



Seed Cotton PLC Program: Payment Estimation Guide

Dr. Michael A. Deliberto

Louisiana State University Agricultural Center
Department of Agricultural Economics & Agribusiness

This report provides a program payment illustration of the new seed cotton Price Loss Coverage (PLC) program subject to the producer's seed cotton program yield as well as the estimated national lint and cottonseed production levels for the 2018 crop year.

As per the terms of the legislative language of this provision, landowners will have 90 days (beginning on February 9, 2018) to convert generic base acres to seed cotton covered commodity acres. Producers will then have to elect participation in either the PLC or Agriculture Risk Coverage (ARC) program for the 2018 crop year.

In this Microsoft Excel spreadsheet, the producer will be required to enter in the program lint yield (pounds per acre) in cell **B3** and the estimated total lint and cottonseed production amounts (pounds) in Cells **G3** and **G4** respectively. Figure 1. The seed cotton yield will automatically calculate the seed cotton program yield by applying a 2.4 multiplicative factor. Likewise, the weighted share of lint and cottonseed production will also calculate the weighted coefficients for each product used to calculate the seed cotton national marketing year average (MYA) price. Values contained in the spreadsheet are estimates only and will change as the marketing year progresses. Information on the amount of lint and cottonseed produced can be obtained from USDA NASS. There are no other program parameters that are required. In terms of user interface, only three cells (B3, G3, and G4) can be manually changed; all other cells in the worksheet are protected for unintentional edits.

Figure 1. View of the seed cotton PLC payment estimation guide.

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
1																
2	Reference Price (\$/lb)	\$0.367														
3	Lint Program Yield (lbs)	1000.0														
4	Seed Cotton Program Yield (lbs)	2400														
5	Seed Cotton Price Floor (\$/lb)	\$0.250														
6																

Producer's Specified Estimates of Marketing Year Production of Lint and Cottonseed			
Total U.S. Lint Production (lbs)	9800000000	Weighted Lint Coeff.	0.429825 "Effective Price for Seed Cotton Calculation"
Total U.S. Seed Production (lbs)	13000000000	Weighted Seed Coeff.	0.570175 "Effective Price for Seed Cotton Calculation"

As these parameter are entered, the seed cotton PLC program payment can be estimated. Figure 2. PLC program payments, when triggered, are indicated by green shading in the payment matrix. Payments are expressed in dollars per base acre and provided over a range of lint and cottonseed prices.

Figure 2. View of the estimated seed cotton PLC payment matrix over a range of lint and seed prices.

Example PLC Payment for Seed Cotton per base acre (subject to lint and seed production levels)																													
Lint Price (\$/lb)	Cottonseed Price (\$/ton)																												
	120	130	140	150	160	170	180	190	200	210	220	230	240	250	260	270	280	290	300										
\$0.52	\$222.93	\$217.12	\$211.30	\$205.49	\$199.67	\$193.85	\$188.04	\$182.22	\$176.41	\$170.59	\$164.77	\$158.96	\$153.14	\$147.33	\$141.51	\$135.70	\$129.88	\$124.06	\$118.25										
\$0.53	\$214.16	\$208.35	\$202.53	\$196.72	\$190.90	\$185.09	\$179.27	\$173.45	\$167.64	\$161.82	\$156.01	\$150.19	\$144.37	\$138.56	\$132.74	\$126.93	\$121.11	\$115.30	\$109.48										
\$0.54	\$205.40	\$199.58	\$193.76	\$187.95	\$182.13	\$176.32	\$170.50	\$164.69	\$158.87	\$153.05	\$147.24	\$141.42	\$135.61	\$129.79	\$123.97	\$118.16	\$112.34	\$106.53	\$100.71										
\$0.55	\$196.63	\$190.81	\$185.00	\$179.18	\$173.36	\$167.55	\$161.73	\$155.92	\$150.10	\$144.29	\$138.47	\$132.65	\$126.84	\$121.02	\$115.21	\$109.39	\$103.57	\$97.76	\$91.94										
\$0.56	\$187.86	\$182.04	\$176.23	\$170.41	\$164.60	\$158.78	\$152.96	\$147.15	\$141.33	\$135.52	\$129.70	\$123.89	\$118.07	\$112.25	\$106.44	\$100.62	\$94.81	\$88.99	\$83.17										
\$0.57	\$179.09	\$173.27	\$167.46	\$161.64	\$155.83	\$150.01	\$144.20	\$138.38	\$132.56	\$126.75	\$120.93	\$115.12	\$109.30	\$103.49	\$97.67	\$91.85	\$86.04	\$80.22	\$74.41										
\$0.58	\$170.32	\$164.51	\$158.69	\$152.87	\$147.06	\$141.24	\$135.43	\$129.61	\$123.80	\$117.98	\$112.16	\$106.35	\$100.53	\$94.72	\$88.90	\$83.09	\$77.27	\$71.45	\$65.64										
\$0.59	\$161.55	\$155.74	\$149.92	\$144.11	\$138.29	\$132.47	\$126.66	\$120.84	\$115.03	\$109.21	\$103.40	\$97.58	\$91.76	\$85.95	\$80.13	\$74.32	\$68.50	\$62.69	\$56.87										
\$0.60	\$152.79	\$146.97	\$141.15	\$135.34	\$129.52	\$123.71	\$117.89	\$112.07	\$106.26	\$100.44	\$94.63	\$88.81	\$83.00	\$77.18	\$71.36	\$65.55	\$59.73	\$53.92	\$48.10										
\$0.61	\$144.02	\$138.20	\$132.39	\$126.57	\$120.75	\$114.94	\$109.12	\$103.31	\$97.49	\$91.67	\$85.86	\$80.04	\$74.23	\$68.41	\$62.60	\$56.78	\$50.96	\$45.15	\$39.33										
\$0.62	\$135.25	\$129.43	\$123.62	\$117.80	\$111.99	\$106.17	\$100.35	\$94.54	\$88.72	\$82.91	\$77.09	\$71.27	\$65.46	\$59.64	\$53.83	\$48.01	\$42.20	\$36.38	\$30.56										
\$0.63	\$126.48	\$120.66	\$114.85	\$109.03	\$103.22	\$97.40	\$91.59	\$85.77	\$79.95	\$74.14	\$68.32	\$62.51	\$56.69	\$50.87	\$45.06	\$39.24	\$33.43	\$27.61	\$21.80										
\$0.64	\$117.71	\$111.90	\$106.08	\$100.26	\$94.45	\$88.63	\$82.82	\$77.01	\$71.19	\$65.37	\$59.55	\$53.74	\$47.92	\$42.11	\$36.29	\$30.47	\$24.66	\$18.84	\$13.03										
\$0.65	\$108.94	\$103.13	\$97.31	\$91.50	\$85.68	\$79.86	\$74.05	\$68.23	\$62.42	\$56.60	\$50.79	\$44.97	\$39.15	\$33.34	\$27.52	\$21.71	\$15.89	\$10.07	\$4.26										
\$0.66	\$100.17	\$94.36	\$88.54	\$82.73	\$76.91	\$71.10	\$65.28	\$59.46	\$53.65	\$47.83	\$42.02	\$36.20	\$30.39	\$24.57	\$18.75	\$12.94	\$7.12	\$1.31	\$0.00										
\$0.67	\$91.41	\$85.59	\$79.77	\$73.96	\$68.14	\$62.33	\$56.51	\$50.70	\$44.88	\$39.06	\$33.25	\$27.43	\$21.62	\$15.80	\$9.99	\$4.17	\$0.00	\$0.00	\$0.00										
\$0.68	\$82.64	\$76.82	\$71.01	\$65.19	\$59.37	\$53.56	\$47.74	\$41.93	\$36.11	\$30.30	\$24.48	\$18.66	\$12.85	\$7.03	\$1.22	\$0.00	\$0.00	\$0.00	\$0.00										
\$0.69	\$73.87	\$68.05	\$62.24	\$56.42	\$50.61	\$44.79	\$38.97	\$33.16	\$27.34	\$21.53	\$15.71	\$9.90	\$4.08	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00										
\$0.70	\$65.10	\$59.29	\$53.47	\$47.65	\$41.84	\$36.02	\$30.21	\$24.39	\$18.57	\$12.76	\$6.94	\$1.13	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00										
\$0.71	\$56.33	\$50.52	\$44.70	\$38.89	\$33.07	\$27.25	\$21.44	\$15.62	\$9.81	\$3.99	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00										
\$0.72	\$47.56	\$41.75	\$35.93	\$30.12	\$24.30	\$18.49	\$12.67	\$6.85	\$1.04	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00										
\$0.73	\$38.80	\$32.98	\$27.16	\$21.35	\$15.53	\$9.72	\$3.90	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00										
\$0.74	\$30.03	\$24.21	\$18.40	\$12.58	\$6.76	\$0.95	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00										
\$0.75	\$21.26	\$15.44	\$9.63	\$3.81	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00										
\$0.76	\$12.49	\$6.67	\$0.86	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00										
\$0.77	\$3.72	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00										
\$0.78	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00										
\$0.79	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00										

In the worksheet, a companion piece of policy information is provided. This secondary matrix calculates the seed cotton MYA used in calculating the PLC program payment. As the price of lint and cottonseed varies, subject to the weighted share of total production, combinations of the seed cotton price which are below the reference level of \$0.367 per pound is shaded in green.

Note: USDA FSA has not released program rules and regulations at the time of this report's release.

This is for educational purposes only; parameters are likely to change as reported price and yield data is made public from the USDA. These are not official USDA projections for program payment.

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Michael A. Deliberto can be contacted in the Department of Agricultural Economics and Agribusiness at (225) 578-7267 or by emailing mdeliberto@agcenter.lsu.edu.