

By The Cooperative Extension Service
U of A System Division of Agriculture

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Fast Facts:

- USDA extends Feb. 27 Farm Bill deadline to March 31
- 2014 Farm Bill ends direct payments to farmers
- Farm Bill webinars and workshops to continue through March, before deadline for choosing PLC or ARC

USDA extends Farm Bill deadline to March 31

LONOKE, Ark. – Farmers now have until March 31 to update yield history and base acres under the 2014 Farm Bill, a deadline extension announced Friday by U.S. Agriculture Secretary Tom Vilsack.

Feb. 27 was the original deadline for crop producers to update yields and reallocate base acres.

If no changes are made to yield history or base acres by March 31, the farm's current yield and base will be used. A program choice of Agricultural Risk Coverage, ARC, or Price Loss Coverage, or PLC, also must be made by March 31, or there will be no 2014 payments for the farm and the farm will default to PLC coverage through the 2018 crop year.

The deadline extension was made “because of the complexity of the Farm Bill,” said Tony Franco, chief of farm programs for USDA’s Farm Service Agency in Arkansas. “Farmers were needing additional time to take a look at the provisions and make a decision.”

On Thursday, Franco was encouraging farmers to make appointments with their county offices by Friday, even if they hadn’t made their decisions yet.

“We’re still taking appointments,” he said on Friday. “We still want the producers to come in and let us know they’re ready to make those decisions.”

Franco said that between the original deadline and the mid-morning announcement of the deadline extension, his phone and email inbox blew up with dozens of calls and messages. As word of the extension filtered through the agricultural community on Friday, “things have quieted down a little,” he said with a laugh.

Deadline pressure

When asked to identify their major concerns for 2015, many growers attending production meetings in counties throughout the state in January and February said the decision deadlines associated with the 2014 Farm Bill — and the possible ramifications of those decisions for years to come — was chief among them.

Jeff Welch, Lonoke County extension staff chair for the University of Arkansas System Division of Agriculture, said that while many Arkansas growers decide on the location, rotation and acreage of their crops several years in advance, the reality of having to live with an “irrevocable” decision under the federal law can be difficult and frustrating.

“The stress is that they’re having to make a decision this year that’s going to stick with them for five to eight years,” Welch said. “They don’t know the prices or the environmental conditions, three, four, five years out.”

The U.S. Congress is expected to produce a new farm bill every five years, although the complex legislative process often means that the wait between consecutive versions of the bill can take several additional years.

Welch, who has worked with the Cooperative Extension Service for more than 25 years, said the 2014 Farm Bill is considerably more complex than previous versions of the bill, and reflects a shift in committee leadership away from Southern senators and representatives toward their Midwestern counterparts.

“The Farm Bill is neither conservative nor liberal, it’s not Democratic nor Republican — it changed from being a Southern farm bill, based on high-capital-intensive crops, to a Midwestern farm bill, focused on lower-capital-intensive crops and a different regional philosophy,” Welch said. “Crop insurance became much, much more important in this farm bill than it ever has been in the past.”

Scott Stiles, a University of Arkansas Professor of Agricultural Economics and Agribusiness, said previous versions of the Farm Bill had provided as much as \$40,000 per farmer per crop year in direct payments, a policy that came to an end with the 2014 Farm Bill.

“The [direct payments] provided a fixed source of farm income,” Stiles said. “They had the secondary effect of increasing land values and cash rents. But it’s debatable whether these payments affected a farmer’s risk aversion.”

Stiles said some farmers still employed crop insurance and sophisticated marketing strategies while receiving direct payments. Loss of the payments, he said, will shift the burden of risk management from the federal government onto the farmer.

Decision time

Growers must decide how their base acreage will be allocated on their farmland. While they have the option to retain the same allocation used in 2013, one major change for some growers to consider is that upland cotton is no longer a covered commodity under the bill, and is considered generic acreage.

Growers still have until March 31 to decide whether to apply for Price Loss Coverage, which covers losses if commodity prices drop below established reference prices, and Agriculture Risk Coverage, which covers revenue for a covered commodity relative to a revenue guarantee.

The programs combine elements of previous programs from the Farm Service Agency, according to a release from the USDA, and either program can be applied to entire farms, or on a crop-by-crop basis.

“Growers are doing several things at once right now,” Welch said. “One, they’re putting their farm plan together — it has to be flexible enough to change as market prices change. Two, they’re looking at which crops can fit a piece of ground, and how much profit they can make per acre, and whether they have the cash flow to make it from this season to the next or not. And those are things that need to be figured out, regardless of the Farm Bill.”

Snow problems

Although experts with the University of Arkansas System Division of Agriculture and the Arkansas state office of the Farm Service Agency have been conducting instructional webinars and in-person workshops at Cooperative Extension Service offices across the state since late 2014, severe winter weather has caused a number of county Farm Service Agency offices to close periodically throughout the past two weeks.

Welch said that decisions required by the Farm Bill, including acreage allocation and the choice between different forms of crop insurance, are questions of long-term survival for growers.

“The Farm Bill decision is, what’s the wisest choice of action that ensures that I’m in business five to eight years from now?” he said.

Experts with the University of Arkansas System Division of Agriculture will continue providing farm bill webinars and workshops through March. Information on the 2014 Farm Bill, as well as a schedule of upcoming webinars and workshops, can be found at www.uaex.edu.

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