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# Allocating Generic Base Acres

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- Cotton base acres in existence on a farm as of September 30, 2013 will automatically be retained and classified as 'generic' base acres under the new farm bill.
- Generic base acres must be planted to covered commodities to be eligible to receive Title I program support- if payment is triggered for those covered commodities.
- In 2013, approximately one-third of the enrolled Louisiana DCP base was comprised of cotton.
- The decision to retain or reallocate base acres is a farm owner election.
- The following example illustrates the base reallocation process for a farm that has predominantly a cotton base. The planting history of the farm is presented below.

| Crop | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|
| Corn | 100 | 200 | 400 | 500 |
| Soybeans | 200 | 300 | 400 | 300 |
| Cotton | 500 | 300 | 0 | 0 |
| Total | 800 | 800 | 800 | 800 |

- The existing 800 base acres on the farm (as of 9/30/13) are presented in the following table.

| Crop | Base Acres |
|---|---|
| Corn | 0 |
| Soybeans | 300 |
| Cotton | 500 |

- The average plantings to all covered commodities over the 2009 through 2012 crop years (e.g. corn and soybeans) equals 600 acres, as denoted by the following equation.

$$\left\{\frac{(100+200)+(200+300)+(400+400)+(500+300)}{4\ year\ period}\right\} = 600\ acres\ planted\ to\ covered\ commodites$$

  - The average planting of covered commodities on the farm over the 2009-12 period for corn is 300 acres and 300 acres planted to soybeans.
  - The ratio of these planted covered commodities to total planted covered commodities is expressed by the following equations.

$$\frac{300\ average\ acres\ planted\ to\ corn\ from\ 2009{-}12}{600\ average\ acres\ planted\ to\ all\ covered\ commodities\ on\ the\ farm\ from\ 2009{-}12} = 0.50$$

$$\frac{300\ average\ acres\ planted\ to\ soybeans\ from\ 2009{-}12}{600\ average\ acres\ planted\ to\ all\ covered\ commodities\ on\ the\ farm\ from\ 2009{-}12} = 0.50$$

- The amount of base that is eligible for reallocation is represented by the 300 acres of existing soybean base. Reallocated corn and soybean base are calculated using the following equations.

$$(0.50\ ratio * 300\ acres\ of\ covered\ commodity\ base) = 150\ corn\ base\ acres$$

$$(0.50\ ratio * 300\ acres\ of\ covered\ commodity\ base) = 150\ soybean\ base\ acres$$

- Through the reallocation process, 150 base acres are established for corn and soybean production, respectively. The 500 acres of cotton base is retained as generic base acres.
- Assume that in 2014, the farm plants 300 acres of corn and 500 acres of soybeans. The amount of generic base attributed to these planted covered commodities is obtain from the following equations.

$$500\ generic\ acres * \left\{\frac{300\ acres\ planted\ to\ corn\ in\ 2014}{800\ total\ acres\ planted\ in\ 2014}\right\} = 187.50$$

$$500\ generic\ acres * \frac{500\ acres\ planted\ to\ soybeans\ in\ 2014}{800\ total\ acres\ planted\ in\ 2014} = 312.50$$

- Therefore, the total base acres for corn in 2014 is equal to the 150 acres of reallocated base plus the 187.50 attributed generic base acres to establish a 337.50 acres corn base.
- Total base acres for soybeans in 2014 is equal to the 150 acres of reallocated base plus the 312.50 attributed generic base acres to establish a 462.50 acres soybean base.

$$(337.50\ acre\ corn\ base + 462.50\ soybean\ base) = 800\ total\ base\ acres$$

- Under this base update process, the farm's total base acres for covered commodities matches the 800 base total prior to the reallocation process. The farm cannot increase the amount of total base.
- The payment acres for each crop are presented.

$$(0.85 * 337.50\ corn\ base\ acres) = 286.88\ corn\ payment\ acres$$

$$(0.85 * 462.50\ soybean\ base\ acres) = 393.13\ soybean\ payment\ acres$$

- In this example, the farm still has a predominant cotton base, whereas this base is now treated as generic (i.e. 'flexible') base acres expressed as a function of the current year's planting to a covered commodity.
- Title I program coverage (ARC/PLC) is coupled to current planting decisions on generic base.
- This illustration is intended for educational purposes.

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