

Agricultural Policy Update

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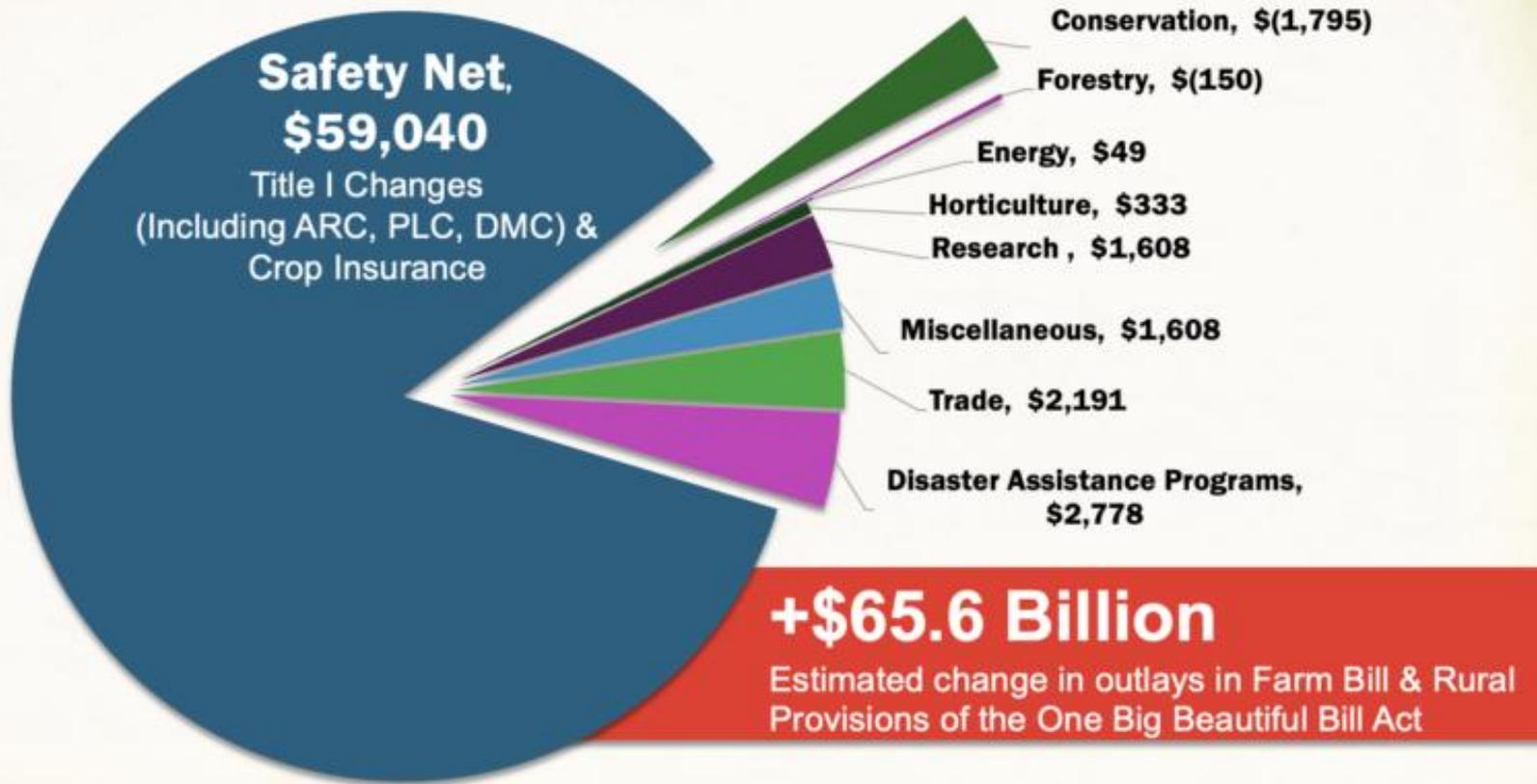


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FIGURE 1: ESTIMATED BUDGETARY CHANGES FOR FARM PROGRAMS

June 29th CBO Score of the One Big Beautiful Bill Act | Million Dollars | FY2025 – FY2034



PLC Updates

Price Loss Coverage Program Statutory Reference Price Increases

Crop (unit)	2018 Farm Bill	BBBA Price
Corn (bushel)	\$3.70	\$4.10
Seed Cotton (pound)	\$0.367	\$0.42
Soybeans (bushel)	\$8.40	\$10.00
Long Grain Rice (cwt)	\$14.00	\$16.90
Wheat (bushel)	\$4.95	\$6.35
Peanuts (ton)	\$535	\$630



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PLC Updates

- Beginning with the 2031 crop, the reference price for all covered commodities shall equal the previous year's reference price multiplied by 1.005% and cannot exceed 113% of the statutory reference price
- Effective reference price escalator increased from 85% to 88% of 5-year Olympic Average

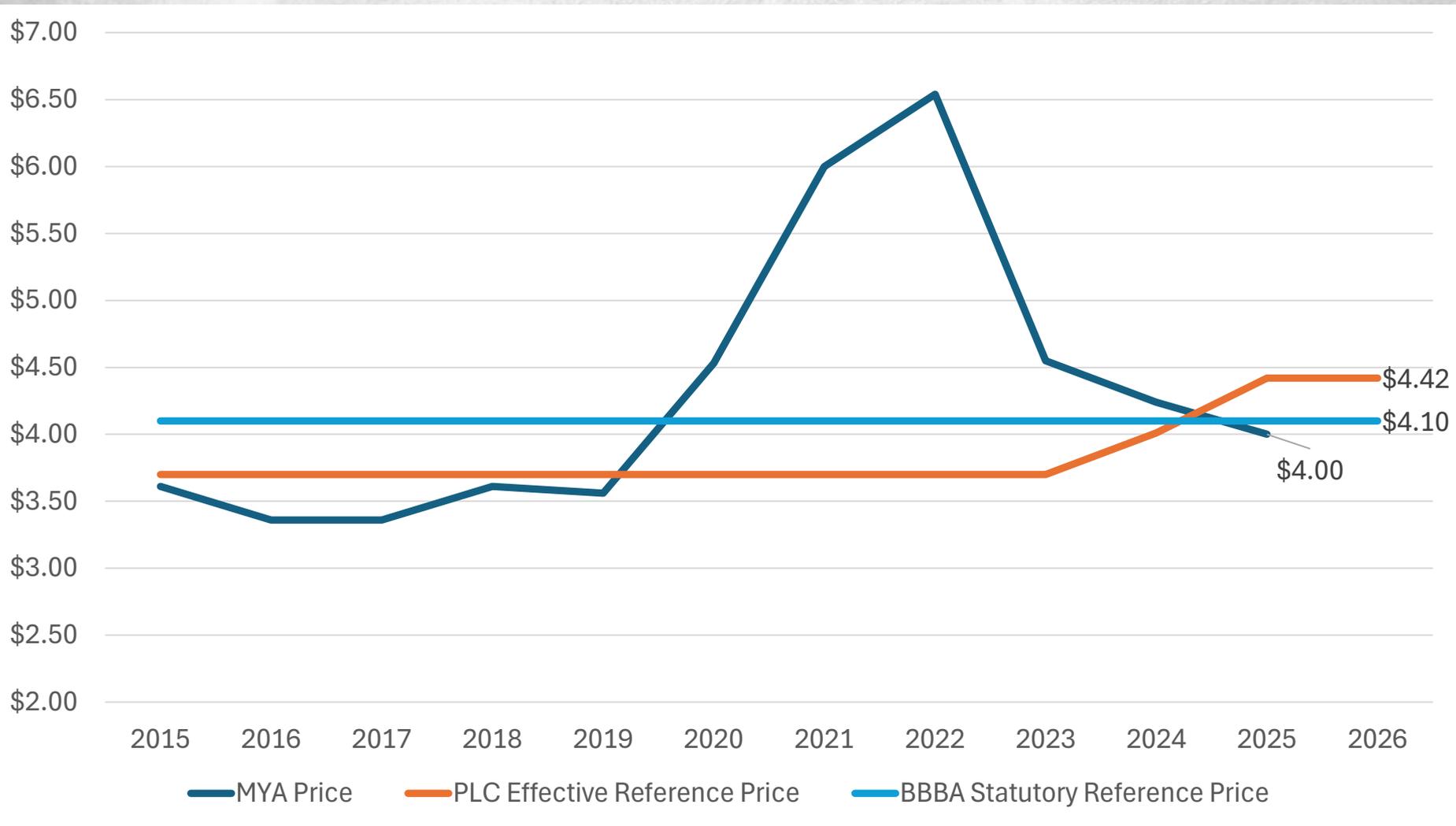


PLC Reference Prices

- **Statutory Reference Price**
 - This is the **base price** written directly into law.
 - It **does not change** unless Congress changes it in a Farm Bill.
 - Think of it as the *minimum* support level for the crop under PLC.
- **Effective Reference Price**
 - This is the **price actually used** by PLC to calculate payments each year.
 - It is the **higher of**:
 - The **statutory reference price**, or
 - A price generated by the **price escalator clause**, which allows reference prices to **increase** when **recent market prices have been high**.
 - It can rise (up to a cap), but cannot fall below the statutory reference price.



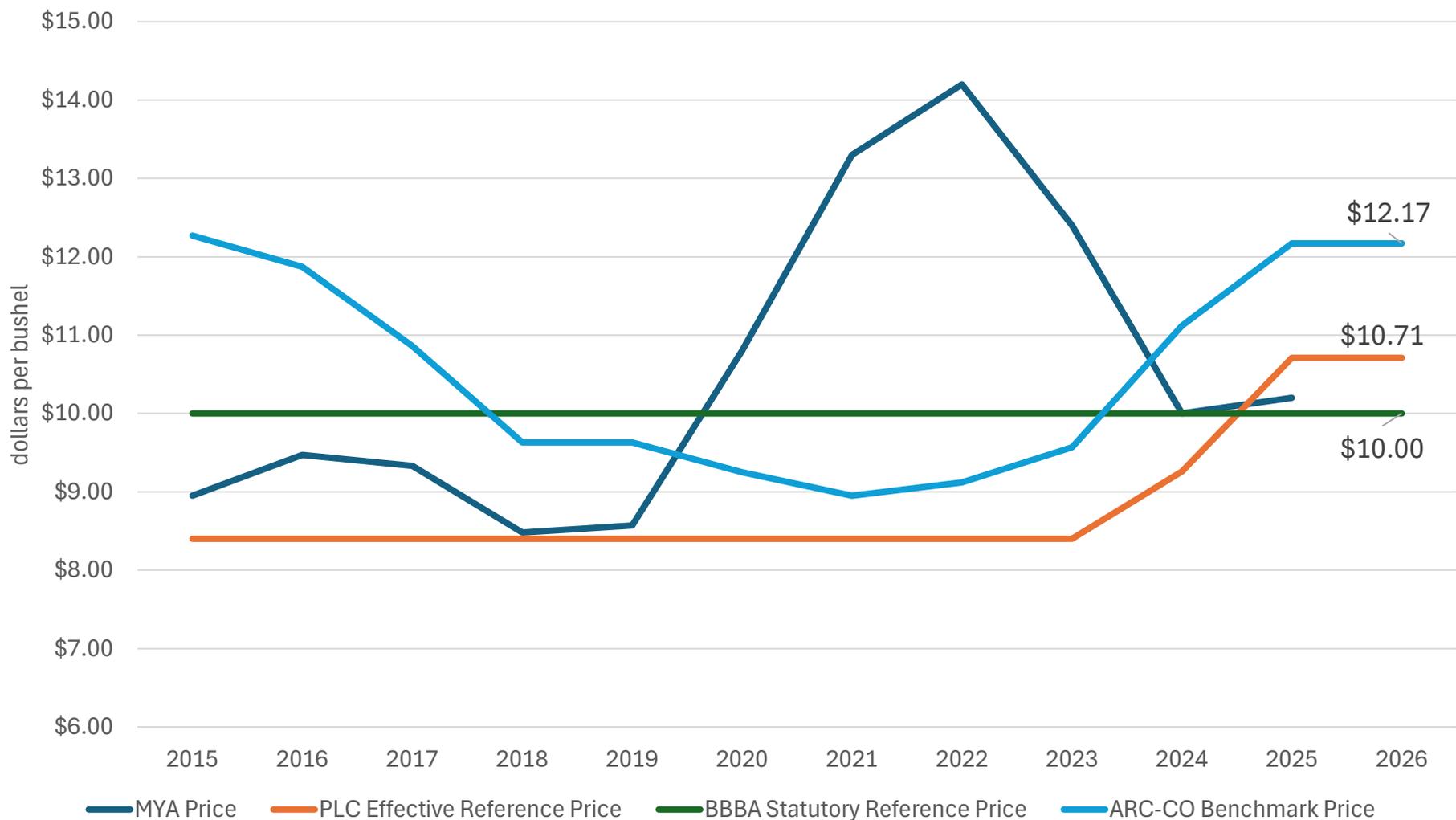
Corn MYA, Benchmark, and Reference Prices



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Soybean MYA, Benchmark, and Reference Prices



ARC-CO Updates

- Revenue guarantee increased from 86% to 90%
- Maximum payment increased from 10% to 12% of benchmark revenue



Additional Title 1 Updates

- For the 2025 crop year only, producers will receive the higher of the ARC-CO or PLC payment
- Both PLC and ARC are allowed with SCO and ECO insurance programs
 - ARC/SCO/ECO are all paid on county revenue losses
 - May want to consider PLC (price risk) and SCO/ECO (revenue risk)



2026 ARC-CO/PLC Decision

Crop	PLC Effective Reference Price (ERP)	ARC-CO Benchmark Price	ARC Trigger Price	ARC Trigger to ERP Ratio
Corn	\$4.42	\$5.13	\$4.62	104%
Soybeans	\$10.71	\$12.27	\$11.05	103%
Seed Cotton	\$0.42	\$0.43	\$0.39	92%
Long Grain Rice	\$0.17	\$0.17	\$0.15	90%
Wheat	\$6.35	\$6.98	\$6.28	99%

- Assuming trend line yields, ARC will trigger sooner for corn and soybeans
- PLC can provide larger payments in severe price declines due to ARC's 12% payment cap



Allocation of New Base Acres

- One-time allocation of **NEW BASE** acres
 - No reallocation of current base acres
- Allocated in proportion to the ratio of covered commodities planted/prevented on the farm during the 2019-2023 crop years
- PLC Yield
 - Current FSA farm yield for a crop will be used
 - If no PLC yield, county average will be used
- New base acres for the U.S. can not exceed 30 million
 - Prorated reduction will be applied if the total exceeds 30 million



Higher Premium Subsidies

Coverage Level	2025 Crop Premium Subsidy	2026 & Subsequent Crops Premium Subsidy
Area-Wide Policies		
STAX	80%	80%
SCP, ECO, HIP-WI, MCO	65%	80%
Individual RP/YP (Basic/Optional Units)		
CAT	100%	100%
50%	67%	67%
55%-60%	64%	69%
65%-70%	59%	64%
75%	55%	60%
80%	48%	51%
85%	38%	41%
Individual RP/YP (Enterprise Units)		
50%-70%	80%	80%
75%	77%	80%
80%	68%	71%
85%	53%	56%

SCO Enhancements

- SCO coverage increases from 86% to 90% in 2027
 - For 2026, growers will purchase SCO and ECO to get 90% or 95% coverage
- SCO can be purchased on farms enrolled in PLC or ARC
- Given the increased SCO premiums, is there an advantage for producers to buy down individual coverage and replace it with SCO?
 - Potential to get a wider range of coverage with same to lower premium cost



Area-Wide Policies

- **SCO**
 - 2026: 86% to individual coverage level
 - 2027: 90% to individual coverage level
 - Individual policy required
- **ECO**
 - 95% or 90% down to the higher of 86% or SCO coverage
 - Individual policy required
- **STAX**
 - 90% to a higher of individual coverage level or 70%
 - Individual policy not required
 - Only available for cotton



Buy Down Individual Coverage?

- Given the increased SCO/ECO premium subsidies, is there an advantage for producers to buy down individual coverage and replace it with SCO?
 - Potential to get a wider range of coverage with the same to lower premium cost



Buy Down Individual Coverage?



SDRP Stage 2

- Uncovered Non-Indemnified Losses
- Incorporates quality losses
 - calculated using a decrease in value based on discounts provided at the point of sale due to the physical condition of the crop indicated by an applicable grading factor
- Payments will be calculated similarly to Phase 1
- SDRP Stage 2, FSA is not accepting manual applications, as some of the information will be pre-filled by FSA. Producers should contact their FSA county office to schedule an appointment
 - Per [Supplemental Disaster Relief Program \(SDRP\) | Farm Service Agency](#)



Thank you!

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