



• Commodities • Conservation • Credit • Crop Insurance • Energy •  
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## Should Changes be Made to Generic Base Acres?

### BACKGROUND

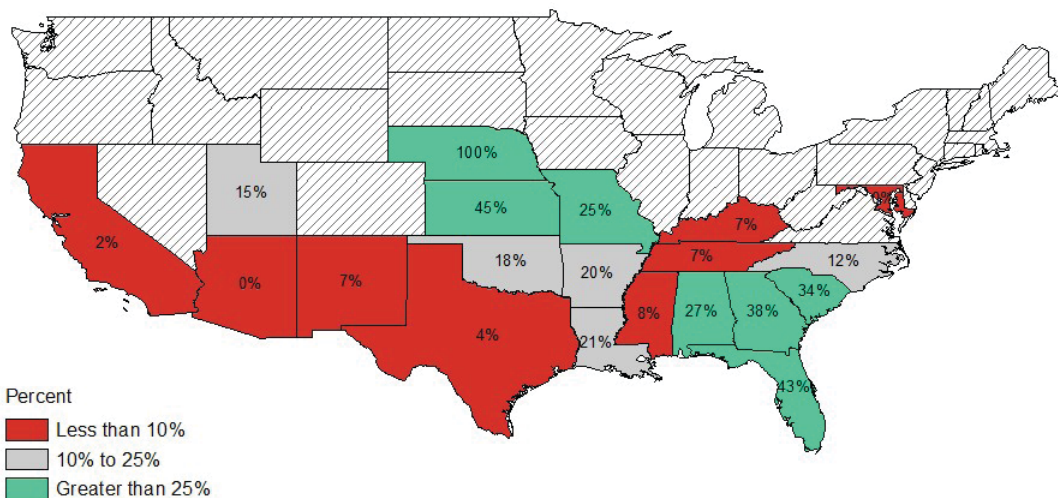
The 2014 Farm Bill removed upland cotton as a covered commodity for the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs. Cotton base acres became generic base acres for use in ARC and PLC. If generic base acres are planted to a covered commodity in a given year, those acres are considered base acres for that planted covered commodity in that crop year. For example, if a farm with 500 generic base acres plants 250 of those generic base acres to corn, and the farm elected ARC-County (ARC-CO) coverage for corn, then those 250 generic base acres are treated as corn base in that crop year and would receive an ARC-CO payment if one is triggered.

Generic base acres are retained at the farm level and may:

- not be reallocated;
- be planted to any crop;
- receive ARC or PLC payments, if triggered, for the acres planted to a covered commodity;
- be reduced for Conservation Reserve Program participation;
- be reduced when taken out of agricultural production; and
- be reduced on farms having more base acres than available cropland.

Unlike covered crops, generic base acres were prohibited from reallocation in the 2014 Farm Bill. Farmers with generic acres can plant any crop and receive ARC or PLC payments if they planted a covered crop and a program payment was triggered. Thus, for generic acres only, program payments are not decoupled from an actual planted area.

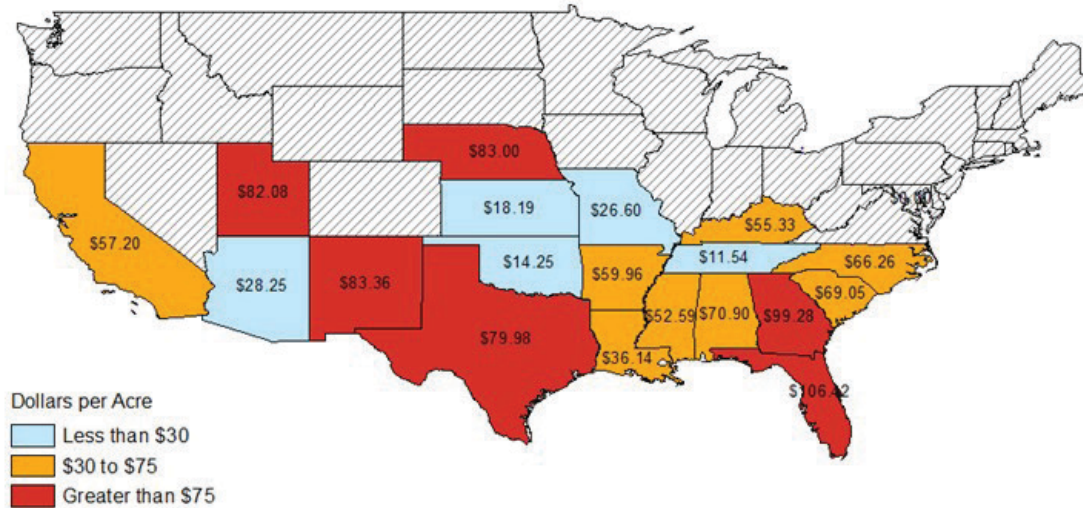
### Percent of Generic Base Acres Receiving a Payment Dollars per Acre Paid on Generic Acres



The 2014 Farm Bill converted 17.6 million acres of cotton base to generic base. For the 2014 crop year, payments totaled \$149 million on 2.2 million generic base acres.

Over \$100 million in PLC and ARC payments for the 2014 crop year base acre payments were paid on generic acres, predominantly for peanuts (\$88 million). Payments made to generic base acres under ARC-CO totaled \$48 million; predominantly for corn (nearly \$40 million).

### Dollars per Acre Paid on Generic Acres



Generic Acres by State		
State	Sum of Generic Acres Paid	Sum of Total Paid
Alabama	179,154	\$12,702,303
Arizona	237	\$6,695
Arkansas	229,174	\$13,741,271
California	12,211	\$698,467
Florida	45,131	\$4,802,660
Georgia	548,425	\$54,446,416
Kansas	8,901	\$161,882
Kentucky	6	\$332
Louisiana	213,831	\$7,727,649
Mississippi	136,337	\$7,169,367
Missouri	111,146	\$2,956,081
Nebraska	8	\$664
New Mexico	7,101	\$591,934
North Carolina	107,931	\$7,151,675
Oklahoma	106,406	\$1,516,382
South Carolina	116,736	\$8,060,897
Tennessee	54,018	\$623,546
Texas	321,560	\$25,717,582
Virginia	15,121	\$1,241,105
<b>Grand Total</b>	<b>2,213,433</b>	<b>\$149,316,909</b>

<b>Generic Acres by Crop and Program</b>	
	<b>Sum of Total Paid</b>
<b>PLC</b>	\$101,751,851
Canola	\$163,084
Peanuts	\$87,557,099
Rice-Long Grain	\$14,031,668
<b>ARC-CO</b>	\$47,565,058
Barley	\$20,789
Canola	\$69,564
Corn	\$39,805,129
Grain Sorghum	\$1,217,432
Oats	\$53,063
Peanuts	\$26,335
Soybeans	\$3,832,119
Sunflowers	\$8,750
Wheat	\$2,531,877
<b>Grand Total</b>	\$149,316,909

## ISSUE

Farmers are not required to plant covered commodities in order to be eligible for ARC-CO or PLC payments. However, generic base acres are required to be planted to receive payments for both ARC-CO and PLC. This ties the planting decision to expected program payments, increasing the likelihood that participants choose to plant a particular crop based on expected higher Title I program benefits. Non-decoupled payment acres may mute market signals.

## OPTION #1

Generic base acres could be re-allocated to covered crop base acres to decouple the planting decision and program payments.

## OPTION #2

Offer a buy-out of generic base acres.

## OPTION #3

Require cottonseed be considered another oilseed and therefore eligible for ARC and PLC payments.

## OPTION #4

Leave the programs in place as they are currently prescribed in law.