

## Iowa County ARC and PLC Update

Our “Farm Simulator Model” is designed to estimate Iowa payments for the ARC-CO and PLC programs introduced with the 2014 Farm Bill and has been updated to include 2015 USDA-National Agricultural Statistic Service (NASS) county corn and soybean yields. Payment results for each county are presented in PDF Charts and Tables for the 2015 through 2019 years under the assumption that the current Farm Bill will extend beyond 2018. Yields for 2016 to 2019 were simulated by our model and were used to estimate ARC-CO payments.

USDA’s March 2016 World Agricultural Supply and Demand Estimates (WASDE) price projections for 2015/16 were used to estimate the 2015 payments. Corn price was equal to \$3.60 per bushel (midpoint of the projected price range \$3.40 to \$3.80). Soybean price was equal to \$8.75 per bushel (midpoint of the projected price range \$8.25 to \$9.25). The final 2015/16 MYA prices for corn and soybeans will not be known until early September. 2016 to 2019 MYA prices for both corn and soybeans were simulated by our model. We assumed that the reference prices for corn and soybeans for the 2019 marketing year are the same as for the 2014-18 period as set in the 2014 Farm Bill. The reference price for corn is \$3.70 per bushel, whereas the reference price for soybeans is \$8.40 per bushel.

Payments shown in the Charts include individual crop payments estimated per 100 acres. Combined crop payments were estimated per 200 acres (100 corn/100 soybeans mix).

To estimate the payments presented in the Tables for each county and each year, eight different prices and nine yields were selected for corn and soybeans from the simulated prices and yields. In the case of 2015, however, the yield used to estimate payments was the USDA-NASS reported 2015 yield for the corresponding county and crop. Payments were estimated on a per acre basis.

Overall, these Charts and Tables seek to highlight:

- Differences between ARC-CO and PLC payments, illustrating how these programs perform under differing price and yield combinations across counties for corn and soybeans.
- The importance of yields in the ARC-CO program as yield performance across counties varies and influence the payments for each year. ARC program payments are based on county-average revenues relative to a 5-year Olympic averages. Variations in yields for nearby counties in particular, are largely dependent on different growing conditions.
- How the current commodity price for PLC program payments is a determining factor as these payments are based on the current commodity price relative to the commodity reference price. Each year, the current commodity price is the only variation introduced in the payment estimation.