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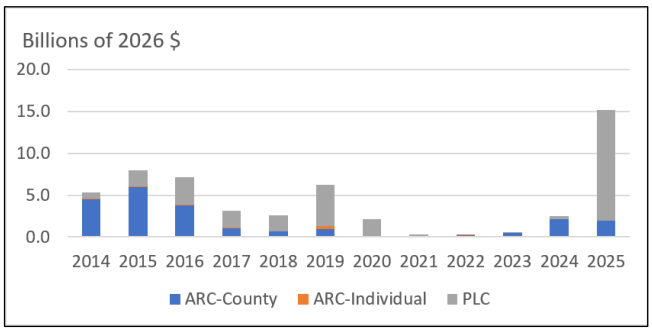
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Farm Bill Primer: PLC and ARC Farm Support Programs

The Price Loss Coverage (PLC) and Agriculture Risk Coverage (ARC) programs provide income support for eligible agricultural producers that is triggered when market prices (PLC) or crop revenues (ARC) fall below certain thresholds. Congress originally authorized these programs in the Agricultural Act of 2014 (2014 farm bill, P.L. 113-79) to replace certain commodity support programs authorized in prior farm bills. The FY2025 budget reconciliation law (P.L. 119-21) extended these programs through crop year 2031 and made changes to increase the payments provided by these programs.

Statute allows only certain crops (listed in **Table 1**) to trigger PLC or ARC payments. Payments are made in proportion to a producer's *base acres* and *payment yields*. Formulas and parameters specified in statute determine the conditions for triggering program payments. The amount of support triggered each year varies by commodity. Total payments vary from year to year on the basis of program enrollments and market conditions (**Figure 1**).

Figure 1. Total PLC and ARC Payments by Crop Year



Source: CRS using U.S. Department of Agriculture (USDA) Farm Service Agency program data as of July 3, 2025, and USDA, *2027 Explanatory Notes – Commodity Credit Corporation*.

Notes: PLC = Price Loss Coverage. ARC = Agriculture Risk Coverage. Values for 2014-2023 are program actuals. Values for 2024 and 2025 are USDA estimates as of March 2026. Values are adjusted for inflation using U.S. Bureau of Economic Analysis Table 1.1.9. The 2025 ARC and PLC payments were disbursed on October 1, 2026.

The U.S. Department of Agriculture (USDA) Farm Service Agency administers PLC and ARC. The programs receive mandatory appropriations of "such sums as necessary," and are funded through USDA's Commodity Credit Corporation (CCC). The programs do not charge any participation fees. ARC and PLC cannot be combined for any commodity. Producers must meet eligibility requirements and are subject to annual payment limits.

Price Loss Coverage

PLC makes payments when the national average market price of an eligible commodity falls below an *effective reference price*. USDA adjusts the effective reference price annually on the basis of historical market conditions. Statute limits the effective reference price to be between 100% and 115% of the *statutory reference price* (**Table 1**).

Table 1. PLC Statutory Reference Prices Before and After the FY2025 Budget Reconciliation Law

Commodity	Unit	PLC Statutory Reference Price 2014-2024	PLC Statutory Reference Price 2025-2030
Barley	bu.	$4.95	$5.45
Chickpeas (large)	cwt.	$21.54	$25.65
Chickpeas (small)	cwt.	$19.04	$22.65
Corn	bu.	$3.70	$4.10
Dry peas	cwt.	$11.00	$13.10
Lentils	cwt.	$19.97	$23.75
Oats	bu.	$2.40	$2.65
Peanuts	ton	$535.00	$630.00
Rice (long, medium, and short grain)	cwt.	$14.00	$16.90
Rice (temperate japonica)	cwt.	$17.30	$24.33
Seed cotton	lb.	$0.37	$0.42
Sorghum (grain)	bu.	$3.95	$4.40
Soybeans	bu.	$8.40	$10.00
Wheat	bu.	$5.50	$6.35
Other oilseeds[a]	cwt.	$20.15	$23.75

Source: CRS calculations using the Agricultural Act of 2014 (P.L. 113-79) and the FY2025 budget reconciliation law (P.L. 119-21).

Notes: bu. = bushel; cwt. = hundredweight; lb. = pound.

a. Other oilseeds include canola, crambe, flaxseed, mustard seed, rapeseed, safflower, sesame seed, and sunflower seed.

Agricultural Risk Coverage

There are two types of ARC program coverage: county-level coverage (ARC-CO) and individual-level coverage (ARC-I). ARC-CO makes payments to farmers when county-level revenue falls below a guaranteed level that adjusts annually based on historical county revenues. ARC-I makes payments to farmers when farm-level revenues fall below guaranteed levels that adjust annually based on

historical farm revenues. The per-acre payment rate is capped at 12% of the benchmark level.

Base Acres and Payment Yields

Base acres and payment yields are units of production that USDA allocates to eligible farms based on historically planted acres and harvested yields during time periods specified by Congress. A farm's base acres are associated with specific planted acres on the farm. Although farms may change the crops they plant each year, base acre commodity allocations remain fixed each year. As a result, the crops planted and the commodity allocations of base acres may not match. Farms can decrease base acres at any time; farms can increase base acres or change commodity allocations of base acres only when specifically authorized under law.

Providing PLC and ARC payments per base acre and payment yield—as opposed to per planted acre or per harvested quantity—partially decouples payments from annual production. Such decoupling has been a goal of agricultural policy since the 1990s and helps fulfill U.S. commitments under the World Trade Organization's (WTO's) Agreement on Agriculture.

FY2025 Budget Reconciliation Law

P.L. 119-21 made a number of changes to increase PLC and ARC payments to farmers. The law authorized USDA to grant to farmers up to an additional 30 million base acres, effectively increasing total base acres nationwide from approximately 274 million to approximately 304 million. The law increased PLC statutory reference prices for all commodities through crop year 2030 and requires USDA to increase reference prices by 0.5% each year thereafter up to a maximum of 113% of the 2030 reference price. The law changed the effective reference price formula for PLC and the revenue guarantee and payment formula for ARC. The law increased the PLC and ARC payment limits from $125,000 to $155,000 per person or legal entity, among other changes.

2026 Farm Bill

The House-passed version of the 2026 farm bill (H.R. 7567) would not make changes to PLC, ARC, base acres, or program eligibility criteria. The Senate committee-reported version (S. 5526) would require the Secretary of Agriculture to study making dry beans eligible for PLC and ARC, to grant to farmers an additional 1.5 million base acres, and to allow certain tax preparers to submit forms on farmers' behalf.

Issues for Congress

The likelihood of triggering a PLC payment in any year differs across eligible commodities. For example, in the February 2026 baseline projections for USDA programs, the Congressional Budget Office (CBO) projected that annual market prices will be low enough to trigger PLC payments in each of crop years 2027-2036 for barley, canola, flaxseed, sorghum, peanuts, rice, safflower, seed cotton, sunflowers, and wheat. For crop years 2027-2036, CBO projected that annual market prices will be low enough to trigger PLC payments three times for corn, twice for lentils, once for soybeans, and zero times for dry peas, large and small chickpeas, mustard seed, oats, and rapeseed. CBO did not project PLC payments for crambe or sesame seed. Different regions tend to produce different mixes of commodities, which raises the potential for geographic disparities in support payments. Congress may consider reassessing the PLC payment triggers in relation to recent commodity prices and goals for commodity coverage.

ARC and PLC payments are delivered to farmers more than one year after farmers harvest their crops because of statutory requirements for calculating average prices over the crop marketing year. The delay in payments may reduce the usefulness of the payments in addressing farmers' cashflow needs during low-price years. The delay in payments also allows payment triggers to be based on total earnings from annual crop sales. The payment delay may also lower the farm bill's budget score by shifting one year of payments outside of the 10-year scoring window.

The PLC and ARC programs limit (1) the maximum payments that an individual person or legal entity can receive per year and (2) the maximum income that an individual can earn and still remain eligible for program benefits. The programs also have a separate limit for peanut payments. Some policymakers want to tighten limits to lower program costs, to respond to concerns about payments to large farms, and to reduce potential incentives to expand large farms at the expense of small farms. Others assert that larger farms should not be penalized for the economies of size and efficiencies they have achieved.

Originally, farms received base acres and payment yields in proportion to their historical average plantings and yields from as far back as the 1980s. Various enacted farm bills have given farmers the opportunity to voluntarily update their base acres and payment yields over time. Some stakeholders support a mandatory update to reduce program costs, align support with more recent plantings, and reduce geographic disparities in program payments. Others favor voluntary updates so as not to disadvantage farmers who would lose base acres under the restructuring.

Some stakeholders support providing commodity support payments based on actual plantings to be better aligned with crop losses. Since 2018, USDA has administered several commodity support programs authorized outside of a farm bill that provided payments based on actual plantings, including the Emergency Commodity Assistance Program and the Farmer Bridge Assistance Program. Providing payments based on actual plantings may incentivize farmers to make planting decisions based on the expectation of future payments rather than market signals and create challenges in meeting U.S. WTO commitments.

Some stakeholders have suggested repealing PLC and ARC to reduce government spending and that the resulting loss of expected payments would incentivize farmers to cut costs and diversify their land use. Other stakeholders consider the programs to be essential for supporting farms and rural economies in periods of low crop prices.

Stephanie Rosch, Analyst in Agricultural Policy

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