2014 Farm Bill

Base Reallocation
Commodity Program Crops

• Covered Commodities:
  - Wheat, Oats, Barley, Corn, Grain Sorghum, Long Grain Rice, Medium Grain Rice, Pulse Crops, Soybeans, Other Oilseeds, and Peanuts

• Cotton is no longer a covered commodity
  - Will be covered under STAX or SCO (crop insurance products)
Base Acreage Reallocation

- Landowners/Producers will have the opportunity to reallocate or retain base acreage
- Base acreage cannot increase over existing base as of September 30, 2013
- Landowners (Producers) should have received a letter with current base acreage and program yields to verify
Base Acreage Reallocation

- Reallocation is in proportion to the ratio of:
  - The 4-year average of planted acres from 2009 to 2012 plus prevented planting acres for all covered commodities
  - Under planting does not affect the amount of base. The planted acres of covered commodities only affects the proportion of base acres that you will reallocate among commodities
  - If a crop was prevented from being planted, then another crop planted, landowners can use either crop in calculations but not both
## Base Acreage Reallocation Example

<table>
<thead>
<tr>
<th>Crop</th>
<th>Existing Base</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>4-Year Average Acreage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corn</td>
<td>250</td>
<td>500</td>
<td>500</td>
<td>500</td>
<td>500</td>
<td>500</td>
</tr>
<tr>
<td>Grain Sorghum</td>
<td>250</td>
<td>50</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>13</td>
</tr>
<tr>
<td>Soybeans</td>
<td>250</td>
<td>450</td>
<td>500</td>
<td>400</td>
<td>500</td>
<td>463</td>
</tr>
<tr>
<td>Wheat</td>
<td>250</td>
<td>0</td>
<td>0</td>
<td>100</td>
<td>0</td>
<td>25</td>
</tr>
<tr>
<td>Total</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
</tr>
</tbody>
</table>
Base Acreage Reallocation

- Why reallocate base acres?
- More closely reflects actual recent planting history
- Has the potential to increase payments depending on ARC/PLC decision
- This may turn out to be a very important decision.
Generic Base Reassignment

• Base cotton acres are now called “generic base” acres and are eligible for program payments based on annual planted acreage.

• Generic base cannot be reallocated, but can be reassigned annually to other covered commodities based on percentages of planted covered commodity acres.
# Generic Base Example

<table>
<thead>
<tr>
<th>Crop</th>
<th>Existing Base</th>
<th>2015 Planted</th>
<th>Title I Covered Crops</th>
<th>% Planted/Prevented to Title I Covered Crops</th>
<th>Payment Acreage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corn</td>
<td>500</td>
<td>500</td>
<td>500</td>
<td>50%</td>
<td>750</td>
</tr>
<tr>
<td>Soybeans</td>
<td>0</td>
<td>500</td>
<td>500</td>
<td>50%</td>
<td>250</td>
</tr>
<tr>
<td>Cotton (Generic Base)</td>
<td>500</td>
<td>0</td>
<td>500</td>
<td>50%</td>
<td>250</td>
</tr>
<tr>
<td>Total</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>100%</td>
<td>1,000</td>
</tr>
</tbody>
</table>
Communication!

• Landowners and tenants must communicate to work through the best option for their land
• Base acreage is tied to land—not necessarily the producer
• ALL parties (operators) involved in a farm must make a unanimous decision with respect to base acreage updates and commodity programs
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