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Updating PLC Program Yields for Seed Cotton

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Provisions of the new seed cotton program allow farms the opportunity to update their seed cotton payment yield. The current farm owner has decision-making authority during the update process with the update decision being applicable to the 2018 crop year. The payment yield update can be made regardless of the subsequent program selection for seed cotton (e.g. PLC or ARC). The yield will only be used under the PLC program to calculate any potential PLC payments for seed cotton base acres on the farm.

Two yield update options are presented, the first being to retain the farm's countercyclical (CC) yield as of September 30, 2013 multiplied by a factor of 2.4. The second option allows for the yield to be updated to 90% of the simple average of upland cotton yield per planted acre on the farm for each of the 2008 through 2012 crop years multiplied by 2.4. Years in which cotton was not planted are not considered for the update calculation. A substitute yield is authorized if the farm's yield per planted acre in any year falls below 75% of the 2008 through 2012 simple parish yield per planted acre.

Under current farm bill provisions, the PLC program does not allow for the establishment of yield by practice (irrigated and non-irrigated). The seed cotton PLC program yield is based on the farm's total production divided by the total irrigated and non-irrigated planted acres.

In the following example, the farm has a planting history (with yields denoted in the following table) and an existing CC yield of 900 pounds per acre. The substitute yield for the parish is 880 pounds. This *substitute yield will be applicable* to the 2008 crop year, where the farm's yield (875 pounds) was below the 880 pounds threshold.

Example 1	**2008**	**2009**	**2010**	**2011**	**2012**
Farm Yield	~~875~~ 880	1,200	1,250	1,000	925

Under option 1, the farm may choose to retain the CC yield of 900 pounds per acre in updating their PLC program yield resulting in a seed cotton yield of 2,160 pounds (900 * 2.4). Under option 2, the farm can elect to take the 2008 through 2012 average yield of 1,051 pounds multiplied by 90% to equal 946 pounds and then multiplied by 2.4 to produce an update PLC seed cotton yield of 2,270 pounds.

In this second example, the farm has a planting history (with yields denoted in the following table) and an existing CC yield of 1,000 pounds per acre. The substitute yield for the parish is 880 pounds.

Example 2	**2008**	**2009**	**2010**	**2011**	**2012**
Farm Yield	No Planting	No Planting	1,350	1,125	1,250

In this case, option 1 would allow the farm owner to retain the CC yield of 1,000 pounds and update the seed cotton PLC yield to reflect 2,400 pounds (1,000 pounds * 2.4). Under option 2, the farm owner's average planting history is 1,242 pounds. Therefore, the seed cotton PLC program yield using the farm's planting history would produce a PLC yield of 2,682 pounds {(1,242 * 90%) * 2.4)}.

In this third example, the farm has planted cotton in one year from the 2008 through 2012 period (with yields denoted in the following table) with an existing CC yield of 1,000 pounds per acre. The substitute yield for the parish is 880 pounds.

Example 3	**2008**	**2009**	**2010**	**2011**	**2012**
Farm Yield	No Planting	No Planting	No Planting	1,350	No Planting

Option 1 would allow the farm owner to retain the CC yield of 1,000 pounds and update their seed cotton PLC yield to reflect 2,400 pounds (1,000 pounds * 2.4). Under option 2, the farm owner's average planting history is 1,350 pounds. Therefore, the seed cotton PLC program yield using the farm's planting history would produce a PLC yield of 2,916 pounds {(1,350 * 90%) * 2.4)}.

Yields that are supported by USDA RMA are considered sufficient in meeting the yield review criteria. In the event that the farm owner does not update the PLC yield or does not make the necessary base and yield update before the period ends, the farm's 2013 cotton yield will be factored by 2.4 and that product will serve as the PLC yield for the 2018 crop year. In the event the request to update yield is not filed in the yield update period, the farm's CC yield is multiplied by 2.4 and will be used for the farm's seed cotton PLC payment yield.

The following information was provided by the USDA FSA on a *projected timeline* for generic base acre allocation and yield update for the seed cotton program (April 18, 2018).

Step	**Assignment**	**Timeframe**
1	County Offices receive Historical Acreage Excel spreadsheet.	April 2018
2	Farm Bill Acreage History software arrives in County Offices.	Mid Summer 2018
3	All owners and operators receive their Notification of Covered Commodity Acreage History letter that includes all farms in all counties. Owners and operators are provided an opportunity to correct acreage history for years 2008 through 2016.	May 2018
4	County Offices dataload missing P&CP acreage history.	Late Summer 2018
5	Owners make final base allocation and yield update decision for the farm.	Late Summer 2018
6	Official 2018 Notice of Base Acre, Yield, and Election report mailed to all owners and operators on the farm, with appeal rights.	Late Summer 2018
7	All owners and operators on the farm make program election for the farm.	Fall 2018
8	Annual enrollment into PLC, ARC-CO, or ARC-IC program for seed cotton base acre farms.	Ends September 2018

As an amendment, owners of a farm have a one-time option to convert or reallocate the generic acres on their farm. Two options are presented. The first option is to convert 80% of the generic acres on the farm to seed cotton base acres. The remaining 20% of generic acres will be classified as unassigned base. It is noted that in some instances that those farms that have overplanted their generic base for the 2009 through 2012 period may allocate 100% of their generic base to seed cotton base. The second option is to

allocate generic acres on the farm based on the farm's proportionate four-year planted history from 2009 through 2012, including cotton. A farm **cannot increase** the total amount of base acres through this process.

For farms that have no planting history of covered commodities from 2009 through 2016, generic acres will be converted to unassigned base. Per the USDA FSA, "*only generic base acres are allowed the opportunity to allocate base acres and update PLC yields. At least .01 acres of the farm in the years 2009 through 2016 must have been planted or prevented planted to a covered commodity, including upland cotton, to be allowed the opportunity to allocate base acres and update PLC yields.*"

Information contained in this report is presented for educational purposes and was obtained from the USDA Farm Service Agency.

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