Ag Policy Update: Cotton Transition Assistance Program (CTAP)

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The USDA recently opened the enrollment period for the 2014 Cotton Transition Assistance Program (CTAP). This program provides transition payments (similar to direct payments) to those producers who had cotton base acres as of September 30, 2013. Since cotton was not included as a covered commodity in the 2014 Farm Bill, these transition payments are meant to provide a level of safety net to cotton producers until the new Stacked Income Protection Plan (STAX) for cotton is made available for the 2015 crop. **The enrollment period for the 2014 CTAP is scheduled to end on October 7, 2014.**

To be eligible to participate, owners, operators, landlords, tenants and sharecroppers must apply with their local Farm Service Agency (FSA) office and designate their share of cotton base acres by signing form CCC-957. There is no requirement that producers plant cotton in order to be eligible for payments under CTAP; however, eligible producer must have adequate share in enough cropland acres to cover their claimed interest in cotton base acres on form CCC-957.

Payments under the 2014 CTAP are to be paid on 60% of the farm's base acres and at a payment rate of $0.09 per pound. The 2014 CTAP payment is calculated as:

*2014 CTAP Payment = Cotton Base Acres * 60% * Cotton Direct Payment Yield * $0.09 per pound.*

For example, a farm that had 100 acres of cotton base and a direct payment yield of 700 pounds would be eligible for a 2014 CTAP payment of:

*2014 CTAP Payment = 100 acres * 60% * 700 pounds * $0.09 = $3,780 (or $37.80 per base acre).*

CTAP applications approved before October 1st are subject to congressionally mandated automatic reductions of 7.2% for the 2014 crop year. Applications approved after October 1st will be reduced the required 7.3% for the 2015 crop year. These reductions are required by the Budget Control Act of 2011. Total CTAP payments are capped at $40,000 per person or per entity in each of the 2014 and 2015 program years.

If STAX is available for the 2015 cropping year in a parish in which a producer operates, the producer would NOT be eligible for CTAP payments in 2015. If STAX is NOT available to a producer for the 2015 crop year, then he would be eligible to once again receive CTAP payments in 2015. The 2015 CTAP payments will, however, only be paid on 36.5% of the farm's cotton base acres versus 60% in 2014. For the example farm mentioned previously, the CTAP payments for 2015 would be:

*2015 CTAP Payment = 100 acres * 36.5% * 700 pounds * $0.09 = $2,299.50 (or $23.00 per base acre).*

Currently, the Risk Management Agency (RMA), which administers the STAX program, has indicated that STAX will be available in the following parishes for the 2015 crop year:

Avoyelles	Bossier	Caddo	Caldwell	Catahoula	Concordia
De Soto	East Carroll	Evangeline	Franklin	Grant	LaSalle
Madison	Morehouse	Natchitoches	Ouachita	Pt. Coupee	Rapides
Red River	Richland	St. Landry	Tensas	West Carroll	