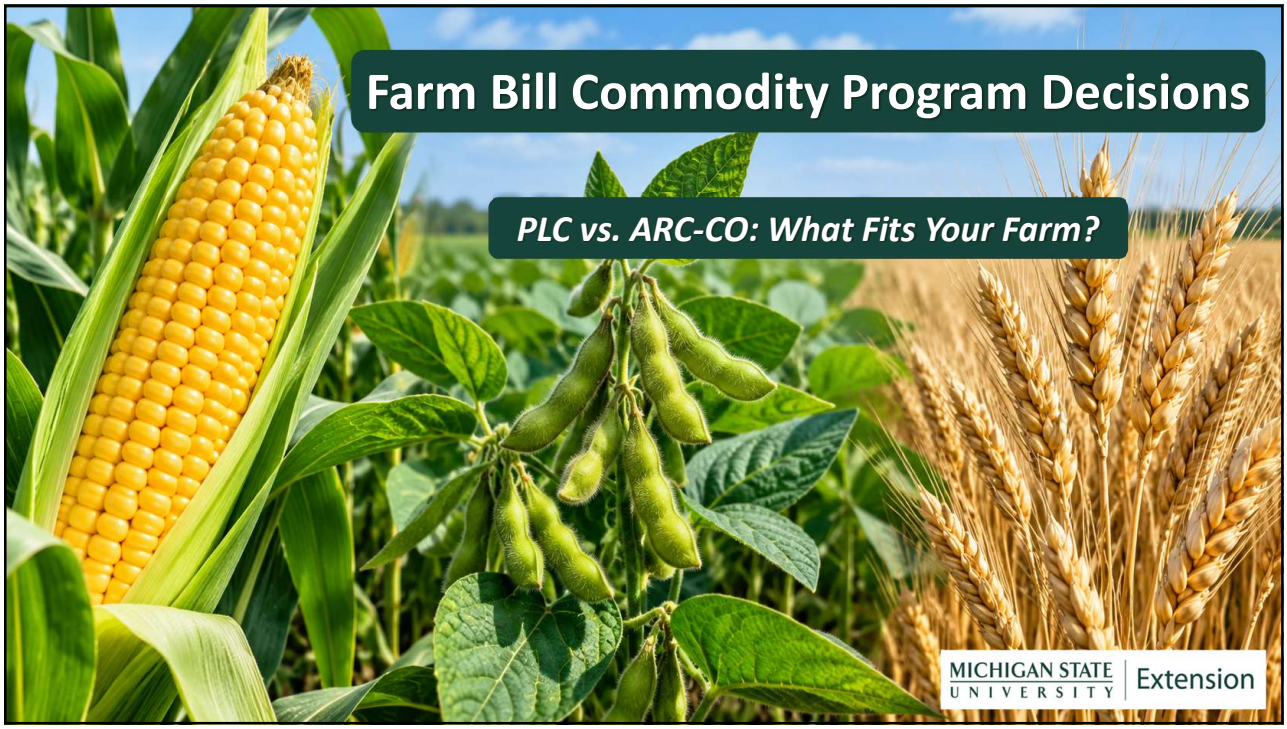

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Today's Presenters & Agenda

Farm Bill Policy Update



Dr. Alan Ker
Professor and Elton R. Smith Chair in Food and Agricultural Policy
Dept of Agricultural, Food, and Resource Economics, Michigan State University

Commodity Programs Decision



Jon LaPorte
Farm Business Management Educator
Michigan State University Extension

Using the MSU Farm Bill Analyzer



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Why Can't We Simply Have the Higher of PLC/ARC-CO?

The Congressional Budget Office (CBO) and the USDA use probability models to forecast potential payments during the life of a Farm Bill.

These models also predict possible sign-up decisions based on economic returns and historical sign-up patterns

Long-term federal budget scoring assumes a statistical likelihood of future price drops or yield shortfalls.

To offer "higher of PLC/ARC-CO", Congress would have to predict maximum payments for both programs and 100% sign-up for each…

…raising the overall budget cost

When CBO scores a farm bill proposal, it generally needs to estimate:

1. How many base acres will be enrolled.
2. What share of acres will elect PLC versus ARC-CO.
3. Expected prices and yields.
4. Expected payments under each program.
5. How producers might change elections if program rules change.



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Sign-Up Details & Fine Print

Deadline to sign-up: **December 11, 2026**

Farms that **don't sign-up** will be re-enrolled using 2025 program, but…**ineligible for 2026 payments**

Two Sign-up Options:
- **Election year-to-year**
- **Multi-year contract**

Election year-to-year:
- Yearly sign-up choice

Multi-year contract:
- Chose program in 2026 and same choice is automatic through 2031
  - Can "break" contract in future years and elect a different program
  - Also have the option to complete a new multi-year contract



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2026 Commodity Program (FSA) Decision

Price Loss Coverage *PLC*	Agriculture Risk Coverage (County) *ARC-CO*	Agriculture Risk Coverage (Individual) *ARC-IC*
Choose on a crop-by-crop basis	Choose on a crop-by-crop basis	Enrolls entire FSA farm
Pays on 85% base acres *(base may be higher from 2026 allocation)*	Pays on 85% base acres *(base may be higher from 2026 allocation)*	Pays on 65% base acres, rather than 85% *(base may be higher from 2026 allocation)*



All payments subject to additional 5.7% reduction for sequestration…set in 2021 with origins traced back to Budget Control Act of 2011

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2026/27 Expectations:

PLC

Larger payments likely when:
Moderately Low Prices and High Yields
or
Very Low Prices exist.

ARC-CO

Larger payments likely when:
County Revenues are driven down by low yields

Major choice:

Price (PLC) vs. Revenue (ARC-CO)

Remember, loss payments x 85% of Base Acres & reduced by 5.7% (OBBB)



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MICHIGAN
Any County
Form: FSA-156EZ
See Page 2 for non-discriminatory Statements.

USDA United States Department of Agriculture
Farm Service Agency

Abbreviated 156 Farm Record

FARM : 9999
Prepared : 11/4/26 1:59 PM CST
Crop Year : 2027

Operator Name : Any Producer
CRP Contract Number(s) : None
Recon ID : 26-100-2026-100
Transferred From : None
ARCPLC G/I/F Eligibility : Eligible

Farm Land Data

Farmland	Cropland	DCP Cropland	WBP	EWP	WRP	GRP	Sugarcane	Farm Status	Number Of Tracts
60.00	32.00	32.00	0.00	0.00	0.00	0.00	0.0	Active	1

State Conservation	Other Conservation	Effective DCP Cropland	Double Cropped	CRP	MPL	DCP Ag.Rel. Activity	SOD
0.00	0.00	32.00	0.00	0.00	0.00	0.00	0.00

Crop Election Choice

ARC Individual	ARC County	Price Loss Coverage
None	CORN, SOYBN	WHEAT

DCP Crop Data

Crop Name	Base Acres	CCC-505 CRP Reduction Acres	PLC Yield	HIP
Wheat	10.00	0.00	63	
Corn	11.00	0.00	149	60
Soybeans	10.00	0.00	41	40
TOTAL	31.00	0.00		

Farm Land Data

Current Election

Crop Data
Needed to Evaluate Program Choice

Thank you to Laura Mills, ARC/PLC and Farm Records Specialist at the Michigan USDA State Office for providing the 156EZ example

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Price Loss Coverage (PLC)



This must be positive for payment

Effective Reference Price (*ERP*)

- Statutory Reference Price, or
- 88% of Olympic Average 5-Year Price
  - Skips most recent year, uses next 5 historical years in calculation (i.e., 2020-2024)

Market Year Average (*MYA*) Price:

- National, cash price for all crop sold during marketing year
- Marketing Year:
  - Sept-Aug for Corn/Soy
  - June-May for Wheat

Yield is a Factor but only in the final Payment Amount, not the Payment Trigger

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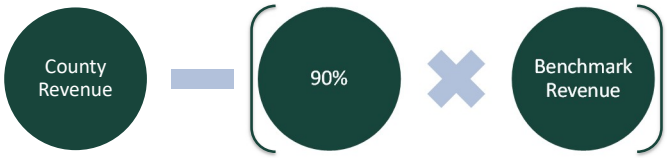
Agricultural Risk Coverage – County (ARC-CO)



Benchmark Revenue = Benchmark Yield * Benchmark Price

- Both Benchmarks are Olympic Averages
- Skips most recent year and uses next 5 historical years (i.e., 2020-2024)

County Revenue = County FSA Yield x MYA price

Payment can't exceed 12% of Benchmark Revenue **(Payment Cap)**

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What's new?

Effective reference prices (ERP) have increased:

- $4.42 for corn
- $10.71 for soybeans
- $6.35 for wheat

ARC-CO benchmark prices increased:

- $5.03 for corn
- $12.17 for soybeans
- $6.98 for wheat



Statutory Reference Prices (Baseline)

- $4.10 for corn
- $10.00 for soybeans
- $6.35 for wheat

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2026/27 MYA Price Projections

	Kansas State University	FAPRI	USDA WASDE	USDA ERS
Corn	$4.44	$4.57	$4.70	$5.06
Soybeans	$11.92	$11.66	$12.00	$12.72
Wheat	$5.93	$6.25	$6.30	$6.59

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2026/27 Expectations (Corn):

Corn Price Losses (PLC)

	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026*	2026/2027*
Effective Reference Price	$4.10	$4.10	$4.10	$4.10	$4.10	*$4.42*	*$4.42*
MYA Prices (Corn)	$4.53	$6.00	$6.54	$4.55	$4.24	*$4.16*	*$4.70*
Price Loss *(MYA ÷ Effective Reference Price)*	---	---	---	---	---	-6%	---

Corn Price Losses (ARC-CO)

	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026*	2026/2027*
Benchmark Price	$4.10	$4.10	$4.10	$4.18	$4.85	*$5.03*	*$5.03*
MYA Prices (Corn)	$4.53	$6.00	$6.54	$4.55	$4.24	*$4.16*	*$4.70*
Price Loss *(MYA ÷ Benchmark Price)*	---	---	---	---	-13%	-17%	-6%

Olympic 5-yr Avg
Remove High/Low Years, Average Remaining (Each Year is Greater of MYA or ERP)

PLC payment if MYA falls below ERP

VS

ARC-CO payment if Actual Revenue is 10% Below Benchmark Revenue
(Yield x Price = Revenue)

**Based on projected values from USDA*

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2026/27 Expectations (Corn):

88%

Corn Price Losses (PLC)

	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026*	2026/2027*
Effective Reference Price	$4.10	$4.10	$4.10	$4.10	$4.10	*$4.42*	*$4.42*
MYA Prices (Corn)	$4.53	$6.00	$6.54	$4.55	$4.24	*$4.16*	*$4.70*
Price Loss *(MYA ÷ Effective Reference Price)*	---	---	---	---	---	-6%	---

100%

Corn Price Losses (ARC-CO)

	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026*	2026/2027*
Benchmark Price	$4.10	$4.10	$4.10	$4.18	$4.85	*$5.03*	*$5.03*
MYA Prices (Corn)	$4.53	$6.00	$6.54	$4.55	$4.24	*$4.16*	*$4.70*
Price Loss *(MYA ÷ Benchmark Price)*	---	---	---	---	-13%	-17%	-6%

Olympic 5-yr Avg
Remove High/Low Years, Average Remaining (Each Year is Greater of MYA or ERP)

PLC payment if MYA falls below ERP

VS

ARC-CO payment if Actual Revenue is 10% Below Benchmark Revenue
(Yield x Price = Revenue)

**Based on projected values from USDA*

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2026/27 Expectations (Corn):

Corn Price Losses (PLC)

	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026*	2026/2027*
Effective Reference Price	$4.10	$4.10	$4.10	$4.10	$4.10	*$4.42*	*$4.42*
MYA Prices (Corn)	$4.53	$6.00	$6.54	$4.55	$4.24	*$4.16*	*$4.70*
Price Loss *(MYA ÷ Effective Reference Price)*	---	---	---	---	---	-6%	---

Corn Price Losses (ARC-CO)

	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026*	2026/2027*
Benchmark Price	$4.10	$4.10	$4.10	$4.18	$4.85	*$5.03*	*$5.03*
MYA Prices (Corn)	$4.53	$6.00	$6.54	$4.55	$4.24	*$4.16*	*$4.70*
Price Loss *(MYA ÷ Benchmark Price)*	---	---	---	---	-13%	-17%	-6%

Is the ARC-CO price loss more than 10%?

If yes, price alone can trigger a payment with average yields

PLC payment if MYA falls below ERP

VS

ARC-CO payment if Actual Revenue is 10% Below Benchmark Revenue

(Yield x Price = Revenue)

*Based on projected values from USDA

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2026/27 Expectations (Corn):

Corn Price Losses (PLC)

	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026*	2026/2027*
Effective Reference Price	$4.10	$4.10	$4.10	$4.10	$4.10	*$4.42*	*$4.42*
MYA Prices (Corn)	$4.53	$6.00	$6.54	$4.55	$4.24	*$4.16*	*$4.70*
Price Loss *(MYA ÷ Effective Reference Price)*	---	---	---	---	---	-6%	---
Loss Amount	---	---	---	---	---	-6%	---

Corn Price Losses (ARC-CO)

	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026*	2026/2027*
Benchmark Price	$4.10	$4.10	$4.10	$4.18	$4.85	*$5.03*	*$5.03*
MYA Prices (Corn)	$4.53	$6.00	$6.54	$4.55	$4.24	*$4.16*	*$4.70*
Price Loss *(MYA ÷ Benchmark Price)*	---	---	---	---	-13%	-17%	-6%
Loss Amount *(after 10% threshold)*	---	---	---	---	---	-7%	---

Do you expect yield losses in your County?

If yes, ARC-CO
If no, ARC-CO(?)

PLC payment if MYA falls below ERP

VS

ARC-CO payment if Actual Revenue is 10% Below Benchmark Revenue

(Yield x Price = Revenue)

*Based on projected values from USDA

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2026/27 Expectations (Soybeans):

Soybean Price Losses 2020-2029 (PLC)

	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026*	2026/2027*
Effective Reference Price	$8.40	$8.40	$8.40	$8.40	$9.26	$10.71	$10.71
MYA Prices (Soybeans)	$10.80	$13.30	$14.20	$12.40	$10.00	$10.50	$12.00
Price Loss *(MYA ÷ Effective Reference Price)*	---	---	---	---	---	-2%	12%
Loss Amount	---	---	---	---	---	-2%	---

Soybean Price Losses 2020-2029 (ARC-CO)

	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026*	2026/2027*
Benchmark Price	$9.25	$8.95	$9.12	$9.80	$11.20	$12.17	$12.17
MYA Prices (Soybeans)	$10.80	$13.30	$14.20	$12.40	$10.00	$10.50	$12.00
Price Loss *(MYA ÷ Benchmark Price)*	---	---	---	---	-11%	-14%	-1%
Loss Amount *(after 10% threshold)*	---	---	---	---	---	-4%	---

No PLC Payment Expected

Choose ARC-CO
(yield loss protection)

PLC payment if MYA falls below ERP

VS

ARC-CO payment if Actual Revenue is 10% Below Benchmark Revenue
(Yield x Price = Revenue)

*Based on projected values from USDA

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2026/27 Expectations (Wheat):

Wheat Price Losses (PLC)

	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026*	2026/2027*
Effective Reference Price	$6.35	$6.35	$6.35	$6.35	$6.35	$6.35	$6.35
MYA Prices (Wheat)	$5.05	$7.63	$8.83	$6.96	$5.52	$5.06	$6.30
Price Loss *(MYA ÷ Effective Reference Price)*	---	---	---	---	---	-20%	-1%
Loss Amount	---	---	---	---	---	-20%	-1%

Wheat Price Losses (ARC-CO)

	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026*	2026/2027*
Benchmark Price	$6.35	$6.35	$6.35	$6.35	$6.35	$6.96	$6.98
MYA Prices (Wheat)	$5.05	$7.63	$8.83	$6.96	$5.52	$5.06	$6.30
Price Loss *(MYA ÷ Benchmark Price)*	---	---	---	---	-13%	-27%	-9.7%
Loss Amount *(after 10% threshold)*	---	---	---	---	---	-17%	---

Did your County have a yield loss?

If yes, ARC-CO may be good option
(but check PLC yields)
If no, PLC

PLC payment if MYA falls below ERP

VS

ARC-CO payment if Actual Revenue is 10% Below Benchmark Revenue
(Yield x Price = Revenue)

*Based on projected values from USDA

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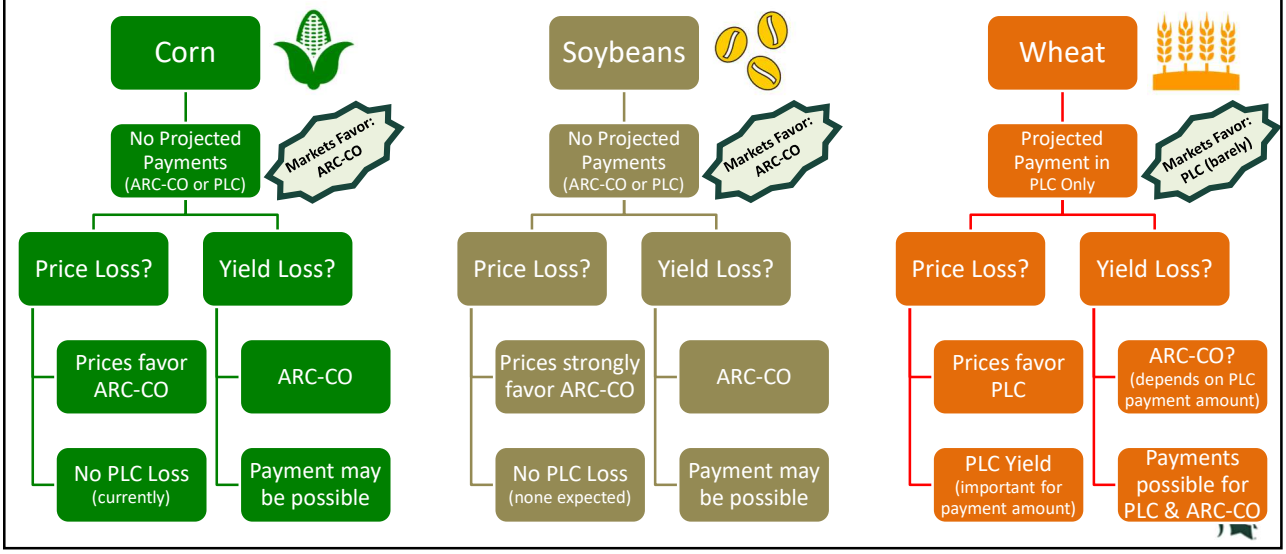
2026 ARC-CO vs. PLC Decision Tree

What Fits "YOUR" Farm?



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Decision Points & Next Steps

Decision Points:	ARC-CO can have higher payouts in low-yield environments	
	PLC payments could be a factor in low-price environments	
Next Steps:	Run Calculator:	Enter your farm numbers (FSA 156 form)
		Test different possible county yields and MYA prices
	Sign-up today – don't wait! (don't miss out on potential payments!)	Deadline: December 11th for PLC/ARC-Co sign-up
		Can always change sign-up options before deadline!

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ARC-IC

Focus on planted crops

- Base crops are "switched" to planted crop

(i.e., base acres are wheat, planted to corn, base acres becomes corn)

Payment factors

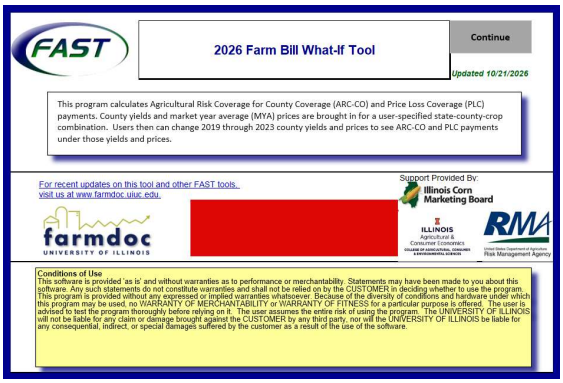
- Yields = Your Farm Yields
- Prices = Market-Year-Averages
- Base Acres = 65% *(compared to 85% with ARC-CO or PLC)*

Weighted average of yields and prices

- If 60% of acres to corn, 40% to soybeans; weighted 60/40

Viable scenarios:

- 100% Prevent Plan
- Yield loss on Farm, but not in County
- High value crop yield losses vs. low value crop yield losses
  (i.e., corn vs. oats)



https://farmdoc.illinois.edu/fast-tools/arc-co-plc-model

Speaking with local USDA/FSA office about paperwork requirements for farm yields

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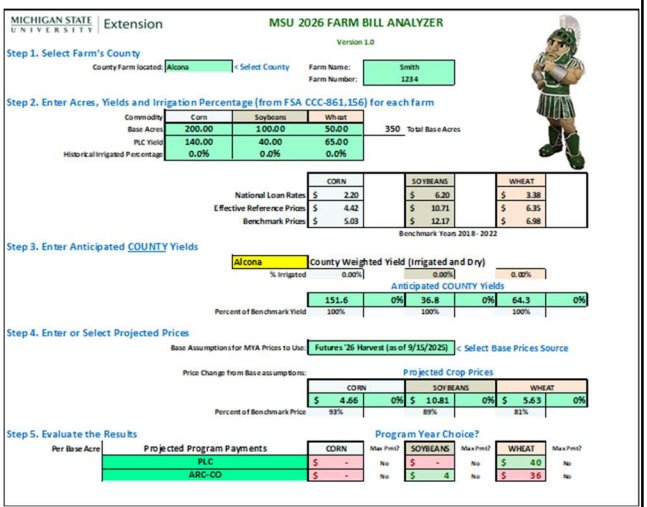
2026 MSU Farm Bill Analyzer

MSU Farm Bill Website

https://www.canr.msu.edu/farm_bill/





FREE Farm Accounting Software Office Hours

Get Answers to Your Recordkeeping & Accounting Software Questions

December 2
10:00-11:00 AM

January 6
10:00-11:00 AM

February 3
10:00-11:00 AM

Topics Include
- Moving beyond spreadsheets
- Comparing accounting software
- Farm recordkeeping best practices
- Live Q&A with MSU Extension educators

MSU Extension to hold free office hours for farm financial recordkeeping software questions and consultations - Farm Management

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Questions?
Cheri Burk
989-895-4026
burkcher@msu.edu


Demystifying the Succession Planning Process
Key questions, tools, and resources to build your plan
GREAT LAKES EXPO
Tuesday, December 8, 2026
2:00 – 4:00 PM
Grand Gallery Overlook C
What we'll cover
Orientation to Farm Succession Planning
Questions to Consider & Overview of Instruments
Fair May Not Be Equal… And That's OK
Q&A and Networking
PRESENTED BY
Corey Clark & Chris Bardenhagen
Michigan State University Extension