



## Off-Base, Part 4: A Fundamental Flaw in the Policy

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Sometime in early October, USDA is expected to make nearly \$16 billion in direct payments to a select group of farm operations (CBO, [February 2026](#)). Those payments are for the 2025 program year. The payments will be made on base acres, which by design do not necessarily align with the acres planted to the crop. The payments are also in addition to the \$11 billion in Farmer Bridge Assistance payments, which are being made on planted acres (USDA-FSA, “[Farmer Bridge Assistance Program](#)”). Thus, a farmer will receive a bridge payment by commodity on the acres planted in 2025 and an ARC/PLC payment by commodity on the base acres enrolled. At the national level, for example, the base acres of barley, cotton, rice, sorghum, and wheat were over 23 million acres higher than the acres planted to those crops in 2025, while acres planted to corn and soybeans exceeded base acres for those crops by over 32 million acres (USDA-FSA, [January 12, 2026](#); [January 14, 2026](#)). Mismatches between base and planted acres are likely to vary widely at the state, county, and farm levels.

The \$27 billion in federal payments to a select group of farm operations for 2025, made on two different types of acres but to the same operations, brightens the spotlight on the issues discussed in this series (*farmdoc daily*, [January 15, 2026](#); [January 22, 2026](#); [January 29, 2026](#)). In the Reconciliation Farm Bill, tucked inside the One Big Beautiful Bill Act of 2025, Congress saw fit to reauthorize this policy design through 2031, while also vastly increasing potential payment rates on southern base acres of seed cotton, rice, and peanuts, which by design can be planted to other crops such as corn or soybeans (P.L. [119-21](#)). The question explored in this article is whether a fundamental flaw was designed into the policy when it was first authorized in 1996.

Base acres represent a snapshot in time, but of a very different time. Unless added in the update from the 2002 Farm Bill (P.L. [107-171](#); [7 U.S.C. §7911](#)) (average planted, 1998-2001)), or reallocated after the 2014 Farm Bill (P.L. [113-79](#); [7 U.S.C. §9011](#)) (average planted, 2009-2012)), base acres would be largely unchanged from the contract acres for the Production Flexibility Contract payments of the 1996 Farm Bill (P.L. [104-127](#)). According to a 2005 USDA report, for example, over 60% (163 million) of the base acres resulting from the 2002 Farm Bill were not updated (Young et al., [2005](#)). The history of base acres has been previously discussed (*farmdoc daily*, [July 20, 2023](#); [August 3, 2023](#); [August 10, 2023](#); [August 17, 2023](#); [May 16, 2024](#)).

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The 1996 contract acres were not calculated anew, they were simply the base acres enrolled under the 1990 Farm Bill (*H. Rept.* [104-494](#); P.L. [101-624](#), at Sec. 1101; P.L. [103-66](#), at Sec. 1101). Those base acres were established for the 1986 crop year by the 1985 Farm Bill, calculated using the acres planted in the five preceding crop years, 1981 to 1985 (P.L. [99-198](#)). It is not an exaggeration to note that most of today's base acres represent planting decisions and farming that are decades old—many of which, moreover, were planting decisions made in the first half of the farm economic crisis of the 1980s.

Returning to 1996 is instructive. That Farm Bill was the product of a confluence of influences, but primarily: (1) the political realignment of the 1994 midterm elections in which Republicans won a majority of the seats in the House of Representatives for the first time since the midterm elections of 1954—from Eisenhower's first midterm to Clinton's—and; (2) the free trade exuberance of the era that brought expectations for increased demand for American commodities that would boost crop prices. House Agriculture Committee Chairman Pat Roberts (R-KS) summed it up, arguing farm policy was “outdated and in need of reform” due to “dramatic changes taking place” that promised “increased demand in a growing global marketplace” and for which farmers wanted “more flexibility and ability to respond to market signals and to make their own financial decisions.” (*Congressional Record*, February 28, 1996, at 3098-99).

This dramatic change in the marketplace was driven by free trade's big wins in the early part of the 1990s. Specifically, the North American Free Trade Agreement (NAFTA) (P.L. [103-182](#) (entered, December 17, 1992; submitted to Congress, November 4, 1993; approved, December 8, 1993)) and the Uruguay Round Agreement on Agriculture (P.L. [103-465](#) (completed, December 1993; entered, April 15, 1994; submitted to Congress, September 27, 1994; approved, December 8, 1994)), which also approved the U.S. entry into the World Trade Organization (WTO) (Cimino-Isaacs, Davis, and Hammond, [May 12, 2025](#); Cimino-Isaacs, [July 30, 2025](#)). Those rapid events obscure long-running developments that began after World War II with creation of the General Agreement on Tariffs and Trade (GATT) in 1947. The beginning of the Uruguay Round of GATT negotiations in 1986 with a focus on reforming agricultural policies was driven by the Reagan Administration after having failed to achieve major Farm Bill reforms in Congress in 1981 and 1985. Progress was also assisted by the Omnibus Trade and Competitiveness Act of 1988 (P.L. [100-418](#)) and the collapse of the Berlin Wall and of the Soviet Union in 1989 (Orden, Paarlberg, and Roe, 1999 at 86-105; Winders, 2009, at 181-83; Stiles, [1996](#)).

Chairman Roberts also stressed the need to move away from the “principles of supply management” that were the basis of the 1930s New Deal policies, as well as the Eighties version in which “the principal justification for the programs has been that farmers receive Federal assistance in return for setting aside a portion of their wherewithal, their acreage,” which he argued, “ha[d] collapsed as an effective way to deliver assistance to farmers” (*Congressional Record*, February 28, 1996, at 3098-99). In this he was arguing that farmers and the agribusiness sector had run out of patience with the convoluted acreage reduction, or set-aside, policies (e.g., the Acreage Reduction Program, and the 50-92 and 0-92 programs) that were in response to the twin farm economic and erosion crises (Erdman and Runge, [1990](#); Huang and Daberkow, [1995](#); Olson, [2001](#)). While these arguments help explain the decoupling reforms of 1996, they do not explain why those reforms simply incorporated the base acres from the 1985 and 1990 Farm Bills.

The arguments for reforming farm policy in 1996 also do not explain the most puzzling feature of the payment policy design, the fixed allocation of funds divvying up taxpayer dollars on a commodity-by-commodity basis but with no discernible relationship to farming (P.L. [104-127](#), at Section 113(b) (26.26% for wheat, 46.22% for corn, 5.11% for sorghum, 2.16% for barley, 0.15% for oats, 11.63% for upland cotton and 8.47% for rice)). The answer lies in budget reconciliation. The 104th Congress wielded it to drive major changes in federal programs and spending, including the Farm Bill, but could not overcome President Clinton's veto. Much about the design, therefore, was in response to budget pressures and politics. The fixed allocations provided the illusion of reduced spending but primarily locked in the CBO baseline. Seven-year contracts with farmers provided legal protection for future projections of spending for the next reauthorization in 2002 (Coppess, 2018, at 181-204; Schertz and Doering, 1999; Orden, Paarlberg, and Roe, 1999; Winders, 2009; Lauck, [2000](#); Grassley and Jochum, [1996](#); Gardner, [1996](#)).

The budget gimmick exposes a fundamental flaw in base acre policy, segregating in the programs what is combined in farming. Doing so divided up the CBO baseline amongst the factional interests to create a baseline within the CBO baseline. It was not done in isolation, however, because the segregated funding was combined with decoupled acres—payments decoupled from planting but coupled to specific program

crops. Mixing the two tangled up the policy objectives. It divorced policy from the most fundamental realities of farming (acres in production at risk) while more deeply entrenching it in factional commodity politics, which has always favored southern interests. While this design allows some flexibility in farmer planting decisions, it also permits—and possibly encourages, depending on the combination of payments and economic realities—a farmer to supplement the income from one crop with the payment of another. Payment rates differ amongst program crops, some receive higher payments per base acre than others. The fundamental flaw becomes most problematic when farmers growing the same crops can earn different incomes based solely on policy and politics.

This design flaw can have substantial consequences on the ground and in Congress. If the purpose in 1996 was to free the farmer, it was an odd choice to lock the program into segregated funding allocations. It was more questionable, and problematic, given the troubled history of acreage diversion and the different ways policy can influence planting decisions. Because it connects directly to farm bottom lines, the acreage issue can be politically explosive, especially in difficult times.

Farm policy has been here before. In the 1950s and 1960s, a fundamental flaw in farm policy permitted federally subsidized acreage diversion from cotton and wheat into corn. The additional acres of corn and other feed grains spread surplus problems to those crops, markets, and farmers. It set off a regional conflagration that tore apart the farm coalition, sunk the Farm Bill in 1962, and required the Food Stamp Act in 1964 for continued political viability in Congress. It is that history and the lessons it should teach that will be the subject of part 5 in this series.

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