

A photograph of a cotton field with a blue text box overlaid. The cotton plants are in the foreground, showing white cotton bolls and some brown, dried leaves. The background is a vast field of cotton stretching to the horizon under a blue sky with scattered white clouds. The text box is a solid blue rectangle with white text inside.

Farm Program/ Insurance Decisions

2022/23 Farm Program Choice

ARC vs PLC

- ARC vs PLC
 - Enroll by March 15
- PLC – payment very unlikely for 2022/23 crop year
 - No payment unless 2022/23 NASS MYA price < \$0.69/lb
 - Current Dec 22 NY Futures Price = \$1.04/lb
 - NASS MYA price generally 6-10 cents below NY futures or \$0.94-\$0.98/lb
- ARC – Without a large price decline, actual county yields need to be significantly below benchmark yields to trigger a payment (could be an option for TX)

STAX/SCO/ECO Area Insurance Policy

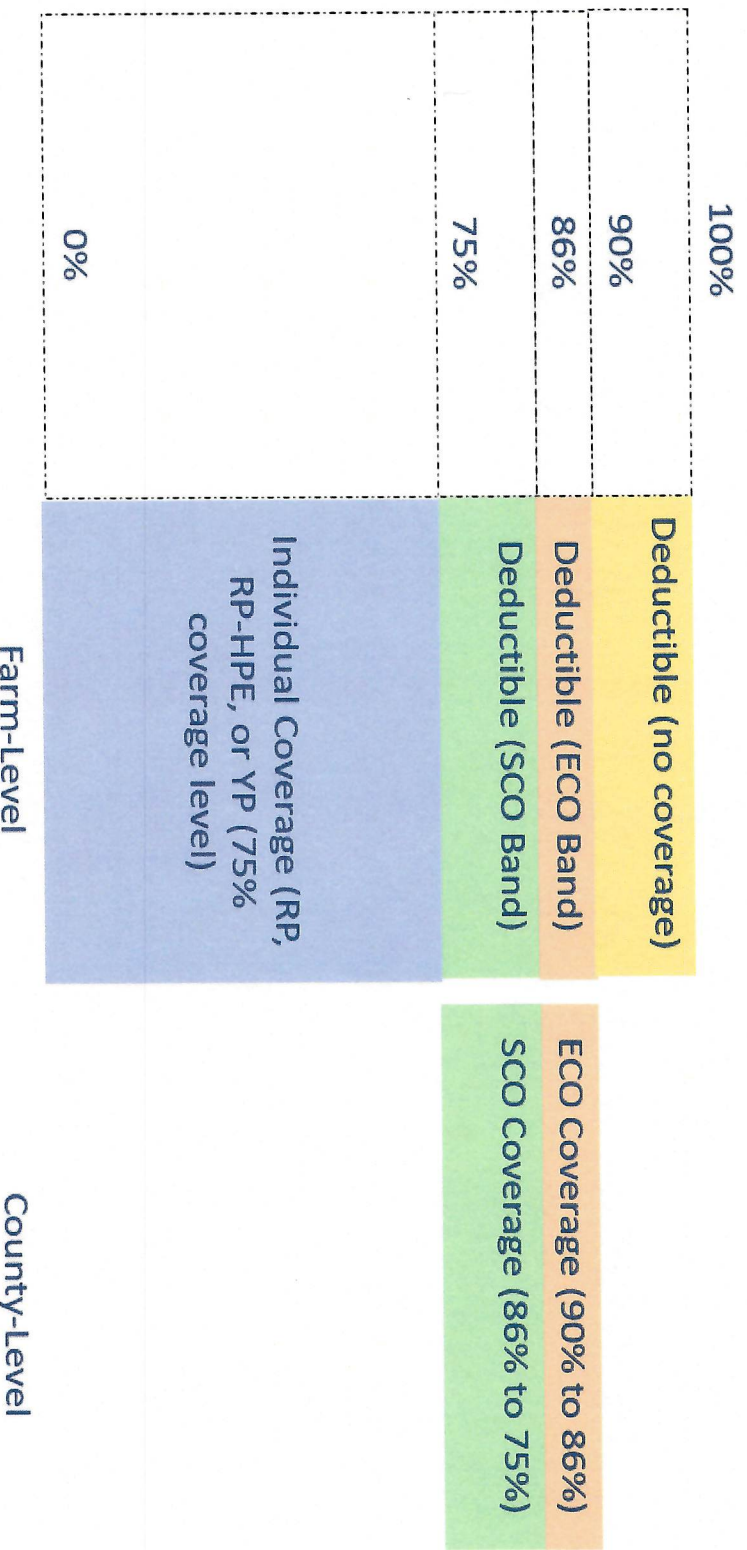
- **STAX**
 - Not eligible for ARC or PLC
 - 80% premium subsidy
 - 90-70% coverage (or lower coverage amounts available)
 - With or without underlying policy
- **SCO**
 - Not eligible for ARC
 - Must have underlying insurance policy
 - 65% premium subsidy
 - 86% - individual policy coverage
 - Liability based on Farm APH yield (could be higher than county yield)
- **ECO**
 - Eligible for ARC or PLC unless enrolled in SCO
 - 44% premium subsidy for revenue plans (51% for yield plans)
 - 90% or 95% - 86% coverage
 - Liability based on Farm APH yield (could be higher than county yield)
 - Must have underlying policy

2022/23 Price Calculations

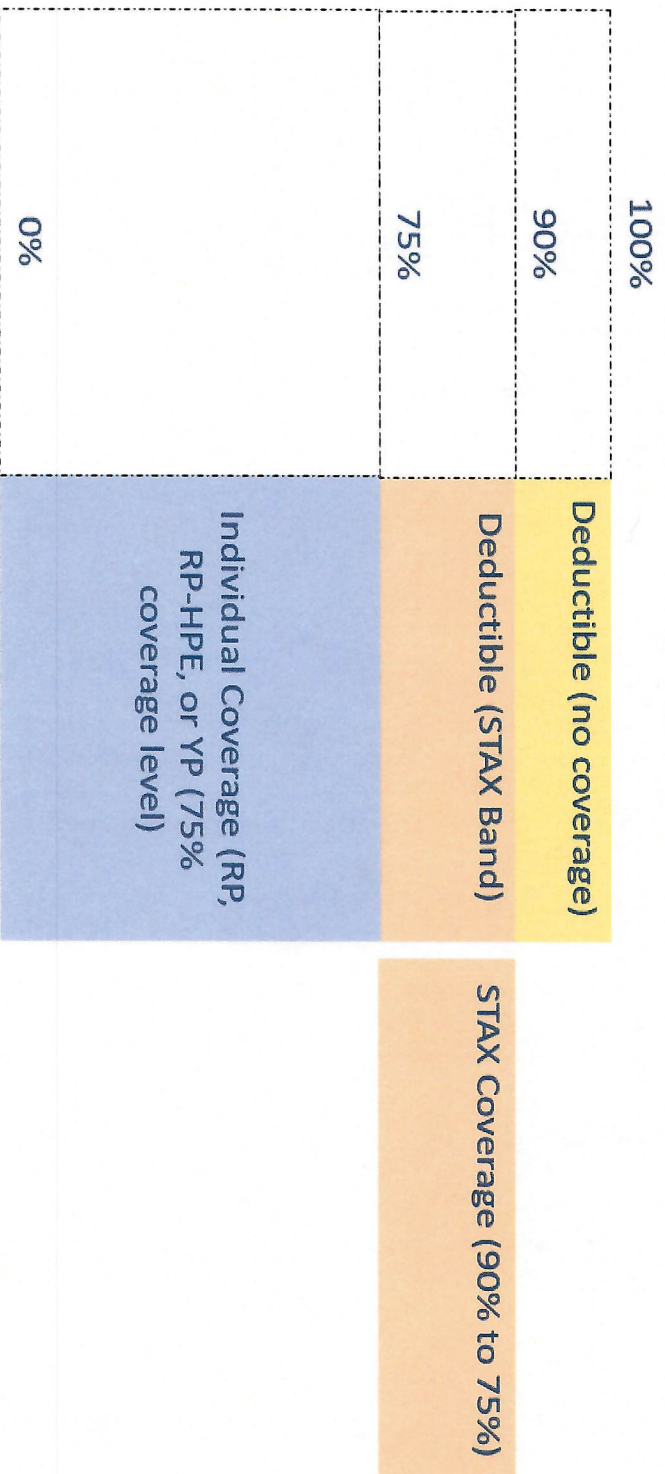
- ARC/PLC
 - 2022/23 NASS MYA Price
 - Aug. 1, 2022 – July 31, 2023
- STAX/SCO/ECO

Sales Closing Date	Projected Price (Avg Dec 22 NY Futures)	Harvest Price (Avg Dec 22 NY Futures)
Jan. 31, 2022	\$0.93	Sept. 1 – Sept. 30
Feb. 28, 2022	Jan. 15 – Feb. 14 (\$1.01)	Oct. 1 – Oct. 31
Mar. 15, 2022	Feb. 1 – Feb. 28 (\$1.04)	Oct. 1 – Oct. 31

SCO & ECO Coverage



STAX Coverage



2022/23 STAX vs. SCO/ECO: Example 1

	Expected	Harvest
Price	\$1.00	\$0.80 (20% price decline)
County Yield	900 lbs/acre	900 lbs/acre (0% yield loss)
County Revenue	\$900	\$720 (20% revenue loss)

75% RP	STAX	SCO	95% ECO	90% ECO	SCO+ECO	
Coverage Level	90%	86%	95%	90%	95%	90%
Coverage Range	15% (90-75)	11% (86-75)	9% (95-86)	4% (90-86)	20% (95-75)	15% (90-75)
Max Indemnity	\$162	\$99	\$81	\$36	\$180	\$135
Actual Indemnity	\$108	\$54	\$81	\$36	\$135	\$90
Producer Premium	\$17	\$16	\$30	\$15	\$46	\$31
Net Indemnity	\$91	\$38	\$51	\$21	\$89	\$59

2022/23 STAX vs. SCO/ECO: Example 2

	Expected	Harvest
Price	\$1.00	\$0.80 (20% price decline)
County Yield	900 lbs/acre	855 lbs/acre (5% yield loss)
County Revenue	\$900	\$684 (20% revenue loss)

75% RP	STAX	SCO	95% ECO	90% ECO	SCO+ECO	
Coverage Level	90%	86%	95%	90%	95%	90%
Coverage Range	15% (90-75)	11% (86-75)	9% (95-86)	4% (90-86)	20% (95-75)	15% (90-75)
Max Indemnity	\$162	\$99	\$81	\$36	\$180	\$135
Actual Indemnity	\$151	\$90	\$81	\$36	\$171	\$126
Producer Premium	\$17	\$16	\$30	\$15	\$46	\$31
Net Indemnity	\$134	\$74	\$51	\$21	\$125	\$95