The ARC farm program failed as a widespread safety net for agriculture in 2017

A couple of weeks ago, a reader from Iowa wrote us, “I stopped into the Farm Service Agency office today…to see if there would be any farm subsidies this year, (as I hadn’t received any yet). They said there would be none for my county and most other counties [in Iowa], (only for a small number of counties, mostly along the southern border of the state).

“So, your predictions about ARC [Agricultural Risk Coverage] have come true, a bit more dramatically than I expected.”

He then asked, “I wonder what it’s like in other states?”

That piqued our interest, so we decided to look up the numbers (https://tinyurl.com/y7lnn3jr) and share with all of our readers what we found.

First, let’s start with Iowa. Farmers in 12 of Iowa’s 99 counties (12 percent) received county ARC payments for corn. With soybeans, the picture is much the same, 11 out of the 99 counties (11 percent). As for wheat, no Iowa counties were listed for ARC payments.

Our next step was to look at the other two I’s of the triple I corn belt states, Illinois and Indiana.

In Illinois, the picture was not much brighter. For corn, 18 counties (18 percent) received ARC payments, while 19 (19 percent) received soybean payments. In addition, farmers in 37 (36 percent) of the state’s counties received ARC payments for wheat.

Moving one state east, the picture for corn remained much the same; 17 Indiana counties (19 percent) received ARC payments. With soybeans, the picture is quite different. Farmers in 35 counties (38 percent of the state’s counties) received ARC payments and a whopping 72 counties (78 percent) qualified for wheat ARC payments.

The state with the highest percentage of counties receiving ARC payments for corn was Maine (93.8) followed by South Dakota (67 percent), North Dakota (57 percent), and Kansas (52.4 percent). For soybeans the ranking begins with Ohio (65 percent) followed by South Dakota (59 percent), North Dakota (57 percent), and Michigan (52 percent). Turning to wheat, Idaho (86.4 percent) leads the list of states with the highest percentage of counties receiving ARC payments, with North Dakota (85 percent), South Dakota (80 percent) and South Carolina (80 percent) following close behind.

Of the 48 contiguous states, 3 states had no counties receiving ARC payments for corn, 9 for soybeans, and 3 for wheat. Nationwide, 776 of the country’s 3141 counties (24.7 percent) received ARC payments for corn, 700 (22.3 percent) received ARC payments for soybeans, and 1521 (48.4) percent received ARC payments for wheat.

State by state and county by county comparisons for farmers receiving PLC (Price Loss Coverage) payments are unnecessary because all farmers making the election for the PLC program received payments for the 2017 crop year payments that are paid in 2018.

While just 9 percent of farms (not counties as in the above analysis) with corn production elected to participate in the PLC program, for the 2017 crop year they will receive 34.3 percent of the corn payments made for the ARC and PLC programs. The data set provided by the USDA did not list PLC payments for soybeans, so no comparison is possible. With wheat, 34 percent of the farms elected to participate in the PLC program and they received 64 percent of the payments allocated to the two programs.

If prices had remained at or above the reference price for the covered crops, the ARC program would have made higher payments than the PLC program, But, once prices dropped below the reference price for multiple successive years, the PLC program makes the higher payments.

As we look forward to seeing the details of the farm bill under consideration by Congress, it will be interesting to see what "enhancements" members make in the two programs. On the other hand, we find it hard to understand why Congress would make farmers gamble on their selection of a RISK management program.

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