

Farm Service Agency

**Seed Cotton Base Acre Allocation,
Yield Update, Election and Enrollment**

FACT SHEET
August 2018

Overview

The Bipartisan Budget Act of 2018 (BBA) authorizes seed cotton as a covered commodity under the The Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs effective for the 2018 crop year. Owners of a farm with generic base acres as of September 30, 2013, and recent planting history of covered commodities, have a one-time opportunity to allocate generic base acres.

Implementation of the seed cotton provisions will be similar to those for crops initially included in 2015 in the ARC/ PLC programs resulting from the 2014 Farm Bill. The process will be multi-step to allocate generic base acres to seed cotton base acres.

Steps for implementing the allocation of seed cotton are:

1. Determine if a covered commodity was planted on the farm during the 2009 through 2016 crop years.
2. Identify planted and considered planted (P&CP) history of covered commodities, including upland cotton, on the farm with generic base acres.
3. Current owner(s) of the farm allocate generic base acres to seed cotton or allocate generic base to seed cotton and other planted covered commodities as applicable.
4. Current owner(s) of the farm updates the seed cotton yield.
5. Current producer(s) on the farm elect the applicable program for seed cotton, unless ARC-Individual Coverage (ARC-IC) was previously elected on the farm.
6. The producer(s) on the farm enroll the farm.

Eligibility to Allocate Generic Base Acres to Seed Cotton Base Acres

A requirement to allocate generic base acres to seed cotton or other covered commodity base acres is that the farm must demonstrate a recent history of planting covered commodities, including upland cotton. The farm must have been planted or approved prevented planted to a covered commodity (including upland cotton) at any time during the 2009 through 2016 crop years.

Identifying Planting History on the Farm

Producers will review the 2009 through 2012 planting history on farms that are determined eligible with generic base acres to ensure the planting history is complete.





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Generic Base Acre Allocation Options

Generic base acres may be allocated to seed cotton base acres according to the following options:

Option 1: Allocate generic base acres on a farm to seed cotton base acres to the higher of the following:

- a. 80 percent of the generic base acres on the farm - the remaining 20 percent goes to unassigned base acres for which there will be no payments.
- b. The average of planted and considered planted (P&CP) upland cotton acres on the farm in crop years 2009-2012, not to exceed the total generic base acres on the farm.

NOTE: Any remaining unallocated generic base acres will become unassigned generic base acres. Unassigned generic base acres means the number of acres derived from generic base acres where no ARC or PLC payments are generated or earned.

Option 2: Allocate generic base acres in proportion to the 4-year average P&CP of covered commodities, including upland cotton, in crop years 2009-2012, to the total P&CP acres of all covered commodities planted on the farm.

An increase in total base acres on the farm, as of September 30, 2013, is not allowed.

For farms without P&CP history of covered commodities, including upland cotton, during the 2009-2016 crop years, all generic base acres shall be converted to unassigned generic base acres for which no payments may be made.

If an owner fails to allocate generic base acres during the allocation period, the generic acres will be allocated to seed cotton base under the provisions in Option 1 if a covered commodity was planted on the farm during 2009 through 2016.

Generic Base Acre Allocation Example

The following tables illustrate the generic base allocation options available for Farm 1234 that has 300 generic base acres.

Table 1 shows the planting history and the average planted acres for each covered commodity on the farm for crop years 2009-2012.

TABLE 1: PLANTED AND CONSIDERED PLANTED HISTORY OF FARM 1234 FOR CROP YEARS 2009-2012

COVERED COMMODITY	2009	2010	2011	2012	AVERAGE	TOTAL PLANTED ACRES %
Upland Cotton			100	600	175.0	17.50%
Soybeans	500	700	600	400	550.0	55.00%
Corn	300	150	300		187.5	18.75%
Wheat	200	150			87.5	8.75%
TOTAL ACRES	1000	1000	1000	1000	1000	

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Table 2 shows the generic base acre allocation results for Option 1 and Option 2 for this farm.

TABLE 2: GENERIC ACRE CONVERSION RESULTS			
CROP BASE	OPTION 1-A	OPTION 1-B	OPTION 2
Seed Cotton	240	175	52.5
Soybeans			165.0
Corn			56.4
Wheat			26.1
Unassigned	60	125	0
TOTAL	300	300	300

NOTE: In this example, if the current owner chooses option 1, the higher result is Option 1-A.

Seed Cotton PLC Yield Update

The BBA provides owners of a farm a one-time opportunity to update the farm’s payment yield for seed cotton with one of the following options:

Option 1: Retain the Counter-Cyclical (CC) yield for upland cotton, as listed on the farm record as of September 3, 2013, multiplied by 2.4.

Option 2: Update the upland cotton yield to 90 percent of a simple average of upland cotton yield per planted acre on the farm for each of the 2008-2012 crop years, excluding any year in which upland cotton was not planted, times 2.4.

The yield may be updated on each farm, regardless of the subsequent program election for seed cotton. The decision to update the yield is made by a current owner(s) on the farm. The retained or updated yield becomes the PLC yield for the farm, effective for the 2018 crop year, and will be used in calculating payment rates for the PLC program. If a request to update yields is not filed within the yield update period, the former CC yield on the farm times 2.4 will be carried forward as the farm’s PLC yield for the 2018 crop year.

If the generic base acre allocation results in crop base acres for a covered commodity base where a PLC yield does not exist on the farm, then an owner may update the yield(s) for the new crop(s).

Yield Certification

Owners or operators will certify to an actual yield for upland cotton that was planted on the farm for each year during 2008-2012. The certified yield shall be reported at the farm level and must be supported by acceptable production evidence if requested by FSA. Acceptable evidence includes FSA-658’s from the ACRE program, RMA yield records, NAP yield records, production data (including gin bale listings, warehouse receipts, and CMA/DMA/LSA records), and FSA loan records.



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Yield Update Calculation

A simple average of pounds of lint from each year upland cotton was planted on the farm during 2008-2012, excluding zero-planted years, will be multiplied by 90 percent and then multiplied by 2.4 to arrive at the updated seed cotton PLC yield for the farm.

A substitute yield is authorized to be used in any year the farm’s yield per planted acre falls below 75 percent of the 2008-2012 County Average Yield. The Substitute Yield is the simple average of the 2008-2012 yield per planted acre of upland cotton in the county multiplied by 75 percent.

The following is a yield update example:

Example 1: Table 3 shows the planting history for the Farm 1 and the updated yield calculations.

Farm 1 has a Counter Cyclical (CC) Yield of 959 pounds. Multiplying 959 by 2.4 determines the retained seed cotton yield.

The producer planted upland cotton in all 5 years of the yield period 2008 through 2012. The 2008 and 2011 crop year yields are lower than the substitute yield (75 percent of the 2008 through 2012 county average yield). The substitute yield will be used for 2008 and 2011.

The 5-year simple average yield on the farm is calculated at 1006 lbs. per acre. The PLC yield is 90 percent of 1006 lbs. per acre multiplied by 2.4, or 2172 lbs. per acre.

The owner may choose to keep the CC yield of 2302 lbs. per acre or update the yield to 2172 lbs. per acre.

TABLE 3: Planting History of Farm 1

	UPLAND COTTON PLANTING HISTORY					RETAINED YIELD: CC YIELD 959 LBS. X 2.4 = 2302 PLC YIELD			
	2008	2009	2010	2011	2012	TOTAL ^{1/}	AVERAGE YIELD ^{2/}	YIELD AT 90 PERCENT	UPLAND PLC YIELD ^{3/}
Upland Cotton Certified Yield	819	1207	1183	724	958	5028	1006	905	2172
Substitute Yield	840	840	840	840	840				

^{1/} Total – total of 2008 through 2012 upland cotton year yields
840 + 1207 + 1183 + 840 + 958 = 5028

^{2/} Average yield – total of all yields (higher of actual or substitute yield), divided by the number of years with planted acres of upland cotton
5028/5 = 1006

^{3/} 905 x 2.4 = 2172

YIELD UPDATE DECISION – RETAIN THE PLC YIELD OF 2302 LBS.



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Seed Cotton Program Election

Following the generic base acre allocation and yield update by a current owner(s) on the farm, the current producer(s) on the farm will have a one-time opportunity to unanimously elect either ARC or PLC for the seed cotton base acres resulting from the generic base acre allocation. If the generic base acre allocation results in other covered commodity base acres on the farm, those covered commodities are subject to the program election previously made at the beginning of the 2014 Farm Bill. Farms with an ARC-IC election will continue in ARC-IC, which would include any seed cotton base acres allocated to the farm.

A farm failing to make an election will be considered to have elected PLC for seed cotton.

Enrollment

The last step in the process is enrolling the farm in ARC/PLC for 2018. Regardless of the above steps, farms **MUST** be enrolled by the producers on the farm for that farm to be eligible for these income support programs for 2018. Enrollment of ARC and PLC farms for seed cotton, consistent with the program election for the farm and covered commodities made in the election period, for the 2018 crop year, began November 1, 2017 and will end December 7, 2018.

For More Information

This fact sheet is for informational purposes only; other restrictions may apply. For more information on ARC/PLC, visit www.fsa.usda.gov/arc-plc or contact your local FSA office. To find your local office visit <https://www.farmers.gov>.

