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State and Regional Impacts of a Nationwide Mandatory Base Acre Update

Working Paper 19-3

April 2019

Agricultural and Food Policy Center

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Introduction

Countless hours of analysis, debate, and negotiations culminated in the signing of the 2018 farm bill, formally titled the Agriculture Improvement Act of 2018, by President Trump on December 20, 2018. Given the fiscal climate created by the growing national debt and the desire to reduce government spending, funds needed to improve the farm bill safety net programs were in short supply. The funding situation necessitated that any requested improvements to the farm safety net would likely result in reductions in funding in other areas of the bill. One option discussed as a potential avenue for freeing up money was a forced update of base acres used in the calculation of payments for Price Loss Coverage (PLC) and Agriculture Risk Coverage (ARC).

Depending on its design, a forced base acre update could potentially help resolve budgetary constraints by removing base acres that are no longer in production of a covered commodity. A forced base update would likely place some farmers, and, potentially even entire regions, at an advantage over others, depending on recent history of planted acres and the formula used to calculate the new base acre structure. If a farmer has been planting the same crop and acreage as their current base acres, there will be no change in the amount of base acres resulting from the update. However, if a given producer has been planting crops not closely aligned with existing base acres or is not planting a covered commodity on the land any longer, a mandatory base acre update would elicit significant change. The impacts on base acres by county, state, and region for each covered commodity should be considered before an update is enacted; without analysis, the overall shifts and the magnitudes of those shifts are unknown.

Background

The current levels of base acres were largely established in the mid 1980's. The *Farm Security and Rural Investment Act of 2002* (2002 Farm Bill), and the *Agricultural Act of 2014* (2014 Farm Bill) both allowed farmers the option to update their base acres from those that were established in the 1980s to the average of the most recent years' plantings. In both 2002 and 2014, the base update was optional, so only those farmers who anticipated a benefit in shifting their base acre complement elected to exercise their update. Farmers generally chose to update base acres when the projected payments would increase relative to the payments under the old base acres. As a result, the amount of acreage in certain commodities has changed slightly over time following the change in national planted acres. This can be seen in the way corn and soybean base acres have increased nationwide, while wheat and small grains have decreased when chances to update were granted. Although the covered crop mixes have shifted, at no time has there been an opportunity to increase the total number of covered acres on a given farm number. Potential market distorting effects of the optional updates in tandem with the notion that payments may potentially be collected on base acres that are no longer planted to a covered commodity have motivated support for a forced base acre update.

Methodology

In 2013, Smith and Goodwin did extensive research in this area; however, they utilized United States Department of Agriculture (USDA) data for existing county base acres along with National Agricultural Statistic Service (NASS) county *harvested acres*. In order to account for the abandoned acreage that is planted but not able to be harvested every year, this study instead utilizes NASS *planted acre* data. It is also worth noting that Congress has assigned base acreage in past farm bills based on the acres planted. Individual producer base acre and planted acre data

would be even more desirable, but it is not publicly available information, thus county level specificity is the best available alternative. The county-level planted acres for the years 2012 - 2016 are assumed to form the basis for a forced base acre update. For each county, the planted acres in those years are averaged, dropping the years for which planted acres were unattainable from NASS. The above average was then compared to the current county base acres to arrive at change in base acreage:

$$\left(\sum_{t=2012}^{2016} Planted\ Acres_t\right) - (FSA\ County\ Base\ Acres) = Change\ in\ Base\ Acres$$

County-land changes in base acres are shown in Figures 1-10 for ten major covered commodities. This approach characterizes both *increases* and *decreases* in overall base acres in a county. Counties with at least one year of NASS planted acre data and/or FSA base acres in one of the commodities examined within the given time period are included in the calculations for that respective commodity. Counties without the required data appear as gray on the maps in Figures 1-10. This is not uncommon because many crops are regional and are not planted in every county or state. Shades of red represent a decrease in base acres and green represent an increase in base acres. The intensity of the shade of either red or green, represents the magnitude of the change in base acres, with the darkest shades reflecting a change of 265,000 acres, and pure white reflecting no change at all.

The county level changes in base acres also are aggregated and presented in Table 2 to reveal state and regional level impacts. The regions are drawn based on states falling within generally similar production areas. This aggregate net change in base acre information is valuable to those interested in the state or region as a whole as opposed to a county-level or individual commodity organization. Figure 11 illustrates the states included in each region.

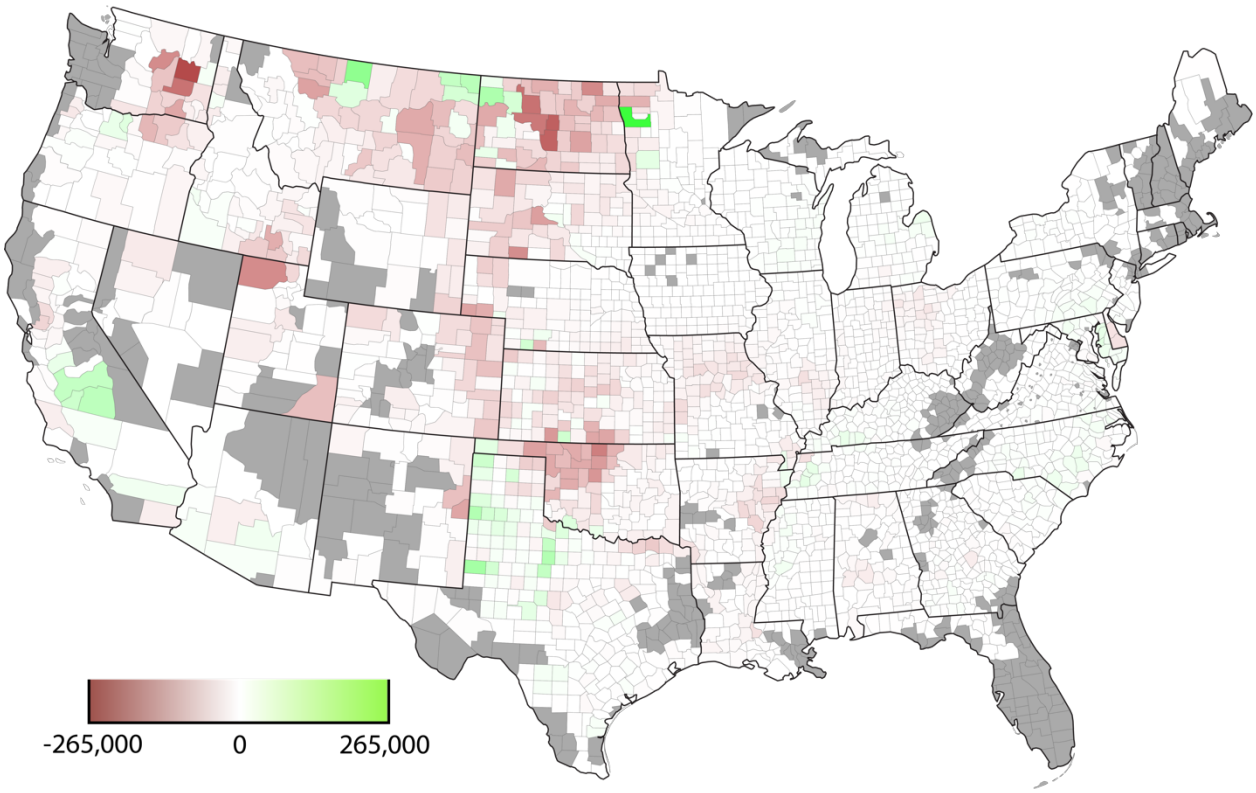

Figure 1. The Effects of a Mandatory Base Acre Update for US Counties with Wheat Acreage.

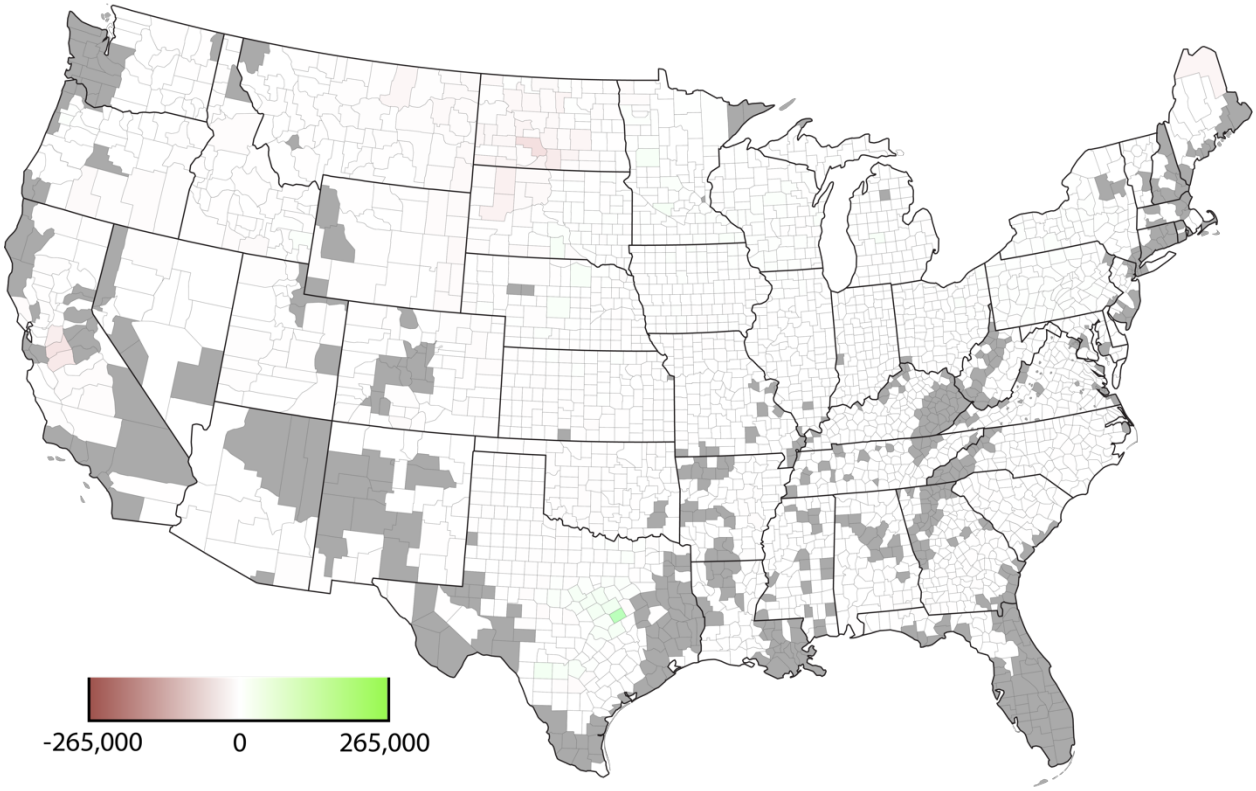

Figure 2. The Effects of a Mandatory Base Acre Update for US Counties with Oats Acreage.

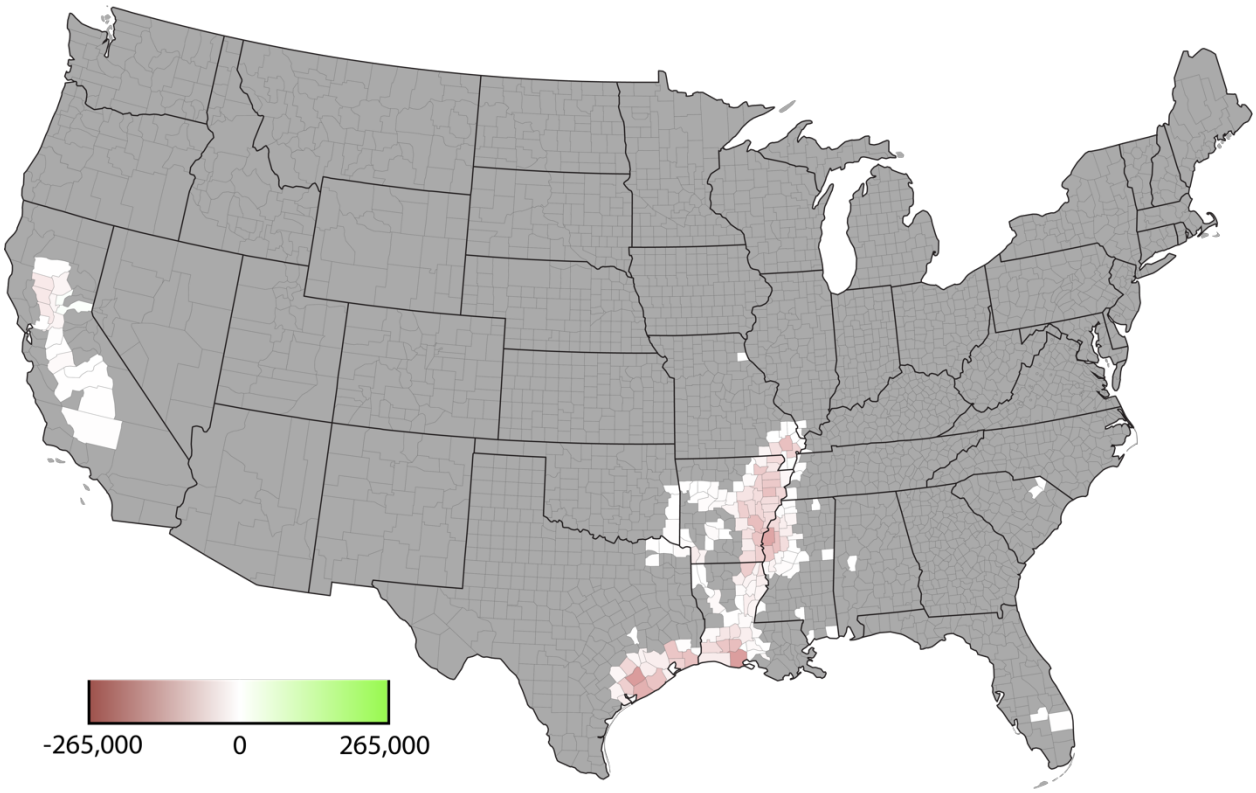

Figure 3. The Effects of a Mandatory Base Acre Update for US Counties with Rice Acreage.

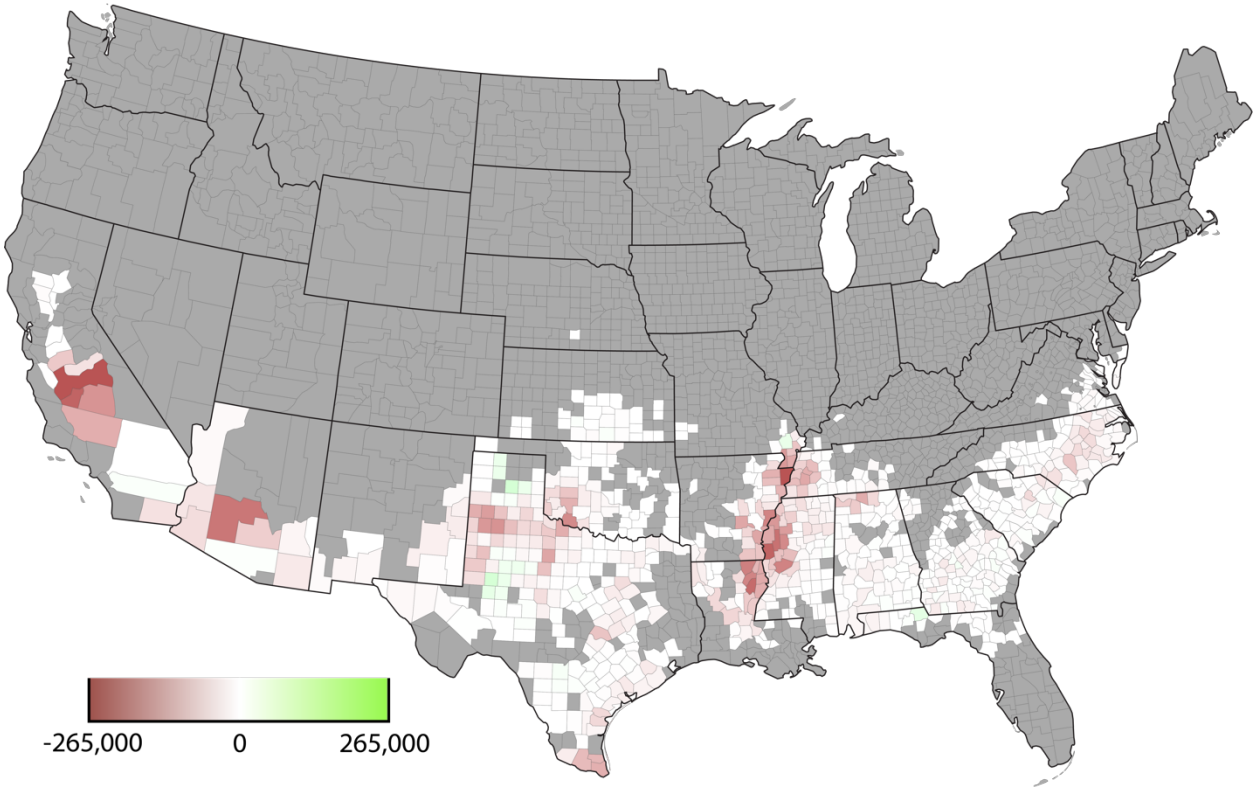

Figure 4. The Effects of a Mandatory Base Acre Update for US Counties with Cotton Acreage.

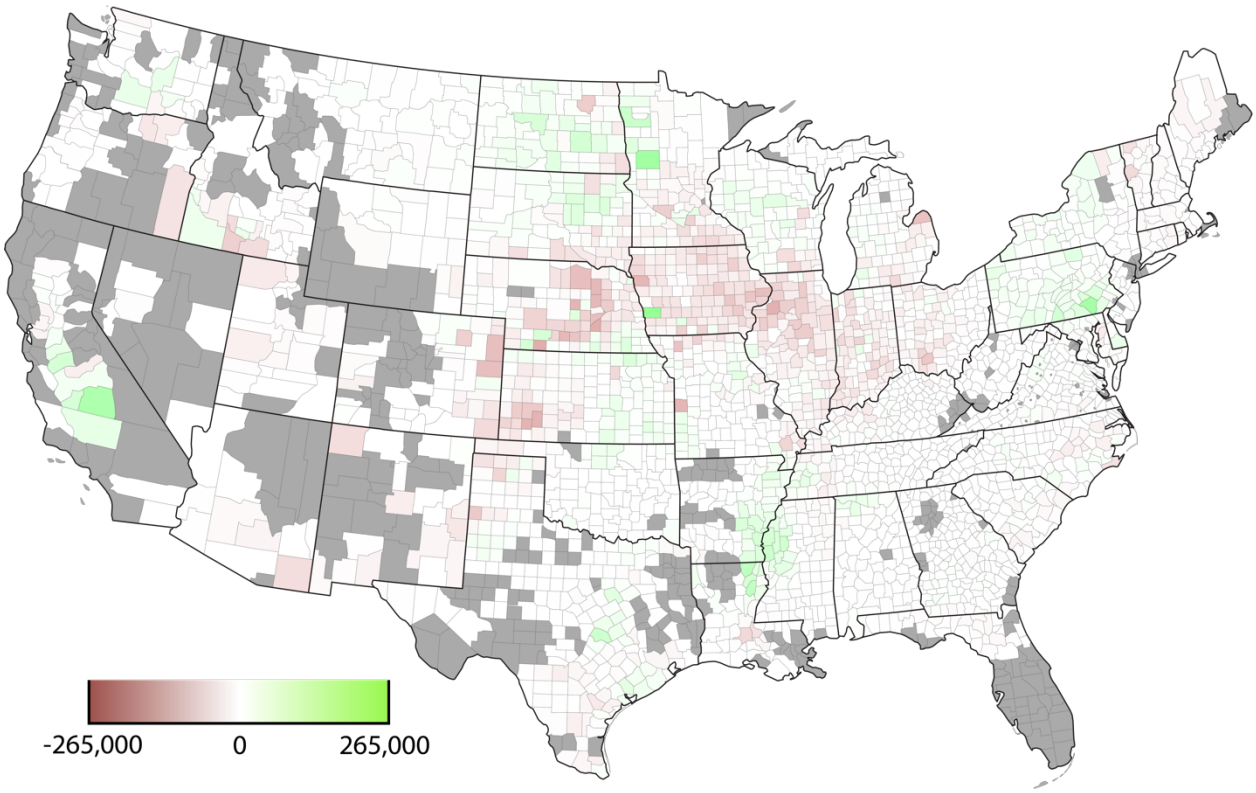

Figure 5. The Effects of a Mandatory Base Acre Update for US Counties with Corn Acreage.

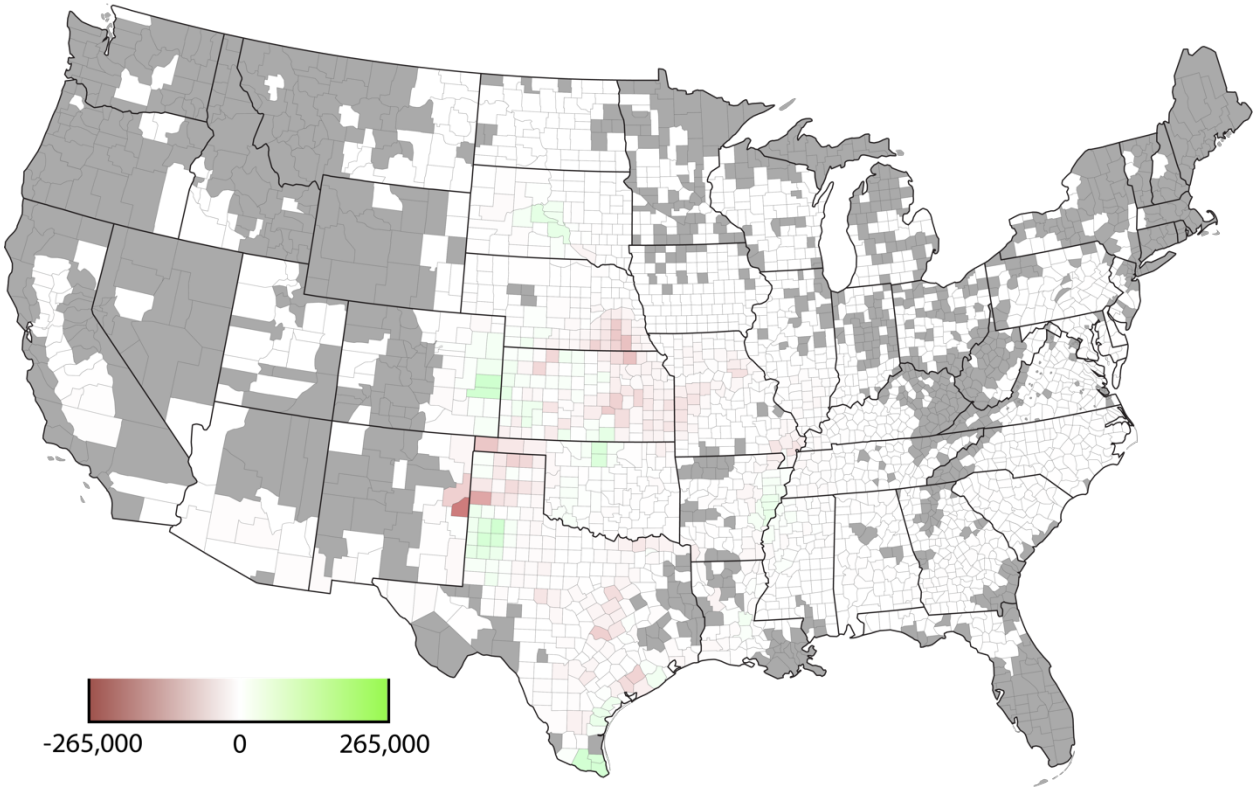

Figure 6. The Effects of a Mandatory Base Acre Update for US Counties with Grain Sorghum Acreage.

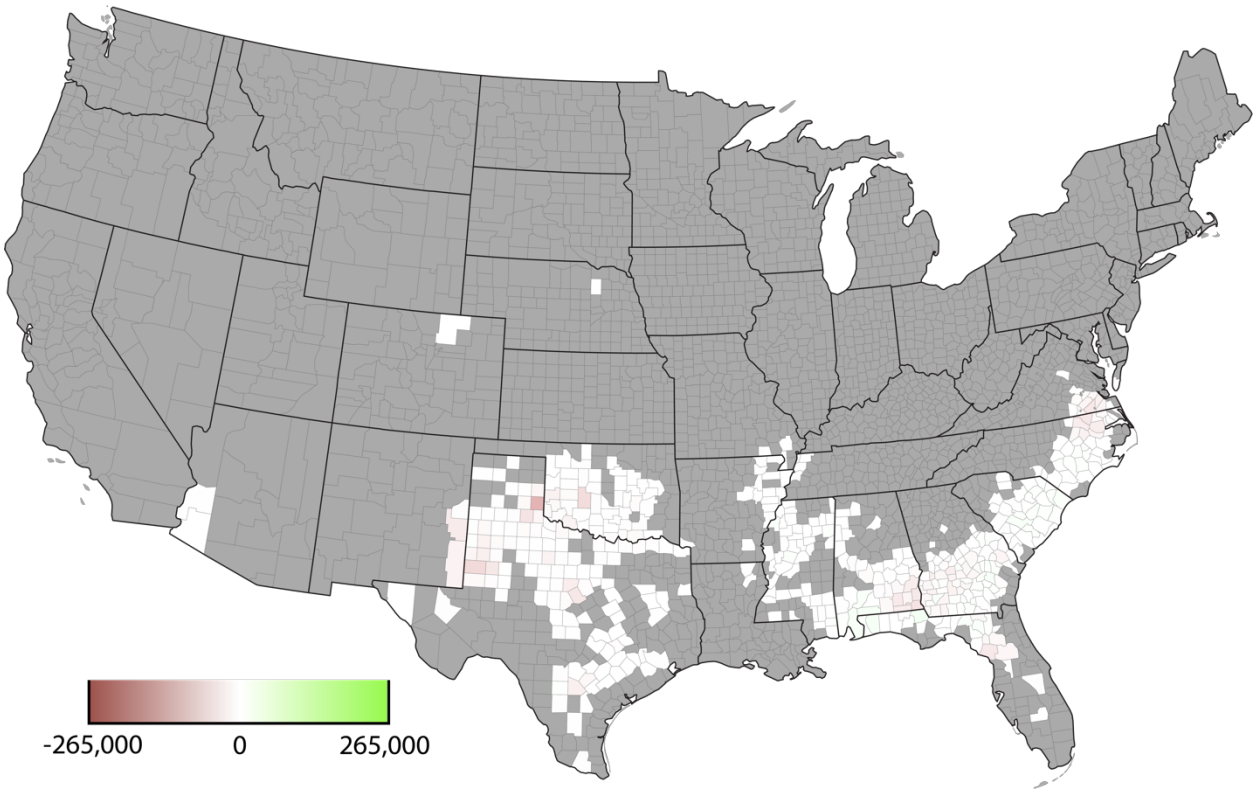

Figure 7. The Effects of a Mandatory Base Acre Update for US Counties with Peanuts Acreage.

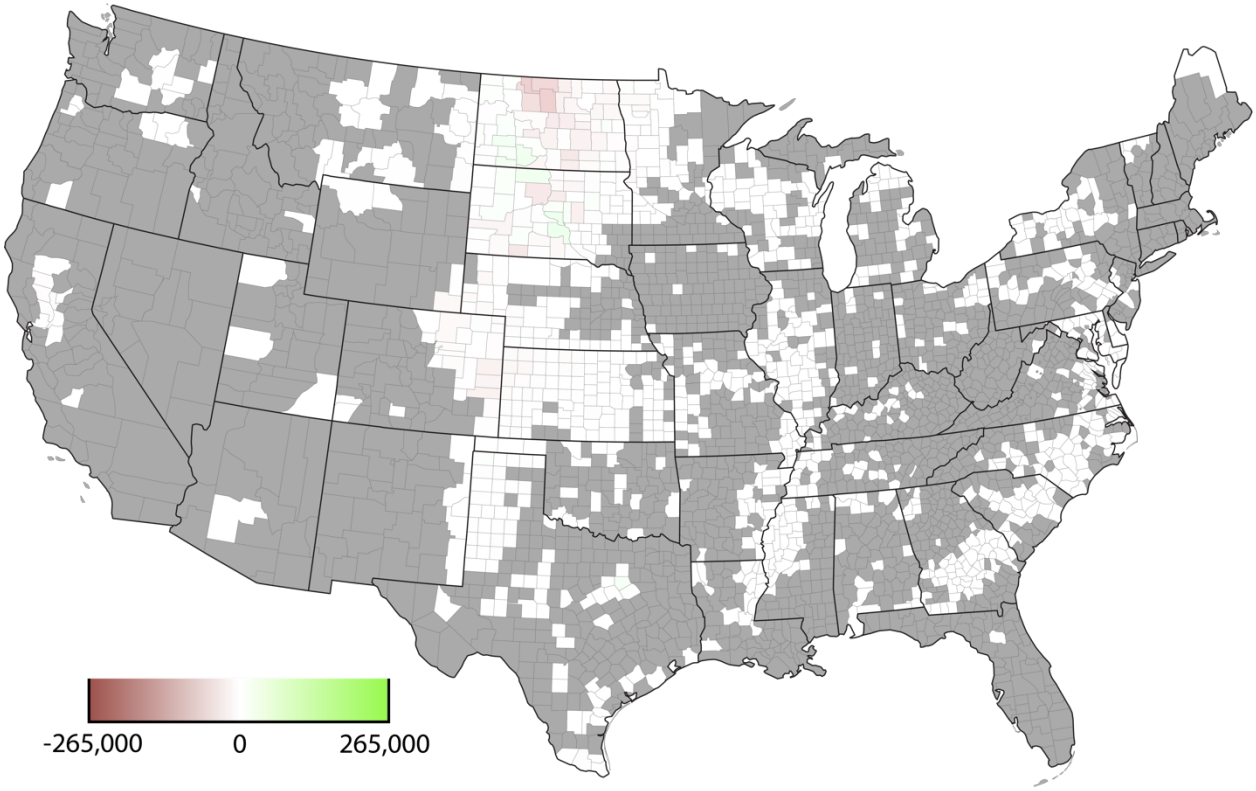

Figure 8. The Effects of a Mandatory Base Acre Update for US Counties with Sunflower Acreage.

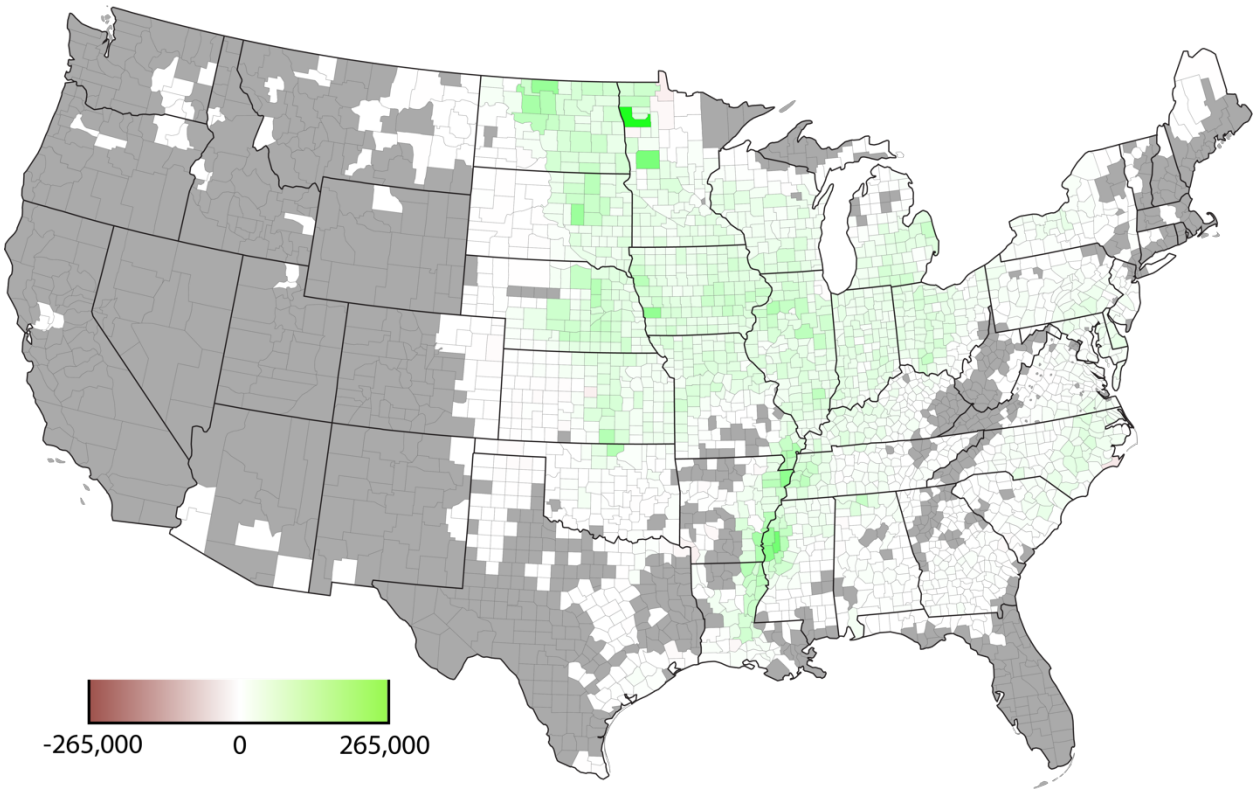

Figure 9. The Effects of a Mandatory Base Acre Update for US Counties with Soybeans Acreage.

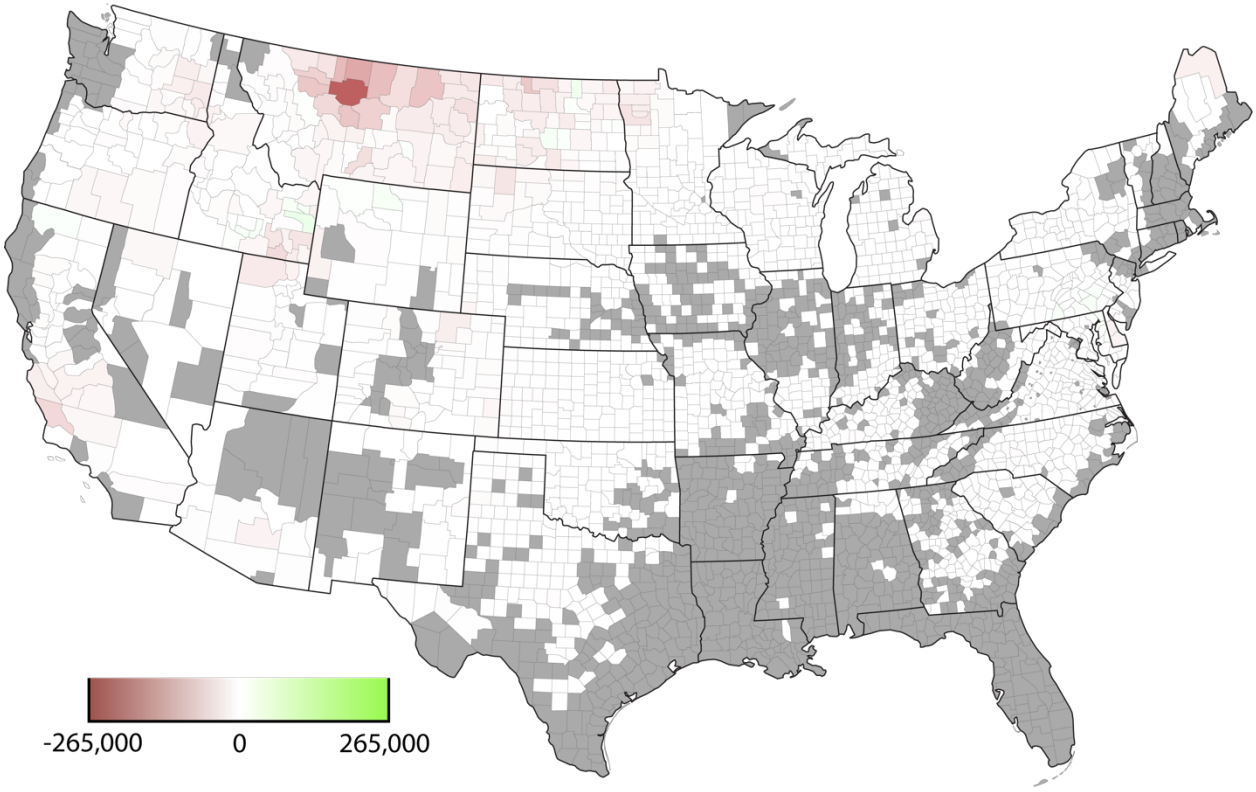

Figure 10. The Effects of a Mandatory Base Acre Update for US Counties with Barley Acreage.

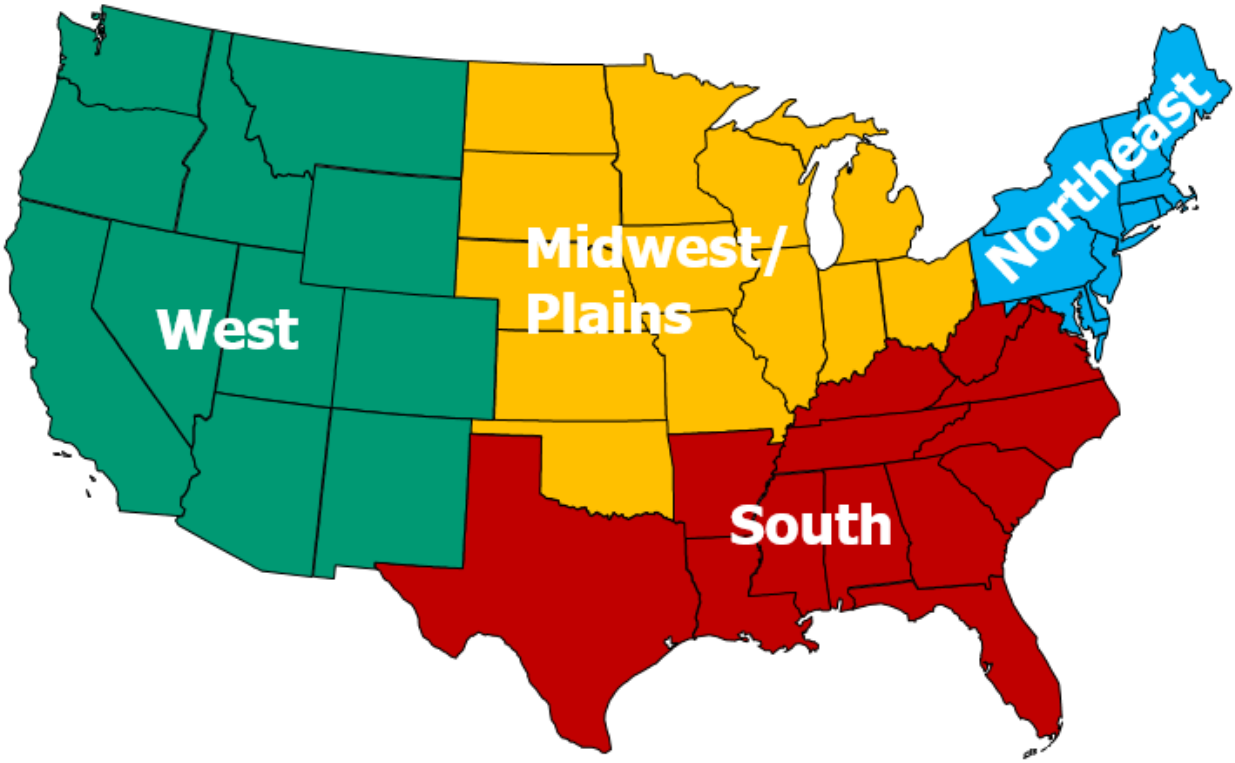

Figure 11. Map of States Categorized into Regions for Mandatory Base Acre Analysis.

Results

Examination of the data reveals that select commodities would have noteworthy impacts on their respective base acres as a result of a mandatory base update. Wheat has large decreases in the Western Region and throughout the western portion of the Midwest/Plains Region. Rice has large decreases in the Mississippi River Basin, and along the gulf coast. The mandatory update results in large decreases of cotton base in the Mississippi River Basin, in the Texas Panhandle, and in the Southwest. Corn would experience large increases and decreases depending on the area, but there is an overall net loss. Soybeans are the only commodity that would enjoy large increases in base acres, especially in the Mississippi River Basin, and the Midwest/Plains region.

Table 1 indicates total base acres across major covered commodities by state, and Table 2 reports total changes in base acres across these crops by state. States that would experience an increase of more than 450,000 acres in total base acres are: Pennsylvania, Kentucky, North Carolina, Tennessee, Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Nebraska, Ohio, and Wisconsin. States that would experience a decrease of 450,000 acres or more in total base acres would include: Arkansas, Oklahoma, Texas, Kansas, North Dakota, Colorado, Idaho, Montana, New Mexico, and Washington.

Under the current scenario, the Northeast Region has a small amount of base acres relative to the other three regions, but the region would experience a considerable increase (approximately 2 million base acres) as a result of a mandatory base update. This increase in base acres results almost entirely from increases in Pennsylvania and New York as seen in Table 2. Aforementioned increases in both states were mostly in corn and soybeans. The Northeast Region would also see several states losing all of their base acres, a key consideration requiring further examination before implementation of this type of update. The lack of planted acre data in these states is likely due to NASS policies ensuring the avoidance of disclosure of individual operations.

The Southern Region included roughly 47 million base according to the 2016 Farm Service Agency records. This number would decrease with this implementation. The primary states fueling this decline include Texas, Arkansas, and Louisiana. However, not all of the states in the southern region would experience a decrease. Kentucky, North Carolina, Tennessee, and Virginia would all see a considerable increase in base acres.

Table 1. Current Base Acres by State, Commodity, and Region.

Midwest/Plains Current Base Acre Data

	Wheat	Oats	Rice	Cotton	Corn	Sorghum	Peanuts	Sunflower	Soybeans	Barley	State Total
Illinois	858,211	19,705	835	-	13,080,240	69,753	-	1,135	7,059,560	1,222	21,090,660
Indiana	458,318	6,214	-	-	6,577,728	5,135	-	65	3,680,131	800	10,728,391
Iowa	50,875	108,963	-	-	15,324,624	3,652	-	131	6,632,582	2,014	22,122,841
Kansas	10,406,991	63,828	-	19,088	4,464,191	3,279,645	-	76,657	2,687,953	40,787	21,039,140
Michigan	480,389	43,499	-	-	2,624,382	365	-	389	1,059,463	14,589	4,223,076
Minnesota	1,671,748	160,319	-	-	8,647,340	390	-	49,108	5,771,478	210,041	16,510,424
Missouri	1,424,939	19,050	281,325	437,146	3,421,581	416,473	211	852	3,505,418	4,713	9,511,708
Nebraska	1,871,683	76,504	-	8	10,432,081	521,018	34	38,678	3,083,661	18,289	16,041,956
North Dakota	9,152,664	300,861	-	-	3,003,396	2,431	-	801,008	4,003,670	1,122,000	18,386,030
Oklahoma	6,606,832	43,991	2,740	583,618	273,123	343,969	89,511	1,034	155,852	10,535	8,111,203
Ohio	823,324	21,107	-	-	4,075,035	601	-	250	3,143,860	1,433	8,065,609
South Dakota	2,897,130	240,312	-	-	5,759,466	178,368	-	493,253	3,763,818	93,139	13,425,485
Wisconsin	133,053	195,146	-	-	3,929,749	480	-	1,408	802,684	32,010	5,094,529
Regional Total	36,836,157	1,299,498	284,899	1,039,859	81,612,936	4,822,279	89,756	1,463,968	45,350,130	1,551,570	174,351,052

Northeast Base Acre Data

	Wheat	Oats	Rice	Cotton	Corn	Sorghum	Peanuts	Sunflower	Soybeans	Barley	State Total
Connecticut	22	21	-	-	19,599	-	-	-	16	4	19,662
Delaware	45,192	87	-	-	159,379	1,183	-	54	118,646	18,304	342,846
Maine	851	14,149	-	-	29,252	6	-	4	1,365	16,077	61,705
Maryland	141,356	1,400	-	110	462,216	5,370	-	255	330,569	33,867	975,142
Massachusetts	16	79	-	-	15,213	10	-	-	23	5	15,346
New Hampshire	-	20	-	-	13,108	2	-	-	2	28	13,160
New Jersey	16,850	865	-	-	70,762	817	-	24	49,206	2,440	140,964
New York	88,115	41,197	-	-	940,390	91	-	251	107,508	6,671	1,184,223
Pennsylvania	73,906	39,905	-	-	683,746	1,533	-	271	184,546	20,803	1,004,710
Rhode Island	-	1	-	-	975	-	-	-	-	-	976
Vermont	544	476	-	-	79,844	56	-	24	997	439	82,381
Regional Total	366,852	98,201	-	110	2,474,483	9,069	-	882	792,878	98,638	3,841,114

Western Base Acre Data

	Wheat	Oats	Rice	Cotton	Corn	Sorghum	Peanuts	Sunflower	Soybeans	Barley	State Total
Alaska	61	1,137	-	-	-	-	-	-	-	12,446	13,644
Arizona	89,655	2,969	-	346,222	38,570	9,257	428	2	42	23,539	510,684
California	483,762	69,905	567,882	584,736	312,617	8,298	-	8,403	63	139,376	2,175,042
Colorado	2,964,418	27,886	-	-	1,450,627	245,083	75	93,333	8,005	119,889	4,909,316
Idaho	1,498,150	28,397	-	-	186,254	261	-	85	14	708,416	2,421,577
Montana	6,235,944	98,398	-	-	89,841	905	-	5,392	2,198	1,782,001	8,214,678
Nevada	26,554	2,346	-	-	1,884	116	-	-	-	7,842	38,742
New Mexico	450,950	5,630	-	87,280	139,100	225,652	23,374	214	127	5,455	937,781
Oregon	962,331	19,689	-	-	59,140	164	-	300	114	87,052	1,128,789
Utah	215,110	10,973	-	-	55,774	936	-	87	32	68,047	350,959
Washington	2,858,460	5,272	-	-	98,696	36	-	609	628	220,953	3,184,653
Wyoming	262,447	28,068	-	-	98,078	373	-	6,246	4	82,503	477,718
Regional Total	16,047,843	300,668	567,882	1,018,239	2,530,581	491,081	23,876	114,670	11,226	3,257,518	24,363,584

Southern Base Acre Data

	Wheat	Oats	Rice	Cotton	Corn	Sorghum	Peanuts	Sunflower	Soybeans	Barley	State Total
Alabama	134,841	12,216	14	609,690	195,619	20,741	250,846	161	124,386	357	1,348,872
Arkansas	815,573	10,687	2,050,920	1,143,288	228,129	208,236	6,163	388	2,304,135	31	6,767,550
Florida	10,713	5,004	568	84,644	39,011	3,278	121,447	55	7,935	-	272,656
Georgia	289,373	27,126	-	1,388,709	314,844	35,986	732,749	2,041	113,100	3,150	2,907,079
Kentucky	425,343	2,883	146	85	1,627,035	14,446	-	58	856,288	6,841	2,933,125
Louisiana	146,475	5,746	807,390	956,366	295,821	106,570	1,013	205	467,971	3	2,787,559
Mississippi	230,876	2,903	408,331	1,568,779	351,294	70,997	13,351	844	920,710	33	3,568,119
North Carolina	466,753	15,098	-	831,901	872,162	16,183	154,230	580	870,051	16,636	3,243,595
South Carolina	185,666	13,913	56	329,609	334,840	10,240	74,093	473	264,182	4,903	1,217,976
Tennessee	357,526	2,516	2,544	710,020	821,498	37,580	1,125	113	714,827	1,813	2,649,562
Texas	4,969,039	174,650	585,372	7,063,877	2,133,517	2,681,195	396,684	23,896	79,694	25,560	18,133,484
Virginia	208,210	6,150	-	101,681	416,877	7,026	74,789	159	309,456	45,149	1,169,497
West Virginia	5,629	1,884	-	-	57,064	268	-	7	11,503	1,512	77,865
Regional Total	8,246,018	280,777	3,855,342	14,788,650	7,687,711	3,212,746	1,826,490	28,980	7,044,238	105,986	47,076,938
Grand Total (Natl)	61,496,871	1,979,144	4,708,123	16,846,858	94,305,711	8,535,174	1,940,122	1,608,500	53,198,473	5,013,712	249,632,688

Table 2. Changes in Base Acres by State, Commodity, and Region.

Midwest/Plains Change in Base Acres

	Wheat	Oats	Rice	Cotton	Corn	Sorghum	Peanuts	Sunflower	Soybeans	Barley	State Total
Illinois	(209,273)	3,637	(835)	-	(1,071,120)	(54,020)	-	(1,135)	2,568,764	(1,222)	1,234,797
Indiana	(126,188)	(6,214)	-	-	(703,628)	(5,135)	-	(65)	1,729,338	(800)	887,307
Iowa	(50,875)	18,264	-	-	(1,542,004)	(3,652)	-	(131)	2,939,243	(2,014)	1,358,831
Kansas	(1,144,181)	(43,078)	-	(2,063)	(54,129)	(431,720)	-	(56,207)	1,187,000	(40,787)	(585,165)
Michigan	78,435	12,306	-	-	(105,069)	(365)	-	(389)	940,473	(14,589)	910,802
Minnesota	(382,756)	56,751	-	-	(227,845)	(390)	-	(19,592)	1,426,039	(128,024)	724,183
Missouri	(632,983)	(19,050)	(108,325)	(177,996)	(83,178)	(365,656)	(211)	(852)	1,911,652	(4,713)	518,689
Nebraska	(436,928)	(12,554)	-	(8)	(720,073)	(382,593)	(34)	(25,778)	2,054,569	(18,289)	458,312
North Dakota	(1,727,012)	(163,844)	-	-	306,594	(2,431)	-	(215,825)	1,476,561	(302,690)	(628,646)
Oklahoma	(1,325,037)	(43,991)	(2,740)	(352,768)	78,555	13,310	(80,856)	(1,034)	242,495	(10,535)	(1,482,600)
Ohio	(251,466)	8,223	-	-	(354,685)	(601)	-	(250)	1,533,552	(1,433)	933,341
South Dakota	(736,220)	(23,679)	-	-	57,649	70,262	-	(20,783)	1,170,224	(93,139)	424,315
Wisconsin	133,113	49,281	-	-	170,275	(480)	-	(1,408)	973,713	(32,010)	1,292,484
Regional Total	(6,811,371)	(163,948)	(111,899)	(532,834)	(4,248,658)	(1,163,470)	(81,101)	(343,448)	20,153,622	(650,244)	6,046,650

Northeast Change in Base Acres

	Wheat	Oats	Rice	Cotton	Corn	Sorghum	Peanuts	Sunflower	Soybeans	Barley	State Total
Connecticut	(22)	(21)	-	-	(19,599)	-	-	-	(16)	(4)	(19,662)
Delaware	(45,192)	(87)	-	-	16,621	(1,183)	-	(54)	53,354	(18,304)	5,154
Maine	(851)	(14,149)	-	-	(29,252)	(6)	-	(4)	(1,365)	(16,077)	(61,705)
Maryland	158,124	(1,400)	-	(110)	15,042	(5,370)	-	(255)	168,896	24,200	359,128
Massachusetts	(16)	(79)	-	-	(15,213)	(10)	-	-	(23)	(5)	(15,346)
New Hampshire	-	(20)	-	-	(13,108)	(2)	-	-	(2)	(28)	(13,160)
New Jersey	10,667	(865)	-	-	13,036	(817)	-	(24)	47,786	(2,440)	67,343
New York	22,005	24,716	-	-	182,480	(91)	-	(251)	196,894	(6,671)	419,082
Pennsylvania	105,654	49,503	-	-	748,019	(1,533)	-	(271)	369,159	38,172	1,308,703
Rhode Island	-	(1)	-	-	(975)	-	-	-	-	-	(976)
Vermont	(544)	(476)	-	-	(79,844)	(56)	-	(24)	(997)	(439)	(82,381)
Regional Total	249,824	57,121	-	(110)	817,208	(9,069)	-	(882)	833,685	18,403	1,966,181

Western Change in Base Acres

	Wheat	Oats	Rice	Cotton	Corn	Sorghum	Peanuts	Sunflower	Soybeans	Barley	State Total
Alaska	(61)	(1,137)	-	-	-	-	-	-	-	(12,446)	(13,644)
Arizona	22,012	(2,969)	-	(210,877)	(38,570)	(9,257)	(428)	(2)	(42)	(14,239)	(254,372)
California	92,698	(69,905)	(66,826)	(496,546)	210,808	(8,298)	-	(8,403)	(63)	(95,242)	(441,777)
Colorado	(548,090)	(27,886)	-	-	(224,748)	128,917	(75)	(49,853)	(8,005)	(65,814)	(795,554)
Idaho	(302,907)	(17,247)	-	-	(60,654)	(261)	-	(85)	(14)	(93,516)	(474,684)
Montana	(657,227)	(65,241)	-	-	15,270	(905)	-	(5,392)	(2,198)	(844,787)	(1,560,480)
Nevada	(26,554)	(2,346)	-	-	(1,884)	(116)	-	-	-	(7,842)	(38,742)
New Mexico	(171,550)	(5,630)	-	(57,015)	(90,125)	(159,552)	(23,374)	(214)	(127)	(5,455)	(513,041)
Oregon	(126,225)	(6,839)	-	-	(59,140)	(164)	-	(300)	(114)	(40,057)	(232,837)
Utah	(215,110)	(10,973)	-	-	(55,774)	(936)	-	(87)	(32)	(36,556)	(319,467)
Washington	(602,660)	(5,272)	-	-	36,137	(36)	-	(609)	(628)	(89,406)	(662,473)
Wyoming	(124,772)	(28,068)	-	-	(12,245)	(373)	-	(6,246)	(4)	(13,526)	(185,233)
Regional Total	(2,660,446)	(243,511)	(66,826)	(764,439)	(280,924)	(50,981)	(23,876)	(71,190)	(11,226)	(1,318,886)	(5,492,305)

Southern Change in Base Acres

	Wheat	Oats	Rice	Cotton	Corn	Sorghum	Peanuts	Sunflower	Soybeans	Barley	State Total
Alabama	(134,841)	(12,216)	(14)	(283,254)	106,016	(20,741)	(77,293)	(161)	295,322	(357)	(127,538)
Arkansas	(389,551)	(10,687)	(716,698)	(787,944)	403,926	26,012	(6,163)	(388)	849,248	(31)	(632,277)
Florida	(10,713)	(5,004)	(568)	7,521	(39,011)	(3,278)	(230)	(55)	(7,935)	-	(59,274)
Georgia	(19,606)	(27,126)	-	(165,348)	55,987	(35,986)	(103,056)	(2,041)	130,835	(3,150)	(169,491)
Kentucky	144,757	(2,883)	(146)	(85)	(106,673)	(14,446)	-	(58)	840,130	(6,841)	853,755
Louisiana	(146,475)	(5,746)	(397,290)	(813,781)	209,179	(13,870)	(1,013)	(205)	777,184	(3)	(392,019)
Mississippi	31,306	(2,903)	(258,501)	(1,194,151)	326,612	18,678	7,749	(844)	1,162,235	(33)	90,148
North Carolina	259,818	(15,098)	-	(403,121)	(14,222)	(16,183)	(69,012)	(580)	769,219	(16,636)	494,185
South Carolina	20,910	(13,913)	(56)	(82,397)	(20,498)	(10,240)	26,577	(473)	142,163	(4,903)	57,169
Tennessee	104,584	(2,516)	(2,544)	(452,148)	77,112	(37,580)	(1,125)	(113)	841,461	(1,813)	525,318
Texas	557,204	154,077	(441,422)	(1,414,906)	75,098	(214,660)	(279,951)	7,271	9,495	(25,560)	(1,573,354)
Virginia	46,408	(6,150)	-	(26,715)	46,843	(7,026)	(56,679)	(159)	281,519	(2,654)	275,388
West Virginia	1,146	(1,884)	-	-	(10,980)	(268)	-	(7)	4,297	(1,512)	(9,207)
Regional Total	464,947	47,950	(1,817,240)	(5,616,328)	1,109,389	(329,588)	(560,195)	2,187	6,095,173	(63,491)	(667,197)
Grand Total (Natl)	(8,757,046)	(302,389)	(1,995,965)	(6,913,711)	(2,602,984)	(1,553,108)	(665,172)	(413,333)	27,071,254	(2,014,217)	1,853,329

* Note: The data in this table is a sum of the effects of each commodity portrayed in the county information from the maps in Figures 1-10 for each commodity in each state. i.e., if a particular state had all red counties in wheat in Figure 1, the sum of wheat counties in that state would be negative in this table.

The Midwest/Plains Region would be the main benefactor of a forced base acre update in terms of total increase in base acres at an increase of over 6 million acres. Additional detail for this regional increase is available in Table 2, but it is clear that most of the increase results from the increase in planted acreage of soybeans during the specified 2012-2016 period.

The Western Region would experience the greatest loss of base acreage of the four regions at approximately 5.5 million acres (over 22% of their overall existing base) as shown in Table 2. According to Table 2, the Western Region loss in acreage is largely fueled by the change in wheat and barley base acres, but the state-by-state impacts are not as consistent as some of the other regions.

Conclusion

A significant increase in the overall number of soybean base acres will occur if this update is put into place. In contrast, there will be a decrease in the number of base acres to varying degrees in every other crop. As base acres are a parameter in calculating farm program payments in current and past programs, the above results will presumably cause the amount of aggregate payments of these crops to increase for soybeans and decrease for all other crops. These results, along with the marginal *increase* in total national base acres shown in Table 2, beg the question: will this update actually alleviate any of the current overall budgetary pressure? This question is not addressed in the current paper. Information on expected payments per acre on each crop would be needed to answer question. However, one certainly cannot conclude from these findings that the overall payments would show a decrease, given that there is a small increase in total US base acres. Nevertheless, the results do indicate substantial changes in base acres by county, state, and region for each covered commodity; these differences should be of interest to policy makers as they consider the merits of a forced base acre update.

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