

# UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency  
Washington, DC 20250

Notice CM-766

**For:** State and County Offices

## 2015 Reconstitutions and Transfers

**Approved by:** Acting Deputy Administrator, Farm Programs



### 1 Overview

#### A Background

Successful migration of ARCPLC data to 2014 and 2015 Farm Records has been completed. The 2015 reconstitution and transfer software will be made available after ARCPLC Final Notification of Base, Yields, and Election forms are generated.

Policy for farm transfers is in 10-CM, Part 3. Policy for reconstitutions is in 10-CM, Parts 4 and 5. Work instructions and simulations demonstrating use of the reconstitution and transfer software can be accessed from the MIDAS Portal.

New data elements for ARCPLC have resulted in modified validations and rules for reconstitutions and farm transfers.

#### B Purpose

This notice provides new validations and rules for farm combinations, divisions, and transfers as a result of the new ARCPLC data elements.

### 2 Farm Combinations

#### A Background

A farm combination may be restricted if there are different ARCPLC elections and/or historical irrigated percentage (HIP) on the parent farms. Farm level PLC yield for zero base crops on a child farm is calculated based on the farm level PLC yield and/or tract level yield the parent farms contain.

**Note:** A covered commodity with a PLC yield with **zero base acres** is only relevant to farms containing generic base acres.

The term “zero base acres” includes both scenarios where no farm or tract level entry exists for a crop in the crop data assignment block in CRM Farm Records and situations where a crop name exists in the crop data assignment block but the base acres for the crop are zero. In CRM Farm Records a “zero base entry” can exist because existing base acre entries for a crop cannot be deleted, but can be reduced to zero (that is, reduced on CCC-505 because of CRP participation, etc.).

Disposal Date	Distribution
December 1, 2015	State Offices; State Offices relay to County Offices

## 2 Farm Combinations (Continued)

### B General Farm Combination Rules

The following general rules apply to farm combinations requested for ARCPLC farms.

- A notice of base acres, yields, and election **must** be issued to a farm's operator, owners, and other producers **before** initiating any farm reconstitutions.
- ARC-individual (IC) farms can only be combined with other ARC-IC farms.
- ARC-county (CO) and PLC farms can be combined with other farms having identical elections for covered commodities. For example, Farm 1 has corn base acres greater than zero with PLC election and Farm 2 has corn base acres greater than zero but an ARC-CO election. Farm 1 and Farm 2 cannot be combined.

**Exception:** Covered commodities with zero base acres on a farm not having an election can be combined. For example, a farm not having generic base acres and not having an ARC-IC election has a covered commodity (barley) with a zero base acre entry. That farm can be combined with another farm also not having an ARC-IC election even if the other farm has barley base acres greater than zero and a PLC or ARC-CO election, as long as all the covered commodities on the parent farms do not have conflicting elections for covered commodities and neither farm has an ARC-IC election.

**Note:** After the two farms in this exception were combined, the combined farm will have the election for barley from the second parent farm and that election will continue to apply to any farm divided from the combined farm. Reconstitutions can never negate or change any election for a covered commodity, even if the covered commodity has no base acres.

- All farm level PLC yields for a zero base acre covered commodity are dropped if any farm in the combination contains base acres greater than zero for that crop.

**Example:** A farm combination is requested for Farms 1, 2, and 3. Farms 1 and 2 both have generic base acres. Farms 1 and 2 both have zero base acres for soybeans. Farm 1 has a farm level PLC yield for soybeans of 42 bushels/acre. Farm 2 has a farm level PLC yield for soybeans of 43 bushels/acre. Farm 3, a single tract farm, has 10 acres of soybean base with a tract and farm level PLC yield of 40 bushels/acre. There are no conflicting ARCPLC elections for any common covered commodities. The soybean yield for the combined farm will be 40 bushels/acre.

## 2 Farm Combinations (Continued)

### B General Farm Combination Rules (Continued)

- HIP must be the same for each covered commodity on farms being combined. For example, Farm 1 has corn HIP of 50 percent and Farm 2 has corn HIP of 75 percent. These farms cannot be combined.
- The farm level PLC yield for a zero base acre covered commodity is calculated using a weighted average when none of the farms in the combination contain base acres greater than zero for that covered commodity.

**Note:** Because generic base acres are the only acres on a farm that attribute base acres of a covered commodity if planted on the farm, a farm containing generic base acres may have had a covered commodity planted on a farm without any contract base acres in a prior year that attributed base acres from generic base acres which caused a farm level PLC yield to be established for that covered commodity on that farm.

A weighted average farm level PLC yield is calculated using the farm level PLC yields and generic base acres of only those parent farms that have farm level PLC yields. The calculation is: (crop yield parent farm 1 x generic base parent farm 1) + (crop yield parent farm 2 x generic base parent farm 2) + (crop yield parent farm  $n$  x generic base parent farm  $n$ ) / sum of generic base acres from farms with farm level PLC yields (farm 1 + farm 2 + farm  $n$ )

#### Example 1:

Farm #	Crop	Base Acres	Farm Level PLC Yield	Yield Extension Corn Yield x Generic Base Acres
Parent Farm #1	Corn	0.00	145	145 x 48.30 = <b>7003.5</b>
	Generic	48.30	N/A	
Parent Farm #2	Corn	0.00	138	138 x 89.20 = <b>12309.6</b>
	Generic	89.20	N/A	
Child Farm #3	Corn	0.00	19313.1/137.50 = <b>140.4589</b>	7003.5 + 12309.6 = <b>19313.1</b>
	Generic	137.50	N/A	

**Notes:** Child farm yield of 140.4589 will be rounded to 140 in web farm records.

On farms having generic base acres, each and all 21 covered commodities on parent farms must have a matching election for each and every covered commodity – otherwise the farms cannot be combined (regardless of whether or not any of the covered commodities have zero contract base acres).

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## 2 Farm Combinations (Continued)

### B General Farm Combination Rules (Continued)

#### Example 2:

Farm #	Crop	Base Acres	Farm Level PLC Yield	Weighted Yield Extension (where applicable – in this case corn) Yield x Generic Base Acres
Parent Farm #1	Corn	0.00	142	142 x 52.70 = <b>7483.4</b>
	Barley	15.00	75	
	Wheat	0.00	90	
	Generic	52.70	N/A	
Parent Farm #2	Corn	0.00	N/A	N/A
	Wheat	250.00	80	
	Generic	71.80	N/A	
Child Farm #3	Corn	0.00	<b>7483.4/52.70 = 142.0000</b>	<b>7483.4</b>
	Barley	15.00	75	
	Wheat	250.00	80	
	Generic	124.50	N/A	

**Note:** Child farm yield of 142.0000 will be rounded to 142 in web farm records.

### **3 Farm Divisions**

#### **A Background**

Farm level PLC yields and HIP for zero base crops are determined during a farm division based on the ARCPLC information the child farm contains.

#### **B General Farm Division Rules**

The following general rules apply to farm divisions requested for ARCPLC farms.

- Child farms created from divisions that contain zero base crops will receive the parent farm level PLC yield for those zero base crops if the child farm contains generic base acres.
- Child farms created from divisions that contain zero base crops will receive the parent farm HIP for those zero base crops if the child farm contains generic base acres.

### **4 Farm Transfers**

#### **A Background**

Elections and farm level PLC yields do not change as a result of a farm transfer. HIP will only stay the same if the receiving county is eligible for HIP.

#### **B General Farm Transfer Rules**

The following general rules apply to farm transfers requested for ARCPLC farms.

- Elections and farm level PLC yields are retained in the receiving county.
- HIP is retained in the receiving county if the receiving county is eligible for HIP for the crop.
- HIP **must** be calculated for a crop on a farm when the farm is transferred from a non-HIP county/crop to a HIP county/crop.

**5 State and County Office Action**

**A State Office Action**

State Offices shall:

- ensure that County Offices are immediately informed of the contents of this notice
- direct questions about the contents of this notice to Steve Stark by either of the following:
  - e-mail to **steve.stark@wdc.usda.gov**
  - telephone at 816-823-5347.

**B County Office Action**

County Offices shall:

- follow this notice and instructions in 10-CM when processing farm combinations, divisions, or transfers.

**Note:** Work instructions and simulations demonstrating use of the Customer Relationship Management (CRM) Farm Records software for processing reconstitutions and transfers can be accessed by using the applicable links on the CRM home page.

- direct questions about the contents of this notice to the State Office specialist.