

2014 FARM BILL DECISION MAKING STEPS

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The first deadline for Farm Bill decisions is rapidly approaching. February 27th is the deadline for updating yields and reallocating base acres. Following is information about those decisions.

STEP #1 DETERMINE IF YOU CAN UPDATE PAYMENT YIELD

Decision to be made: Update Payment Yield to 90% of 2008-2012 average farm yields OR retain current Payment Yield

Decision can be made separately for each commodity with base acreage.

Strategy: If you can prove that the current yields on your farm are higher than your established FSA Payment Yield (listed on letter sent in August), you should update them. These are used in the Price Loss Program (PLC) of the 2014 Farm Bill, so a higher Payment Yield will increase your PLC payments, if they are triggered. Even if you choose Agricultural Risk Coverage (ARC), you should still update your payment yields because they will stay with the farm for future Farm Bills.

What is needed: You will need to certify your 2008-2012 yields with FSA for each covered commodity, for each farm serial number. You are subject to spot checks, so these yields need to be verifiable with crop insurance records or other documentation. Your updated Payment Yield will be calculated as an average of yields from 2008-2012, including substitute yields in years of catastrophic yield losses.

Timeline: You can update Payment Yields with FSA through February 27th, 2015.

More Information: Read "Updating Payment Yield" publication on Farm Bill page of www.AgManager.info

STEP #2 DECIDE IF YOU WANT TO REALLOCATE BASE ACRES

Decision to be made: Retain current base acres or reallocate to average plantings from 2009-2012. You cannot build base acres, just reassign them to different proportions of the covered commodities you are growing.

Strategy: Although this is step #2, the decision should be made along with Step #3. There are two ways of looking at this decision.

RISK MANAGEMENT: If you want your potential program payments to match the commodities that you are actually planting, you would reallocate, assuming what you planted in 2009-2012 is similar to your crop rotation going forward.

PAYMENT MAXIMAZATION: Choose which base (current or reallocated) that you anticipate to receive the highest payments for the life of the Farm Bill. This is not easy to do. Use the decision tool to help you evaluate (on www.AgManager.info)

What is needed: FSA already has your reported plantings from 2009-2012, which will be used to calculate your average plantings for reallocating base.

Timeline: You can reallocate base acres with FSA through February 27th, 2015.

More Information: Read "Reallocating Base Acres" publication on Farm Bill page of www.AgManager.info and go through OSU-KSU Decision Tool or other decision aid.

Additional information about the Farm Bill is also available in our office or at www.butler.ksu.edu

If you would like for me to help you with the Decision tool spreadsheet, this service is available for a fee of \$50 per farm that is analyzed. Contact me for an appointment.

Step #3, Selecting Farm Bill Programs will be the subject of an upcoming column.