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Wheat

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THIRDAWAY



VOLUNTARY WHEAT PROGRAM - 1965

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Agricultural
COOPERATIVE EXTENSION SERVICE
THE OHIO STATE UNIVERSITY

College of agriculture

1965 VOLUNTARY WHEAT PROGRAM*

by

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(Items marked  are significantly different from 1964 regulations)

GENERAL INFORMATION

1. What are the objectives of the 1965 wheat program?

The stated objectives of the 1965 wheat program are to (a) raise income to wheat growers, (b) reduce government storage stocks and taxpayer costs and (c) permit the U. S. to assume its responsibilities and realize benefits of the International Wheat Agreement.

2. How will these objectives be accomplished?

The methods utilized will include (a) voluntary participation, (b) acreage allotments, (c) price support loans, (d) marketing certificates, and (e) diversion payments.

3. How long will the program remain in effect?

The legislation provided for a program applicable to the wheat crops for 1964 and 1965 harvest. It may or may not be extended to cover the crops in 1966 and later years. This publication will cover provisions as they apply to the 1965 crop.

4. What major points should a farmer consider in deciding whether or not to participate?

Farmers will want to consider the following when making their decision: (a) wheat acreage allotment, (b) expected yields compared with normal yields, (c) value of marketing certificates, (d) price support loan rate compared with expected market price, (e) diversion payment, (f) maintaining or increasing the normal conserving acreage for the farm, (g) any advantage of substituting wheat for feed grain or feed grain for wheat, (h) keeping wheat supply in balance with need, and (i) personal values, etc.

5. What is the desired level of wheat carryover?

The Secretary has indicated a 600 million bushel carryover is desirable. We had an 890 million bushel carryover July 1, 1964 and the carryover for July 1, 1965 is projected at 795 million bushels.

6. What are the signup dates for the wheat program?

Signup is from August 24 through October 2, 1965 at ASCS county offices.

7. Who may participate?

All producers who received a 1965 wheat allotment are eligible to participate.

*Prepared August 10, 1964. Changes in regulations may occur that would change some of the answers.

8. What is required for participation in the program?

Each participant must: (a) sign an agreement between August 24 and October 2, (b) produce within his 1965 wheat allotment, (c) not exceed the tobacco allotment for his farm, (d) plant within the wheat allotment or comply with the wheat-feed grain substitution rule on all other farms in which he has an interest, and (e) devote an acreage at least equal to 11.11 per cent of the 1965 wheat allotment to conserving uses in addition to maintaining the farm's conserving base acreage.

9. What will participants receive?

Participants will (a) receive domestic marketing certificates worth 75 cents, (b) receive export marketing certificates worth 30 cents, (c) be eligible for price support loans averaging \$1.25 nationally, and (d) if an additional 10 per cent of the 1965 allotment is diverted to conserving uses, participants will receive diversion payments equal to 50 per cent of the price support loan rate times the normal production. No payment will be made for diverting to conserving uses the minimum 11.11 per cent of the 1965 allotment. Nonparticipants will not be eligible for any of the above benefits.

10. What are marketing certificates?

There are two kinds of certificates--domestic marketing certificates and export marketing certificates. Domestic marketing certificates will be issued to participants in amounts equal to 45 per cent of the farm allotment's normal production. Export certificates will also be issued in an amount equal to 35 per cent of the farm allotment's normal production. The certificates can be redeemed for cash at the county ASC office.

11. What does "normal production" mean?

Normal production for the 1965 wheat program refers to the average adjusted 1958-62 wheat yield per acre multiplied by the acreage in the 1965 wheat allotment. Each farm is rated according to its productivity. Some farms have adjusted yields per acre above the county average yield and others are below.

12. Can a nonparticipant comply with his 1965 wheat allotment and be eligible for price support?

No. To be eligible for price support on wheat in 1965 a farmer must comply with all program requirements. (See question 8.)

13. Will government-held surplus grain be involved in this program?

CCC grain will not be sold to pay for diversion. If production is below domestic and export utilization, CCC wheat stocks will be sold to meet this demand at 105 per cent of the support price plus handling charges. Also export subsidies will be paid in kind.

ACREAGE ALLOTMENTS

14. What is the national acreage allotment?

The minimum national wheat acreage allotment is 49.5 million acres and was legislated prior to the May 1963 referendum. This is 10 per cent less than

the 1963 allotment and the same as the 1964 allotment. Since the 1963 law provided for increases in allotments on farms growing 15 acres or less of wheat, the total of all allotments in 1964 will be 53.3 million acres. In Ohio the regular wheat allotment for 1965 is 1,264,416 acres--down 30,871 acres from 1964. The difference is the loss of history credit from overplanting allotments. In 1964 small farms in Ohio had 263,886 acres added to their allotments. The total allotment in 1964 was 1,559,173 acres.

15. Why were some small allotments increased?

Legislation, prior to the May 1963 wheat referendum, discontinued the 30 acre feed-wheat exemption and the 15 acre marketing quota exemption. Farms with allotments of 15 acres or less were then given a new allotment based on the average acreage planted in 1959, 1960 and 1961 reduced by 10 per cent. Since many had been overplanting their allotments under the 15 acre exemption, their new allotments were larger.

16. Will 1965 farm wheat allotments be the same as in 1964?

In general the allotments will be the same in 1965 as in 1964.

17. What is the penalty for overplanting the farm wheat allotment?

The penalty for overplanting the wheat allotment is ineligibility for price support loans, marketing certificates and diversion payments.

18. Are there cases in which a farmer could exceed his allotment and still be eligible for program benefits?

A producer can get price support loan and certificates if he exceeds his acreage allotment by not more than 50 per cent, stores twice the normal production or actual production, if less, from the excess acreage under bond, and notifies the ASCS of his intentions to do so when signing up August 24 to October 2. This option will be useful in high risk areas. The wheat can be sold in a later year when the wheat crop is less than normal. Producers choosing this option must meet all program requirements and are ineligible for the wheat-feed grain substitution option.

19. Will those overplanting their allotments lose wheat history credit?

No, overplanting allotments will not cause loss of wheat acreage history for future years' allotments.

20. Will there be a marketing quota penalty?

No, marketing quotas are not in effect.

21. Can wheat be substituted for feed grain acreage in 1965?

Wheat and feed grain substitution is permissible on farms that have both a feed grain base and a wheat allotment but to receive benefits a farmer must sign up for both programs. Both program requirements must be met. The minimum diversion to conserving uses for both wheat and feed grains must be met to utilize the substitution provision.

22. How does the substitution feature work?

Farmer A has a 1965 wheat allotment of 10 acres and a feed grain base of 40 acres for a combined total base of 50 acres. The minimum feed grain diversion would be 8.0 acres. He can grow 42 acres of wheat or 42 acres of corn or any combination of crops on 42 acres.

23. If feed grain is substituted for wheat, will the wheat allotment be preserved?

Yes. The allotment will be the same as if wheat had been grown on the allotment instead of corn.

24. Will the 1965 Feed Grain Program change?

The 1965 program will operate under the same legislative authority and will likely be similar to the program in 1964. However, payment rates, price support loan levels, and diversion requirements have not been announced.

25. Does a farmer need to comply with both the wheat allotment and feed grain base to be eligible for wheat program benefits?

The two programs operate separately. There is no cross-compliance requirement except if the substitution phase is chosen.

26. Does a tenant farming a number of farms have to comply with all the wheat allotments on all the farms in order to participate in the wheat program?

Yes, a producer must stay within the farm wheat allotment on each farm. He must meet the minimum diversion requirement in addition to maintaining the necessary conserving acreage on the farms in which he has an interest to be eligible for price supports and marketing certificates. Eligibility for diversion payments on the farms depends upon diversion beyond the minimum 11.11%.

27. Can a landlord owning two farms exceed the wheat allotment on one farm and comply with the allotment on the other farm and be eligible for benefits?

No. If the wheat allotment is exceeded on one farm owned by the landlord, his share of the wheat crop is not eligible for price supports, marketing certificates, and possibly diversion payments on either of the farms. The conserving acreage requirements must have been met on each of his farms also.

28. If a landlord having several farms is ineligible for participation because the wheat allotment is exceeded on one farm, are the tenants on all other farms owned by the landlord also ineligible for participation?

No. If the tenants on the other farms meet all the requirements, they are eligible to participate in the program. But the landlord is ineligible for his share of the marketing certificates or possible diversion payments, and he is ineligible for price support.

ACREAGE DIVERSION

29. Must every farmer desiring to participate divert some acreage to conserving uses?

Yes, every farmer desiring to participate must divert an acreage equal to 11.11 per cent of his 1965 wheat allotment to conserving uses. This acreage must be in addition to his conserving base acreage. In general this minimum level of diversion is the difference between his 1963 and 1965 allotments. It does not mean reducing the 1965 wheat acreage below the allotment by 11.11 per cent.

Farmer A, a participant with a 1965 wheat allotment of 10 acres, may produce up to 10 acres of wheat but must increase his soil conserving base acreage by at least 1.1 acres ($10 \text{ ac.} \times 11.11\% = 1.1 \text{ ac.}$) to be

eligible for program benefits. This is the smallest acreage (equal to 11.11 per cent of the 1965 allotment) that Farmer A may divert and still be a participant in the program. This minimum 11.11 per cent diversion to conserving uses applies to all allotments.

30. Can additional acreage be diverted?

Yes, in addition to the minimum diversion of an acreage equal to 11.11 per cent of the 1965 farm wheat allotment, a producer may elect to divert (a) another 10 per cent of his allotment, (b) a maximum of 20 per cent of his allotment, or (c) in the case of farms with small allotments enough additional acreage to make a total of 15 acres diverted less 11.11% of the 1965 allotment but not to exceed the amount of the allotment, whichever is larger.

Farmer A with a 10 acre allotment in 1965 could divert additional acreage from one to a maximum of 10 acres. His wheat acreage for harvest in 1965 could be from 0 to 9 acres if additional acreage is diverted or 10 acres if minimum diversion is chosen. His diversion from wheat to conserving uses could be from 1.1 to 11.1 acres.

Farmer B with a 1965 allotment of 20 acres has already diverted 2.2 acres by complying with the 1965 allotment. His additional diversion could be from two to 12.8 acres. He could harvest 7.2 to 20 acres of wheat. His total diversion could range from 2.2 to 15.0 acres.

Farmer C with a 1965 allotment of 80 acres can divert additional acreage to conserving uses of (a) 10 per cent or 8.0 acres or (b) maximum of 20 per cent or 16.0 acres. He already has diverted 8.9 acres by complying with the 1965 allotment. He could harvest from 64 to 80 acres of wheat depending upon his diversion. He would divert from 8.9 to 24.9 acres of wheat to conserving uses.

The following table provides the (a) minimum required diversion for participation, (b) voluntary diversion limits for diversion payment, and (c) total maximum diversion to conserving uses with some 1965 wheat allotments.

1965 Allotment	11.11% Minimum Diversion	Voluntary Diversion Limits for Payment			Total Maximum Diversion
		10%	20%	Maximum	
	(A)	(B)	(C)	(D)	(A + D)
5	.6	.5	1.0	5.0	5.6
10	1.1	1.0	2.0	10.0	11.1
13.5	1.5	1.4	2.7	13.5	15.0
15	1.7	1.5	3.0	13.3	15.0
20	2.2	2.0	4.0	12.8	15.0
30	3.3	3.0	6.0	11.7	15.0
40	4.4	4.0	8.0	10.6	15.0
50	5.6	5.0	10.0	10.0	15.6
75	8.3	7.5	15.0	15.0	23.3
100	11.1	10.0	20.0	20.0	31.1

31. In what units will diversion be calculated?

Acreage diversion will be calculated to the nearest 0.1 acre.

32. What would be the acreage diversion when the wheat-feed grain substitution is applicable?

The minimum acreage to be diverted to conserving uses would be the combined wheat and feed grain acreage removed from production.

Farmer A participating with a 10 acre wheat allotment in 1965 must divert a minimum of 1.1 acres. He can divert more acreage as explained earlier. He has a 40 acre feed grain base. The minimum diversion for feed grain has not been established, but assuming rules are the same as last year, he would divert a minimum of 20 per cent or 8 acres from corn production. His minimum total diversion would be 9.1 acres (8.0 + 1.1) in addition to maintaining his conserving base. He could harvest 42 (32 + 10) acres of feed grains or wheat or any combination of the two.

33. What happens if a farmer signs up to divert 10 per cent of his 1965 wheat allotment and then diverts only 5 per cent?

He will receive no diversion payment. But, if the minimum 11.11 per cent diversion has been met and other program provisions carried out, he will be eligible for certificates and price support loans on his 1965 wheat.

CONSERVING USES

34. What conserving uses are possible for the diverted acres?

The ASCS committee approved conserving uses may vary from county to county. But they generally include:

- a) Permanent-type rotation cover of grasses and legumes.
- b) Temporary cover of grasses or legumes.
- c) Wildlife food habitat plantings.
- d) Trees and shrubs for forestry purposes.
- e) Clean tillage to control noxious weeds, with prior approval of the county ASCS committee.

35. Are the acres diverted under the 1965 wheat program in addition to the soil conserving base acreage?

Yes. The acreage diverted under the 1965 wheat program must be diverted to conserving uses. This acreage must be in addition to the farm's conserving base which is the average acreage that was in soil conserving uses during 1959 and 1960 as adjusted.

Farmer B with a 20 acre allotment and a conserving base of 30 acres chooses to divert voluntarily an additional 10 per cent of his wheat allotment (2.0 acres). This is in addition to the minimum required diversion of an amount equal to 11.11 per cent of the allotment (2.2 acres). His total diversion would be 4.2 acres. He, therefore, must increase his total conserving acreage by 4.2 acres to a total of 34.2 acres.

36. Where can a farmer secure sufficient acreage to meet the conserving acreage requirement?

It can be secured by planting less corn, soybeans, oats, or other crops.

37. May the wheat acreage diverted to conserving uses be harvested or grazed?

You cannot harvest any crop from diverted land during 1965. Grazing is permitted before May 1 or after November 1, 1965. Planting a fall crop is permitted at normal seeding time.

38. Must a producer designate a specific plot of land as that being diverted under the wheat program?

Yes.

39. Can the farm's conserving base acreage be harvested or grazed?

Yes. Hay and perennial legume or grass seed may be harvested from the conserving base acreage or the acreage may be grazed. Note, however, that we are not talking about the wheat or feed grain acreage diverted to conserving uses--rather only the farm's historic conserving base acreage.

40. Can I break out non-cropland for cropland use?

Yes, provided you offset the acreage by an equal amount of conserving acres of present cropland.

PRICE SUPPORTS

41. What is the price support loan rate for the 1965 wheat crop?

The price support loan or purchase agreement rate in the U. S. will average \$1.25 per bushel in 1965. In Ohio, the wheat loan price will average about \$1.27 per bushel and vary by counties from about \$1.25 to \$1.31 per bushel for the 1965 crop.

42. What will be the "net farm price" of wheat placed under loan in off-farm storage?

The "net farm price" of wheat is the county support loan rate minus the additional costs necessary to condition and handle the wheat for off-farm storage. These costs are highly variable and farmers should check storage rates carefully. These charges are between farmers and warehousemen.

43. On how many bushels can I get a loan?

Participants complying with the regulations can receive a loan on the actual production of wheat produced in 1965. On participating farms planting wheat in lieu of feed grains all the wheat produced is eligible for price support, but the wheat produced on the acreage in excess of the allotment is not eligible for certificates. Likewise, if feed grains are planted in lieu of wheat, all the corn is eligible for price support loan. However, any direct payment on corn will be limited to the normal production of the feed grain base less the diverted acreage.

44. Can a farmer store the wheat for loan or purchase agreement on his farm?

Yes, but Food and Drug Act regulations must be met.

45. Must wheat producers participate in the feed grain program to be eligible for a price support loan or purchase agreement on wheat?

No, it is not necessary to participate in the feed grain program to be eligible for price support on wheat if all wheat program requirements are met.

46. Are nonparticipants eligible for a loan or purchase agreement on wheat?

No. Only participants meeting all requirements will be eligible for price supports. This is different from 1964 when all producers complying with allotments were eligible for price supports.

47. Can producers not participating in the wheat program receive price support loans or purchase agreements on soybeans or feed grains?

All producers of soybeans will be eligible for loans or purchase agreements on their 1965 soybean crop. They need not participate in the feed grain or wheat program. Feed grain producers must participate in the feed grain program to be eligible for corn loans or purchase agreements, but do not need to participate in the wheat program.

48. At what price will CCC sell wheat?

CCC sales will not be made at prices less than 105 per cent of the 1965 loan rate (\$1.25 in U. S.) plus normal carrying charges.

49. What will be the market price of the 1965 wheat crop?

This depends upon 1965 production, domestic demand for food and feed, export demand, the CCC selling policy, and the level at which exports will be subsidized. However, it appears that annual wheat prices for the 1965 crop might average slightly above the 1965 loan rate of \$1.25 in the U. S. and \$1.27 in Ohio.

DIVERSION PAYMENTS

50. What is the payment rate for diverting acreage to conserving uses?

The payment for each acre qualifying as an additional diverted acre (that in excess of the 11.11 per cent minimum) on participating farms will be 50 per cent of the county support rate multiplied by the normal yield per acre. An example for a county with a support rate of \$1.27 per bushel is as follows:

Farmer A has a normal yield of 24 bushels per acre. His diversion payment would be \$15.24 per acre (50% of \$1.27 per bu. = 63.5¢ x 24 bu. = \$15.24).

51. How are diversion payments determined?

Diversion payments depend upon how many additional acres are diverted from the 1965 wheat allotment, normal yields, and county support rates. The following assumes all program provisions are fulfilled and the county support rate is \$1.27 per bushel:

- a) Minimum diversion to be eligible for diversion payments is 10 per cent of the 1965 allotment.

Farmer A has a 1965 allotment of 10.0 acres and a normal yield of 24 bushels per acre. His minimum additional diversion (above the 1.1 acre required) is 1.0 acre. The diversion payment for 1.0 acre would be \$15.24 (50% of \$1.27 = 63.5¢ x 24 bu. = \$15.24 per acre x 1.0 acre = \$15.24).

Farmer B has a 1965 allotment of 20 acres and a normal yield of 30 bushels per acre. The diversion payment on the minimum 2.0 acres would be \$38.10 (50% of \$1.27 = 63.5¢ x 30 bu. = \$19.05 per acre x 2.0 acres = \$38.10).

Farmer C has a 1965 allotment of 80 acres and a normal yield of 20 bushels per acre. To be eligible for diversion payments he must divert at least 8.0 acres. The payment would be \$131.60 (50% of \$1.27 = 63.5¢ x 20 bu. = \$12.70 per acre x 8.0 acres = \$131.60).

- b) Maximum acreage eligible for diversion payment is 1) the allotment, 2) 12.8 acres less the 11.11% required diversion or 3) 20% of the allotment.

Farmer A with a 1965 allotment of 10 acres and 24 bushel yields can divert the entire acreage for diversion payment. His payment would be \$152.40 (50% of \$1.27 = 63.5¢ per bu. x 24 bu. = \$15.74 per acre x 10 acres = \$152.40).

Farmer B with a 20 acre allotment and 30 bushel yields could divert 12.8 acres. The diversion payment would be \$243.84 (50% of \$1.27 = 63.5¢ x 30 bu. = \$19.05 per ac. x 12.8 ac. = \$243.84).

Farmer C with an 80 acre allotment and 20 bushel yields could divert 16.0 acres. The payment would be \$203.20 (50% of \$1.27 = 63.5¢ x 20 bu. = \$12.70 per ac. x 16 ac. = \$203.20).

52. When will diversion payments be made?

Diversion payments will be made as soon as possible after performance has been checked. This portion of the payment represents the taxpayer cost of the wheat program.

53. In what form will participants' diversion payments be made?

Payments will be made by CCC sight draft.

54. How will diversion payments be divided among landlords and tenants?

They will be divided between the parties as they agree upon.

MARKETING CERTIFICATES

55. What are the marketing certificates?

Marketing certificates are the means by which direct payments are made to program participants. The certificates are issued to the producers, they redeem the certificates for cash or kind at the ASCS office, and the domestic processors and exporters purchase the certificate from the CCC.

56. What kind of marketing certificates will be issued?

Two kinds of marketing certificates will be issued to eligible participants. They are domestic marketing certificates and export marketing certificates. The domestic marketing certificates are valued at 75 cents each and are issued for 45 per cent of the farm allotment's normal production. The export marketing certificates are valued at 30 cents each and are issued for 35 per cent of the farm allotment's normal production.

57. What about the remaining 20 per cent of the normal production?

No certificates will be issued for the remaining 20 per cent of the normal production nor for any wheat produced in addition to the normal production.

58. What can a farmer participating in the program do with the non-certificate wheat?

This wheat may be sold at market price, fed or placed under price support loan or purchase agreement. Since the certificates do not accompany the wheat, no distinction is made between certificate wheat and non-certificate wheat in the market place.

59. Will certificates be issued for wheat grown on feed grain acreage in lieu of feed grains?

No. Certificates are issued for the normal production on the wheat acreage allotment only. Likewise if feed grains are planted in lieu of wheat, the direct payment for feed grain will be made on the basis of the normal production and base acreage of feed grains.

60. How many certificates will a participant receive in 1965?

The number of certificates that will be issued depends on the farm wheat allotment, normal yield and extent of participation in the voluntary diversion program.

- a) Participation with no additional diversion (i.e. where the entire 1965 wheat allotment is planted to wheat). This choice results in the maximum number of certificates.

Farmer A with a 10 acre allotment and 24 bushel normal yield would receive 108 domestic certificates ($10 \text{ ac.} \times 24 \text{ bu.} = 240 \text{ bu.} \times 45\% = 108$) and 84 export certificates ($10 \text{ ac.} \times 24 \text{ bu.} = 240 \times 35\% = 84$).

Farmer B with a 20 acre allotment and 30 bushel normal yield would receive 270 domestic certificates ($20 \text{ ac.} \times 30 \text{ bu.} = 600 \text{ bu.} \times 45\% = 270$) and 210 export certificates ($600 \text{ bu.} \times 35\% = 210$).

Farmer C with an 80 acre allotment and 20 bushel yield would receive 720 domestic certificates ($80 \text{ ac.} \times 20 \text{ bu.} = 1600 \text{ bu.} \times 45\% = 720$) and 560 export certificates ($1600 \text{ bu.} \times 35\% = 560$).

- b) Participation with voluntary additional diversion below the 1965 wheat allotment. The number of certificates is determined by applying 80 per cent to the acreage of wheat for harvest and multiplying by the normal yield. When this results in less than 80 per cent of the farm's normal production, the number of export certificates issued will be reduced first, followed by the domestic certificates. This provides for maximizing the value of certificates. In no case will the total number of certificates issued exceed the normal production of the wheat acreage planted.

Farmer A with a 10 acre allotment decides to voluntarily divert the entire acreage. No certificates would be issued since no wheat would have been grown.

Farmer B with a 20 acre allotment decides to voluntarily divert a maximum of 12.8 acres. He has 7.2 acres of wheat for harvest, thus would be eligible for 216 certificates ($7.2 \text{ ac.} \times 30 \text{ bu.} = 216$). His domestic allocation amounted to 270 certificates so all of the 216 certificates would be domestic certificates.

Farmer C with an 80 acre allotment and 20 bushel yield decides to voluntarily divert the maximum acreage of 16 acres. He has 64 acres of wheat for harvest. His normal production on this acreage would entitle him to a total of 1280 certificates ($80 \text{ ac.} \times 20 \text{ bu.} = 1600 \text{ bu.} \times 80\% = 1280$). He would be issued 720 domestic certificates and 560 export certificates.

61. What would be the value of the certificates used in the examples?

a) Minimum diversion using examples in question 60a.

Farmer A has 108 domestic and 84 export certificates. They would be worth \$106.20 ($108 \times 75\phi = \81.00 and $84 \times 30\phi = \$25.20$).

Farmer B with 270 domestic and 210 export certificates would receive \$265.50.

Farmer C with 720 domestic and 560 export certificates would receive \$708.00.

b) Voluntary additional diversion using the examples in question 60b.

Farmer A would receive no certificates since no acreage was grown.

Farmer B would receive \$162.00 ($216 \text{ domestic certificates} \times 75\phi = \162.00).

Farmer C would receive \$708.00 ($720 \text{ domestic certificates} \times 75\phi = \540.00 and $560 \text{ export certificates} \times 30\phi = \168.00).

62. If there is a crop failure, do I receive the certificates?

Yes, if all the requirements for participation are met and wheat was planted, producers are eligible for certificates. The certificates can be thought of as crop insurance. Certificates are based on the acres for harvest and normal yields--not on bushels harvested.

63. How will the certificates be divided between landlords and tenants?

The certificates will be divided in the same proportion as the wheat crop is divided.

64. How will certificates be handled?

They may be redeemed upon request for cash at the ASCS office. The CCC sells certificates to millers, processors and exporters and they become a part of the cost of doing business. This seems likely to make the cost of wheat to millers in 1965 at least as high as in 1964 and above the 1963 level. Ultimately consumers pay the cost of the certificates.

65. When will certificates be issued?

Certificates will be issued as soon as possible after performance has been checked.

SUMMARY

66. Could the payments for one of the examples be summarized when the additional diversion is made from the allotment?

Farmer B has a 20 acre 1965 allotment and he plants 18 acres of wheat to comply with the 10 per cent additional diversion requirement. The normal yield is 30 bushels per acre. The county price support rate is \$1.27 per bushel. He diverts the required 2.2 acres plus an additional 10 per cent to conserving uses and meets all the provisions of participation.

<u>Item</u>	<u>Calculation</u>	<u>Value</u>
Normal production, bu.	20 ac. x 30 bu. = 600 bu.	--
Minimum diversion, ac.	20 ac. x 11.11% = 2.2 ac.	--
Additional diversion, ac.	20 ac. x 10% = 2.0 ac.	--
Diversion payment	2.0 ac. x 30 bu. x 50% x \$1.27 =	\$ 38.10
Domestic certificates	45% of 600 bu. = 270 bu. x 75¢ =	\$207.50
Export certificates	35% of 600 bu. = 210 bu. x 30¢ =	\$ 63.00
Total Certificate and Diversion Payment		\$308.60

67. How can I determine whether or not I should participate in the 1965 voluntary wheat program?

There are many factors to consider and no one answer can be given. The illustration which follows may be useful in determining the income possibility on your farm.

Assumptions:

1. Farm has a 1965 wheat allotment of 25 acres.
2. An adjusted yield of 30 bushels of wheat per acre has been established for the farm by the county ASC committee.
3. An expected yield of 30 bushels of wheat per acre will be harvested in 1965.
4. Open market price will be \$1.27 at harvest for No. 1 wheat.
5. The county support price will be \$1.27 per bushel.
6. Domestic marketing certificates valued at 75¢ per bushel.
7. Export marketing certificates valued at 30¢ per bushel.
8. Approved storage is available.

1965 Land Use and Cropping Program (With and Without Participation)
for a 160 Acre Ohio Farm

<u>Crop or Use</u>	<u>Allotment Exceeded-- Non-Participate</u>	<u>Wheat Program With Minimum Diversion (11.11%)</u>	<u>Wheat Program With Maximum Additional Diversion</u>	<u>My Farm Budget</u>
Corn	50 ac.	50 ac.	50 ac.	_____
Wheat (1965 allotment of 25 ac.)	27.8 ac.	25 ac.	12.2 ac.	_____
Other crops	27.2 ac.	27.2 ac.	27.2 ac.	_____
Hay (1 yr.)--(conserving base)	50 ac.	50 ac.	50 ac.	_____
Diverted wheat acreage	0 ac.	2.8 ac.	15.6 ac.	_____
Building site, roads, lanes, etc.	5 ac.	5 ac.	5 ac.	_____
Total Acres in Farm	160 ac.	160 ac.	160 ac.	_____

1965 Land Use and Cropping Program (table continued)

				Use Your Own Figures
<u>CASH RECEIPTS from Wheat Crop</u>				
Wheat @ \$1.27 per bushel	\$1059.18 ^{a/}	\$ 952.50 ^{b/}	\$464.82 ^{c/}	
75¢ Domestic mktg. certificates	0.00	253.13 ^{d/}	253.12 ^{e/}	
30¢ Export mktg. certificates	0.00	101.25 ^{f/}	8.55 ^{g/}	
Payment for diverted acres	0.00	0.00 ^{h/}	232.41 ^{i/}	
(A) Total Cash Receipts	\$1059.18	\$1306.88	\$958.90	
<u>CASH EXPENSES on the Wheat Crop</u>				
Fuel, oil & repairs @ \$3.75/acre	\$ 104.25	\$ 93.75	\$ 45.75	
Fertilizer & lime @ \$8.75/acre	243.25	218.75	106.75	
Seed wheat @ \$5.00 per acre	139.00	125.00	61.00	
Real estate tax on land @ \$2.25 per acre (no building)	62.55	56.25	27.45	
Storage & handling @ 10 ^{1/2} ¢ per bu.	87.57	78.75	38.43	
Other expenses: Hauling, hired labor, custom hire & misc. (\$2 per acre harvested)	55.60	50.00	24.40	
<u>CASH EXPENSE on Diverted Acres</u>				
Establish cover crop @ \$5/acre	0.00	14.00	78.00	
Real estate tax @ \$2.25/acre (no buildings)	0.00	6.30	35.10	
(B) Total Cash Expense	\$ 692.22	\$ 642.80	\$416.88	
<u>CASH RECEIPTS Less Cash Expenses</u>				
Total (A) - (B)	\$ 366.96	\$ 664.08	\$542.02	
Value of Labor Released for other uses @ \$1 per hour ^{j/}	0.00	14.00	78.00	
Receipts - Expenses + Value of Labor Released ^{k/}	\$ 408.66	\$ 678.08	\$620.02	

FOOTNOTES:

- a/ 27.8 acres x 30 bu. expected yield = 834 bu. x \$1.27 support price = \$1059.18.
b/ 25.0 acres x 30 bu. expected yield = 750 bu. x \$1.27 support price = \$ 952.50.
c/ 12.2 acres x 30 bu. expected yield = 366 bu. x \$1.27 support price = \$ 464.82
d/ 25.0 acres x 30 bu. adjusted yield = 750 bu. x 45% proportion domestic certificates = 337.5 domestic certificates x 75¢ each = \$253.13 (entire allotment was grown).
e/ 12.2 acres x 30 bu. adjusted yield = 366 bu. Farm is eligible for 337.5 domestic certificates. 337.5 certificates x 75¢ = \$253.12.
f/ 25.0 acres x 30 bu. adjusted yield = 750 bu. x 45% proportion export certificates = 337.5 export certificates x 30¢ each = \$101.25.
g/ 28.5 export certificates x 30¢ each = \$8.55.
h/ No payment is made on the minimum 11.11 per cent diversion.
i/ 50% x \$1.27 support price = \$.635 x 30 bu. adjusted yield = \$19.05 per acre x 12.2 acres = \$232.41 (payment for voluntary additional diversion).
j/ Five hours of labor released per diverted acre @ \$1 per hour. (NO CREDIT IF LABOR NOT USED ELSEWHERE.)
k/ Consider alternative uses of capital and labor, risk, conservation, and other factors along with your final cash answer.

STATED OBJECTIVES OF THE 1965 WHEAT PROGRAM

1. Improve income of wheat producers.
 2. Reduce government wheat program costs.
 3. Permit the U. S. to assume its responsibilities and realize benefits of the International Wheat Agreement.
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MAJOR CHANGES FROM 1964

1. Domestic certificates will be worth 75¢ per bushel compared to 70¢.
2. Export certificates will be valued at 30¢ per bushel compared to 25¢.
3. Price support nationally will average \$1.25 per bushel (\$1.27 in Ohio) while last year it was \$1.30.
4. Wheat-feed grain substitution will be possible while none was permitted last year.
5. For diversion payment a minimum of 10 per cent of the 1965 allotment must be diverted to conserving uses. The required 11.11 per cent qualifying diversion receives no payment.
6. The payment rate for the additional diversion beyond the 11.11 per cent will be made on 50 per cent (last year 20 per cent on the entire diversion) of the normal production times the county price support loan rate.