



PLC Program for Seed Cotton: An Overview

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The Bipartisan Budget Act of 2018 contained much awaited language and mode of policy action that makes cotton eligible to receive support under the Price Loss Coverage (PLC) or the Agriculture Risk Coverage (ARC) programs of the current farm bill. Another critical point contained in this agricultural provision is the treatment of generic base acres. The operational mechanics of the seed cotton PLC program and the conversion of generic farm acres are discussed in this policy brief.

Seed cotton is defined as unginned upland cotton that includes both lint and seed. Under the new program, cotton will be eligible to receive support beginning with the 2018 crop year. The 2018 crop year also signals the end of generic base acres. Similar to an option made prior to farm bill implementation, landowners will have the option to convert generic acres into seed cotton base acres and/or other covered commodities planted to generic acres based on the farm's 2009 to 2012 planting history.

Under the seed cotton program, a cotton seed program yield will be established for a farm. That program yield will be equal to the farm's counter-cyclical payment yield established in the 2008 farm bill or 90% of the farm's 2008 to 2012 average cotton lint yield multiplied by a factor of 2.40.

Provisions of the PLC program are the same for seed cotton, in that a reference price is established with a PLC program payment being triggered if the actual marketing year average (MYA) price is below the statutorily-established level. The reference price for seed cotton is set at \$0.367 cents per pound. The main caveat for the seed cotton PLC program is that this reference price is a weighted average of the lint and the seed price obtained from the USDA. A price floor is established at \$0.25 cents per pound for seed cotton as per legislative language.

The payment formula for the PLC program is defined as:

$$\$0.367 - \text{MAX}(\text{MYA Seed Cotton price or } \$0.250) * \text{Seed Cotton Payment Yield} * 85\%$$

The MYA Seed Cotton price is a function of the lint price and the seed price. Multiple factors are involved in obtaining this value. The weight of lint and seed must be calculated relative to the final MYA Seed Cotton price and the share of production. The lint price per pound is multiplied by a factor set equal to the amount of cotton lint produced nationally divided by the amount of combined lint and seed production. Likewise, the cottonseed price per pound is multiplied by the amount of cotton seed produced divided by the total amount of lint and seed production.

In the 2019 crop year, any farm that elects to participate in the seed cotton PLC program will not be eligible to purchase STAX crop insurance for cotton. For the 2018 crop year, STAX may be purchased. A Title I payment limit of \$125,000 per legal entity is applicable in combination with other ARC, PLC, and marketing loan benefits.

Seed Cotton PLC Program Mechanics

Part I. Farm characteristics.

Parameter	Value
Farm's (Lint) Program Yield	1,000 pounds per acre
Farm's Seed Cotton Yield	2,400 pounds per acre (2.40*1,000 = 2,400)

Part II. National production assumptions.

Parameter	Value
Total U.S. Lint Production (<i>est.</i>)	9,800,000,000 pounds
Total U.S. Seed Production (<i>est.</i>)	13,000,000,000 pounds
Total Cotton Production (<i>est.</i>)	22,800,000,000 pounds
Expected Final MYA Lint Price (<i>est.</i>)	\$0.690 per pound (<i>Feb 2018 WASDE</i>)
Expected Final MYA Seed Price (<i>est.</i>)	\$0.075 per pound (based on \$150 per ton)
Weighted Share of Lint Factor (<i>est.</i>)	0.4298
Weighted Share of Seed Factor (<i>est.</i>)	0.5701

Using the information contained in Part II, the seed cotton price, assuming production levels of lint and seed at the above levels, equals \$0.339 per pound. This MYA seed cotton price falls below the reference price of \$0.367 per pound, thus, triggering a PLC program payment.

Part III. PLC payment estimate (projection).

Parameter	Value
Reference Price	\$0.367 per pound
Seed Cotton MYA Price	\$0.339 per pound
PLC Payment Rate	\$0.028 per pound
PLC Program Yield	2,400 pounds
PLC Payment Amount (on 85% base)	\$56.42

Recall that the PLC payment formula specifies that the payment rate is the reference price (\$0.367 per pound) less the higher of the MYA price (\$0.339 per pound) or the seed cotton price floor (\$0.25 per pound). Under this scenario, the PLC payment rate is equal to \$0.367 less the \$0.339 to equal \$0.028 per pound. This PLC payment rate is multiplied by the seed cotton program yield (on 85% of cotton base) to equal a farm program of \$56.42 per base acre.

The PLC payment amount is obtained from the following equation:

$$\$0.367 - \text{MAX} (\$0.339 \text{ or } \$0.250) * \text{Seed Cotton Payment Yield} * 85\%$$

$$(\$0.367 - \$0.339) * 2,400 \text{ pounds} * 85\%$$

$$\$0.028 * 2,400 \text{ pounds} * 85\% = \$56.42$$

Generic Base Acre Options

Landowners will have to elect to reallocate all generic base acres on the farm. Any future PLC payments will be made on base acres and *not* on planted acres. In the case of a farm where there were no covered commodities (included seed cotton) planted between 2009 through 2016, generic acres will be allocated to “unassigned crop base.”

If the farm has a recent history of planting covered commodities, generic base can be allocated to seed cotton base in an amount equal to: (option 1) the greater of 80% of the generic base acres on the farm; or the average number of seed cotton acres planted during the 2009 through 2012 crop years (not to exceed total generic base acres on the farm); or (option 2) base acres for covered commodities reflective of that farm’s 2009 through 2012 planting history.

Part IV. Seed cotton base acres.

Parameter	Value
Total Base Acres on the Farm	1,000 acres
Total Generic Acres on the Farm	700 acres
2009-2012 Average Plantings	--
Cotton	400
Corn	250
Soybeans	250
Grain Sorghum	100

Option 1 to convert generic base to seed cotton base (result: 560 base acres, with 140 acre unassigned):

*MAX of (80% * 700 generic acres) or (2009 – 2012 average cotton plantings of 400 acres)*

$$80\% * 700 = 560 \text{ acres of seed cotton base}$$

Option 2 to reallocate generic base to 2009-2012 planting history (result: 700 base acres among crops):

Parameter	Value
Seed Cotton	$700 * (400/1,000) = 280 \text{ base acres}$
Corn	$700 * (250/1,000) = 175 \text{ base acres}$
Soybeans	$700 * (250/1,000) = 175 \text{ base acres}$
Grain Sorghum	$700 * (100/1,000) = 70 \text{ base acres}$

There is a 90 day window (beginning on Friday, February 9, 2018) for landowners to allocate the generic base acres on their farm. Failure in making an election will result in generic base acreage being calculated as either 80% of the generic base acres on the farm or the average number of seed cotton acres planted during the 2009 through 2012 crop years (not to exceed total generic base acres on the farm). (Stated as “option 1”.)

As it is difficult to estimate the final MYA prices for cotton lint and cottonseed in addition to the share of total production, a table is provided to illustrate the PLC payment amount over a range of prices for the 2018 crop year. This is dependent upon the information previously mentioned in this report. Since the weighted share of production is used to calculate the change in seed cotton price, the PLC payment per base acre will change. Parameters used to calculate the PLC payment are a function of the information provided in Parts I, II, and III of this report.

Expanded View of Seed Cotton PLC Program Payment at Varying MYA prices for Lint and Seed (Seed Cotton).

Lint Price (\$/lb)	Cottonseed Price (\$/ton)																		
	120	130	140	150	160	170	180	190	200	210	220	230	240	250	260	270	280	290	300
\$0.52	\$222.93	\$217.12	\$211.30	\$205.49	\$199.67	\$193.85	\$188.04	\$182.22	\$176.41	\$170.59	\$164.77	\$158.96	\$153.14	\$147.33	\$141.51	\$135.70	\$129.88	\$124.06	\$118.25
\$0.53	\$214.16	\$208.35	\$202.53	\$196.72	\$190.90	\$185.09	\$179.27	\$173.45	\$167.64	\$161.82	\$156.01	\$150.19	\$144.37	\$138.56	\$132.74	\$126.93	\$121.11	\$115.30	\$109.48
\$0.54	\$205.40	\$199.58	\$193.76	\$187.95	\$182.13	\$176.32	\$170.50	\$164.69	\$158.87	\$153.05	\$147.24	\$141.42	\$135.61	\$129.79	\$123.97	\$118.16	\$112.34	\$106.53	\$100.71
\$0.55	\$196.63	\$190.81	\$185.00	\$179.18	\$173.36	\$167.55	\$161.73	\$155.92	\$150.10	\$144.29	\$138.47	\$132.65	\$126.84	\$121.02	\$115.21	\$109.39	\$103.57	\$97.76	\$91.94
\$0.56	\$187.86	\$182.04	\$176.23	\$170.41	\$164.60	\$158.78	\$152.96	\$147.15	\$141.33	\$135.52	\$129.70	\$123.89	\$118.07	\$112.25	\$106.44	\$100.62	\$94.81	\$88.99	\$83.17
\$0.57	\$179.09	\$173.27	\$167.46	\$161.64	\$155.83	\$150.01	\$144.20	\$138.38	\$132.56	\$126.75	\$120.93	\$115.12	\$109.30	\$103.49	\$97.67	\$91.85	\$86.04	\$80.22	\$74.41
\$0.58	\$170.32	\$164.51	\$158.69	\$152.87	\$147.06	\$141.24	\$135.43	\$129.61	\$123.80	\$117.98	\$112.16	\$106.35	\$100.53	\$94.72	\$88.90	\$83.09	\$77.27	\$71.45	\$65.64
\$0.59	\$161.55	\$155.74	\$149.92	\$144.11	\$138.29	\$132.47	\$126.66	\$120.84	\$115.03	\$109.21	\$103.40	\$97.58	\$91.76	\$85.95	\$80.13	\$74.32	\$68.50	\$62.69	\$56.87
\$0.60	\$152.79	\$146.97	\$141.15	\$135.34	\$129.52	\$123.71	\$117.89	\$112.07	\$106.26	\$100.44	\$94.63	\$88.81	\$83.00	\$77.18	\$71.36	\$65.55	\$59.73	\$53.92	\$48.10
\$0.61	\$144.02	\$138.20	\$132.39	\$126.57	\$120.75	\$114.94	\$109.12	\$103.31	\$97.49	\$91.67	\$85.86	\$80.04	\$74.23	\$68.41	\$62.60	\$56.78	\$50.96	\$45.15	\$39.33
\$0.62	\$135.25	\$129.43	\$123.62	\$117.80	\$111.99	\$106.17	\$100.35	\$94.54	\$88.72	\$82.91	\$77.09	\$71.27	\$65.46	\$59.64	\$53.83	\$48.01	\$42.20	\$36.38	\$30.56
\$0.63	\$126.48	\$120.66	\$114.85	\$109.03	\$103.22	\$97.40	\$91.59	\$85.77	\$79.95	\$74.14	\$68.32	\$62.51	\$56.69	\$50.87	\$45.06	\$39.24	\$33.43	\$27.61	\$21.80
\$0.64	\$117.71	\$111.90	\$106.08	\$100.26	\$94.45	\$88.63	\$82.82	\$77.00	\$71.19	\$65.37	\$59.55	\$53.74	\$47.92	\$42.11	\$36.29	\$30.47	\$24.66	\$18.84	\$13.03
\$0.65	\$108.94	\$103.13	\$97.31	\$91.50	\$85.68	\$79.86	\$74.05	\$68.23	\$62.42	\$56.60	\$50.79	\$44.97	\$39.15	\$33.34	\$27.52	\$21.71	\$15.89	\$10.07	\$4.26
\$0.66	\$100.17	\$94.36	\$88.54	\$82.73	\$76.91	\$71.10	\$65.28	\$59.46	\$53.65	\$47.83	\$42.02	\$36.20	\$30.39	\$24.57	\$18.75	\$12.94	\$7.12	\$1.31	\$0.00
\$0.67	\$91.41	\$85.59	\$79.77	\$73.96	\$68.14	\$62.33	\$56.51	\$50.70	\$44.88	\$39.06	\$33.25	\$27.43	\$21.62	\$15.80	\$9.99	\$4.17	\$0.00	\$0.00	\$0.00
\$0.68	\$82.64	\$76.82	\$71.01	\$65.19	\$59.37	\$53.56	\$47.74	\$41.93	\$36.11	\$30.30	\$24.48	\$18.66	\$12.85	\$7.03	\$1.22	\$0.00	\$0.00	\$0.00	\$0.00
\$0.69	\$73.87	\$68.05	\$62.24	\$56.42	\$50.61	\$44.79	\$38.97	\$33.16	\$27.34	\$21.53	\$15.71	\$9.90	\$4.08	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.70	\$65.10	\$59.29	\$53.47	\$47.65	\$41.84	\$36.02	\$30.21	\$24.39	\$18.57	\$12.76	\$6.94	\$1.13	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.71	\$56.33	\$50.52	\$44.70	\$38.89	\$33.07	\$27.25	\$21.44	\$15.62	\$9.81	\$3.99	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.72	\$47.56	\$41.75	\$35.93	\$30.12	\$24.30	\$18.49	\$12.67	\$6.85	\$1.04	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.73	\$38.80	\$32.98	\$27.16	\$21.35	\$15.53	\$9.72	\$3.90	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.74	\$30.03	\$24.21	\$18.40	\$12.58	\$6.76	\$0.95	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.75	\$21.26	\$15.44	\$9.63	\$3.81	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.76	\$12.49	\$6.67	\$0.86	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.77	\$3.72	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.78	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.79	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.80	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.81	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.82	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.83	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.84	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.85	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.86	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.87	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.88	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.89	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.90	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.91	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.92	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.93	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.94	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.95	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.96	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.97	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.98	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.99	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$1.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Example of Seed Cotton MYA Price Determination under Varying Lint and Seed Prices.

Lint Price (\$/lb)	Cottonseed Price (\$/ton)																			
	120	130	140	150	160	170	180	190	200	210	220	230	240	250	260	270	280	290	300	
\$0.52	0.257719	0.26057	0.263421	0.266272	0.269123	0.271973684	0.274825	0.277675	0.280526	0.283377	0.286228	0.289079	0.29193	0.294781	0.297632	0.300482	0.303333	0.306184	0.309035	
\$0.53	0.262018	0.264868	0.267719	0.27057	0.273421	0.27627193	0.279123	0.281974	0.284825	0.287675	0.290526	0.293377	0.296228	0.299079	0.30193	0.304781	0.307632	0.310482	0.313333	
\$0.54	0.266316	0.269167	0.272018	0.274868	0.277719	0.280570175	0.283421	0.286272	0.289123	0.291974	0.294825	0.297675	0.300526	0.303377	0.306228	0.309079	0.31193	0.314781	0.317632	
\$0.55	0.270614	0.273465	0.276316	0.279167	0.282018	0.284868421	0.287719	0.29057	0.293421	0.296272	0.299123	0.301974	0.304825	0.307675	0.310526	0.313377	0.316228	0.319079	0.32193	
\$0.56	0.274912	0.277763	0.280614	0.283465	0.286316	0.289166667	0.292018	0.294868	0.297719	0.30057	0.303421	0.306272	0.309123	0.311974	0.314825	0.317675	0.320526	0.323377	0.326228	
\$0.57	0.279211	0.282061	0.284912	0.287763	0.290614	0.293464912	0.296316	0.299167	0.302018	0.304868	0.307719	0.31057	0.313421	0.316272	0.319123	0.321974	0.324825	0.327675	0.330526	
\$0.58	0.283509	0.28636	0.289211	0.292061	0.294912	0.297763158	0.300614	0.303465	0.306316	0.309167	0.312018	0.314868	0.317719	0.32057	0.323421	0.326272	0.329123	0.331974	0.334825	
\$0.59	0.287807	0.290658	0.293509	0.29636	0.299211	0.302061404	0.304912	0.307763	0.310614	0.313465	0.316316	0.319167	0.322018	0.324868	0.327719	0.33057	0.333421	0.336272	0.339123	
\$0.60	0.292105	0.294956	0.297807	0.300658	0.303509	0.306359649	0.309211	0.312061	0.314912	0.317763	0.320614	0.323465	0.326316	0.329167	0.332018	0.334868	0.337719	0.34057	0.343421	
\$0.61	0.296404	0.299254	0.302105	0.304956	0.307807	0.310657895	0.313509	0.31636	0.319211	0.322061	0.324912	0.327763	0.330614	0.333465	0.336316	0.339167	0.342018	0.344868	0.347719	
\$0.62	0.300702	0.303553	0.306404	0.309254	0.312105	0.31495614	0.317807	0.320658	0.323509	0.32636	0.329211	0.332061	0.334912	0.337763	0.340614	0.343465	0.346316	0.349167	0.352018	
\$0.63	0.305	0.307851	0.310702	0.313553	0.316404	0.319254386	0.322105	0.324956	0.327807	0.330658	0.333509	0.33636	0.339211	0.342061	0.344912	0.347763	0.350614	0.353465	0.356316	
\$0.64	0.309298	0.312149	0.315	0.317851	0.320702	0.323552632	0.326404	0.329254	0.332105	0.334956	0.337807	0.340658	0.343509	0.34636	0.349211	0.352061	0.354912	0.357763	0.360614	
\$0.65	0.313596	0.316447	0.319298	0.322149	0.325	0.327850877	0.330702	0.333553	0.336404	0.339254	0.342105	0.344956	0.347807	0.350658	0.353509	0.35636	0.359211	0.362061	0.364912	
\$0.66	0.317895	0.320746	0.323596	0.326447	0.329298	0.332149123	0.335	0.337851	0.340702	0.343553	0.346404	0.349254	0.352105	0.354956	0.357807	0.360658	0.363509	0.36636	0.369211	
\$0.67	0.322193	0.325044	0.327895	0.330746	0.333596	0.336447368	0.339298	0.342149	0.345	0.347851	0.350702	0.353553	0.356404	0.359254	0.362105	0.364956	0.367807	0.370658	0.373509	
\$0.68	0.326491	0.329342	0.332193	0.335044	0.337895	0.340745614	0.343596	0.346447	0.349298	0.352149	0.355	0.357851	0.360702	0.363553	0.366404	0.369254	0.372105	0.374956	0.377807	
\$0.69	0.330789	0.33364	0.336491	0.339342	0.342193	0.34504386	0.347895	0.350746	0.353596	0.356447	0.359298	0.362149	0.365	0.367851	0.370702	0.373553	0.376404	0.379254	0.382105	
\$0.70	0.335088	0.337939	0.340789	0.34364	0.346491	0.349342105	0.352193	0.355044	0.357895	0.360746	0.363596	0.366447	0.369298	0.372149	0.375	0.377851	0.380702	0.383553	0.386404	
\$0.71	0.339386	0.342237	0.345088	0.347939	0.350789	0.353640351	0.356491	0.359342	0.362193	0.365044	0.367895	0.370746	0.373596	0.376447	0.379298	0.382149	0.385	0.387851	0.390702	
\$0.72	0.343684	0.346535	0.349386	0.352237	0.355088	0.357938596	0.360789	0.36364	0.366491	0.369342	0.372193	0.375044	0.377895	0.380746	0.383596	0.386447	0.389298	0.392149	0.395	
\$0.73	0.347982	0.350833	0.353684	0.356535	0.359386	0.362236842	0.365088	0.367939	0.370789	0.37364	0.376491	0.379342	0.382193	0.385044	0.387895	0.390746	0.393596	0.396447	0.399298	
\$0.74	0.352281	0.355132	0.357982	0.360833	0.363684	0.366535088	0.369386	0.372237	0.375088	0.377939	0.380789	0.38364	0.386491	0.389342	0.392193	0.395044	0.397895	0.400746	0.403596	
\$0.75	0.356579	0.35943	0.362281	0.365132	0.367982	0.370833333	0.373684	0.376535	0.379386	0.382237	0.385088	0.387939	0.390789	0.39364	0.396491	0.399342	0.402193	0.405044	0.407895	
\$0.76	0.360877	0.363728	0.366579	0.36943	0.372281	0.375131579	0.377982	0.380833	0.383684	0.386535	0.389386	0.392237	0.395088	0.397939	0.400789	0.40364	0.406491	0.409342	0.412193	
\$0.77	0.365175	0.368026	0.370877	0.373728	0.376579	0.379429825	0.382281	0.385132	0.387982	0.390833	0.393684	0.396535	0.399386	0.402237	0.405088	0.407939	0.410789	0.41364	0.416491	
\$0.78	0.369474	0.372325	0.375175	0.378026	0.380877	0.38372807	0.386579	0.38943	0.392281	0.395132	0.397982	0.400833	0.403684	0.406535	0.409386	0.412237	0.415088	0.417939	0.420789	
\$0.79	0.373772	0.376623	0.379474	0.382325	0.385175	0.388026316	0.390877	0.393728	0.396579	0.39943	0.402281	0.405132	0.407982	0.410833	0.413684	0.416535	0.419386	0.422237	0.425088	
\$0.80	0.37807	0.380921	0.383772	0.386623	0.389474	0.392324561	0.395175	0.398026	0.400877	0.403728	0.406579	0.40943	0.412281	0.415132	0.417982	0.420833	0.423684	0.426535	0.429386	
\$0.81	0.382368	0.385219	0.38807	0.390921	0.393772	0.396622807	0.399474	0.402325	0.405175	0.408026	0.410877	0.413728	0.416579	0.41943	0.422281	0.425132	0.427982	0.430833	0.433684	
\$0.82	0.386667	0.389518	0.392368	0.395219	0.39807	0.400921053	0.403772	0.406623	0.409474	0.412325	0.415175	0.418026	0.420877	0.423728	0.426579	0.42943	0.432281	0.435132	0.437982	
\$0.83	0.390965	0.393816	0.396667	0.399518	0.402368	0.405219298	0.40807	0.410921	0.413772	0.416623	0.419474	0.422325	0.425175	0.428026	0.430877	0.433728	0.436579	0.43943	0.442281	
\$0.84	0.395263	0.398114	0.400965	0.403816	0.406667	0.409517544	0.412368	0.415219	0.41807	0.420921	0.423772	0.426623	0.429474	0.432325	0.435175	0.438026	0.440877	0.443728	0.446579	
\$0.85	0.399561	0.402412	0.405263	0.408114	0.410965	0.413815789	0.416667	0.419518	0.422368	0.425219	0.42807	0.430921	0.433772	0.436623	0.439474	0.442325	0.445175	0.448026	0.450877	
\$0.86	0.40386	0.406711	0.409561	0.412412	0.415263	0.418114035	0.420965	0.423816	0.426667	0.429518	0.432368	0.435219	0.43807	0.440921	0.443772	0.446623	0.449474	0.452325	0.455175	
\$0.87	0.408158	0.411009	0.41386	0.416711	0.419561	0.422412281	0.425263	0.428114	0.430965	0.433816	0.436667	0.439518	0.442368	0.445219	0.44807	0.450921	0.453772	0.456623	0.459474	
\$0.88	0.412456	0.415307	0.418158	0.421009	0.42386	0.426710526	0.429561	0.432412	0.435263	0.438114	0.440965	0.443816	0.446667	0.449518	0.452368	0.455219	0.45807	0.460921	0.463772	
\$0.89	0.416754	0.419605	0.422456	0.425307	0.428158	0.431008772	0.43386	0.436711	0.439561	0.442412	0.445263	0.448114	0.450965	0.453816	0.456667	0.459518	0.462368	0.465219	0.46807	
\$0.90	0.421053	0.423904	0.426754	0.429605	0.432456	0.435307018	0.438158	0.441009	0.44386	0.446711	0.449561	0.452412	0.455263	0.458114	0.460965	0.463816	0.466667	0.469518	0.472368	
\$0.91	0.425351	0.428202	0.431053	0.433904	0.436754	0.439605263	0.442456	0.445307	0.448158	0.451009	0.45386	0.456711	0.459561	0.462412	0.465263	0.468114	0.470965	0.473816	0.476667	
\$0.92	0.429649	0.4325	0.435351	0.438202	0.441053	0.443903509	0.446754	0.449605	0.452456	0.455307	0.458158	0.461009	0.46386	0.466711	0.469561	0.472412	0.475263	0.478114	0.480965	
\$0.93	0.433947	0.436798	0.439649	0.4425	0.445351	0.448201754	0.451053	0.453904	0.456754	0.459605	0.462456	0.465307	0.468158	0.471009	0.47386	0.476711	0.479561	0.482412	0.485263	
\$0.94	0.438246	0.441096	0.443947	0.446798	0.449649	0.4525	0.455351	0.458202	0.461053	0.463904	0.466754	0.469605	0.472456	0.475307	0.478158	0.481009	0.48386	0.486711	0.489561	
\$0.95	0.442544	0.445395	0.448246	0.451096	0.453947	0.456798246	0.459649	0.4625	0.465351	0.468202	0.471053	0.473904	0.476754	0.479605	0.482456	0.485307	0.488158	0.491009	0.49386	
\$0.96	0.446842	0.449693	0.452544	0.455395	0.458246	0.461096491	0.463947	0.466798	0.469649	0.4725	0.475351	0.478202	0.481053	0.483904	0.486754	0.489605	0.492456	0.495307	0.498158	
\$0.97	0.45114	0.453991	0.456842	0.459693	0.462544	0.465394737	0.468246	0.471096	0.473947	0.476798	0.479649</									

Part IV (cont.). Seed cotton base acres: *the case of rice*.

Parameter	Value
Total Base Acres on the Farm	1,000 acres
Total Generic Acres on the Farm	700 acres
2009-2012 Average Plantings	--
Cotton	250
Corn	250
Soybeans	250
Rice	250

Option 1 to convert generic base to seed cotton base (result: 560 base acres, with 140 acre unassigned):

*MAX of (80% * 700 generic acres) or (2009 – 2012 average cotton plantings of 250 acres)*

$$80\% * 700 = 560 \text{ acres of seed cotton base}$$

Option 2 to reallocate generic base to 2009-2012 planting history (result: 700 base acres among crops):

Parameter	Value
Seed Cotton	$700 * (250/1,000) = 175 \text{ base acres}$
Corn	$700 * (250/1,000) = 175 \text{ base acres}$
Soybeans	$700 * (250/1,000) = 175 \text{ base acres}$
Rice	$700 * (250/1,000) = 175 \text{ base acres}$

In this example, farm acreage is equally split amongst the commodities of seed cotton, corn, soybeans and rice. Given the option to convert or reallocate generic base, a critical management issue emerges. Specific attention is drawn to the amount of generic base planted to rice over the 2009-2012 period. Under *Option 1* to convert generic base to seed cotton base, the acreage in seed cotton base amounts to 560 acres, with the remaining 140 acres of generic base being unassigned. However, with *Option 2* the reallocated generic base is 175 acres per crop, allowing for a substantial increase in the farm's rice base. This comes as a potential tradeoff of 385 acres of seed cotton base (560 seed cotton base acres decreased to 175).

Therefore, from a risk management perspective, the question that remains to be answered is 'Is adding crop base at the expense of another a viable option given the likelihood of receiving federal support for all covered commodities produced on a farm?' The answer to this question requires a producer to work with the landowner in determining what option is the preferable choice for risk protection given a realistic market outlook for the crops produced.

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Information contained in this report is presented for educational purposes only.



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