One Big Beautiful Bill Act* (OBBBA) strengthens U.S. farm safety net programs, including Agricultural Risk Coverage (ARC), Price Loss Coverage (PLC), and the Federal crop insurance program. For ARC, the coverage guarantee increased from 86% to 90% of benchmark revenue, while the maximum payment cap rose from 10% to 12%, broadening the revenue band covered and making payouts larger and more likely. For PLC, reference prices were raised and the effective reference price formula adjusted upward, ensuring higher support levels in low-price years. Further, USDA was authorized to add up to 30 million *new* base acres nationwide, which will lead to more acres and farms being eligible for ARC and PLC payments. For crop insurance, OBBBA boosted premium subsidies for basic and optional units, strengthened the Supplemental Coverage Option (SCO), and increased subsidies and expanded benefits for beginning farmers.[1] These changes lower producer costs while increasing the size and likelihood of indemnities. Together, these provisions are expected to lead to higher and more frequent payouts than under the 2018 Farm Bill.

Farm safety net spending is expected to increase by $59 billion over the next ten years. This report presents county-level maps of projected ARC, PLC and crop insurance net payouts under OBBBA changes, which can inform cash-flow planning, lending decisions, and risk management decisions. County-level variation reflects statutory support levels across crops, crop mix, yield levels and variability, program and crop insurance choices, and base acre allocations.

Data

To generate the county-level projections, three data sources were integrated: Food and Agricultural Policy Research Institute (FAPRI) state-level projections of average ARC and PLC payments and base acres; Rural and Farm Finance Policy Analysis Center (RAFF) estimates of county base acres by commodity after OBBBA-authorized base acre updates are implemented; and USDA Risk Management Agency (RMA) Summary of Business crop insurance data.

[1] The increases in subsidy rates in OBBBA were subsequently applied to additional endorsements and types of unit structure. For more information, see https://www.rma.usda.gov/policy-procedure/bulletins-memos/managers-bulletin/mgr-25-006-one-big-beautiful-bill-act-amendment

Data on total base acres by state for eleven major crops, along with average annual state-level ARC and PLC payments by crop under OBBBA, were obtained from FAPRI (2025). This report estimated the potential sector and regional impacts of implementing select OBBBA policies on farm income and government outlays. The eleven crops for which data were reported were corn, soybeans, wheat, seed cotton, rice, peanuts, sorghum, barley, oats, canola, and sunflowers.

ARC and PLC payments depend on a farm's base acres. Under OBBBA, ARC and PLC payments are still made based on a farm's base acres. However, OBBBA introduces a one-time opportunity to add base acres for farms whose updated planting history (2019-2023)—combining covered commodity acres plus limited noncovered acres—exceeds the farm's existing covered commodity base acres as of September 30, 2024. The additional base acres are allocated proportionally among covered commodities, subject to a national cap of 30 million acres and pro rata adjustments if eligibility exceeds the cap. The new base acres will be eligible for ARC/PLC payments starting in the 2026 crop year. Existing base acres will not be affected.

This study uses projected 2026 county-level base acres from Wongpiyabovorn and Plastina (2025), who model updates under alternative USDA implementation methods for the OBBBA base-acre expansion. They evaluate two scenarios for defining total farm acres: (1) cropland plus permanent pasture from the 2022 Census of Agriculture, and (2) the 2019–2023 average of planted, failed, and prevented acres across covered and noncovered commodities using FSA Crop Acreage Data. Under each scenario, additional base acres are allocated across crops in proportion to planted and prevented acreage shares and then scaled at the national level to meet the 30-million-acre cap, with results aggregated to the county level.

County-level crop insurance data was sourced from the RMA summary of business for all ARC and PLC-eligible crop types.[2] The county-level dataset's accuracy was confirmed by summing county totals to the state level by crop and cross-checked with select published state-level tabulations.

Methodology

We first computed the average of the two RAFF base acre scenarios, to generate county-crop base acre estimates. These were then aggregated by crop to obtain total state-crop base acres for the eleven major commodities. Next, we calculated each crop's share of total base acres within its respective state. The total state-level base acres reported by FAPRI-MU were then apportioned across crops according to these crop shares, yielding FAPRI-consistent state-crop base acre estimates.

[2] For some crops, insurance data is aggregated for both ineligible and eligible varieties. The inclusion of these crops could lead to unrepresentative estimates of payouts for counties with a high share of production of crop varieties that are ineligible for ARC and PLC, for example ineligible dry bean varieties. On the other hand, this approach underestimates payouts from crops do not have sufficient participation to meet RMA county-level reporting standards. However, both concerns apply to minor varieties or crops that make up a very small share of base acres, ARC and PLC payouts, and crop insurance payouts.

Using these state-crop base acre values, we calculated state level ARC and PLC payouts per base acre by dividing total FAPRI-reported state-crop payouts by the corresponding estimated state-crop base acres. For the county-level payouts, we multiplied each state-crop per base acre payout by the average county-crop base acres. County-crop payouts were then aggregated using county-crop base acre shares as weights, producing final county-level average ARC and PLC payout estimates per base acre.

To project average crop insurance net payouts, we take advantage of RMA county-level premium paid and indemnity data. Data is used from both 2015-2024 (approach 1) and 2010-2024 (approach 2), to test the relevance of inclusion of data from the 2012 drought. Including additional years would risk including outcomes from years with substantially different market and policy structure and crop insurance characteristics. We use past indemnities and premiums to capture actual price-yield correlations and premium rates. Estimates based on long-term baseline crop price projections and county yield distributions would require modeling annual RMA premium rates by crop and county for the next ten years, which was beyond the scope of this study.

We calculated annual crop insurance net payouts as indemnities minus farmer-paid premiums, per insured acre. We adjusted all values to constant 2024 dollars using the BEA GDP deflator, which is the series used in the USDA Economic Research Service's Farm Income and Wealth Statistics. Counties grouped in RMA's "all other counties" category were excluded. To capture OBBBA changes, we apply a uniform increase to net indemnities equivalent to four percent of the total per acre premium, which includes both the producer and government share of the premium. This approach reflects how the projected $6 billion increase in crop insurance outlays over 10 years (approximately ~$0.6 billion per year) pertains to total program costs. Relative to the roughly $15 billion in total crop insurance premiums in 2024, that equates to an approximate 4% increase. This approach assumes proportional payout increases across counties and unit structures (optional, basic, and enterprise). After the adjustments, we estimate the average annual net indemnities by county.

These methods allow for construction of maps that provide an early and informative picture of future ARC/PLC and crop insurance support under current policies, incorporating the changes made under OBBBA. Some caveats are important when interpreting the maps and geographic patterns. Within-state ARC and PLC payouts may have more variation than displayed across counties, especially for states with large spatial differences in yield levels. However, our analysis indicates that the most relevant differences in support levels are between commodities, not within commodities. We use estimated county-level base-acre allocations from RAFF county scenario averages, which may differ from finalized USDA base-acre allocations. We do not expect these differences to meaningfully change our analysis, as RAFF estimates use actual planted and base acre information and vary little across plausible FSA implementation approaches. Finally, our projection of crop insurance net indemnities is based on realized historic net indemnities, adjusted for inflation and likely increases induced by OBBBA. This approach may not fully capture long-term yield variation and does not use current baseline price projections. However, the relevant variation for this comparison will be driven by county-level yield outcomes, not market price, which is uniform across counties for crop insurance purposes. Further, this

approach incorporates actual price-yield correlations and premium rates. The ideal approach, which is beyond the scope of this study, would incorporate county yield distributions, baseline price projections, county-level price-yield correlations, projected RMA premium rates, and changes in crop-insurance demand and purchase patterns driven by OBBBA. Specifically, the large increase in the subsidy rate for the Supplemental Coverage Option (SCO) and similar policies may meaningfully change crop insurance outcomes.

Results

Figures 1 and 2 show projected county-level net payouts under different assumptions for crop insurance net payouts. These estimates combine projected ARC, PLC, and net crop insurance payouts to provide a comprehensive measure of the total financial protection producers receive through the farm safety net. The geographic patterns across each map are similar, with higher combined ARC and PLC and crop insurance payments concentrated in parts of the South and lower, more uniform payouts across much of the central United States. Areas with larger shares of rice and cotton base acres stand out with stronger per-acre support, while corn, soybean, wheat, and sorghum-producing states show moderate but broadly distributed levels of program assistance. As expected, payouts in Figure 2 are universally higher, due to the inclusion of a major drought year in projecting crop insurance payouts. Despite minor differences between the two approaches, the national pattern remains stable, indicating that variation in total support is driven more by crop composition than by the estimation period used. The remaining analysis will compare outcomes in Figure 1.

Across all counties in the United States, most estimated per-acre payouts fall within a relatively narrow range, typically between $45 and $130 per acre. The majority of counties cluster near the lower half of that range ($45-$70), reflecting relatively moderate program payments in corn, soybean, wheat, and sorghum areas that dominate national base acreage. Only a smaller subset of counties, largely concentrated in states with substantial rice and cotton production, exhibit noticeably higher per-acre support. This national pattern underscores that differences in payout intensity are driven more by commodity composition than by geography alone.

In corn and soybean dominated states, including Iowa, Illinois, Indiana, Minnesota, Missouri, and Ohio, average county-level payouts are around $60 per acre, with most counties between $50 and $70 per acre. Kansas also produces significant corn and soybean acreage, with payout levels broadly consistent with those seen in other major corn and soybean producing states. These relatively moderate values reflect the large share of base acres tied to corn and soybeans.

In Plains states, including Kansas, Nebraska, Oklahoma, and the Dakotas, there is a similar overall average among counties. These states have more wheat and sorghum base acres than corn belt states, as well as higher yield variability. The regional mean is about $60 per acre, and most counties fall between $50 and $70 per acre. These results align closely with the crop mix in these states.

In southern states such as Arkansas, Mississippi, Louisiana, and Texas, the combined ARC/PLC and crop insurance payments are noticeably higher. Most counties in these states fall between $70 and $130 per acre, and the regional average is roughly $100 per acre. Elevated payouts also extend across portions of the broader southern portion of the U.S., including areas from Georgia through eastern New Mexico and Arizona, where cotton base acres are prevalent. These higher payouts reflect the concentration of rice, cotton, and peanut base acres, all of which receive higher per acre program support under current policy. Cotton accounts for roughly 11-12 million base acres nationally, compared with about 4.5-5 million for rice and 2-3 million for peanuts. The combination of these commodities results in higher average support per acre and greater variation among counties than in any other group of states. Within these states, patterns also reflect local production intensity. Some counties in Arkansas and Mississippi tend to cluster near the upper end of the range, where rice and cotton base acres are most concentrated. Further east, higher per-acre payments also appear in parts of Georgia and Alabama, where peanut base is prevalent. In contrast, western Texas counties, where sorghum and wheat occupy a larger share of base acreage, generally fall toward the lower end of the range.

Across the western United States, average support per acre is broadly comparable to the national pattern, with most counties receiving between $45 and $85 per acre. The higher variability across counties may reflect large county size and lower overall production of eligible crops. These states account for a smaller share of national base acreage, and their overall contribution to total safety net payments for eligible crops is modest. Within this group, California stands out for its higher per acre payouts, consistent with the concentration of rice base acres in the Sacramento Valley.

Across all counties, analysis of total and average (per acre) support reveals a clear and consistent pattern in how program support is distributed. Total payments are concentrated in states with large base acreage, particularly those producing corn and soybeans. In contrast, per-acre payment intensity is shaped primarily by crop composition rather than geography. States where rice, cotton, and peanuts represent a larger share of base acres exhibit higher per-acre payouts.

The findings in this analysis are broadly consistent with those presented in a previous analysis of the historic farm safety net, indicating that recent policy changes under the One Big Beautiful Bill Act (OBBBA) reinforce existing patterns of farm program support. Both studies show moderate per-acre assistance across Iowa, Illinois, Indiana, Missouri, and Minnesota, and stronger payout intensity in southern states such as Arkansas, Mississippi, Louisiana, and Texas, where rice and cotton dominate the base acreage.

Conclusion

Jointly, ARC, PLC, and crop insurance provide substantial support for crop producers during low price or yield periods across U.S. counties. After implementation of the OBBBA, payments are projected to average about $60 per acre. Actual amounts will be higher following years with low prices and/or low yields and may be different than forecasted. Projected payments in most counties range from $45-$70.

Differences between counties reflect many factors, including statutory support levels across crops, crop mix, yield levels and variability, program and crop insurance choices, and base acre allocations. These findings suggest that the *One Big Beautiful Bill Act* continues with a long-standing pattern of balancing broad-based support for major program crops with higher levels of aggregate support for regions with historically higher risk and payment rates.

Future work could refine these results by incorporating baseline price projections, county-level yield and price correlations, models of future premium rates. Further, an increase in crop insurance coverage, including for high coverage or supplemental policies such as SCO, would likely increase net payouts over time. If changes in participation differ by region or crop, then there may be more variability in net payouts than implied by these maps.

Data Sources

Food and Agricultural Policy Research Institute [FAPRI]. (2025, September). *Impacts of selected agricultural provisions of the "One Big Beautiful Bill Act"* (FAPRI–MU Report No. 02-25). University of Missouri. https://fapri.missouri.edu/publications/obbb-impacts-of-selected-ag-provisions/

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U.S. Department of Agriculture, Economic Research Service. *Farm Income and Wealth Statistics.* https://www.ers.usda.gov/data-products/farm-income-and-wealth-statistics

U.S. Department of Agriculture, Risk Management Agency. Summary of Business. https://www.rma.usda.gov/tools-reports/summary-of-business

Figure 1: Projected ARC, PLC, and Crop Insurance Net Payouts Under Recent Policy Changes (Approach One)

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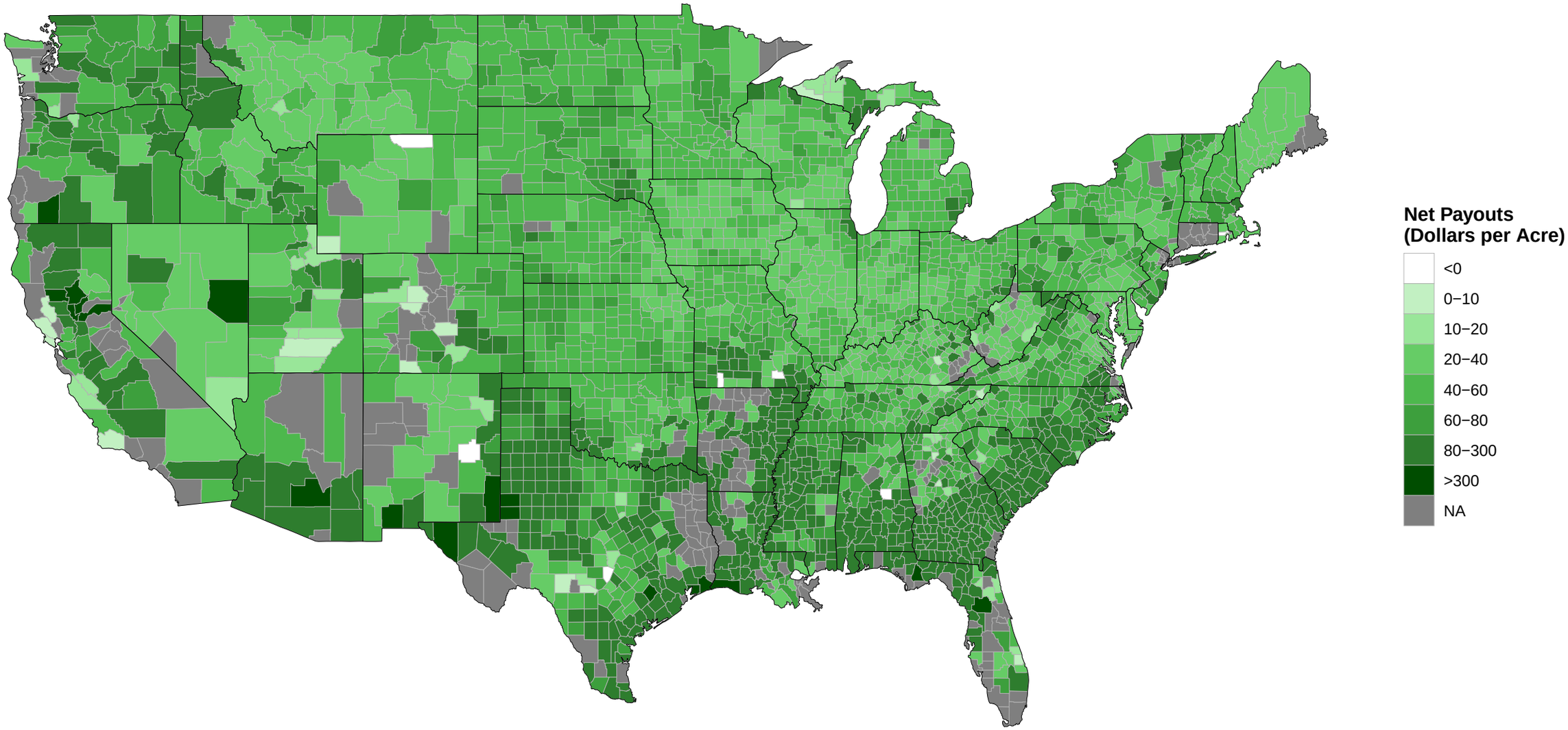

Note: Net payouts are the sum of average projected ARC and PLC payouts per base acre and crop insurance net payouts per insured acre.
Projected ARC and PLC payments are estimated using data from the FAPRI and RAFF.
Projected crop insurance payments are estimated using data from USDA RMA using years 2015−2024 (Approach One).
RMA will sometimes report data from counties with relatively low participation levels in an 'all other counties' category;
this category is not reflected in averages reported in this map.
Connecticut is excluded from this map due to change in county classifications that cannot be reconciled with reported crop insurance data.
Estimates account for changes authorized by the One Big Beautiful Bill Act (OBBBA).

Figure 2: Projected ARC, PLC, and Crop Insurance Net Payouts Under Recent Policy Changes (Approach Two)

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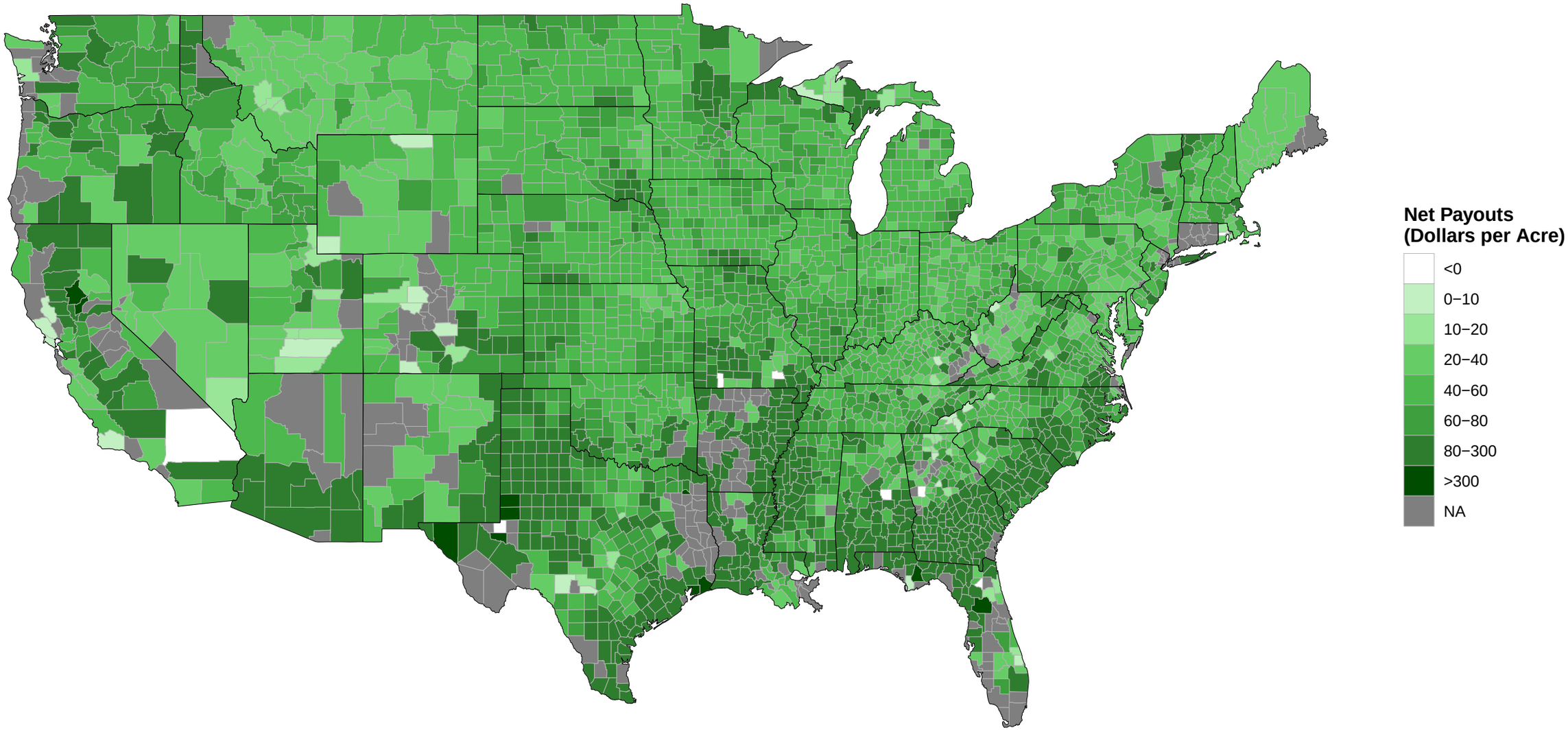

Note: Net payouts are the sum of average projected ARC and PLC payouts per base acre and crop insurance net payouts per insured acre.
Projected ARC and PLC payments are estimated using data from the FAPRI and RAFF.
Projected crop insurance payments are estimated using data from USDA RMA using years 2010−2024 (Approach Two).
RMA will sometimes report data from counties with relatively low participation levels in an 'all other counties' category;
this category is not reflected in averages reported in this map.
Connecticut is excluded from this map due to change in county classifications that cannot be reconciled with reported crop insurance data.
Estimates account for changes authorized by the One Big Beautiful Bill Act (OBBBA).