

For: State and County Offices

**Reconstitution Policy for Historical Irrigated Percentage (HIP) Crops on Combined Farms With
Generic Base Acres**

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

Notice ARCPLC-26 issued reconstitution policy for HIP crops on nongeneric base acre farms.

Producers may request to combine farms, according to 10-CM policy, where a different HIP has been calculated for the same crop on each farm with generic base acres.

10-CM **must** still be followed to only combine farms with similar elections for covered commodities on each farm.

B Purpose

This notice:

- provides policy for determining HIP when farms with generic base acres are combined
- addresses several situations and types of combinations of generic base acre farms with associated HIP combination policy.

Disposal Date	Distribution
December 1, 2015 8-24-15	State Offices; State Offices relay to County Offices

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2 Reconstitution Policy for HIP Crops on Combined Farms With Generic Base Acres

A Combination Policy for Generic Base Acre Farms for 2015 and Subsequent Years

After approval of the reconstitution, County Offices will calculate new HIP's for the resulting farm by weighting the applicable crop HIP from each parent farm in the combination using the instructions as outlined in the following subparagraphs.

Subparagraph	Combination Situation
C	Combining farms with generic base acres and the applicable covered commodity's contract base acres are on all farms.
D	Combining farms and both of the following: <ul style="list-style-type: none"> 1 or more of the farms has generic base acres along with the applicable covered commodity's contract base acres 1 or more of the farms has generic base acres only and the applicable covered commodity has an ARC-CO election.
E	Combining farms and all farms involved in the combination have generic base acres and no contract base acres of the applicable covered commodity.
F	Combining farms and both of the following: <ul style="list-style-type: none"> 1 or more of the farms has generic base acres along with the applicable covered commodity's contract base 1 or more of the farms does not have generic base acres.

In all cases, if HIP has **not** been established for a parent farm, the policy in this notice **requires** that HIP exist **before** the weighting of the resulting farm's HIP can occur.

B General Rule

When combining farms with generic base acres and HIPs, the following general rules should always be followed.

IF a parent farm in the combination...	THEN the weight derived to compute the HIP from the parent farm...
has base acres of the applicable covered commodity	should be obtained from multiplying the base acres of the applicable covered commodity times HIP.
does not have base acres of the applicable covered commodity (generic base acres)	should be obtained from multiplying the generic base acres times HIP.
does not have base acres of the applicable covered commodity or generic base acres	will be zero . That particular parent farm will not carry any weight to compute HIP for the resulting farm.

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2 Reconstitution Policy for HIP Crops on Combined Farms With Generic Base Acres (Continued)

C Combination Policy for Generic Base Acre Farms Where the Applicable Covered Commodity Has HIP and Contract Base Acres on All Parent Farms

Follow the steps in this subparagraph when parent farms have:

- contract base acres of the applicable covered commodity
- HIP established for the applicable covered commodity.

Step	Instruction
1	Multiply the applicable covered commodity's contract base acres times the applicable HIP for that crop for each parent farm in the combination to calculate the HIP-factored base acres. If base acres do not exist for the applicable covered commodity, then the parent farm will not carry any weighted acres for determining HIP.
2	Total the HIP-factored base acres for the covered commodity on each parent farm.
3	Divide the result of step 2 by the total base acres of the applicable covered commodity on the resulting farm. The answer will be HIP for the resulting farm in the current year.

Example:

FSN	Covered Commodity	Base Acres	HIP
100	Corn	125	72
	Generic	221	
200	Corn	73	21
	Generic	47	

Step	Calculation for Corn HIP	Result
1	FSN 100: 125 x 72 percent	90.00
	FSN 200: 73 x 21 percent	15.33
2	90 + 15.33	105.33
3	105.33 ÷ (125 + 73 = 198)	53.00

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2 **Reconstitution Policy for HIP Crops on Combined Farms With Generic Base Acres (Continued)**

D Combination Policy for Generic Base Acre Farms Where the Applicable Covered Commodity May Not Have HIP or Contract Base Acres on All Parent Farms

Follow these steps to obtain HIP for the resulting farm when a farm combination is requested for 2 or more generic base acre farms and at least 1 of the parent farms:

- has contract base acres and HIP established for the applicable covered commodity, **and**
- does **not** have contract base acres and HIP established.

Note: Farms that meet this criteria will have at least 1 farm that has generic base acres **only** and at least 1 farm with an ARC-CO election of the applicable covered commodity.

Step	Instruction	
1	For farms with:	contract base acres and HIP established, multiply the applicable covered commodity's base acres times the applicable HIP for that crop for each parent farm that has contract base acres and HIP-established in the combination to calculate the HIP-factored base acres.
		generic base only , multiply the generic base acres times the applicable HIP for the applicable covered commodity for each parent farm that has no contract base acres to calculate the HIP-factored base acres for generic base acres.
2	Total all HIP-factored base acres for the covered commodity or generic base acres on all parent farms.	
3	Divide the result of step 2 by the sum of the: <ul style="list-style-type: none"> • base acres of the applicable covered commodity on the resulting farm from farms that had contract base acres and HIP • generic base acres from parent farms that had generic base acres only. The answer will be HIP for the resulting farm in the current year.	

Example:

FSN	Covered Commodity	Base Acres	HIP
100	Corn	125	65
	Generic	221	
200	Corn		47 <u>1/</u>
	Generic	100	

1/ HIP calculated by using the planting of irrigated upland cotton 2009 through 2012.

Step	Calculation for Corn HIP	Result
1	FSN 100: 125 x 65 percent	81.25
	FSN 200: 100 x 47 percent	47.00
2	81.25 + 47	128.25
3	128.25 ÷ (125 + 100 = 225)	57.00

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2 **Reconstitution Policy for HIP Crops on Combined Farms With Generic Base Acres (Continued)**

E Combination Policy for Generic Base Acre Farms Where the Applicable Covered Commodity Does Not Have HIP or Contract Base Acres on All Parent Farms

Follow the steps below when a farm combination is requested for two or more farms that have generic base acres only and HIP established.

Farms that meet this criteria will have generic base acres only and an ARC-CO election for the applicable covered commodity.

Step	Instruction
1	Multiply the generic base acres times the applicable HIP for the applicable crop for each parent farm in the combination to calculate the HIP factored base acres.
2	Total the HIP-factored base acres for all the generic base acres on each parent farms.
3	Divide the result of step 2 by the total base acres of the applicable covered commodity on the resulting farm. The answer will be the HIP for the resulting farm in the current year.

Example:

FSN	Covered Commodity	Base Acres	HIP
100	Corn		19 <u>1/</u>
	Generic	109	
200	Corn		61 <u>1/</u>
	Generic	201	

1/ HIP calculated by using the planting of irrigated upland cotton 2009 through 2012.

Step	Calculation for Corn HIP	Result
1	FSN 100: 109 x 19 percent	20.17
	FSN 200: 201 x 61 percent	122.61
2	20.17 + 122.61	142.78
3	142.78 ÷ (109 + 201 = 310)	46.00

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2 Reconstitution Policy for HIP Crops on Combined Farms With Generic Base Acres (Continued)

F Combination Policy When a Generic Base Acre Farms Where the Applicable Covered Commodity May Not Have HIP or Contract Base Acres is Combined with a Nongeneric Farm

Follow the steps below when a generic base acre farm will be combined with a non-generic base acre farm.

Step	Instruction	
1	For farms with no:	<p>generic base acres, but have contract base acres, multiply the applicable covered commodity's base acres times the applicable HIP for the applicable crop for each parent farm that has contract base acres and HIP-established in the combination to calculate the HIP-factored base acres.</p> <p>Note: If base acres do not exist for the applicable covered commodity, then the parent farm will not carry any weighted acres for determining HIP.</p> <p>contract base acres (generic base acre farms), multiply the generic base acres times the applicable HIP for the applicable covered commodity for each parent farm that has no contract base acres and HIP that was established in step 1 or the existing HIP to calculate the HIP-factored base acres for generic base acres.</p>
2	Total all the HIP-factored base acres for the covered commodity or generic base acres on all parent farms.	
3	<p>Divide the result of step 2 by the sum of the:</p> <ul style="list-style-type: none"> base acres of the applicable covered commodity on the resulting farm from farms that had contract base acres and HIP generic base acres from parent farms that had generic base acres only. <p>The answer will be HIP for the resulting farm in the current year.</p>	

Example:

FSN	Covered Commodity	Base Acres	HIP
100	Corn		19 <u>1</u> /
	Generic	109	
200	Corn	262	14

1/ HIP calculated by using the planting of irrigated upland cotton 2009 through 2012.

Step	Calculation for Corn HIP	Result
1	FSN 100: 109 x 19 percent	20.71
	FSN 200: 262 x 14 percent	36.68
2	20.71 + 36.68	57.39
3	57.39 ÷ (109 + 262 = 371)	15.00

3 Action

A State Office Action

State Offices shall provide guidance to County Offices about both of the following:

- combining farms where 1 or more of the parent farms has generic base acres
- HIP is required.

B County Office Action

County Offices shall follow this notice to establish HIP's on resulting farms of combinations where 1 or more of the parent farms have generic base acres.