

PolicyPennings by Daryll E. Ray & Harwood D. Schaffer

Deadlines approach for farm program selection and updates on acreage, and yields

Remember what it was like as a child waiting for Christmas, or summer vacation, or even the next day off of school? The wait was long, and suddenly it was over in a flash.

The 2012/13/14 Farm Bill commodity programs are very much like that. Though Rep. Colin Peterson, Ranking Member of the House Agriculture Committee at that time, said he hoped to get the 2012 Farm Bill completed a year early, it didn't happen. And so the negotiations for a new farm bill drug through 2012, a nine-month extension of the 2008 Farm Bill on January 1, 2013, and gridlock in 2013 before the now-2014 Farm bill was adopted in January, 2014.

In that legislation, most previous programs were tossed out and replaced by three new commodity program choices, Price Loss Coverage at the county level (PLC), Agricultural Risk Coverage at the county level (ARC-CO), and Agricultural Risk Coverage at the individual farm level (ARC-I); farmers have to make a choice among the three programs.

But the new programs are enough different from previous programs that the USDA was unable to roll out the regulations in time for the 2014 crop marketing year so farmers were told that they would have the needed information in time for the 2015 crop year. After what seems like an eternity when time stood still, we are now at crunch time. The information is in and the deadlines for make decisions are rapidly approaching.

Landowners have to make a set of decisions by February 27, 2015 about whether or not they will update their base acres and farm-level yields. Farmers have to decide what program or mix of programs they want to enroll in by March 31, 2015. As we write this column at the end of January 2015, time is getting very short and the lines at the Farm Service Agency (FSA) may get extremely long, the closer we get to these deadlines. And when those deadlines pass, there is no going back.

The last time landowners had to opportunity to update base acres and program yields was the result of the 2002 Farm Bill that for the first time listed oilseeds (soybeans for most farmers) and peanuts as program crops. At that time farmers were given a one-time chance update their farm base acres with the addition of acres with a planting history in the newly included crops—the limit was that the farm could not have more base acres than the total acreage of the farm. For crops other than these, the program yields have remained those set in the 1985 Farm Bill. Under that legislation

program yields for each farm and each covered crop were set as the average of the yields in the 1981-1985 crop years, eliminating the high and low yields.

Under the 2014 Farm Bill, landowners have the opportunity update either program yields, or base acres or both. With program yields frozen since 1986—that's nearly 30 years—(2002 for soybeans), they no longer reflect the kinds of yields farmers are achieving today. Given this history, landowners should seriously consider making these updates; it may be a long time before they have the opportunity to update program yields again.

It would take a unique set of circumstances for it not to be beneficial for a landowner to take this opportunity and update the crop program yields for the crops currently being grown on their farm. The new program yields are 90 percent of the average yields for the 2008-2012 crop years.

Landowners also have the opportunity to update the base acres allocated to each crop. It will be to their advantage to reallocate base acres that are planted to crops that are no longer grown on the farm to a crop that has the likelihood of receiving the highest payments under the 2014 Farm Bill. The total base acres on a farm cannot be increased but they can be reallocated based on planting history from 2009 to 2012. Landowners can reallocate base acres on one farm without reallocating base acres on another.

The deadline for reallocating base acres is February 27, 2015. Even if the landowner chooses not to participate in the 2014 Farm Bill programs, the next chance to update program yields and base acres may not come along for a long time—for most crops it has been nearly 30 years.

The next deadline for a decision is one that has to be made by farmers—cash-rent landowners are not considered to be farmers for this decision. Farmers need to choose which farm program (PLC, ARC-CO, or ARC-I) they want to participate in by March 31, 2015. For PLC and ARC-CO the decision can be made crop by crop and farmers can choose different programs for different crops. But, if they do not make a decision by the deadline, they are locked out of receiving payments for 2014 and are automatically enrolled in the PLC for the duration of the 2014 Farm Bill—at least four more years, depending on how long it takes to write the next farm bill. Farmers will want to talk to their County Agent, agricultural advisor, and/or at least one of the decision tools that are readily available online (type Farm Bill Toolbox into any search

Cont. on p. 2

Originally published in *MidAmerica Farmer Grower*, Vol. 36, No. 5, January 30, 2015
 2) Copy of reproduction sent to Information Specialist, Agricultural Policy Analysis Center, 309 Morgan Hall, Knoxville, TN 37996-4519
 Reproduction Permission Granted with 1) full attribution to Daryll E. Ray and the Agricultural Policy Analysis Center, University of Tennessee, Knoxville, TN;

Deadlines approach for farm program selection and updates on acreage, and yields

Cont. from p. 1

engine).

Farmers who choose to participate in PLC are also eligible to participate in the Supplemental Coverage Option (SCO) insurance program. This program is a subsidized insurance product that covers the deductible on the underlying crop insurance program. SCO covers from where the underlying policy ends up to a maximum of 86 percent and follows the type of coverage provided by the underlying policy.

Remember: Landowners have a deadline of **February 27, 2015** for updating base acres and/or program yields and farmers have a deadline of **March 31, 2015** for choosing which commodity

program to participate in, otherwise the default decision will be made for them and they will forfeit any payments due on the 2014 crop.

Daryll E. Ray holds the Blasingame Chair of Excellence in Agricultural Policy, Institute of Agriculture, University of Tennessee, and is the Director of UT's Agricultural Policy Analysis Center (APAC). Harwood D. Schaffer is a Research Assistant Professor at APAC. (865) 974-7407; Fax: (865) 974-7298; dray@utk.edu and hdschaffer@utk.edu; <http://www.agpolicy.org>.