



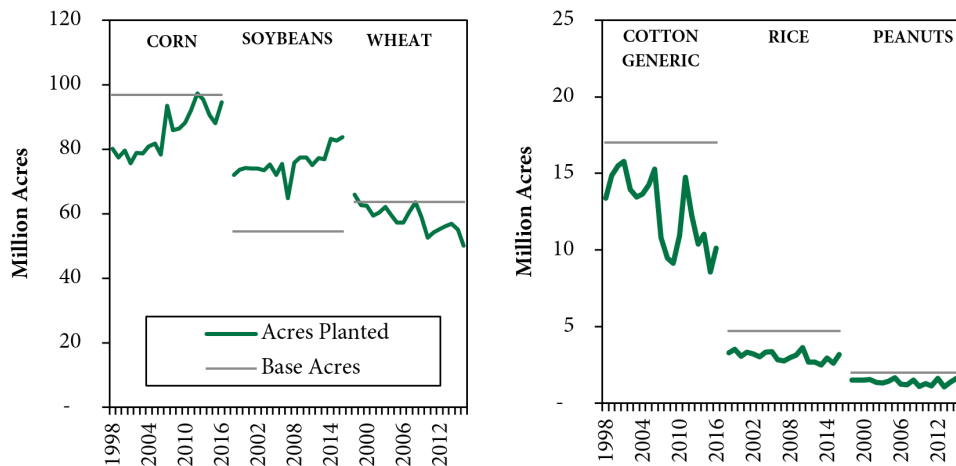
Options for Updating Bases and Yields

BACKGROUND

Base acres are the number of acres of a covered commodity eligible to receive program payments. Base acres were established in the 2002 Farm Bill and, for the most part, reflected planted area during 1998 to 2001.

The 2014 Farm Bill provided a one-time reallocation of base acres. Farmers were allowed to either retain any base acres, including any cotton/generic base acres or reallocate base acres, excluding any cotton/generic base acres. Farmers who chose to retain base acres saw no change in their base acres, and cotton acres were converted to generic base. Farmers who opted to reallocate their base acres could reallocate among the covered commodities planted on the farm based on the 2009 to 2012 crop years. Electing to update base acres only changes how the base is divided up among the program crops on the farm. It did not allow for new base acres to be added. Generic base acres were retained and could not be reallocated.

Planted Area and 2014 Farm Bill Base Acres for Select Covered Commodities



The 2014 Farm Bill also provided an opportunity to update yields used to determine Price Loss Coverage Payments. The yields could be updated on a commodity-by-commodity basis and were equal to 90 percent of the average crop yield from 2008 to 2012. Yields during the sample period could not fall below 75 percent of the county average for the covered commodity.

ISSUE

Base acres are tied to the land rather than the owner. As a result, base acres and program yield updating options were only available to farmers already owning land tied to base acres.

Farmers without base acres, i.e. land converted from livestock or pasture or new farms on land without base, are ineligible to receive program payments for 2014 Farm Bill programs. The lack of Title I commodity safety net support for beginning lands, new farmers, or land converted into covered commodity production may put some growers at a competitive disadvantage compared to farmers with base acres.

OPTION #1

Establish new base acres and program yields for land converted into production of a covered commodity. This would provide an opportunity for all actively planted land area to be eligible for base acres and covered commodity program payments. However, increasing base acres above the current levels will increase total outlays for all commodity support programs.

OPTION #2

Allow farms an option to update and re-allocate base acres. Allow farms an option to update yields used to determine covered commodity program payments. Base reallocation decisions were influenced by a number of factors including expected program payments on covered commodities. Allowing farmers to re-allocate base may result in base acreage shifting to covered commodities with higher expected program payments and may increase total farm program payments. Additionally, updating yields may result in higher program yields and may increase total Title I program payments.

OPTION #3

Allow base acres and yields to be updated to reflect a moving average or Olympic moving average of historical planted area and yields. Under this option base acres and yields on a commodity-by-commodity basis would increase or decrease based on historical production. This would allow base acres and yields, and thereby program payments, to follow closely production and price risk of a covered commodity while also not influencing planting decisions.