

## **Implications of the Elimination of Generic Base and Addition of Seed Cotton Program on South Carolina Peanut Farms**

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The 2018 Bipartisan Budget Act made agricultural policy history in February of 2018 by amending the commodity title of the 2014 Farm Bill. Farm program amendment promoted by the cotton sector adds seed cotton to the list of covered commodities making it eligible for the Price Loss Coverage (PLC)/Agricultural Risk Coverage (ARC) program for the 2018 crop season. Generic base acres, over 19 million in total, are eliminated beginning in 2018 and will be reallocated by landowners to either seed cotton or covered commodities that were planted on a farm with generic base during the 2009-2012 time period. The nearly one million acres of peanut plantings temporarily attributed to generic base annually will no longer be allowed. However, farms with generic base may add fixed peanut base if peanuts were planted on the farm during the 2009-2012 seasons. The net effect will be a reduction in total PLC payments tied to peanuts as a result of the elimination of generic base. South Carolina had 78,770 acres of peanut base and 347,713 acres of generic base in 2015-16. A representative South Carolina peanut farm model is developed to calculate the potential impact of the farm program changes on total payments and farm profitability of peanut farms in SC. A group of SC row crop farms are used to benchmark and verify the representative farm model. Seed cotton PLC payments are expected to be about half of the expected peanut PLC payments.