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RIGHTRISK NEWS

DATES TO REMEMBER

MPP-Dairy Program
- December 5, 2014

Base Acre/Yield Updates
- February 27, 2015

PLC/SCO Election
- March 15, 2015

Crop Insurance Sign Up
(Most Spring Planted Crops)
- March 15, 2015

ARC/PLC Election
- March 31, 2015

For more information see:
<http://www.rma.usda.gov>
<http://www.fsa.usda.gov>

Farmers Have a One Time Opportunity to Reallocate Crop Bases and Payment Yields

The Agricultural Act of 2014 (2014 Farm Bill) provides owners of agricultural land the opportunity to reallocate base acres on each Farm Service Agency (FSA) farm and the opportunity to update payment yields for commodity program crops.

Covered commodities under the 2014 Farm Bill include: barley, canola, corn, crambe, flaxseed, large garbanzo, small garbanzo, grain sorghum, lentils, mustard seed, oats, peanuts, dry peas, rapeseed, long grain rice, medium grain rice, safflowers, sesame seed, soybeans, sunflower seed, and wheat.

In August, FSA provided landowners and farm operators with an acreage and counter-cyclical (CC) yield summary for all covered commodities across the 2008-12 crop years. Landowners may choose to update those records prior to February 27, 2015.



Yield Update

Landowners have the opportunity to update program payment yields for each covered commodity using 90 percent of the farm's 2008-12 average yield per planted acre. Any year in which the covered commodity was not planted is excluded and landowners can substitute 75 percent of the county average yield for any year they experienced low yields or lack sufficient evidence to document yields. Crop insurance records are acceptable for documenting yields. This decision is made on a crop by crop basis so yields may be updated for one crop and not for another. Therefore, the decision is pretty straightforward: update yield where the updated yield exceeds the current CC yield.

Consider a farm with a CC corn yield of 98 bushels per acre in a county with a 2008-12 county average yield of 163 bushels/acre, resulting in a substitute yield of 122. Table 1 contains the update calculation scenario with the final decision to update the corn payment yield to 126 bushels/acre.

Table 1: Example Calculation of Updated Payment Yield for Corn

	2008	2009	2010	2011	2012	Average Yield	Payment Yield (90%)
Yield per planted acre	130	115	155	170	109		
Substitute Yield (75% of 2008-12 County average)	122	122	122	122	122		
Yield used in update	130	122	155	170	122	140	126

How Much Risk is Right for You?

Base Acre Reallocation

The landowner also has the opportunity to redistribute the farm's base acres on a proration of each covered commodity across crop years 2009 through 2012 to the total acres of all covered commodities. If the landowner elects to reallocate base acres the total number of base acres cannot increase.

Table 2 contains an example base acre reallocation calculation with a resulting decision of whether to keep the current base acre allocation of 100 acres of wheat, 50 acres of corn and 30 acres of sunflowers or reallocate to 83.5 acres of wheat, 73.1 acres of corn, and 23.4 acres of sunflowers. Generally, landowners should look to increase base acres for crops with larger potential farm program payments.

It is important for landowners to review their historical yields and base acres before February 27, 2015 and make desired updates. After that date, any changes (or non-changes) will remain in effect through the life of the 2014 Farm Bill. Any decision to reallocate base acres or update program payment yields must be unanimous by all owners of the farm.

Two online tools were developed by the University of Illinois (<http://fsa.usapas.com>) and Texas A&M University (<https://usda.afpc.tamu.edu>) to assist in evaluating yield update, base reallocation and other decisions under the 2014 Farm Bill for individual farms. For more information see: <http://www.fsa.usda.gov>.



Table 2: Example Calculation Base Acreage Reallocation Decision

	Wheat	Corn	Sunflowers	Total
Current Base Acres	100	50	30	180
Planted Acres				
2009	80	40	40	160
2010	80	80	30	190
2011	60	100	20	180
2012	100	60	0	160
Average	80	70	22.5	172.5
Reallocation Ratio	0.464	0.406	0.130	
Base Reallocation	83.5	73.1	23.4	180

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is right for you and your operation?*

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risk management solutions.*

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