

Influence of Base Updating on 2003 Planting Decisions

Updating of base acres allowed some farmland owners to switch their base to higher per acre payment crops of peanuts, cotton, rice, and corn. Plantings of higher payment valued crops under the 2002 Act may be expected to more closely reflect base acres for those crops if farmers view planting base acres to the program crop as a means of building or protecting base for future updating opportunities. Alternatively, if farmers do not view payments as being linked to production or expected future payments, plantings are more likely to be based on expected market returns.

In 2003, area planted to direct and counter-cyclical payment program crops was almost 95 percent of base acres (table 6).¹² On this basis, one could argue that plantings are linked to base acreage. However, this relatively high percentage of base planted largely reflects the addition of oilseed base to the total. An examination of the share of base planted to the seven former PFC crops finds that about 84 percent of base acreage associated with the PFC commodities was planted to them in 2003, while 137 percent of oilseed base acreage (excluding peanuts) was planted to oilseeds.

Further disaggregation of the base planted at the county level reveals an even weaker link between base designated under the 2002 Farm Act and planted acreage. The continued use of planting flexibility is best illustrated by comparison of base and plantings for cotton and soybeans in 2003 (figs. 18 and 19).^{13,14} For example, as discussed previously, upland cotton base increased in 2002 as producers who had taken advantage of planting flexibility and agronomic advances to expand cotton planting updated their designated base to higher valued cotton, while those farms that reduced or discontinued cotton production retained cotton base acres. This updating allowed farmers with expanded cotton plantings in 1998-2001 to align direct and counter-cyclical payments with recent higher production. However, in

¹²At the time that this analysis was conducted, the most recently available county-level planting data was for 2003.

¹³If individual farm-level data were available, this relationship would be even weaker.

¹⁴Additional maps comparing share (percent) of base acres planted in 2003 are available at www.ers.usda.gov/data/baseacres/

Table 6

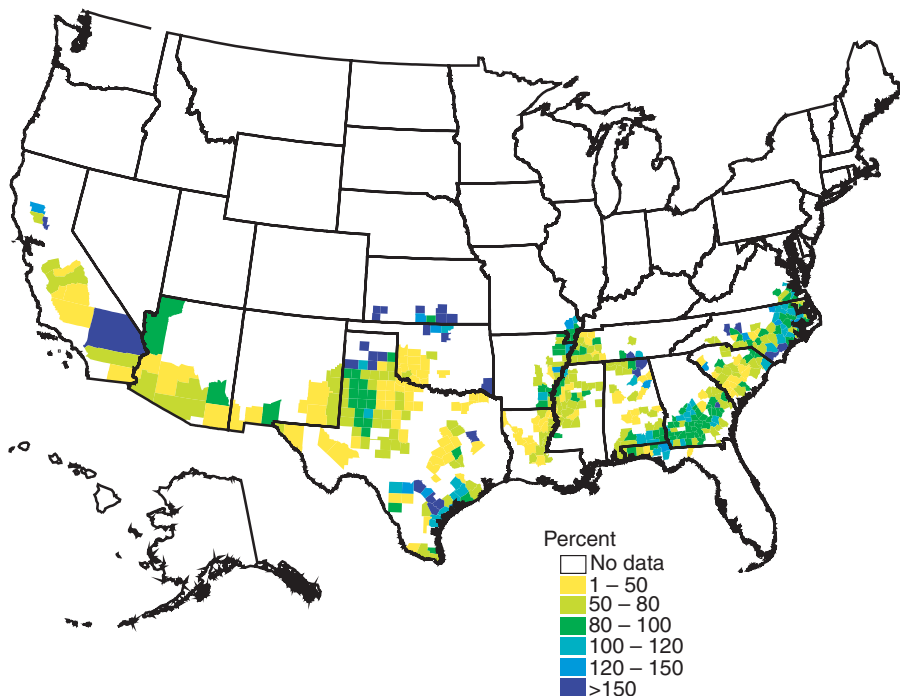
Base acres and actual plantings, 2003

Crop	Actual plantings	Base acres	Share of base planted
	— Million acres —		Percent
Wheat	62.1	76.1	81.7
Rice	3.0	4.5	66.9
Cotton	13.3	18.6	71.4
Corn	78.7	87.7	89.8
Sorghum	9.4	12.1	77.9
Barley	5.3	8.8	60.8
Oats	4.6	3.1	146.1
Soybeans	73.4	53.3	137.8
Sunflower	2.3	1.9	126.3
Canola	1.1	0.7	148.7
Other oilseeds	0.0	0.3	0.1
Peanuts	1.3	1.5	90.2
Total	254.7	268.6	94.8

Sources: Compiled by USDA's Economic Research Service from the Farm Service Agency and the National Agricultural Statistics Service.

Figure 18

Cotton plantings relative to 2002 Farm Act cotton base acres, by county, 2003



Percent of upland cotton base acres planted, 2003

Share of base acres planted	Planted acres	PFC acres	Share of base acres planted (avg.)	Number of counties
<i>Percent</i>	<i>— 1,000 acres —</i>		<i>Percent</i>	
1 to 50	1,191	3,564	33.4	109
50 to 80	4,396	6,576	66.8	151
80 to 100	5,408	6,014	89.9	107
100 to 120	1,520	1,426	106.6	46
120 to 150	275	208	131.8	16
Over 150	229	87	263.1	30

Note: The graduated color classes used in the maps are represented in the map legend by break values for each range and, thus, seem to have overlapping numbers. For example, the range “50 to 80” is from 50.1 up to 80.0 and the range “80 to 100” is from 80.1 up to 100.0.

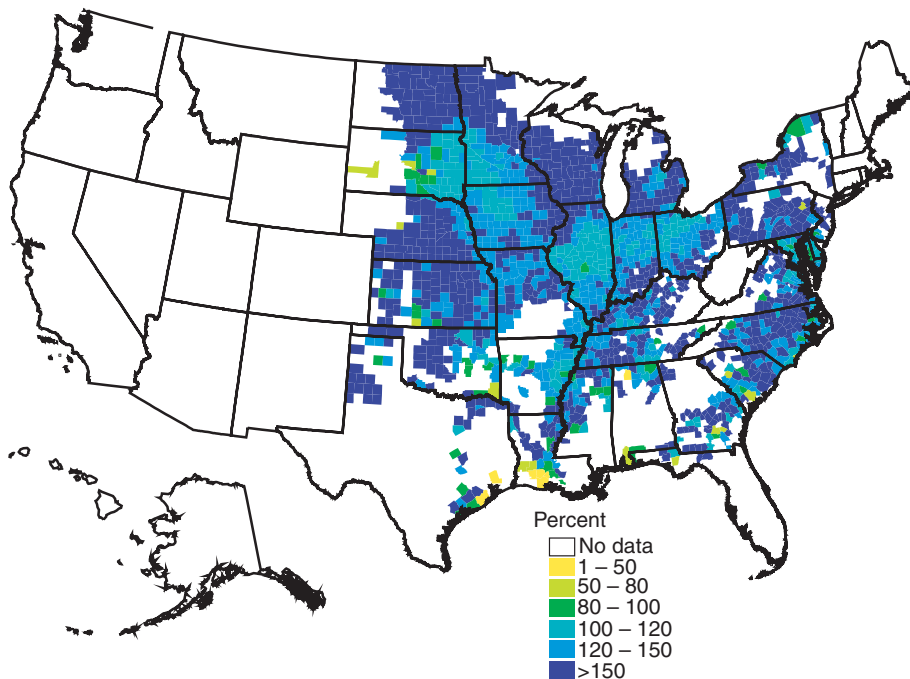
Sources: Compiled by USDA’s Economic Research Service from the Farm Service Agency and the National Agricultural Statistics Service.

2003, 13.3 million acres were planted to upland cotton, down 2.2 million acres from 2001. In 367 of the 459 counties that report county-level cotton plantings, base acres exceed planted acreage by a total of about 5.2 million acres. In the remaining 92 cotton counties, planted acres exceed base by 0.3 million acres.

The case for soybean producers is different. In designating base under the 2002 Farm Act, many soybean producers did not designate the full extent of 1998-2001 soybean plantings as base. These producers selected higher valued base whenever possible. Thus, in 2003, in 95 percent of the counties that report soybean plantings, soybean plantings exceeded soybean base.

Figure 19

Soybean plantings relative to 2002 Farm Act soybean base acres, by county, 2003



Percent of soybean base acres planted, 2003

Share of base acres planted	Planted acres	PFC acres	Share of base acres planted (avg.)	Number of counties
<i>Percent</i>	<i>— 1,000 acres —</i>		<i>Percent</i>	
1 to 50	46	117	39.3	7
50 to 80	45	70	64.4	16
80 to 100	1,016	1,058	96.0	50
100 to 120	19,764	17,663	111.9	227
120 to 150	28,573	21,577	132.4	474
Over 150	23,735	11,935	198.9	827

Note: The graduated color classes used in the maps are represented in the map legend by break values for each range and, thus, seem to have overlapping numbers. For example, the range “50 to 80” is from 50.1 up to 80.0 and the range “80 to 100” is from 80.1 up to 100.0.

Sources: Compiled by USDA’s Economic Research Service from the Farm Service Agency and the National Agricultural Statistics Service.