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THE STATE OF THE ARKANSAS CROP ECONOMY IN 2025

DIVISION OF AGRICULTURE
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TABLE OF CONTENTS

THE STATE OF THE ARKANSAS CROP ECONOMY IN 2025

LIST OF FIGURES

LIST OF TABLES

HISTORICAL OVERVIEW AND CURRENT CONDITIONS

Like the United States agricultural economy, the Arkansas agricultural economy has experienced a sustained cost–price squeeze, with production expenses (red line) exceeding total cash income (cash receipts plus government payments) for the second straight year in 2025P (see Figure 1). After roughly breaking even in 2023 prior to ad hoc government assistance, expenses rose above all crop cash income in 2024 and remained elevated through 2025, despite a projected record in a supplemental and ad hoc disaster additional disaster assistance in 2025. This multi-year gap implies negative operating margins, tighter working capital, and greater reliance on short-term credit for many crop operations.

The stacked bars also demonstrate how government assistance has consistently kept producers afloat during macroeconomic shocks. In 2020, supplemental pandemic assistance again bridged revenue shortfalls and helped avert widespread financial stress as supply chains and demand were disrupted. Even in 2025P, despite sizable ad hoc and supplemental disaster assistance, a large expense-income gap remains for the second year in row with little prospects of crop income, alone, closing this gap into 2026P. We provide a breakdown of cash receipts for principal row crops, total agricultural expenses and the current and projected suite of government assistance programs below.

ARKANSAS CROP RECEIPTS AND EXPENSES

Crop cash receipts, measured as the product of state-average yields, acres harvested and marketing year average (MYA) price, are projected to fall by $465 million in 2025 (Plastina et al., 2025a). Corn drives the downturn with a $194 million (31%) decline (42% over two years), while soybeans decline $101 million (6%) year-over-year (25% over two years) (see Figure 2). Rice is down $130 million (8%) year-over-year, and cotton is down $6 million (1%) year-over-year (11% over two years), largely driven by a nearly 70,000-acre (11%) reduction in harvested acreage. The declines are mostly price-driven, with corn prices down about 17% and soybean prices down about 20% over the past two years. Notably, corn receipts are expected to fall despite projected increases in yield and acreage. Rice prices have declined 7% and 18% since 2024 and 2023, respectively.

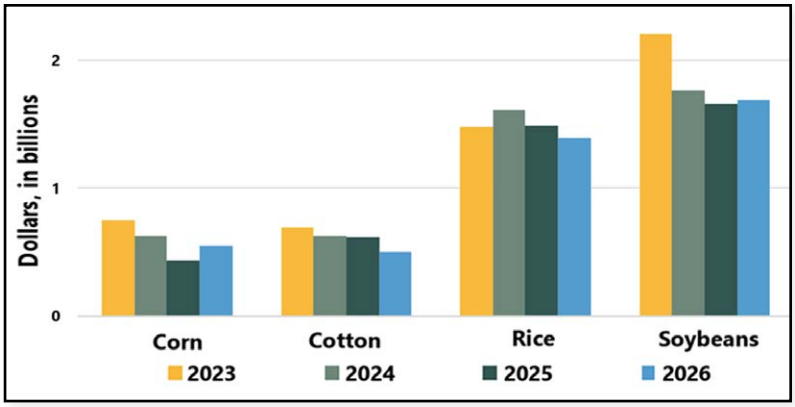

Figure 2. Crop Receipts for Principal Crops Produced in Arkansas (2023-2026P) Source: Rural and Farm Finance Policy Analysis Center (RAFF)

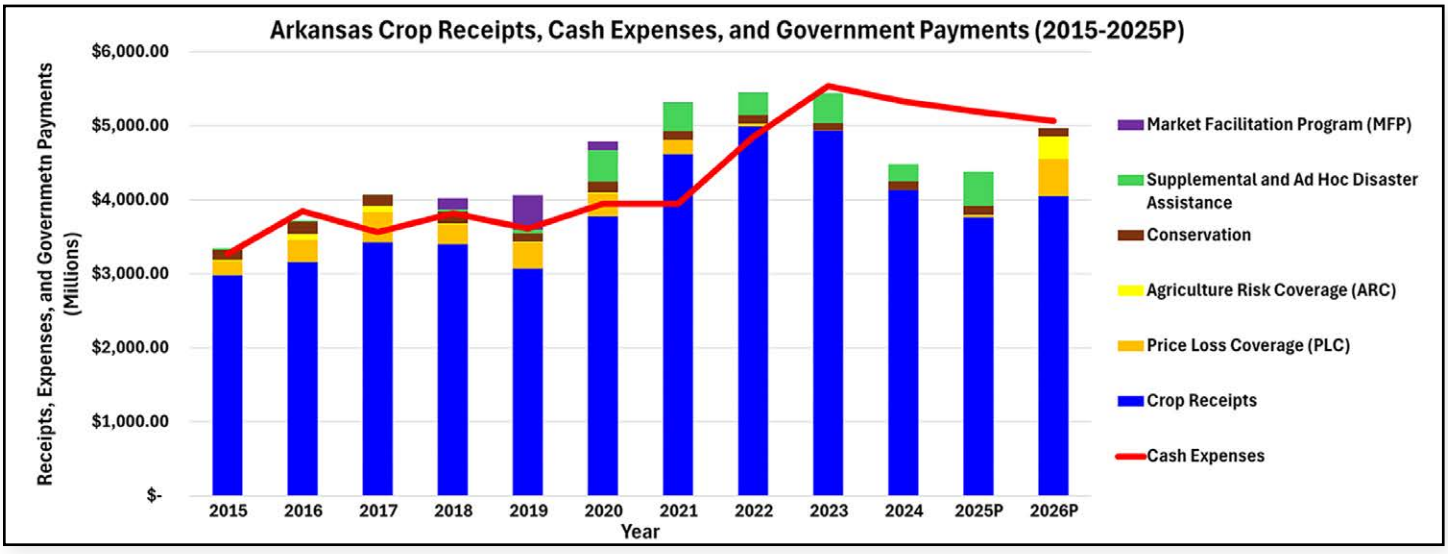

Figure 1. Arkansas Crop Receipts, Cash Expenses, and Government Payments (2014-2025F) Crop Receipts and all government program payments through 2025P come from the Rural and Farm Finance Policy Analysis (RAFF) Center. Cash Expenses come from the U of A, Division of Agriculture, Cooperative Extension Service historical Crop Enterprise Budgets over the span 2015-2025 with a projection for 2026. Projected ARC and PLC payments for 2026 are found using estimates described in a Morning Coffee and Ag Markets Newsletter (Biram and Loy, 2025a). Source: Rural and Farm Finance Policy Analysis Center (RAFF).

All agricultural production expenses are projected to fall by $326 million (3%) year over year, with 90% ($292 million) of the decline driven by a reduction in livestock and poultry feed expenses (see Figure 3). Fertilizer costs have remained elevated since 2022, largely driven by the Russian invasion of Ukraine in early 2022. After a $70 million (15%) increase in 2021 and a $110 million (20%) increase in 2023, seed expenses have remained elevated. This is despite a decline of $16 million (2%) in 2025 compared to 2023 and a modest $9 million (1%) increase in 2025.

Labor costs are set to reach a record $413 million in 2025 with increases averaging $29 million (9%) since 2021. Interest expense will be back to 2023 levels with a year-over-year decline of $23 million, driven by relatively lower interest rates. However, interest expense has increased $182 million (46%) since the increases in the Effective Federal Funds Rate since April 2022. We discuss this in more detail the section titled "Interest Rate Increases on Expenses" below.

Rental expense, consisting of 8% of production expenses, less feed and livestock purchases, is set to fall to $541 million from $563 million in 2024 and $556 million in 2023. This is likely driven by declines in the value of crop production with most tenant farmers operating under a crop share agreement (Plastina et al., 2025b).

INFLATION AND THE FEDERAL RESERVE

Since the COVID-19 pandemic, the United States has been in economic recovery, with the U.S. Federal Reserve (Fed) playing a pivotal role. The pandemic, which began with low interest rates and allowed for inexpensive financing, with the Federal Funds rate at 0% (FRED, 2024), spurred economic growth early on. However, as the pandemic continued and global crises such as the Russia-Ukraine war, the Israel-Hamas Conflict and issues related to the Panama/Suez Canal continued to put pressure on already-strained supply chains, the Fed changed course to prevent a recession.

The last few years have seen an increase in the global price for goods, and now the United States is at a crossroads with how best to slow the economy and return to normal, pre-pandemic levels of economic activity. One of the main issues facing the economy is decreasing and stabilizing inflation.

Inflation, or the rise in prices and the decline in money's purchasing power , is not a new phenomenon. Since COVID, however, the Federal Reserve has found the task of adjusting the economy and preventing a hard-landing recession challenging due to pent-up demand following pandemic lockdowns. The Fed favors the use of the Core Personal Consumption Expenditure (PCE) as a proxy to gauge inflation in U.S. markets as it excludes food and energy expenses (see Figure 4). Food and energy are volatile, and their exclusion provides a more accurate measure of inflation. The core PCE is 2.6% as of April 2025 and has remained mostly unchanged since November 2023. The Fed is now striving to slow the economy while avoiding a hard-landing recession akin to the 2008 housing crisis.

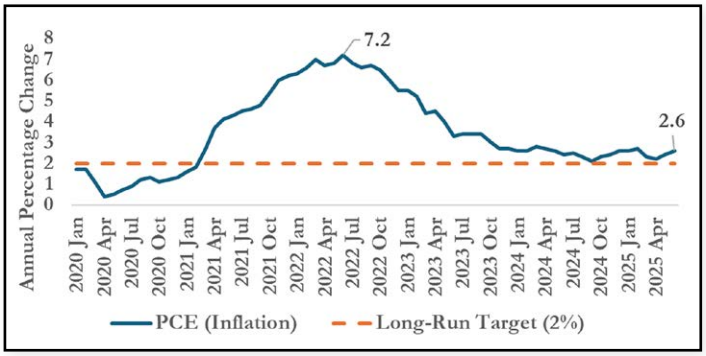

Figure 4. Personal Consumption Expenditure Index (PCE), January 2020 – June 2025 Source: Bureau of Labor Statistics (2025

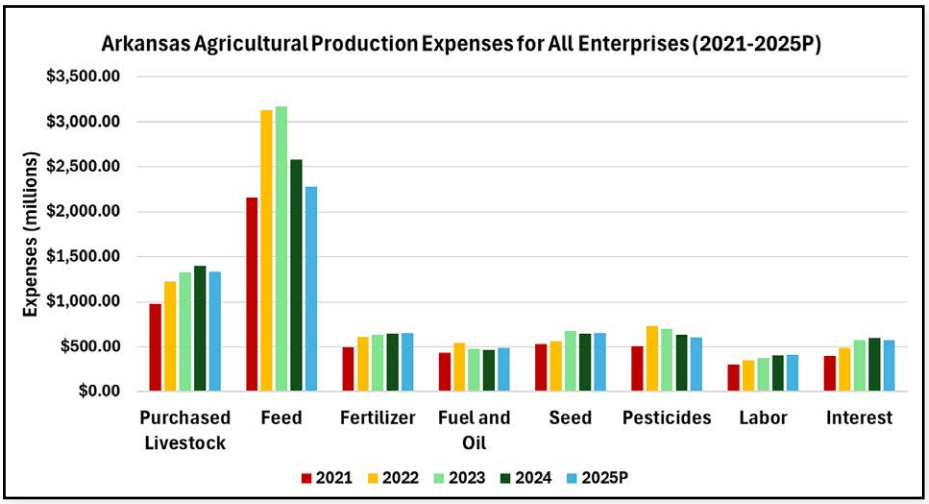

Figure 3. Arkansas Agricultural Production Expenses for All Enterprises (2023-2025P)
Source: Rural and Farm Finance Policy Analysis Center (RAFF)

INTEREST RATE INCREASES ON EXPENSES

The effective federal funds rate (Figure 5), also known as the central U.S. interest rate, represents the cost of borrowing money between financial institutions (FRED, 2024). This rate indirectly affects other interest rates, such as the Prime Rate and agricultural loan rates. The Federal Open Market Committee

(FOMC) convenes eight times a year to update the target federal funds rate, which the Fed aims to reach based on the prevailing economic conditions (FRB, 2023).

The FOMC influences the effective rate by managing available liquidity in the financial sector. In this context, liquidity refers to a bank's cash surplus (FRED, 2023). In terms of supply and demand, if excess cash is scarce, the cost of borrowing available cash increases, discouraging borrowing – a situation that mirrors the current U.S. economy. The Fed employs these tools to either slow the economy during periods of rising inflation or to stimulate economic activity by lowering interest rates. Since 2022, the Fed has instituted 11 federal funds rate hikes – seven in 2022 and four in 2023 – to quell the economic growth spurred by COVID-era interest rate reductions.

The prime rate, shown in Figure 5, is the rate that banks use to set various market interest rates. It is usually 3% higher than the target fed funds rate, giving banks a cushion to profit from interest payments. The current 2025 prime rate is 7.25%, and the effective federal funds rate is 4.09% (4.0-4.25 target federal funds rate). Chairman Powell cited signs of cooling in the labor market as a primary reason for the September 2025 rate cut. This decision marks the first cut since December 2024. After maintaining a restrictive monetary policy (e.g., maintaining high rates) to combat inflationary pressures, the Fed has shifted some focus to providing support to the broader economy, considering that slower hiring and unemployment pressures are inching higher. The decision also comes with expectations for two more quarter-percentage point cuts before the end of 2025, which would bring the target rate to 3.50 – 3.75%.

The takeaway for agricultural producers is understanding how the Fed funds and Prime rate influence interest rates in agricultural lending. Recall that the Fed funds rate is the cost of borrowing dollars between banks and the Prime rate sets the base for the interest rates on dollars lent out to borrowers. Operating, intermediate and real estate farm loans are then determined based on the prevailing Prime rate at a given time. These rates vary nationwide and are subject to a borrower's merit.

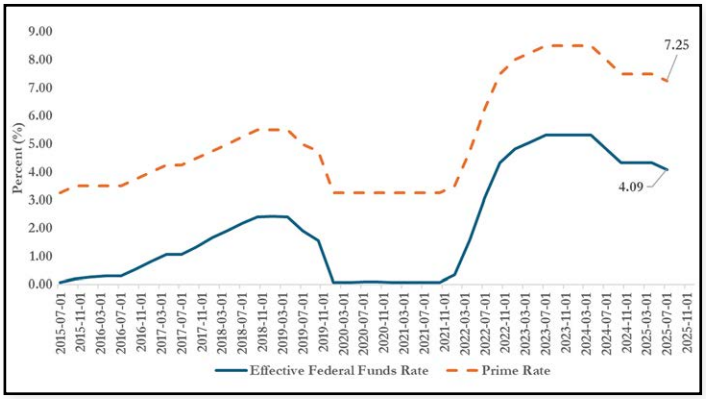

Figure 5. Federal Funds and Prime Rate (2020 - 2025),
Source: FRED Database (2025)

Every quarter, the Federal Reserve Bank of Kansas City issues a Survey of Agricultural Credit Conditions in the 10th district (KC-FED, 2025). The survey is distributed to agricultural lenders within the district and provides indicators about the current financial performance of farms involved in the debt market. The focus of this survey is lenders reporting the fixed or variable interest rate on agricultural loans. The interest reported for one quarter is the average of interest rates from all survey respondents, so what is reported in the survey data may undervalue the actual interest rate in an individual's lending terms. Still, the interest rates are useful in understanding, on average, how the increase in interest rates over the last four years has impacted production costs per acre.

Table 1 contains a 2025 pre-harvest budget for a long grain rice producer in Arkansas (UADA, 2025). The interest rates reported for each quarter are derived from the Ag lender survey. Assume this producer acquires an operating loan each year and repays the lender at the end of harvest (nine months). Since the lending term is less than a year, an effective interest rate, or the true interest percentage paid, is calculated for each year. For example, Q1 2025 effective interest is 7.83% * (9/12) = 5.87%, the true interest rate based on a nine-month operating loan. This rate is then multiplied by the total estimated pre-harvest expenses to calculate the interest on operating capital expense ($742.06 * 5.87% = $43.58). Referring to Figure 1, pre-harvest interest expenses have increased ~$15 per acre since 2021. Despite the decrease in interest expense since 2023, interest expense has remained relatively elevated since 2022. This increase in interest has put a strain on profitability, which is already strained by low commodity prices.

Table 1. Example 2025 Arkansas Full Page Hybrid Rice Pre-Harvest Expenses

COST CATEGORY	DOLLAR PER ACRE ($)
Seed	$195.84
Fertilizer	$246.90
Pesticides	$124.99
Labor	$54.36
Fuel (Irrigation & Equipment)	$119.97
Q1 2025 Interest (7.83%)	$43.58
Q1 2024 Interest (8.83%)	$49.14
Q1 2023 Interest (8.15%)	$45.36
Q1 2022 Interest (5.21%)	$29.00
Q1 2021 Interest (5.14%)	$28.61

Credit condition is another aspect of the quarterly agricultural credit survey. This portion asks respondents about their feelings about the condition of the agricultural credit market. Respondents recorded "better" or "worse" conditions from the previous quarter. For example, the survey may ask, "Are farm loan repayment rates better or worse than last quarter?" A diffusion index is then employed to compare the sentiment over time. The diffusion index subtracts the percent that responded "worse" from the percent that responded "better" and adds 100. Simply put, if the diffusion index value is greater than 100, conditions are better than in the previous quarter; if less than 100, conditions are worse than in the previous quarter, and 100 represents no change in sentiment from the previous quarter. Figure 6 shows the diffusion index for sentiment about farm income and loan repayment rates, with the horizontal orange line representing a neutral index value. Sentiment about farm income and loan repayment increased after 2020 and has steadily declined since. Much of the positive sentiment came from pandemic relief payments in 2020/21. During this time, producers were provided with government assistance aimed at helping pandemic-related farm stress. Loan repayment is expected to be negatively impacted by tight profit margins, with lenders expecting less loan repayment capacity among borrowers this year.

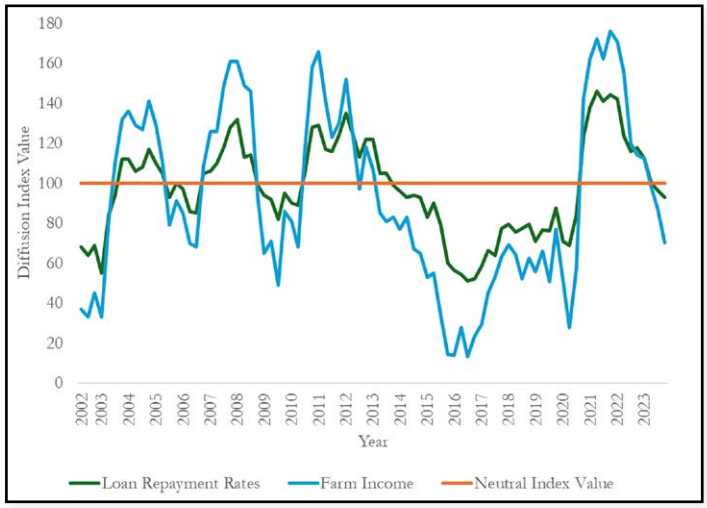

Figure 6. KC-Fed Diffusion Index (2002 - 2024)

THE DECLINING RELATIVE PURCHASING POWER OF THE CROP DOLLAR

The USDA National Agricultural Statistics Service (USDA-NASS) releases a monthly index on crop prices received and crop input prices paid (Figure 7). The price values are indexed to 2011, meaning index values are interpreted as relative to 2011 prices (e.g., 122 index value is 22% higher than 2011). Referring to Figure 7, crop prices relative to input prices have declined, and the spread between the indices continued to widen from the 2014 farm bill until the pandemic in 2020 (red oval). Crop prices spiked in 2022/23 due to supply chain disruptions. Since the same supply chains carry fertilizer, input prices also spiked, ultimately negating the benefits of higher crop prices. The gap between these two measures is the greatest it has been in at least 25 years, underscoring the rarity and severity of the economic conditions faced by agricultural producers in 2025.

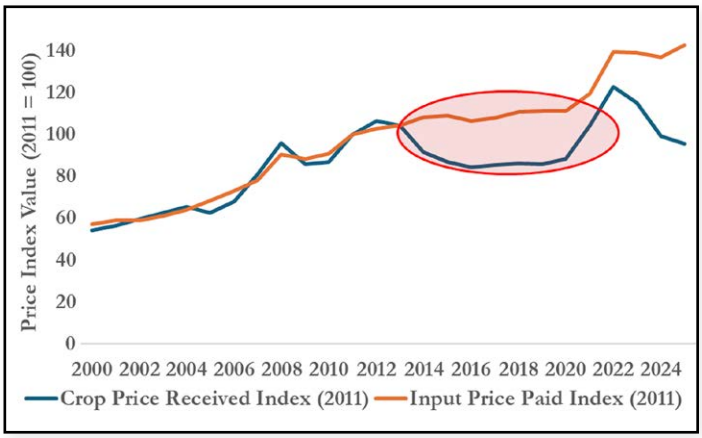

Figure 7. Crop Output Prices Received vs. Input Prices Paid, 2000 - 2025

ARKANSAS CROP-SPECIFIC NET RETURNS IN 2025

Farmers of principal crops in Arkansas will have to produce above the county average to reach the breakeven point in 2025. We define a breakeven yield as the yield required to generate revenue that will cover operating costs. Similarly, we define a breakeven price as the cash price required to generate enough revenue to cover operating costs and land rental expense. Operating costs include those expenses required to produce a crop and exclude payments on equipment, as well as depreciation and other non-cash expenses (University of Arkansas Division of Agriculture, 2025). Profit and loss tables below are taken from the "Arkansas Crop Profit/Loss Calculator (Crop Year 2025)" and provide the returns net of operating expenses across different levels of production per acre (i.e., yields) and cash prices received at the farm-level. A link to the tool can be found here.

Expected (i.e., average) county yield averages and expected cash prices received will fall in the middle of the yield and price outcomes, respectively. The expected yield provided in Table 2 is the projected state average yield determined by USDA, National Agricultural Statistics Service Crop Production Report released on August 12, 2025. We considered four different ways to measure the 2025 state-average expected yield:

1. The August 2025 World Agricultural Supply and Demand Estimates (WASDE) projection,
2. The raw 2020-2024 five-year-average,
3. The trend-adjusted 2020-2024 five-year-average using the 20-year trend, and
4. The state-level Olympic Average.

Table 2. Expected State-Average Net Returns Per Acre for Arkansas Principal Crops in 2025

	CORN	COTTON	LONG GRAIN RICE	SOYBEANS
Expected Yield[1]	182 bushels/acre	1,294 lbs/acre	167 bushels/acre	56 bushels/acre
Expected Price	$3.90/bushel	$0.64/lb	$5.86/bushel	$10.10/bushel
Expected Revenue	$709.80/acre	$828.16/acre	$978.62/acre	$565.60/acre
Operating Cost	$806.06/acre	$973.87/acre	$992.80/acre	$509.22/acre
Rent (25% of Expected Revenue)	$177.45/acre	$207.04/acre	$244.66/acre	$141.40/acre
Expected Net Return	-$273.71/acre	-$352.75/acre	-$258.84/acre	-$85.02/acre

The main finding of negative returns, across both land tenure types, holds and is robust across all forms of measurement for the state-level yields average. We note that these projections for the state-level expected net returns are likely an upper bound estimate. Yield projections are likely to be lower than currently listed due to late plantings, resulting from record rainfall experienced in April 2025 (Biram et al., 2025). The expected price is the price projection for the 2025/2026 crop marketing year reported by the USDA WASDE August 2025 report.

We provide a breakdown of the state average expected net returns for corn, cotton, long grain rice and soybeans below in Table 2. We then provide a range of potential net returns across various yields and prices in Tables 3-6.

Table 3 provides the 2025 net returns for irrigated corn produced in Arkansas County under a 75-25 crop share rental agreement. At the expected yield of 208.46 bushels per acre and the expected price of $3.90 per bushel, a representative producer in Arkansas County, Arkansas will experience a loss of nearly $200 per acre. The breakeven yield[2] is 275.58 bushels per acre and is 32% higher than the county yield expectation. The breakeven price is $5.16 per acre and is 32% higher than the expected cash price. Breakeven prices and yields for all principal crops were updated in September 2025. As of the August 2025 USDA WASDE report, the season-average cash price received is projected to be $3.90 per bushel.

Table 4 provides the 2025 net returns for irrigated cotton produced in Mississippi County under a 75-25 crop share rental agreement. At the expected yield of 1,155.60 pounds per acre (i.e., 2.41 480-lb bales) and the expected price of $0.64 per pound, a representative producer in Mississippi County, Arkansas will experience a loss of about $419 per acre. The breakeven yield is 2,028.90 pounds per acre and the breakeven price[3] of $1.12 per pound are nearly twice that of their respective yield and price expectations. As of the August 2025 USDA WASDE report, the season-average cash price received is projected to be $0.64 per pound.

Table 3. Net Returns for Irrigated Corn in Arkansas County, Arkansas in 2025 (Crop Share – 25%) Note: The prices ($/bushel) and yields (bushels/acre) are in green with prices provided in the leftmost column and yields provided in the topmost row. The per-acre cost only contains operating expenses and do not include fixed costs (e.g., equipment loan, depreciation or any other overhead). Costs come from the U of A Division of Agriculture.

	125	146	167	188	208	229	250	271	292	313
$ 2.34	-$586.68	-$549.83	-$512.97	-$476.12	-$441.02	-$404.16	-$367.31	-$330.45	-$293.60	-$256.74
$ 2.73	-$550.12	-$507.12	-$464.13	-$421.13	-$380.18	-$337.18	-$294.18	-$251.19	-$208.19	-$165.19
$ 3.12	-$513.56	-$464.42	-$415.28	-$366.14	-$319.34	-$270.20	-$221.06	-$171.92	-$122.78	-$73.64
$ 3.51	-$477.00	-$421.72	-$366.43	-$311.15	-$258.50	-$203.22	-$147.93	-$92.65	-$37.37	$17.91
$ 3.9	-$440.43	-$379.01	-$317.58	-$256.16	-$197.66	-$136.23	-$74.81	-$13.38	$48.04	$109.47
$ 4.29	-$403.87	-$336.30	-$268.74	-$201.17	-$136.82	-$69.25	-$1.68	$65.88	$133.45	$201.02
$ 4.68	-$367.31	-$293.60	-$219.89	-$146.18	-$75.98	-$2.27	$71.44	$145.15	$218.86	$292.57
$ 5.07	-$330.75	-$250.89	-$171.04	-$91.19	-$15.14	$64.71	$144.57	$224.42	$304.27	$384.12
$ 5.46	-$294.18	-$208.19	-$122.19	-$36.20	$45.70	$131.69	$217.69	$303.69	$389.68	$475.68
$ 5.85	-$257.62	-$165.49	-$73.35	$18.79	$106.54	$198.68	$290.82	$382.95	$475.09	$567.23

DISCLAIMER: This decision tool is intended for illustrative and educational purposes only. We do not guarantee any level of loss or profit.

Table 4. Net Returns for Irrigated Cotton in Mississippi County, Arkansas in 2025 (Crop Share – 25%) Note: The prices ($/pound) and yields (pounds/acre) are in green with prices provided in the leftmost column and yields provided in the topmost row. The per-acre cost only contains operating expenses and do not include fixed costs (e.g., equipment loan, depreciation or any other overhead). Costs come from the U of A Division of Agriculture.

	693	809	924	1040	1156	1271	1387	1502	1618	1733
$ 0.38	-$776.36	-$743.31	-$710.53	-$677.47	-$644.41	-$611.64	-$578.57	-$545.80	-$512.74	-$479.97
$ 0.45	-$739.98	-$700.83	-$662.02	-$622.87	-$583.72	-$544.91	-$505.76	-$466.95	-$427.79	-$388.98
$ 0.51	-$708.80	-$664.43	-$620.44	-$576.07	-$531.70	-$487.71	-$443.34	-$399.36	-$354.98	-$311.00
$ 0.58	-$672.42	-$621.96	-$571.93	-$521.47	-$471.01	-$420.98	-$370.53	-$320.50	-$270.04	-$220.01
$ 0.64	-$641.23	-$585.55	-$530.35	-$474.67	-$418.99	-$363.79	-$308.11	-$252.91	-$197.23	-$142.03
$ 0.7	-$610.05	-$549.14	-$488.77	-$427.87	-$366.97	-$306.60	-$245.70	-$185.32	-$124.42	-$64.05
$ 0.77	-$573.66	-$506.67	-$440.26	-$373.27	-$306.28	-$239.87	-$172.88	-$106.47	-$39.47	$26.94
$ 0.83	-$542.48	-$470.27	-$398.68	-$326.47	-$254.26	-$182.67	-$110.46	-$38.88	$33.33	$104.92
$ 0.9	-$506.09	-$427.79	-$350.17	-$271.87	-$193.57	-$115.94	-$37.65	$39.98	$118.28	$195.91
$ 0.96	-$474.91	-$391.39	-$308.59	-$225.07	-$141.55	-$58.75	$24.77	$107.57	$191.09	$273.89

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[1] Expected yield here is the projected state average yield determined by USDA, National Agricultural Statistics Service Crop Production Report released on August 12, 2025.
[2] Breakeven yields and prices for all counties in Arkansas were updated in September 2025. Biram and Loy (2025b) outline a previous update in a Morning Coffee and Ag Markets newsletter.
[3] This is a breakeven price that does not include seed cotton revenue or ginning expense. If the value of seed cotton is not included as income, the cost of ginning is not included in the budget. Cottonseed is normally a 1:1 offset of the ginning costs.

Table 5. Net Returns for Long Grain Rice in Jackson County, Arkansas in 2025 (Crop Share – 25%)
Note: The prices ($/bushel) and yields (bushels/acre) are in green with prices provided in the leftmost column and yields provided in the topmost row. The per-acre cost only contains operating expenses and do not include fixed costs (e.g., equipment loan, depreciation or any other overhead). Costs come from the U of A Division of Agriculture.

	99	115	131	148	164	181	197	214	230	246
$ 3.52	-$731.44	-$689.20	-$646.96	-$602.08	-$559.84	-$514.96	-$472.72	-$427.84	-$385.60	-$343.36
$ 4.1	-$688.38	-$639.18	-$589.98	-$537.70	-$488.50	-$436.22	-$387.02	-$334.75	-$285.55	-$236.35
$ 4.69	-$644.57	-$588.29	-$532.01	-$472.21	-$415.93	-$356.13	-$299.85	-$240.05	-$183.77	-$127.49
$ 5.27	-$601.50	-$538.26	-$475.02	-$407.83	-$344.59	-$277.40	-$214.16	-$146.96	-$83.73	-$20.49
$ 5.86	-$557.69	-$487.37	-$417.05	-$342.34	-$272.02	-$197.30	-$126.98	-$52.27	$18.05	$88.37
$ 6.45	-$513.89	-$436.49	-$359.09	-$276.85	-$199.45	-$117.21	-$39.81	$42.42	$119.83	$197.23
$ 7.03	-$470.82	-$386.46	-$302.10	-$212.47	-$128.11	-$38.48	$45.88	$135.52	$219.88	$304.24
$ 7.62	-$427.02	-$335.57	-$244.14	-$146.98	-$55.54	$41.62	$133.06	$230.21	$321.65	$413.09
$ 8.2	-$383.95	-$285.55	-$187.15	-$82.60	$15.80	$120.35	$218.75	$323.30	$421.70	$520.10
$ 8.79	-$340.14	-$234.66	-$129.18	-$17.11	$88.37	$200.44	$305.92	$417.99	$523.47	$628.95

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Table 5 provides the 2025 net returns for long grain rice produced in Jackson County under a 75-25 crop share rental agreement. At the expected yield of 164.33 bushels per acre (i.e., 7,394.85 pounds per acre) and the expected price of $5.86 per bushel (i.e., $13.01 per hundredweight), a representative producer in Jackson County, Arkansas will experience a loss of over $270 per acre. The breakeven yield is 225.89 bushels per acre and the breakeven price of $8.06 per bushel is 37% higher than that of their respective yield and price expectations. As of the August 2025 USDA WASDE report, the season-average cash price received is projected to be $5.86 per bushel.

Table 6 provides the 2025 net returns for irrigated soybeans produced in Chicot County, Arkansas under a 75-25 crop share rental agreement. At the expected yield of 50.26 bushels per acre and the expected price of $10.10 per bushel, a representative producer in Chicot County will experience a loss of about $131 per acre. The breakeven yield is 67.22 bushels per acre and the breakeven price of $13.51 per bushel are 34% higher than that of their respective yield and price expectations. As of the August 2025 USDA WASDE report, the season-average cash price received is projected to be $10.10 per bushel.

Table 6. Net Returns for Irrigated Soybeans in Chicot County, Arkansas in 2025 (Crop Share – 25%)
Note: The prices ($/bushel) and yields (bushels/acre) are in green with prices provided in the leftmost column and yields provided in the topmost row. The per-acre cost only contains operating expenses and does not include fixed costs (e.g., equipment loan, depreciation or any other overhead). Costs come from the U of A Division of Agriculture.

	30	35	40	45	50	55	60	65	70	75
$ 6.06	-$372.87	-$350.15	-$327.42	-$304.70	-$281.97	-$259.25	-$236.52	-$213.80	-$191.07	-$168.35
$ 7.07	-$350.14	-$323.63	-$297.12	-$270.61	-$244.10	-$217.58	-$191.07	-$164.56	-$138.05	-$111.53
$ 8.08	-$327.42	-$297.12	-$266.82	-$236.52	-$206.22	-$175.92	-$145.62	-$115.32	-$85.02	-$54.72
$ 9.09	-$304.70	-$270.61	-$236.52	-$202.43	-$168.35	-$134.26	-$100.17	-$66.08	-$32.00	$2.09
$ 10.1	-$281.97	-$244.10	-$206.22	-$168.35	-$130.47	-$92.60	-$54.72	-$16.85	$21.03	$58.90
$ 11.11	-$259.25	-$217.58	-$175.92	-$134.26	-$92.60	-$50.93	-$9.27	$32.39	$74.05	$115.72
$ 12.12	-$236.52	-$191.07	-$145.62	-$100.17	-$54.72	-$9.27	$36.18	$81.63	$127.08	$172.53
$ 13.13	-$213.80	-$164.56	-$115.32	-$66.08	-$16.85	$32.39	$81.63	$130.87	$180.11	$229.34
$ 14.14	-$191.07	-$138.05	-$85.02	-$32.00	$21.03	$74.06	$127.08	$180.11	$233.13	$286.15
$ 15.15	-$168.35	-$111.53	-$54.72	$2.09	$58.90	$115.72	$172.53	$229.34	$286.15	$342.97

DISCLAIMER: This decision tool is intended for illustrative and educational purposes only. We do not guarantee any level of loss or profit.

ARKANSAS LEADS THE SOUTHERN REGION IN CHAPTER 12 BANKRUPTCY FILINGS

Data from 2015 to 2025 (measured from July 1 of the preceding year to June 30 of the labeled year) highlight important developments in Chapter 12[4] bankruptcy trends across the southern United States. Total Chapter 12 filings in the South have fluctuated over the past decade, peaking at 148 filings in 2020 before sharply declining to 53 in 2023 (see Figure 8). This decline aligns with post-pandemic trends across the United States due in part to government assistance and higher commodity prices, which improved short-term farm financial conditions. However, the most recent year of data (e.g., July 1, 2024 – June 30, 2025) shows a rebound to 101 filings. This may suggest that on-farm financial pressures are intensifying for Southern producers.

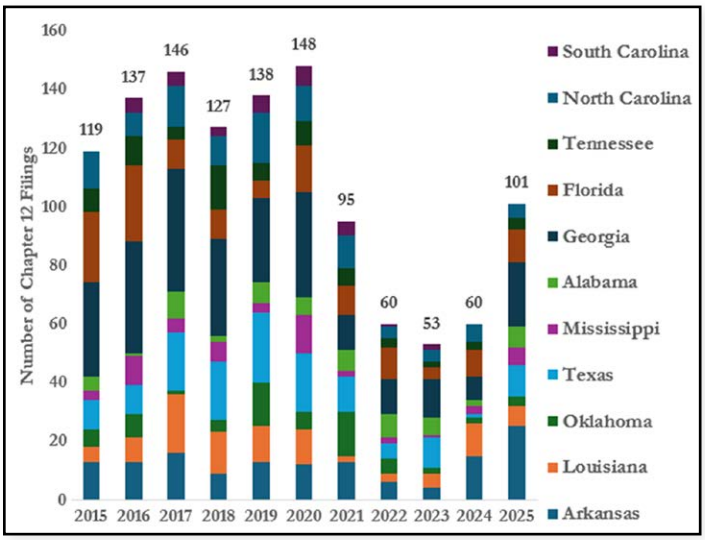

Figure 8. Total Chapter 12 Filings for the Southern Region, 2015 – 2025 *Note: 2025 = July 1, 2024 – June 30, 2025. Source: UScourts.gov

Digging deeper into state-level filings reveals that Georgia, Texas, and Arkansas account for a large share of filings over this period. Georgia recorded the highest total filings, with more than 30 annually through 2018 and peaking at 42 in 2017. Arkansas has shown a significant surge in the most recent reporting period from four filings in 2023 to 25 in 2025 (Figure 8). This increase

[4] Loy and Fields (2025) describe what Chapter 12 bankruptcy is in a Morning Coffee and Ag Markets newsletter.

in Chapter 12 filings signals financial stress in Arkansas despite more stable trends in neighboring states (e.g., Mississippi and Louisiana). The current state-level differences may point to uneven financial pressures within the southern region, which is likely shaped by crop mix, farm size or local credit conditions.

The 2025 rebound in filings could be due to the cyclical nature of agriculture following several years of low bankruptcy filings. But it also raises concerns about on-farm financial stress in southern agriculture. Increasing input costs, low commodity prices, and higher borrowing costs have likely eroded farm balance sheets. For smaller, family-owned farms that often operate with limited liquidity, this pressure can become untenable, making Chapter 12 bankruptcy a necessary option.

PROJECTED GOVERNMENT ASSISTANCE IN 2025

Government assistance in 2025 is projected by RAFF to increase $674 million (194%) year-over-year to $1.02 billion (Plastina et al., 2025b). Most of this increase (97%) is attributed to the Emergency Commodity Assistance Program (ECAP) and the Supplemental Disaster Relief Program (SDRP), both of which were authorized in the American Relief Act omnibus spending package passed on December 21, 2024. This supplemental assistance is ad hoc in nature, meaning that these programs are designed based on loss-triggering events that have already happened, rather than designed in anticipation of a loss-triggering event such as Agriculture Risk Coverage (ARC) or Price Loss Coverage (PLC).

RAFF and collaborators at the University of Arkansas project Arkansas producers to receive $286.2 million in assistance through the ECAP, with USDA having paid roughly $235 million to Arkansas farmers thus far (Plastina et al., 2025a; USDA-FSA, 2025a). USDA has paid Arkansas farmers nearly $62 million through the SDRP, with sign-up still ongoing (USDA-FSA, 2025b). RAFF and collaborators at the University of Arkansas are projecting no PLC payments in 2025 and $16.8 million in ARC payments which is based on assistance that triggered in 2024 and will be received in 2025.

These projections were released in the spring of 2025. As the marketing year average price determination for the 2024/2025 crop year comes to an end, we project PLC payment rates for peanuts and seed cotton of $0.0065 per pound and $0.0269 per pound, respectively. This translates into $28.7 million in projected total PLC payments to be received by Arkansas farmers in 2025.

Using the ARC-CO county-level payment rates per acre for winter wheat, corn, seed cotton, grain sorghum and soybeans, we multiply the number of base acres in a county by the payment rate to arrive at the county-level ARC payment and sum up all county-specific payments to arrive at the state-level payment received. The USDA Farm Service Agency does not provide shares of irrigated and non-irrigated base acres, so we account for this by taking the ratio of irrigated to total cropland acres reported in the 2017 USDA Agricultural Census and multiplying it by the total number of base acres reported. The 2017 USDA Agricultural Census was chosen because the last base acre update was in 2014.

We project $1.64 million, $0.25 million, $0.29 million, $0.20 million, and $1.83 million in ARC payments for winter wheat, corn, seed cotton, grain sorghum and soybeans, respectively (see Figures 9-13). In total, we project Arkansas farmers to receive $31.08 million in ARC and PLC payments based on losses triggered in the 2024/2025 marketing year.

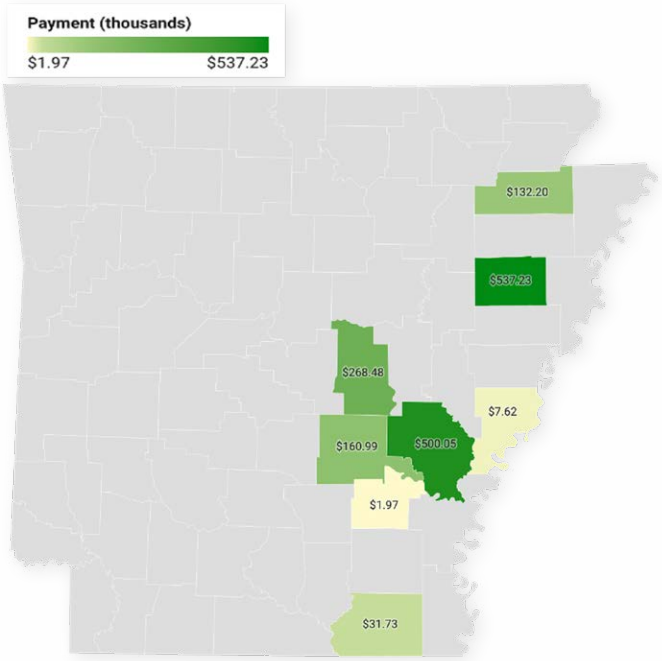

Figure 9. Projected Agriculture Risk Coverage – County Payment Rates for Winter Wheat (2024) This map shows the county-level projected payments to be received by farmers based on a projected payment rate and enrolled base acreage as provided by the USDA Farm Service Agency. Winter wheat base is one practice, and payments are not differentiated by irrigation practice. Note: Payments reflect a per acre payment on 85% of base acres for the commodity and 5.7% budget sequestration. For an interactive map which shows average payment rates by county, visit https://www.datawrapper.de/_/FUdZ7/. Source: USDA, Farm Service Agency, August 2025.

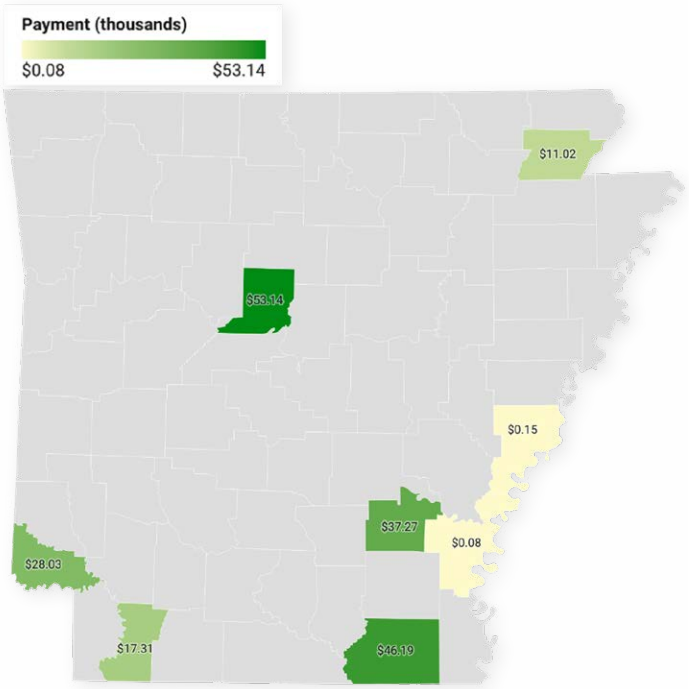

Figure 10. Projected Agriculture Risk Coverage – County (ARC-CO) Payments for Corn (2024 Crop Year) This map shows the county-level projected payment to be received by farmers based on a projected payment rate and enrolled base acreage as provided by the USDA Farm Service Agency. Corn payments are based on three different designations: irrigated, non-irrigated and all base which does not differentiate by irrigation practice. Note: Payments reflect a per-acre payment on 85% of base acres for the commodity and 5.7% budget sequestration. For an interactive map which shows average payment rates by county, visit https://www.datawrapper.de/_/7xJF2/?v=2. Source: USDA, Farm Service Agency, August 2025.

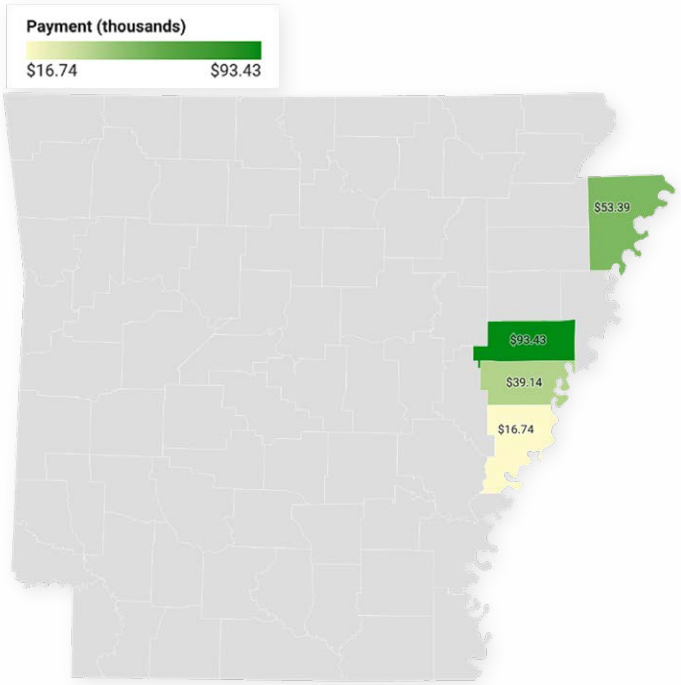

Figure 12. Projected Agriculture Risk Coverage – County (ARC-CO) Payments – Grain Sorghum (2024 Crop Year) This map shows the county-level projected payment to be received by farmers based on a projected payment rate and enrolled base acreage as provided by the USDA Farm Service Agency. Grain Sorghum payments are based on three different designations: irrigated, non-irrigated and all base which does not differentiate by irrigation practice. Note: Payments reflect a per-acre payment on 85% of base acres for the commodity and 5.7% budget sequestration. For an interactive map which shows average payment rates by county, visit this link: https://www.datawrapper.de/_/EH725/. Source: USDA, Farm Service Agency, August 2025.

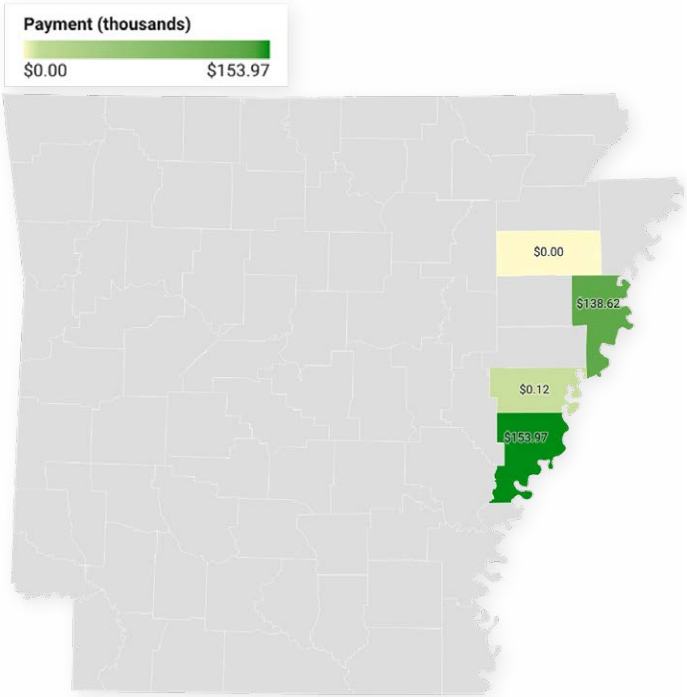

Figure 11. Projected Agriculture Risk Coverage – County (ARC-CO) Payments - Seed Cotton (2024 Crop Year) This map shows the county-level projected payment to be received by farmers based on a projected payment rate and enrolled base acreage as provided by the USDA Farm Service Agency. Seed Cotton payments are based on three different designations: irrigated, non-irrigated and all base which does not differentiate by irrigation practice. Note: Payments reflect a per-acre payment on 85% of base acres for the commodity and 5.7% budget sequestration. For an interactive map which shows average payment rates by county, visit https://www.datawrapper.de/_/Fw1gC/?v=3. Source: USDA, Farm Service Agency, August 2025.

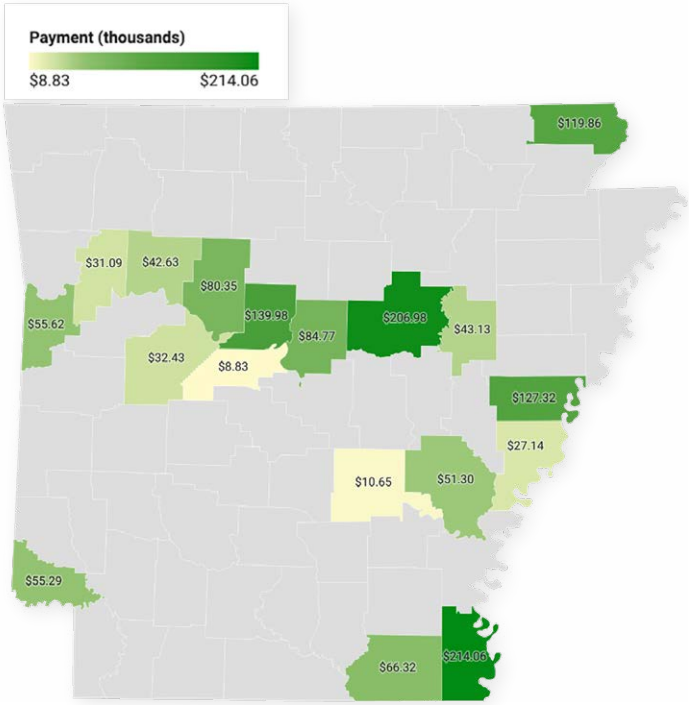

Figure 13. Projected Agriculture Risk Coverage – County (ARC-CO) Payments- Soybeans (2024 Crop Year) This map shows the county-level projected payment to be received by farmers based on a projected payment rate and enrolled base acreage as provided by the USDA Farm Service Agency. Soybean payments are based on three different designations: irrigated, non-irrigated and all base which does not differentiate by irrigation practice. Note: Payments reflect a per-acre payment on 85% of base acres for the commodity and 5.7% budget sequestration. For an interactive map which shows average payment rates by county, visit this link: https://www.datawrapper.de/_/vHDGH/?v=4. Source: USDA, Farm Service Agency, August 2025.

Lastly, we provide a lower bound estimate for SDRP payments to be received by Arkansas farmers. Since $62 million has been paid through SDRP and 55% of the applications filed for the ECAP have been filed for SDRP, we project a lower bound for SDRP payments for Arkansas farmers to be $112.73 million. We note this is far less than the $597.2 million in projected payments determined by RAFF (Plastina et al., 2025a). We will continue to monitor the disbursements made to Arkansas farmers and note that SDRP payments will fall between $112.73 million and $597.2 million.

SUMMARIZING ARKANSAS CROP RECEIPTS, EXPENSES, AND GOVERNMENT ASSISTANCE IN 2025

Arkansas crop receipts are projected to decline – for the second year in a row – to $4.46 billion ($465 million year-over-year), largely driven by low commodity prices across all principal crops and reduced acreage in cotton, soybeans and winter wheat (Plastina et al., 2025a). Cash expenses less feed and livestock purchases will remain relatively unchanged for the third year in a row, at nearly $5.6 billion. Government assistance is projected to be at a record high in 2025, driven by the ECAP and SDRP ad hoc disaster assistance programs and will range from $431.84 million to $916.31 million. A crop-specific breakdown of state-level net farm income by income category and expenses is given in Figure 14 below. Without including government assistance, Arkansas net farm income for the crop sector is projected to be a net loss of $1.15 billion for the 2025 crop year. Including the range of government assistance provided above, Arkansas net farm income for the crop sector is projected to decline between $0.72 billion and $0.23 billion.

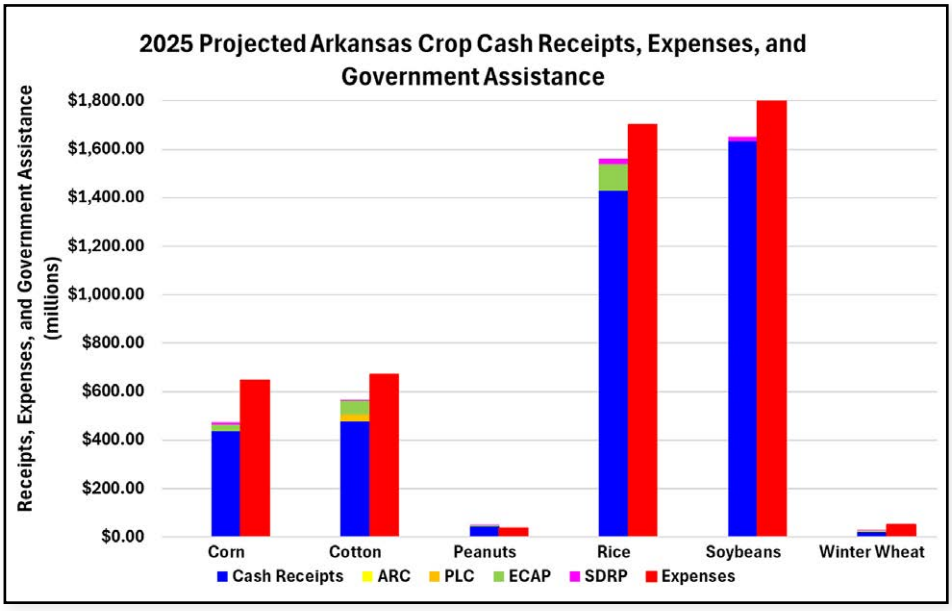

Figure 14. Arkansas Crop-Specific Receipts, Expenses, and Government Assistance in 2025
Source: Rural and Farm Finance Policy Analysis Center (RAFF) and UADA Crop Enterprise Budgets (2025)

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Notes

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