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Price Loss Coverage (PLC) Program Payment Calculation Fact Sheet

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- The PLC program is available to producers on a covered commodity-by-covered commodity and farm-by-farm basis.
- Functions similar to the countercyclical program of the previous farm bill.
- PLC payment acres are 85% of base acres of the enrolled covered commodity.
- Covered commodities enrolled in PLC are eligible to purchase SCO coverage. Participation in the PLC program prohibits dual participation of that commodity in ARC on that farm.
- PLC payments are made when the effective price for a covered commodity is less than the covered commodity's reference price for a crop year.
  - Effective price is equal to the higher of the national MYA price or the loan rate.
- Reference prices for covered commodities, as set by the 2014 farm bill are presented below.

Covered Commodity	Reference Price
Corn	$3.70 per bu
Soybeans	$8.40 per bu
Wheat	$5.50 per bu
Grain Sorghum	$3.95 per bu
Rice (long and medium grain)	$14.00 per cwt

- A PLC payment can be calculated as the reference price for the covered commodity minus the higher of the national MYA price or the loan rate of the covered commodity multiplied by the payment yield.
  - {(Reference Price – Effective Price) * payment yield * program base acres * 85%}
- The following example is presented to illustrate a PLC payment calculation for corn, assuming that the 2014 national MYA price is $3.50 per bushel. The farm in this example has a program yield of 100 bushels.
  - ($3.70 - $3.50) * 100 bushel payment yield = $20.00 PLC payment rate per acre
- If the farm has 150 acres of corn enrolled in the PLC program, the total corn PLC payment to the farm would equal the following.
  - $20.00 PLC payment rate* 150 base acres * 85% = $2,550.00 payment.
- As the national MYA for a covered commodity declines in relation to the congressionally established reference price, the PLC payment increases.

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