

For: State and County Offices

Default Method for Establishing Bases for DCP

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

1-DCP, paragraph 304 provides policy on the consequences of the owner’s failure to complete base and yield elections by COB April 1, 2003. This notice clarifies and provides additional procedure that County Offices must follow after the April 1, 2003, deadline to make base and yield elections.

To ensure that the bases and yields are calculated correctly in default situations, it is imperative that County Offices follow the instructions in this notice.

B Purpose

This notice provides:

- procedure for completing the default method

Note: County Offices shall not begin using the default procedure until April 7, 2003.

- the deadline for completing the base and yield defaults
- steps that shall be taken to keep automated records accurate
- priority of farms represented on registers versus those who did not timely complete the base and yield election.

Disposal Date	Distribution
November 1, 2003	State Offices; State Offices relay to County Offices

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2 Default Method

A Start and End Dates for Using the Default Method

County Offices shall:

- not process the calculation of bases and yields for farms using the default method until April 7, 2003
- complete the default process in the automated system by COB April 18, 2003.

B Provisions for Using the Default Method

County Offices shall use the default method on all farms for which the base and yield election was not made by COB April 1, 2003, except for:

- farms represented on County Office registers by COB April 1, 2003
- farms for which the base and yield selection has been made, but the signed CCC-515's have not been received in the County Office with the signatures of all owners on the farm.

The default option is option 2. **There are no exceptions to using option 2 as the default.**

Option 2 calculates bases for the farm equal to the 2002 PFC acres and applicable oilseeds.

Based on each farm situation, the result of the default may be bases equal to 1 of the following:

- PFC acres only
- oilseed acres only
- PFC and minimum oilseed.

The Base Option Report, which is generated by taking option 8, "Print Base Options Report", on Acreage History Screen MIB70001, will show that option 2 is not applicable in some instances. However, when County Offices enter the data through the Possible Base Options software according to 1-DCP, paragraph 622, option 2 can be completed and used for every farm, regardless of the commodities being updated. See Exhibit 1 for examples.

The base and yield option selection date/signature date **shall be "04-06-2003"** for all farms in which the default method was used. April 6, 2003, is a Sunday. County Offices shall not use the "04-06-2003" base and yield option selection date/signature date for any other farms in the county. This date must be used without exception to distinguish defaulted farms from farms on which owners made an election.

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2 Default Method (Continued)

B Provisions for Using the Default Method (Continued)

Subsequent acres, if applicable for the farm, will be reduced to zero. Only the initial acres of the crop will be used for the default method.

Exception: In situations where the initial crop was not a covered commodity, the subsequent acres can be used.

Example: Dry peas is the initial crop. Soybeans is the subsequent crop. In this example, the subsequent soybean acres can be used.

The Established Updated Yields file will be read when determining the oilseed yields for the default method. If producers on the farm have provided production evidence on CCC-658P by COB April 1, 2003, the producer's production records can be used to establish the oilseed direct yield even if the farm will be defaulted. Ensure that all production data is loaded into the automated system before completing the default method.

When completing the Possible Base Options software, County Offices must manually fill in the eligible oilseed acres for option 2. Because the default method is being used, the owner or owners do not get the choice of which oilseeds will be used for establishing the farm base. Therefore, County Offices shall use the following crop order when entering the eligible oilseed acres into the automated system to ensure that the majority of the eligible oilseed acres are attributed to the oilseed crop with the highest payment rate:

- soybeans
- other oilseeds (in any order because the payment rate is the same).

In situations where the total base exceeds the effective DCP cropland plus average double-cropped acres for option 2, the County Office must reduce the base acres so that the farm is not over-based. Because the default method is being used, owners do not have a choice of which crops on the farm to reduce. County Offices shall follow the following crop order if acres must be reduced:

- minor oilseeds
- oats
- barley
- corn
- grain sorghum
- soybeans
- wheat
- upland cotton
- rice.

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2 Default Method (Continued)

C Steps to Complete the Default Method

County Offices shall complete all steps in the following table to ensure that all eligible DCP farms have bases and yields established by COB April 18, 2003.

Step	Action	Result
1	Print the All Farms That Do Not Have a Base and Yield Election Report according to 1-DCP, paragraph 638.	<p>This report will identify all farms in the county that do not have the following:</p> <ul style="list-style-type: none"> • a base and yield election entered into the system • base acres in 2002/2003 farm maintenance • base and yield option selection date entered • a signature date entered. <p>Note: County Offices will have to manually exclude farms that have been placed on a register by the April 1, 2003, deadline.</p>
2	If applicable, reduce all subsequent acres to zero according to 1-DCP, paragraphs 620 and 621.	For farms in which a base and yield election has not been made by COB April 1, 2003, the subsequent acres shall be reduced to zero. Producers will not have the option of selecting the subsequent crop over the initial crop. Only initial crop acres can be used in the base calculation.
3	Access the Possible Base Options software according to 1-DCP, paragraph 622.	Option 2 is the only option available for the default method, regardless of the crop information on the farm. County Offices shall follow procedure in 1-DCP to ensure that the applicable acres have been entered and updated for option 2, this includes updating eligible oilseed acres and reducing base acres if the total base acres exceed the effective DCP cropland plus average double-cropped acres.
4	Access the Base and Yield Selection software according to 1-DCP, paragraph 625.	<p>County Offices shall:</p> <ul style="list-style-type: none"> • ENTER “2” as the selected option • PRESS “Cmd20” to update the record.

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2 Default Method (Continued)

C Steps to Complete the Default Method (Continued)

Step	Action	Result
5	Access Base Option Selection Date Screen MIBBAA01 according to 1-DCP, paragraph 628.	<p>County Offices shall enter “04-06-2003” as the base and yield option selection date.</p> <p>Note: All farms updated as the default shall have the same base and yield option selection date. The “04-06-2003” date will be used to provide data to Congress about the default method. Under no circumstances shall a date other than “04-06-2003” be entered if the default is used. In addition, County Offices shall not use the “04-06-2003” date for any farms that did not use the default method.</p>
6	Once the base and yield option selection date is entered and updated, CCC-515’s will be generated.	<p>County Offices shall write:</p> <ul style="list-style-type: none"> • “DEFAULT” in CCC-515, item 9A • “04-06-2003” in CCC-515, item 9B.
7	Access Signature Date Update Screen MIBBAC01 according to 1-DCP, paragraph 629.5.	<p>County Offices shall enter “04-06-2003” as the signature date.</p> <p>Note: All farms updated as the default shall have the same signature date. The “04-06-2003” date will be used to provide data to Congress about the default method. Under no circumstances shall a date other than “04-06-2003” be entered if the default is used. In addition, County Offices shall not use the “04-06-2003” date for any farms that did not use the default method.</p>

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2 Default Method (Continued)

D County Office Action

County Offices shall follow the table in subparagraph C beginning on April 7, 2003. No defaults shall be made until April 7, 2003. All defaults must be:

- dated April 6, 2003 (base and yield option selection date and signature date)
- completed by April 18, 2003.

County Offices shall ensure that farms represented on registers take priority over farms that are being defaulted. The farms being defaulted must be completed by COB April 18, 2003; however, CCC-509's, etc. shall not be completed for the defaulted farms until all farms represented on the register have been fully serviced.

Base Option Default Examples

Example 1

Crop	PFC	Planted	Option 1	Option 2	Option 3	Option 4	Option 5
Wheat	6.8	0.0	6.8	6.8	5.1		
Soybean	0.0	4.3		2.6	4.3	4.3	
Total Non-Oil Base			6.8	6.8	5.1	0.0	
Total Oil Base			0.0	2.6	4.3	4.3	
Eligible Non-Oil			6.8	6.8	5.1	0.0	
Eligible Oil			0.0	2.6	4.3	4.3	
Total Base			6.8	9.4	9.4	4.3	
Base Cannot Exceed			25.8	25.8	25.8	25.8	25.8

In this example, Farm 39, using the default method, is eligible for 9.4 base acres. The 6.8 wheat PFC acres are retained and the 2.6 eligible oil acres are added. The table shows what the possible Base Options Screen will look like when the County Office completes the possible base options process. Using option 2 with minimum oilseeds is the only option available to the defaulted farm.

Note: County Offices only have to complete option 2 data and PRESS “Cmd20” to update the record. Other options are shown for example purposes only.

Base Option Default Examples (Continued)

Example 2

Crop	PFC	Planted	Option 1	Option 2	Option 3	Option 4	Option 5
Soybean	0.0	4.3		4.3	4.3	4.3	
Total Non-Oil Base				0.0	0.0	0.0	
Total Oil Base				4.3	4.3	4.3	
Eligible Non-Oil				0.0	0.0	0.0	
Eligible Oil				4.3	4.3	4.3	
Total Base				4.3	4.3	4.3	
Base Cannot Exceed			25.8	25.8	25.8	25.8	25.8

In this example, Farm 39, using the default method, is eligible for 4.3 base acres. This is equal to the 4-year average of the planted oilseed acres. There are no PFC acres on the farm, so the oilseed acres are not reduced. The Base Options Report will state that option 2 is not applicable for this farm; however:

- option 2 shall be updated in the Possible Base Options software by entering the 4.3 acres under option 2 on Base Options Screen
- “Cmd20” shall be pressed to update the record.

Note: County Offices only have to complete option 2 data and PRESS “Cmd20” to update the record. Other options are shown for example purposes only.

Base Option Default Examples (Continued)

Example 3

Crop	PFC	Planted	Option 1	Option 2	Option 3	Option 4	Option 5
Wheat	0.0	6.8	0.0			6.8	
Soybean	0.0	4.3	0.0	4.3	4.3	4.3	
Total Non-Oil Base				0.0	0.0	6.8	
Total Oil Base				4.3	4.3	4.3	
Eligible Non-Oil				0.0	0.0	6.8	
Eligible Oil				4.3	4.3	4.3	
Total Base			0.0	4.3	4.3	11.1	
Base Cannot Exceed			25.8	25.8	25.8	25.8	

In this example, Farm 39, using the default method, is eligible for 4.3 base acres. This is equal to the 4-year average of the planted oilseed acres. There are no PFC acres on the farm, so the oilseed acres are not reduced. This farm did have a 4-year planted history of 6.8 acres of wheat. However, since the owner did not make an election and the farm is being defaulted, the farm is not eligible to have bases updated using the wheat history of 6.8 acres. Option 2 is the only option available under the default. The Base Options Report will state that option 2 is not applicable for this farm; however:

- option 2 shall be updated in the Possible Base Options software by entering the 4.3 acres under option 2 on the Base Options Screen
- “Cmd20” shall be pressed to update the record.

Note: County Offices only have to complete option 2 data and PRESS “Cmd20” to update the record. Other options are shown for example purposes only.

Base Option Default Examples (Continued)

Example 4

Crop	PFC	Planted	Option 1	Option 2	Option 3	Option 4	Option 5
UPCN	44.5	0.0	44.5	44.5	44.5		
Total Non-Oil Base			44.5	44.5	44.5		
Total Oil Base				0.0	0.0		
Eligible Non-Oil				44.5	44.5		
Eligible Oil				0.0	0.0		
Total Base			44.5	44.5	44.5	0.0	
Base Cannot Exceed			44.5	44.5	44.5	44.5	

In this example, Farm 899, using the default method, is eligible for 44.5 base acres. This is equal to the 2002 PFC acres. There are no eligible oilseed acres on this farm. The Base Options Report will state that option 2 is not applicable for this farm; however, County Offices shall access the Base Options Screen and PRESS “Cmd20” to update the record. The 44.5 acres for option 2 will be recognized by the system when option 2 is entered as the selection on Base and Yield Options Screen MIBBAS01.

Note: County Offices only have to complete option 2 data and PRESS “Cmd20” to update the record. This example has been completed for visual purposes.

Base Option Default Examples (Continued)

Example 5

Crop	PFC	Planted	Option 1	Option 2	Option 3	Option 4	Option 5
UPCN	0.0	44.5	0.0	0.0	0.0	44.5	
Total Non-Oil Base			0.0	0.0	0.0	44.5	
Total Oil Base				0.0	0.0		
Eligible Non-Oil				0.0	0.0		
Eligible Oil				0.0	0.0		
Total Base			0.0	0.0	0.0	44.5	
Base Cannot Exceed			44.5	44.5	44.5	44.5	

In this example, Farm 154, using the default method, is not eligible for any DCP base acres. This farm has a 4-year planted history of 44.5 acres of upland cotton that the owner could have elected to update using option 4. However, since the default method is option 2, this farm is not eligible for any DCP base acres. The Base Options Report will state that option 2 is not applicable for this farm that is correct.

Note: This example has been completed for visual purposes. No action can be taken on this farm according to default procedure.

Base Option Default Examples (Continued)

Example 6

Crop	PFC	Planted	Option 1	Option 2	Option 3	Option 4	Option 5
Oats	48.2	0.0	48.2	48.2	37.0		
Soybean	0.0	11.2		0.0	11.2	11.2	
Total Non-Oil Base			48.2	48.2	37.0	0.0	
Total Oil Base				0.0	11.2	11.2	
Eligible Non-Oil			48.2	48.2	37.0	0.0	
Eligible Oil				0.0	11.2	11.2	
Total Base			48.2	48.2	48.2	11.2	
Base Cannot Exceed			425.2	425.2	425.2	425.2	

In this example, Farm 80, using the default method, is eligible for 48.2 base acres. This is equal to the 2002 PFC acres. There are no eligible oilseed acres for option 2 on this farm because the PFC acres are greater than the 4-year planted history of oilseeds. The Base Options Report will state that option 2 is not applicable for this farm; however, County Offices shall access the Base Options Screen and PRESS “Cmd20” to update the record. Note that because the owner did not make a base and yield election, option 3 cannot be used to take advantage of the 11.2 acres of soybeans.

Note: County Offices only have to access the Base Options Screen and PRESS “Cmd20” to update the record. Other options are shown for example purposes only.