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Decision Choices Afforded to Landowners and Growers in Title I of the 2014 Farm Bill

Michael A. Deliberto and Michael E. Salassi
Department of Agricultural Economics and Agribusiness
Louisiana State University Agricultural Center
Baton Rouge, LA

The Agricultural Act of 2014, commonly referred to as the 2014 Farm Bill, contains a landmark rewrite to the commodity title. The most significant component to this new farm law is the elimination of the direct payment, countercyclical payment, and ACRE programs in favor of price-based support via the price loss coverage program (PLC) and a revenue-based support program delivered as agriculture risk coverage (ARC). Policy changes to commodity support programs will require landowners and growers to evaluate the programs in this legislation as well as the decisions pertaining to base acre reallocation and program participation that are afforded to them. Some of these decisions, each with different party authority will have eligibility criteria and certain crop insurance implications, depending on which is selected. Therefore, when evaluating commodity support programs (e.g. PLC and ARC) for covered commodities, growers will need to determine which program offers a better risk management safety net for the five year duration of the law. Specific attention should be given as to how each program will function for commodities and farms under different risk scenarios. Program signup is expected to begin in the winter of 2014.

Figure 1 (see page 2) is an illustration that reflects multiple decisions that pertain to key aspects of Title I including but not limited to: generic base acres, base acre reallocation, commodity program choice, payment limits, and the Supplemental Coverage Option (SCO) insurance program. Note, this figure is not inclusive of the entire decision suite afforded to landowners and growers under the 2014 Farm Bill, but is intended to show the interrelationship that certain decisions have with one another.

Additional information on base acre reallocation, commodity program operational parameters, and provisions of the marketing loan program are contained in: Deliberto, M. and M. Salassi. “Key Considerations in the 2014 Farm Bill: Legislative Text of New Commodity and Crop Insurance Programs.” LSU Department of Agricultural Economics and Agribusiness. Staff Report No. 2014-01. February 2014. This report is available by contacting the author at mdeliberto@agcenter.lsu.edu.

Note: Information for this report was obtained from the H.R.2642 conference report, as approved by the U.S. House of Representatives on January 29, 2014 and the U.S. Senate on February 4, 2014. The Agricultural Act of 2014 was signed by the President on February 7, 2014. Final program guidelines are subject to USDA implementation and rule. Additional information on program mechanics regarding the impact to Louisiana crops will follow.

Louisiana State University Agricultural Center
Department of Agricultural Economics & Agribusiness

Figure 1. Agricultural Act of 2014 Title I decision choices afforded to landowners and producers.

These decisions will be vested with the landowner and the grower and will vary on a commodity-by-commodity as well as a farm-by-farm basis.