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Base Acre Reallocation Fact Sheet

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- Farm owners have a one-time opportunity to retain or reallocate base acres on their farms. If no decision is made, the farm owner retains current base acres, including any generic base acres.
- If the reallocation option is selected, the farm cannot increase the total number of base acres in effect as of September 30, 2013.
- The opportunity to redistribute the farm's base acres is based on a proration of each covered commodity planted in crop years 2009 through 2012 to the total acres of all covered commodities planted during that time expressed by the following equation.

$$\frac{2009\text{–}12\ average\ of\ the\ acres\ planted\ to\ covered\ commodity}{2009\text{–}12\ average\ of\ the\ acreage\ planted\ to\ the\ farm\ to\ all\ covered\ commodities}$$

- Crop years in which a covered commodity was not planted are not excluded- all years count.
- Cotton base acres are automatically retained as 'generic' base under the new farm bill.
  - Cotton is no longer a covered commodity and is ineligible for ARC or PLC participation.
  - A producer can receive program payments on generic base acres if those acres are planted to a covered commodity in the applicable crop year.
  - When generic base acres are planted to a covered commodity or acreage planted to a covered commodity is attributed to generic base acres, the generic acres are in addition to other base acres on the farm.
  - Generic base is coupled to planting.
- If the acreage (planted or prevented) was devoted to another covered commodity in the same year (other than a covered commodity produced in an established double-cropping practice), the farm owner can elect the commodity to be used for that crop year in determining the four-year average, but may not include both in the reallocation process.
  - Example would be grain sorghum following wheat that is not an approved double crop

Example 1

- The farm has an existing base that consists of: 50 acres of wheat; 215 acres of rice; and 165 acres of soybeans. Total base on the farm is 430 acres. The planting history of the farm from 2009 through 2012 is presented below.

Covered Commodity	2009	2010	2011	2012	Ratio	Percent
Wheat	0	0	0	0	0:0	0%
Rice	315	115	315	115	215:430	50%
Soybeans	115	315	115	315	215:430	50%
Total	430	430	430	430	--	100%

- The four year planting average of the covered commodities is: zero acres to wheat; 215 acres to rice; and 215 acres to soybeans.
    - When expressing these planting acreage averages as a percent of total base acres on the farm, 50% was planted to rice (215 acres of 430 total acres) and 50% was planted to soybeans (215 acers of 430 total acres).
    - Since zero acres of wheat was planted over the prior four years, the wheat base is lost.
- Therefore, the reallocation of base acres results in 215 acres to rice and 215 acres to soybeans for the 2014 through 2018 crop years- if so desired. The table below provides a base alternative comparison.

Covered Commodity	Existing Base Option	Reallocated Base Option
Wheat	50	0
Rice	215	215
Soybeans	165	215
Total	430	430

Example 2

- In this next example, the base reallocation calculations are applied to a 1,200 acre farm that has 250 acres of cotton base, 200 acres of rice base, and 750 acres of soybean base.
- The farm's 2009-12 planting history is presented below.

Commodity	2009	2010	2011	2012	Average Ratio	Percent
Corn	250	250	150	350	250:1,150	21.74%
Rice	200	200	100	100	150:1,150	13.04%
Soybeans	750	750	750	750	750:1,150	65.22%
Cotton	0	0	200	0	50	--
Total	1,200	1,200	1,200	1,200	1,200	100%

- The four-year planting average per covered commodity is applied to the total plantings to covered commodities over the four-year period.
    - (1,200 acres – 50 average cotton plantings) = 1,150 acres planted to covered commodities
- The 250 acres of generic base must be subtracted from the 1,200 base total to equal 950 base acres of covered commodities.
- Reallocated base acres are determined by taking the 950 acres of existing base multiplied by the ratio of the four-year average plantings to available covered commodity base acres for each crop.
    - (950 covered commodity base * 21.74% corn ratio) = 206.53 corn base acres
    - (950 covered commodity base * 13.04% rice ratio) = 123.88 rice base acres
    - (950 covered commodity base * 65.22% soybean ratio) = 619.50 soybean base acres.
- A comparison of existing to reallocated base acres for this 1,200 acre farm is presented below.

Commodity	Farm's Existing Base	Reallocated Base Option
Corn	0	206.52
Rice	200	123.91
Soybeans	750	619.57

- Generic base is retained in the amount equal to the amount of cotton base prior to the reallocation process- 250 acres.
- If the farm owner elects to retain the current base, the allocated generic base acres for a covered commodity is added to that covered commodity' existing base.
- The distribution of the generic base acres is a function of the current year's planting of a covered commodity.
- With reallocation, suppose a producer decides to plant 450 acres of corn in 2014, this would represent the 250 generic base multiplied by the ratio of corn plantings in 2014 to the total planting of covered commodities on the farm. It is also noted that the number of planted acres to covered commodities on this farm exceeds the 250 available generic acres.
    - {(250 generic base acres * (450 planted corn acres / 1,200 planted acres to covered commodities)}
    - This allocates 93.75 acres of the generic base to the existing corn base. Alternatively stated, 37.5% (450/1,200) of the total generic base is allocated to corn.
- Allocated generic base is then added to the 206.52 reallocated base acres for corn.
    - (93.75 acres of generic base + 206.52 acre corn base) = 300.27 acre corn base
- This procedure is then applied to rice and soybean plantings on the farm for the 2014 crop year.
    - {(250 generic base acres * (125 planted rice acres / 1,200 planted acres)} = 26.04
    - 10.4% (125/1,200) of the total generic base is allocated to rice base in 2014.
    - {(250 generic base acres * (625 planted soybean acres / 1,200 planted acres)} = 130.21
    - 52.1% (625/1,200) of the total generic base is allocated to soybean base in 2014.
- The 2014 planted acres for all covered commodities totals 1,200 acres denoted in the table below.

Crop	2014 Base Plantings	Allocated Generic Base for 2014	Farm's Reallocated Base for 2014
Corn	450	93.75	300.27
Rice	125	26.04	149.95
Soybeans	625	130.21	749.77
Cotton	0	0.00	0.00
Total	1,200	250	1,200

- It is noted that in this example, the planted acres to covered commodities exceeds the generic base acres. Therefore, all of the generic base is allocated.
    - If the planting of covered commodities on generic base acres is less than the total amount of generic acres, the generic acres not planted will not be allocated.
- As the plantings of covered commodities to generic acres varies from year-to-year, the allocated amount of generic base will also vary.
    - Generic acres can be thought of as "flexible base" when applied to planted covered commodities.

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