

# Frequently Asked Questions

## **What is the seed cotton program?**

“Seed cotton” is now a covered commodity under the 2014 farm bill. This is a “combo” program for cotton (lint) and cottonseed. The program is effective with this year’s 2018 crop. There is no more generic base for earning of temporary base to claim ARC/PLC payment from acres planted of covered commodity. Your planting decision needs to be based on the commodities and inputs market prices.

## **I don’t have generic base on my farm, but I plant cotton on my farm. Is my farm eligible for this seed cotton program?**

No. This applies only to farms with generic base. Even if a farm grows cotton, if there is no generic base currently on that farm, this program doesn’t apply.

## **Do I need to make my decisions of allocating generic base acres before planting for the coming season?**

No. The planting decisions and the generic base reallocation decisions are entirely separate from each other. Planting decisions need to be based on commodity market prices and input costs. The UGA 2018 Crop Comparison Tool can be used as a guidance for you to make the planting decisions. It is highly recommended that you adjust the commodity prices and inputs costs in the Crop Comparison Tool, when comparing different commodities. Starting the year of 2018, generic base does not exist anymore, which means you cannot gain temporary base to claim for ARC/PLC payment from planting covered commodities on generic base.

## **Do planting decisions affect payments on Title I programs?**

No. With the elimination of generic base, all Title I program payments are now completely decoupled from the planting decision. Payments will depend on the base of covered commodity assigned to a particular FSN, subject to all other limitations identified in the 2014 Farm Bill and modified by the Bipartisan Budget Act of 2018. What is planted on the farm does not impact the ability to receive government payments. Thus planting decisions need to be made based on the market price and not on the potential for government payments of covered commodities.

## **When does the 90-day signup period begin?**

The legislation of the Bipartisan Budget Act of 2018 indicates that February 9, 2018 is the beginning of the 90-day signup period. However, as of 2/23/18, FSA has still not released rules and regulations and are therefore not ready for signup to occur. The early assumption was it was 90 days from when the legislation was signed into law—that would have been Feb 9th. But there is also now the belief that 90 days might be the timeline that FSA has to implement the program and that signup would begin after that.

## **What should I do between now and FSA releases rules and regulations?**

This is a time that producers and landowners should start to assemble necessary documents for each farm serial number. Here’s what is needed:

- The cotton acres planted on the farm for 2009-2012
- The acres planted on the farm for 2009-2012 for other “covered commodities” (peanuts, corn, soybeans, wheat, etc.)
- The generic base acres and associated cotton countercyclical payment (CCP) yield for each farm
- Cotton yield history for 2008-2012

It is also a time to learn about the changes in the agricultural policy. By spending some time now and becoming educated about the changes, one will be in a better position to make an informed decision when FSA is ready to process the reallocation of generic base acres.

### **Where can I gather all the information needed to reallocation generic base?**

FSA has the planting history and can produce that for you. FSA also has the bases (generic base specifically) by farm and the farms cotton countercyclical payment (CCP) yield. This can be produced for you.

Providing the data/yield history needed for the cotton countercyclical payment (CCP) yield update may be up to the producer(s). Check with FSA and find out what is considered acceptable for determining yields—crop insurance records, ginning records, field records, etc. This could include having to obtain data from previous producer(s) on a farm. If cotton was planted but no records are available to establish a yield for that year, FSA will provide a “substitute yield” to be used.

### **What if I have generic base, but there were no covered commodities or cotton planted from 2009 – 2016 crop year?**

For a farm on which no covered commodities (including seed cotton) were planted or were prevented from being planted during 2009 – 2016 crop years, the generic base would be converted to “Unassigned Crop Base”, which is not eligible for PLC/ARC payments.

### **What are my options in reallocating generic base?**

For a farm that has planted covered commodities during 2009 – 2016 crop years, the owner of such farm will have two options to allocate generic base.

- **Option 1:** Convert all the Generic Base to Seed Cotton Base at the higher of 80% of the Generic Base with the remaining 20% unassigned base or the average acres of cotton planted during 2009-2012, not to exceed total Generic Base acres. Unassigned Base is ineligible for ARC/PLC. If a farmer chooses option 1 to reallocate generic base, depending on the planting history of a specific farm, some generic base acres might become unassigned base.
- **Option 2:** 100% of the Generic Base would be converted proportionately to seed cotton base and other covered commodity bases, based on acres planted in 2009-2012

If the landowner does not take any action in making the choice, Option 1 will be assumed.

### **What will happen to the unassigned crop base acres, now and after 2018?**

In 2018, unassigned base acres will not be eligible for PLC/ARC payments. What happens after 2018 is not known at this point as that depends on either passage of a new farm bill or a continuing resolution of the current legislation.

### **How will this conversion of Generic Base affect my current bases for other covered commodities?**

It will not reduce the bases of any covered commodities, excluding generic base, on a farm.

Under option 1, there will not be any changes of the other crop bases (covered commodity except for cotton). Generic bases will be converted to seed cotton bases, depending on the higher of 80% of the Generic Base or the average acres of cotton planted during 2009-2012, not to exceed total Generic Base acres. Some generic base could become “unassigned base”.

Under option 2, the bases of covered commodities would be increased by the amount of generic base proportionally assigned to all covered commodities.

### **How can I update payment yield for cotton?**

The payment yield can also be updated. If a farm has generic base (cotton base under the 2008 farm bill), that generic base already has a CCP (countercyclical payment) yield associated with it under the 2008 farm bill. For this new seed cotton program, this CCP yield can be kept as is or can be updated to 90% of the average yield for 2008-2012. If things work the way it worked for the 2014 farm bill, FSA is not going to require you to march in there and prove the yield in order to receive an update—but yields will have to be “certified”. These yields could later be subject to verification. The seed cotton PLC payment yield will be the CCP yield times 2.4

### **Are the cotton lint and cotton seed prices used to compute the seed cotton payment rate based on national or regional prices?**

Just like with all other Title I commodity programs that are eligible for PLC, national prices are used from USDA-NASS to compute the payment rate. These are U.S. marketing year average prices weighted by sales throughout the marketing year. The cotton price used in the seed cotton price is the national average price for upland cotton only, not pima/ELS.

### **When will payments be distributed for seed cotton?**

The first payment for seed cotton will be distributed in October 2019 for the 2018 cotton crop. This is the same schedule as other Title I PLC/ARC covered commodities.

### **Have there been any changes to the sequestration that was previously in effect?**

At this time there have been no changes to sequestration of Title I programs.

### **Have there been any changes to the payment limits?**

The seed cotton program will now be included with all other commodities (except peanuts) in the \$125,000 payment limit. In the 2014 Farm bill, there is a separate payment limit of \$125,000 for peanuts.

**Can I make the decision of allocating Generic Base Acres on rented land?**

The generic base allocation and cotton yield update are landowner(s) decisions. If a farmer is on his/her own land, the farmer is obviously both the landowner and the producer. On a rented farm, these decisions are made by the landowner(s) unless the producer/farmer is granted power of attorney. If a decision is not made by the deadline or if there are multiple landowners and they can't agree by the deadline, then the higher of option 1-A or 1-B will be the default selection.