AMARILLO – Crop producers may feel like they are back in school when they begin to deal with the new farm bill, because they certainly need to do their homework before going to sign up, according to one Texas A&M AgriLife Extension Service economist.

Speaking recently in Amarillo, Dr. Joe Outlaw, co-director of the Agricultural and Food Policy Center at Texas A&M University and an AgriLife Extension economist in College Station, said the new farm bill repeals direct payments, counter-cyclical payments and Average Crop Revenue Election, or ACRE. Producers now must choose between Agriculture Risk Coverage and Price Loss Coverage for their program crops.

Producers are also going to have the opportunity to reallocate their base acres to crops planted on the farm at any time during the 2009 to 2012 crop years. And, Outlaw said, all cotton base acres are now generic base acres.

“For the safety net to be the most effective, you really need to get your base as close as possible to what you are planting,” he said.

The generic base becomes whatever crop it is planted to each year, Outlaw said. The generic base acres can be assigned to other covered commodities.

“You have to do your own homework,” he said. “Don’t get stuck with something that may or may not be good for you for the life of the bill.”

If producers choose the price loss coverage option, or PLC as it is referred to in the farm bill, they have the opportunity to update their payment yields to 90 percent of the 2008-2012 crop year averages.

In explaining the flow of producers choices, Outlaw said after determining base reallocation, they will have to decide if they are going to choose the ARC, which covers losses in income for a commodity relative to a benchmark guarantee, or go the PLC route. And then there are more choices within each of those options.

For the 2014-2018 crop years, all producers on a farm must make a one-time, irrevocable election to obtain either price loss coverage under section 1116 on a commodity-by-commodity basis or agricultural risk coverage under section 1117. Price loss coverage is a set reference price and the payment is made if the market price falls below that.

“You can do part ARC and part PLC, unless you choose ARC individual,” Outlaw said. “But the fine print is if the producer and the landowner can’t come to a decision, then the farm will not be in the program for 2014, but you are automatically in the price loss program for 2015.”

All decisions will need to be made on a crop-by-crop basis for each farm, he said.

Additionally, a new area-wide insurance program, a supplemental coverage option, will be available to all producers beginning in 2015 and is designed to protect them against losses that would normally fall within their insurance deductible range.

“We are working on educational materials and tools to assist producers with all these decisions,” Outlaw said.

The decision aide, once available, will help with the many decisions that must be made, he said. It will include a lot of information about the specific choices and about crop insurance.

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