



Base Acre and Yield Decisions: Just Do It

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February 27th is the deadline for yield and base acre decisions under the 2014 Farm Bill. Informal reports suggest that relatively few farms have completed signup, leading to speculation that some will skip the yield updating/base reallocation signup, thereby taking the defaults of retaining current program yields and base acres. This could be a mistake. Some may skip signup because they believe decisions are difficult and the processes are complicated. This is not true.

Decisions are Straightforward

Yield Updating: Landowners have two alternatives: 1) keep current program yield or 2) update program yield based on yields from 2008 through 2012. Decisions can vary by crop and are simple: take the highest yield. History suggests the decision will apply not only to the 2014 Farm Bill but also to subsequent farm bills.

The yield update decision is independent of other decisions. Acres can be reallocated even if yields are not updated.

Base Acre Reallocation: Landowners have two alternatives: 1) retain current base acres and 2) reallocate base acres based on 2009 to 2012 plantings. Table 1 shows typical alternatives in the Midwest. This farm has 72 base acres in corn, 26 in soybeans, and 2 in wheat. The reallocate alternative has 60 base acres in corn and 40 in soybean. The Farm Service Agency (FSA) already has all information needed for this decision. The landowner simply chooses one alternative.

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Table 1. Example Base Acre Alternatives.

| Program Crops | Retain Acres | Reallocate Acres |
|---------------|-----------------|---------------------|
| Corn | 72 | 60 |
| Soybeans | 26 | 40 |
| Wheat | <u>2</u> | <u>0</u> |
| Total | 100 | 100 |

Historically, corn pays more than wheat and soybeans, suggesting choosing the allocation with the most corn acres. This criterion leads “retaining” current bases of 72 acres of corn, 26 of soybeans, and 2 of wheat.

Process is Straightforward

While signup will need to be completed at a FSA field office, the only preparation is for the yield decision. If yields are to be updated, yields for 2008 through 2012 should be brought to the FSA office, along with identification of documentation type that will be used in case of an audit. Landowners will self-certify yield and documentation is not required at this time. Form CCC-859 is used for providing yields and documentation type.

Documenting yields may not be difficult, particularly if crop insurance records are used. In many cases, one APH yield record for each crop will serve as proper documentation (see *farmdoc daily* [December 23, 2014](#) for more detail). APH yield records may apply to several FSA farms. In these cases, yields do not have to be disaggregated to individual farms and each farm can receive the same yield.

At the FSA office, forms will be printed that:

- Certify yields. This form will be printed if 2008 through 2012 yields are used for update.
- Make yield choices. Elections will be made for each program crop.
- Choose acre allocation. The choice of acre allocation will need to be made.

Often there will be a producer (i.e., farmer) and landowner. Officially, landowners make decisions. In many cases, farmers already have powers-of-attorney to sign forms for landowners. If the farmer does not have a power of attorney, the landowner will need to sign forms. Besides signatures done in person, signatures on faxed and emailed forms are acceptable. Obtaining signatures for the above forms may take some time if multiple persons are involved in the operation. All signed forms must be received by FSA by February 27.

Summary

Yield and base acre signup and decisions are straightforward. Less than a month exists before the February 27th deadline passes. Prudent choices are: 1) choose the highest yield and 2) choose the reallocation alternative with more base acres in crops with larger program benefits (e.g. in many Midwestern allocations choose the one with the most corn acres).

Additional Information:

- More information is available at the [Farm Bill Toolbox](#)

- Table 2 in the *farmdoc daily* article of [January 27, 2015](#) compares expected payments across crops.
- More detailed information on base acre and yield decisions is available [here](#).
- Yield updating information is available [here](#).
- A Base Acre Reallocation and Yield Updating Tool is available for download from the [farmdoc website](#).

References

Schnitkey, G., J. Coppess, C. Zulauf, and N. Paulson. "[Expected Payments from ARC-CO and PLC](#)." *farmdoc daily* (5):15, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, January 27, 2015.

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Schnitkey, G., N. Paulson, C. Zulauf, and J. Coppess. "[Documenting Yields for Updating Under the 2014 Farm Bill Using RMA Records](#)." *farmdoc daily* (4):244, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, December 23, 2014.