

**Updating Base Acres and Payment Yields:
Preparing for PLC and ARC Signup
August 5, 2014**

Paul D. Mitchell, Agricultural and Applied Economics, UW-Madison

Office: 608-265-6514 Email: pdmitchell@wisc.edu Web: <http://www.aae.wisc.edu/mitchell/extension.htm> Twitter: @mitchelluw

The USDA-FSA just announced that they will begin sending letters to eligible farmers that report two types of information: 1) their current base acres and payment yields, and 2) their historical acres planted and considered planted for program crops during 2009-2012. This information will be coming at a busy time of year for most farmers, but it is important for farmers to check the accuracy of this information and begin assembling crop production records to combine with this information, as it will impact their options for commodity program signup this winter and the level of their payments under these programs.

The new Farm Bill gives farmers three sign up options for commodity support: PLC, county ARC or individual ARC. PLC is Price Loss Coverage and is essentially the same the previous counter cyclical payments programs, but with higher target prices. ARC is Agriculture Risk Coverage, a revenue support program that makes payments based on county revenue outcomes on a crop by crop basis (county ARC) or based on whole farm revenue outcomes (individual ARC). Final program details for PLC and ARC have yet to be announced, and the signup date and deadline for the decision has yet to be determined, but will likely come this winter. Expect more information about PLC and ARC this fall.

The first step for commodity program signup under the new Farm Bill is the potential for farmers to update their base acres and program yields. Once updates are completed, then the signup for PLC and ARC can begin. This letter from the FSA is the start of the base acre and program yield updating process. This short fact sheet explains what to do with the letter and who to prepare for the next step. Current information will be available on the USDA-FSA Information Page: Base Reallocation, Yield Updates, Price Loss Coverage (PLC) & Agricultural Risk Coverage (ARC): <https://www.fsa.usda.gov/FSA/webapp?area=home&subject=arpl&topic=landing>.

Confirm your Data

Total base acres for each FSA farm cannot be increased under the new Farm Bill, but farmers will be able to shift the mix of their base acres to match the crops they planted in the four years 2009-2012. Given crop prices during this period, many farmers may have planted more corn and soybeans than their current base acre allocations. Updating base acres for these farmers will allow them to shift more base acres to corn and soybeans, crops that likely have higher potential payments. Farmers should confirm that the current base acres and associated crops on their letter match the base acres and crops for which they had received direct payments in years past. Farmers should also confirm that the historical planted and considered planted acres on their report from FSA match what they actually planted during 2009-2012, since these historical acreages will define their options for updating their base acres. Once dates for the updating process are announced, farmers can correct any discrepancies with their FSA office. Farmers will not be required to update their base acre crop mix, but many will likely find it beneficial, as the crops associated with their base acres will define their payments for PLC and/or ARC.

Prepare for the Next Step

The new Farm Bill also allows farmers to update their payment yields. If elected, the new payment yield for a crop will be 90% of the farm average yield per planted and considered planted acre during the five years 2008-2012. Farmers will likely want to update their payment yields if these yields are higher than their current payment yields, since higher payment yields improve their options under the new Farm Bill commodity support programs.

Higher payment yields increase PLC payments when these payments are triggered, and they increase the ARC Farm Guarantee for the individual ARC program, making ARC payment more likely to be triggered and larger if they are triggered. However, payment yields will not affect payments for the county ARC program, since these payments are only triggered by county yields and national prices. Another reason to update payment yields is that it may be several years before payment yields can again be updated and any new commodity support programs under future farm bills will likely use similar measures to determine payments.

The letter from the FSA will not include any of production information. To be prepared when signup dates and deadlines are announced for updating program yields, farmers may wish to pull together their 2008-2012 historical production records for their farms. For most farmers, crop insurance records will prove useful for this process, but FSA will make the final determination regarding the sufficiency of production records.

Final Comments

The new Farm Bill created several new commodity support programs. For most farmers, updating base acres and program yields will likely be their first experience with the new Farm Bill, but several more programs and options are coming. Besides PLC and ARC, for which signup has yet to be announced, signup for the new dairy Margin Protection Program (MPP) begins September 2, and the sales closing date is September 30 for the new crop insurance Supplemental Coverage Option (SCO) available for winter wheat farmers in several Wisconsin counties. In the meantime, farmers should confirm the acreage data in the letter they receive from the FSA, begin to assemble their crop production data, and wait for the FSA to announce signup dates so they can correct any crop acreage discrepancies and update their payment yields.