



## Base Acre and Yield Updating Decisions: Push to the Finish

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The deadline for completing base acre and yield updating decisions is February 27<sup>th</sup> (see steps 2 and 3 of "7 Steps" on [Farm Bill Toolbox](#)). Choosing between alternatives for each of these decisions is relatively straight forward:

- 1) For yield updating, select the highest yield for each program crop.
- 2) For base acre reallocation, choose the allocation that maximizes acres in program crops with the highest payments, given that the desire is to maximize program payments.

While the decisions usually are straightforward, collecting the information and completing the process will take some time. For this reason, beginning the process now seems prudent.

### Landowners Officially Make the Decisions

Decisions will be made for each Farm Service Agency (FSA) farm. For each farm, there will be a landowner who owns the farm. Under rental arrangement, there also will be a producer who farms the land.

Landowners are responsible for making the base acre reallocation and yield updating decisions. While the landowner officially makes the decisions, in many rental situations producers have the proper power of attorneys to complete paperwork for these decisions. FSA has a record of whether proper power of attorneys exists for each farm. If an appropriate power of attorney does not exist and the landowner wishes the producer to complete the process, a power of attorney will need to be signed for farmers or farm managers to complete the decisions. If a power of attorney does not exist, the landowner will need to complete the process for base acre and yield updating decisions.

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## Collect Yield Data

If program yields are to be updated, yields are required for each year the crop was planted from 2008 through 2012. Documentation is not required at signup. However, documentation will be required if the FSA farm is audited during the life of the Farm Bill. The method of documentation will need to be indicated at signup. In many cases, crop insurance records will be used to provide documentation. These records are the actual yearly yields used to calculate Actual Production History (APH) yields. An explanation of using crop insurance records for documentation is available here (*farmdoc* daily [December 23, 2014](#)).

It will not be uncommon that documentation for a yield will not exist for a year. For example, a producer may have only farmed the land in 2010 through 2012 and cannot obtain documentation for 2008 and 2009.

If a yield is provided without documentation under an audit, farm program payments may have to be repaid and a fine could result. When yield documentation does not exist, a plug yield will need to be used. The plug yield equals 75% of the county average. When documentation cannot be provided, the plug yield should be used for 2008 and 2009.

Plug yields for each county and crop are publicly available. FSA has this information. They can be obtained from the Payment Yield Update tool on the [APAS](#) website. The plug yields also are contained in the Base Acre and Yield Updating tool, a Microsoft FAST spreadsheet available for download at the [FAST website](#).

Yields can be reported to FSA using CCC-859. This form is available [here](#).

## Make an Appointment with FSA

An appointment should be made immediately with FSA. If possible, yields for updating should be completed before this meeting. Bringing completed CCC-859 forms will facilitate the signup process.

## Yield Updating Decision

Two alternatives for the program yield will exist for each program crop (see *farmdoc* daily [April 3, 2014](#) for more detail):

1. The current program yield. These yields were reported for each FSA farm in a letter received from FSA in August 2014.
2. The updated yield equal to 90% of the average of yields from 2008 through 2012. If a year's actual yield is below the plug yield, the plug yield will be used instead of the actual yield. If an actual yield does not exist for a year in which the crop was planted, the plug yield will be used in the update yield calculation.

Choose the highest yield. The decision can differ by crop for an FSA farm.

## Base Acre Reallocation Decision

There are total base acres on each FSA farm. Landowner will be given two alternatives for dividing those total base acres into acres for each program crop (see *farmdoc* daily [March 6, 2014](#) for more detail):

1. Current allocation of base acres on the farm. These acres were sent to landowners and producers in a letter received in August 2014.
2. Reallocated base acres. Total base acres are reallocated based on plantings from 2009 through 2012. Actual plantings were described in a letter received in August 2014. Total base acres under reallocation will equal base acres if current base acres are retained.

This decision is important as Price Loss Coverage (PLC) and Agricultural Risk Coverage at the county level (ARC-CO) will make payments in 2014 through 2018 on base acres. Planted acres in those years will not influence payments.

Many individuals will wish to make the allocation that maximizes commodity program payments, suggesting that the allocation be selected that places most acres in the crops with the highest expected payments. Estimating expected payments by crop requires forecast of prices and yields in 2014 through 2018. Obviously, forecasts can be wrong and crop rankings can vary from forecast rankings. With the knowledge of potential differences, estimated expected payments per program crop by county are available in the sample farms section of [APAS](#). These same estimates also are available in the Base Acre and Yield Updating tool (available at the [FAST website](#)).

Users can see expected payment per program crop under different price forecasts for individual counties. In most counties, however, the following ranking exists:

1. Corn will have higher expected payment
2. Wheat will have lower expected payments than corn
3. Soybean will have lower expected payments than corn and wheat.

**Corn and soybeans are only program crop:** Given the above program crop ranking, choosing the acre alternative with the most corn acres likely will maximize program payments.

As an example take a farm whose current allocation is 60 acres of corn and 40 acres of soybeans. The reallocation alternative based on 2009 through 2012 plantings is 75 acres of corn and 25 acres of soybeans. Note that both alternatives total 100 total base acres. The above ranking suggests that the reallocated alternative (75 acres of corn and 25 acres of soybeans) will have the highest expected payments.

**Corn, soybeans, and wheat are the program crops:** When these three program crops exist, the reallocation with the lowest acres in soybeans while maximizing corn acres usually will result in the highest expected payments. Use of the [Base Acre and Yield Updating Tool](#) is advisable in these cases.

## Summary

In many cases, making choices for base acre reallocation and yield updating will be relatively straightforward. Collecting yields, getting the proper power of attorneys, and signing proper election forms will take time. Beginning the process now is important. The process needs to be completed by February 27, 2015.

## References

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.

Paulson, N., J. Coppess and T. Kuethe. "[2014 Farm Bill: Updating Payment Yields](#)." *farmdoc daily* (4):60, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, April 3, 2014.

Paulson, N. and J. Coppess. "[2014 Farm Bill: Reallocating Base Acreage](#)." *farmdoc daily* (4):42, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, March 6, 2014.

**Also available at:**

[http://farmdoc.illinois.edu/manage/newsletters/fefo15\\_02/fefo\\_15\\_02.html](http://farmdoc.illinois.edu/manage/newsletters/fefo15_02/fefo_15_02.html)