



New ARC-CO and PLC spreadsheets calculate projected payments

By Alejandro Plastina, extension economist, 515-294-6160, plastina@iastate.edu

Three new spreadsheets have been developed to help Iowa corn and soybean producers calculate ARC-CO or PLC payments for the 2014 and 2015 crop years.

ARC/PLC payments depend on the marketing year average (MYA) prices for covered commodities. For corn and soybeans, the official 2014 MYA price will be announced by USDA in early September 2015. Until then, the actual amount of ARC/PLC payments will be unknown. However, using county yields and price projections published by USDA, ARC/PLC payments for the 2014 and 2015 crop years can be reasonably projected. A detailed description of ARC/PLC programs is available in *AgDM File A1-32, [New Safety Net: PLC, ARC-CO, ARC-IC](#)*.

PLC payments are triggered if the MYA price is lower than the reference price: \$3.70 per bushel of corn, and \$8.40 per bushel of soybeans. After downloading the [PLC Payment Calculator](#), the user can input base acres and program payment yields by farm to obtain the projected PLC payments for 2014 and 2015. The base acres and program payment yields can be obtained from FSA offices. The spreadsheet also shows the projected PLC payments per base acre, and the projected payments under alternative prices (5, 10 and 15 percent above and below the USDA price forecast). Since PLC payments do not depend on the geographical location of the farm, this spreadsheet can be used to calculate payments for any farm with corn and soybean base acres in the nation.

ARC-CO payments are triggered if the actual county revenue is lower than the ARC-CO guarantee revenue, which is based on county yields and MYA prices over the previous 5 years. After downloading

the [ARC-CO 2014 Payment Calculator](#), the user can input base acres and select from a drop-down menu the county where the farm is located. The spreadsheet reports the projected ARC-CO payments for 2014 (total and per base acre), the price below which ARC-CO payments are triggered in the selected county, and projected payments under alternative prices (5, 10 and 15 percent above and below the USDA price forecast).

The [ARC-CO 2015 Payment Calculator](#) uses the MYA prices projected by USDA for the 2014 crop year, and the 2014 county yields reported by USDA/NASS to calculate the 2015 ARC-CO guarantee. The county yields used by FSA to calculate actual ARC-CO guarantees in late 2016 might differ from the yields reported by USDA/NASS. The 2015 projected “actual” county revenue is calculated as the USDA MYA price projection times the projected county yield. The 2015 county yield is projected with a linear trend over the previous 10 years (2005-2014). The user can enter base acres and the county where the farm is located to obtain information about the projected ARC-CO payments for 2015 (total and per base acre), as well as a sensitivity analysis showing alternative ARC-CO payments for 2015 under different combinations of MYA prices (10 and 20 percent above and below USDA price forecast), and “actual” yields (10 and 20 percent above and below the trend-projected yield).

If ARC/PLC payments are triggered for the 2014 crop year, they will be issued after the end of the marketing year when USDA announces the official marketing year average (MYA) price, but not before October 1, 2015. The projected prices used in the ARC/PLC payment calculators will be updated monthly.