Whether to Update Base Acres and Yields

The USDA Farm Service Agency is busy writing the regulations for the Commodity Title of the 2002 Farm Bill. The anticipation is that a major sign-up for the Crop Commodity Program will take place later this summer at county FSA offices nationwide. Sign-up will allow an opportunity for producers and farmland owners to update base acres and yields for each FSA Farm Number.

Some of the final details of such a sign-up have not yet been revealed. County FSA Offices will likely wait for the regulations to be written before making specific public comments. Look for announcements regarding the sign-up and further details on the USDA Farm Bill web site located at: www.usda.gov/farmbill/

Iowa State University Extension economists and field specialists have been busy since the 2002 Farm Bill was signed into law by President Bush on May 13th. ISU Extension has developed educational decision tools, written fact sheets and presented workshops and strategies sessions to help better inform the public regarding likely sign-up decisions.

I’ve had the opportunity to attend 2002 Farm Bill training sessions, review current information and discuss known details with FSA contacts. As a result, I proposed that decisions regarding sign-up for base acre and yield decisions should be considered now.

Begin Doing Your Homework

While the details of sign-up are still forthcoming, make sure you’re reading everything you can about the topic. ISU Extension has established a web site located at: www.extension.iastate.edu/feci/FSRIA/homepage.html

On this site you will find a four page summary titled Commodity Payment fact sheet that summarizes many of the details in the commodity program for crops. You will also find on the site an Excel Spreadsheet called the 2002 Farm Bill Payment Analyzer. Using this spreadsheet, you can simply plug in your base acres and yields for corn and soybean production for the 1998 through 2001 production years. You can then play “what-if” questions whether to keep or update your old corn base acres.

If you don’t update corn acres, then you must keep the old yield associated with those acres.

You’ll likely want to update your soybean base acres and yields, since soybeans will now be a commodity crop and eligible for both direct payments and potentially the new counter-cyclical payment.
Rules of Thumb

Here are some general rules of thumb for updating base acre and yield decisions:

1. If you already have a high % corn base acres (60% or greater of tillable), it probably pays to keep it.

2. If you don’t update corn acres, consider shifting oat base acres to soybeans, but keep your wheat base acres.

3. If new corn yields (average yields from ’98 though ’01) are significantly higher (28% or greater), then it may pay to update both corn acres and yields.

Summary

Important final details to the Commodity Crop sign-up have not yet been revealed. County FSA Offices will not be trained until early August, thus the anticipation for a late summer sign-up. Details will be revealed over the next few weeks at the national level, and the decision-making process can begin.

Individual decisions for updating base acres and yields by FSA Farm Number could easily make a difference of $5 to $25 per acre in government price support on each tillable acre, each year for the next 6 years. How many dollars might than mean for your farm?

The individual producer or landowner will continue to have planting flexibility. This means that you will still determine each spring what crops to plant. However, the direct payment and the potential counter-cyclical payment will not be based on the current crop you grow. Instead, the only payment that will be impacted by this current crop will be the LPD and/or Marketing Assistance Loan.

Thus, the decision of what to plant and how to maximize crop revenue or minimize price risk will be made annually. The first step is doing your homework. Read as much as you can about the pending decisions regarding base acres and yields. These decisions will ultimately determine the direct payments and potential counter cyclical payments that you can receive by FSA Farm Number for the next 6 years.

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