

2014 Farm Bill Commodity Programs PLC



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Price Loss Coverage (PLC)

- Provides an income safety net when prices of covered commodities are below “reference” prices set in the farm bill
 - Payment if actual price < reference price
 - No payment for yield losses
 - Similar to CCP in 2008 farm bill
 - Key difference: Higher reference prices
- Payments tied to **85%** of your **base** acreage and **program yields**
- These generally do **NOT** depend on current production choices
 - Except for those with cotton base or with fruits and vegetables, planting more or less of a given crop will have NO effect on payments



Price Loss Coverage

- Protects against losses in price only
- Pays on the difference between the MYA price and the reference price
- That difference is multiplied by your FSA yield and payed on 85% of base acres

Crop	PLC Reference Price
Barley	4.95
Corn	3.70
Cotton	NA
Grain Sorghum	3.95
Peanuts	535
Oats	2.40
Rice	14.00
Soybeans	8.40
Wheat	5.50



Wheat MYA Price



Price > \$5.50 in 7 years



Wheat ARC Payments vs. PLC Payments Under Different Yields and Prices for 2014/15 Marketing Year

		ARC-CO			PLC					
5 Yr. Olympic Avg. County Yield		33			CC Yield			35		
5 Yr. Oly. Avg. MYA Price		\$6.60			Ref. Price			\$5.50		
Benchmark Revenue		\$218								
		Yield								
		19	22	24	27	30	33	36	40	
MYA Price	PLC Payment	ARC-CO Payment								
\$7.92	\$0.00	\$21.78	\$15.83	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$7.26	\$0.00	\$21.78	\$21.78	\$12.65	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$6.60	\$0.00	\$21.78	\$21.78	\$21.78	\$10.89	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$6.44	\$0.00	\$21.78	\$21.78	\$21.78	\$15.30	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$6.27	\$0.00	\$21.78	\$21.78	\$21.78	\$19.60	\$0.97	\$0.00	\$0.00	\$0.00	\$0.00
\$6.12	\$0.00	\$21.78	\$21.78	\$21.78	\$21.78	\$5.63	\$0.00	\$0.00	\$0.00	\$0.00
\$5.68	\$0.00	\$21.78	\$21.78	\$21.78	\$21.78	\$18.73	\$0.00	\$0.00	\$0.00	\$0.00
\$5.42	\$2.80	\$21.78	\$21.78	\$21.78	\$21.78	\$21.78	\$8.45	\$0.00	\$0.00	\$0.00
\$5.18	\$11.20	\$21.78	\$21.78	\$21.78	\$21.78	\$21.78	\$16.37	\$0.00	\$0.00	\$0.00
\$4.97	\$18.55	\$21.78	\$21.78	\$21.78	\$21.78	\$21.78	\$21.78	\$6.90	\$0.00	\$0.00
\$4.72	\$27.30	\$21.78	\$21.78	\$21.78	\$21.78	\$21.78	\$21.78	\$15.97	\$0.40	\$0.40
\$4.51	\$34.65	\$21.78	\$21.78	\$21.78	\$21.78	\$21.78	\$21.78	\$21.78	\$8.71	\$8.71
\$4.31	\$41.65	\$21.78	\$21.78	\$21.78	\$21.78	\$21.78	\$21.78	\$21.78	\$21.78	\$16.63
\$4.11	\$48.65	\$21.78	\$21.78	\$21.78	\$21.78	\$21.78	\$21.78	\$21.78	\$21.78	\$21.78
\$3.93	\$54.95	\$21.78	\$21.78	\$21.78	\$21.78	\$21.78	\$21.78	\$21.78	\$21.78	\$21.78

Source: Art Barnaby, KSU



Considerations for producers enrolled in PLC

- Base acres enrolled in PLC will receive payments only when the marketing year average price falls below the reference price
- PLC does not carry a payment limitation which may allow it to make larger payments than ARC during periods of very low prices



References

- **Price Loss Coverage/ Agriculture Risk Coverage**
■ (http://www.fsa.usda.gov/programs-and-services/arcplc_program/index)

- **Oklahoma State University Farm Bill Web Page**
■ (<http://agecon.okstate.edu/agpolicy/farmbill.asp>)

- **Kansas State University Farm Bill Web Page**
■ (<https://www.agmanager.info/ag-policy/farm-bill>)

