



Allowing New Base Acres for Current Program Commodities: An Assessment

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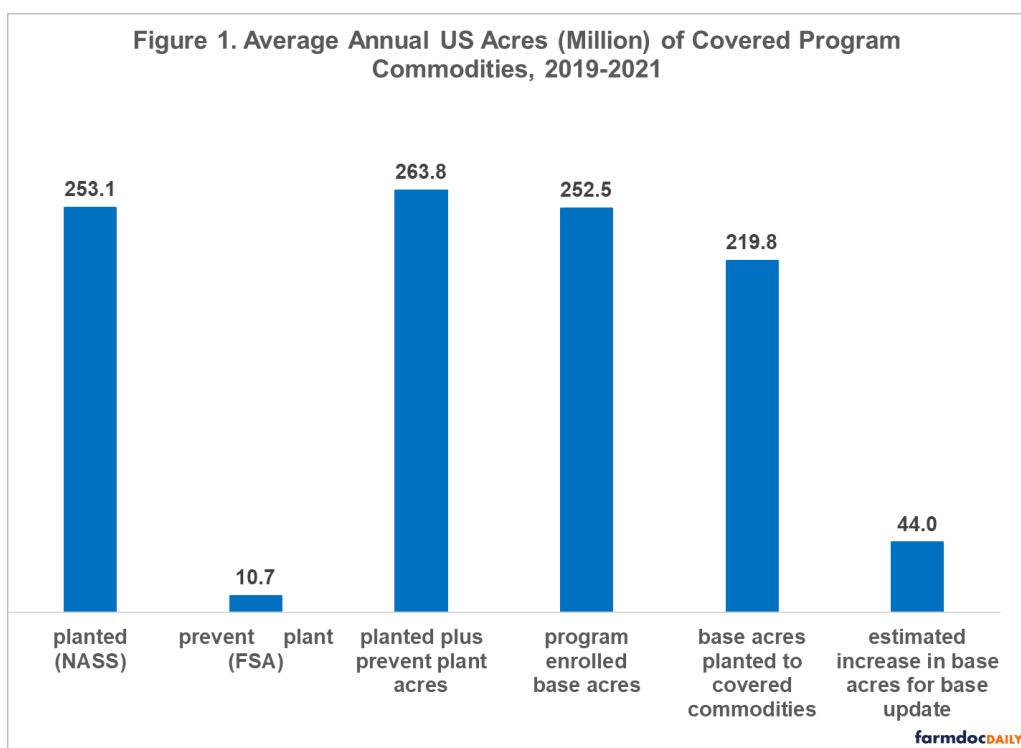
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The 2002 and 2014 farm bills authorized voluntary base acre update and reallocation options, respectively. Several individuals have asked the senior author about the feasibility of another voluntary base acre update that specifically would allow acres recently planted to covered program commodities be used to determine total base acres on a farm, including those farms not enrolled for farm programs. Allowing new base acres for current program commodities is expensive. Using data for the 2019-2021 crop years, we estimate that this base update option would result in a 17% increase in base acres of current program commodities. An increase of this size would likely require either that the addition of new base acres be scaled back or a funding source identified before it would receive serious consideration.

Planted Acres

Acres planted to covered commodities averaged 253.1 million over the 2019-2021 crop years (see Figure 1). These crop years are under the 2018 farm bill and have complete data. Source of planted acres is the *Quick Stats* database maintained by USDA, NASS (US Department of Agriculture, National Agricultural Statistical Service). Covered commodities are barley, canola, crambe, corn, large and small chickpeas, dried peas, flaxseed, lentils, mustard, oats, peanuts, rice, rapeseed, safflower, seed cotton, sesame, sorghum, soybeans, sunflowers and wheat. Acres planted to crambe and sesame, both small acre crops, are not reported in *Quick Stats*.

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Considered Planted

Base acres include acres considered planted to a program commodity in a year. Specifically, they include acres prevented from being planted for conditions beyond a farmer's control, including weather (2014 farm bill). Using data from USDA, FSA (Farm Service Agency) (August 2022b), prevent plant acres of covered commodities averaged 10.7 million per year over 2019-2021 (see Figure 1).

Base Acres

Using FSA data (August 2022a), base acres enrolled in commodity programs averaged 252.5 million per year over 2019-2021 (see Figure 1). However, not all base acres are planted to covered commodities. Farmers have the freedom to not plant base acres or plant them to other crops, with some restrictions largely related to fruits and vegetables. According to data supplied by FSA (August 2022c); 219.8 million enrolled base acres were planted to covered commodities over 2019-2021 (see Figure 1).

Summary

Recent planted plus prevent plant acres for covered commodities exceed current base acres planted to covered commodities by 44 million (263.8 – 219.8) (see Figure 1),

The preceding finding implies that, if farmers were allowed to sign up acres recently planted to covered commodities but have no base, base acres for current program commodities could increase by 17% (44 million / 252.5 million).

If we assume new base acres have the same distribution as existing base acres across program commodities and states, a 17% increase in base acres translates into a 17% increase in budgetary cost (i.e. commodity program payments). The May 2022 Congressional Budget Office (CBO) baseline projected spending of \$48 billion for the Agriculture Risk Coverage and Price Loss Coverage programs over Fiscal Years 2023-2032, implying an \$8 billion (17% times \$48 billion) increase in Federal budgetary cost over 10 years, the period used to score farm program spending.

An increase approaching the estimate in the previous point is large enough that the addition of new base acres for current program commodities would likely have to be scaled back or have a source of funding identified before receiving serious consideration.

Scale back options include, among others, (1) limiting (i.e., capping) the number of acres that could be added as new base acres to current program commodities, (2) requiring that new base acres be in the program commodity with the lowest projected payment per acre over the life of the authorizing farm bill, (3) allowing new base acres on a farm to the extent they can be funded by reassigning that farm's existing base acres to program commodities with a lower expected payment over the life of the authorizing farm bill (i.e., the farm gains base acres but no expected increase in payments), and (4) base acres on an updating farm would need to reflect recently planted program commodities (i.e. previous base acre distribution across program commodities is eliminated).

An issue that might arise with a new base acre update to current program commodities is that some, maybe many, farms will have no new base acres. Planted and base areas are the same. Moreover, beneficiaries of a new base acre update are likely to vary by state and crop. Would Congress thus find it equitable, perhaps even politically necessary, to offer some other benefit to farms that are at maximum base acres, thus further increasing the cost of adding new base acres to current program commodities?

References and Data Sources

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