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Expected Participation in the 1962 Feed Grain Program

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United States farmers presently have the choice of participation in the 1962 feed grain program. Cropland used for barley production during the 1959-60 base period is now eligible. Diversion payment rates and price supports are the same as for the 1961 program.

The 1961 Emergency Feed Grain Program had a substantial impact on Minnesota agriculture. Fifty percent of Minnesota's farmers participated. Earnings for Minnesota farmers under the program totaled about $46 million on more than 1.5 million acres diverted from feed grain production.

Reasons for 1962 Participation Changes

The November 1961 issue of *Minnesota Farm Business Notes* reported reasons for participation or nonparticipation in the 1961 program by a sample of southern Minnesota farmers.

Despite similar alternatives under the 1962 program, several important factors could cause a change in farmer participation compared to 1961:

1. Bumper corn yields in 1961 caused some farmers to reevaluate the profitability of participation. Minnesota's average yield was 64.5 bushels per acre compared to the 10-year (1950-59) average of 50.6 bushels.

2. The difference between support price levels and market prices for the 1961 feed grain crop wasn't as great as some expected. Support prices for corn averaged $1.10 in southwestern Minnesota and $1.13 in southeastern Minnesota compared to from 93 to 95 cents for No. 2 corn at country points in Minnesota (November and December 1961).

3. Some participation is based on local circumstances such as: (1) unfavorable weather causing farmers to be behind in field work, or (2) farmers having particular fields needing diversion and cultivation for weed control.

4. Individual farmers may or may not have thought that the 1961 feed grain program accomplished its objectives. Stated objectives were: (1) reducing production of feed grains, (2) cutting surpluses, and (3) improving farm income.

5. A large 1961 corn crop may have added substantially to the carryover feed stocks of some individual farmers who did not participate. This could make participation in the 1962 program more attractive to them.

6. In southern Minnesota, farm income generally improved in 1961 as compared to 1960. Some farmers with low incomes in 1960, due primarily to wet weather, badly needed the timely advance payments of the 1961 feed grain program. Many of these farmers may not have a similar need this year.

Expected Participation in 1962

In December 1961, 304 farmers were interviewed in the commercial corn-producing area of southern Minnesota. Random samples of 76 participants and 75 nonparticipants in the 1961 feed grain program were contacted in five counties of southeastern Minnesota (see map).

Another sample of 154 farmers were interviewed in an 11 county area in southwestern Minnesota (see map). The latter sample included 107 participants in the 1961 feed grain program and 47 nonparticipants.

The group of southwest Minnesota farmers was selected to include a wide range in farm size and representation of the following farm operations: (1) cash crops, (2) dairy, (3) general, and (4) livestock other than dairy. Individual farmers meeting these qualifications were, however, selected on a random basis.

From a statistical viewpoint, the sample of farmers in southeastern Minnesota should provide a representative picture of the farmers who did or did not participate in the 1961 feed grain program. The sample in southwestern Minnesota provides additional insights into the expectations of farmers in this area for 1962.

Southeastern Minnesota Sample—Sixty-six percent of the 1961 participants intended to participate again in 1962 (see table 1). Sixteen percent did not plan to participate and 18 percent were undecided.

Among the farmers not participating in the 1961 program, 87 percent didn't intend to participate in 1962, 1 percent (one farmer) intended to participate, and the remaining 12 percent were undecided.

This indicates that: (1) approximately one-third of last year's participants didn't expect to participate in 1962 or were undecided, and (2) only 13 percent of the 1961 nonparticipants were considering possible 1962 participation.

A combination of this data provides the following breakdown:

Will participate in 1962—34 percent

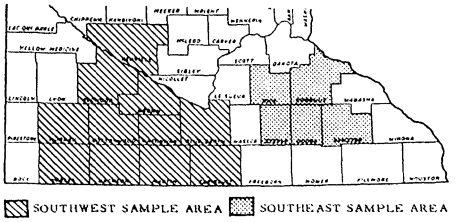

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Table 1. Expectations of farmers in southeastern Minnesota toward participation in the 1962 feed grain program

Expectations	1961 participants		1961 nonparticipants	
	no.	percent	no.	percent
Will participate	50	66	1	1
Will not participate	12	16	65	87
Don't know	14	18	9	12
Totals	76	100	75	100

Will not participate in 1962—51 percent

Don't know about 1962—15 percent

The farmers who didn't know could substantially affect 1962 participation. If only one-half of them participate, total participation in the southeastern Minnesota sample would be about 41 to 42 percent in 1962, compared to the 50 percent of sample participation in 1961.

Southwestern Minnesota Sample—Eighty-one percent of last year's participants intended to participate again in 1962, 10 percent didn't, and 9 percent were undecided (see table 2). Nine percent of the 1961 nonparticipants expected to participate while 13 percent were undecided at the time of the survey.

The southwestern Minnesota sample contained approximately 70 percent participants in the 1961 program. Combining both participants and nonparticipants from 1961 provides the following breakdown:

Will participate—59 percent

Will not participate—31 percent

Don't know—10 percent

Participation could possibly be lower in 1962 than in 1961 by 11 percent, if December expectations of these farmers materialize.

Again, if the "don't know" category splits equally between participants and nonparticipants in 1962, participation in the southwestern Minnesota sample would be approximately 64 percent, 6 percent less than in 1961.

Table 2. Expectations of farmers in southwestern Minnesota toward participation in the 1962 feed grain program

Expectations	1961 participants		1961 nonparticipants	
	no.	percent	no.	percent
Will participate	86	81	4	9
Will not participate	11	10	37	78
Don't know	10	9	6	13
Totals	107	100	47	100

The Barley Program

An average of about 954,000 acres were in barley in Minnesota during 1959 and 1960 (the base period). Although total production is low relative to corn for Minnesota as a whole, barley represents a major source of feed grain in the northwestern section. Some participation in the barley program is expected, particularly in this area.

In the commercial corn area of the state, per acre payments will generally be higher for diverting corn acreage than barley acreage. This is true because of the comparatively higher corn yields and prices, both historically and under the program. Therefore, little barley acreage diversion appears likely in southern Minnesota.

Rate of Diversion

Total reduction in feed grain acreage will result from the rate that participating farmers divert acreage as well as the rate of participation. Rate of acreage diversion by participants depends largely on local conditions.

However, on the basis of the high 1961 corn yields, more participating farmers will probably divert only the minimum acreage (20 percent of the base) in order to qualify for price supports and Commodity Credit Corporation guaranteed loans on stored corn. Such action would qualify much of the cash corn crop of participating farmers for price supports. Any noneligible corn (production in excess of base yields) could still be utilized for livestock production.

Conclusions

The results of this sample survey indicate a lower rate of participation is to be expected in the corn phase of the feed grain program in southern Minnesota in 1962 than in 1961. The sample, of course, is small relative to the total number of farmers in the two areas represented. Also, some farmers may change December intentions prior to the March 30 deadline for signup in the 1962 program.

MANAGEMENT CONSIDERATIONS 1962 FEED GRAIN PROGRAM

Duane Erickson and Hal Routhe

Farmers who produce feed grains should follow three steps before deciding about participation in the 1962 feed grain program. These steps are:

1. Become familiar with the specific provisions of the program for their farm.

2. Analyze the effect of participation on probable income and costs.

3. Weigh other considerations.

Program Provisions

The general provisions of the 1962 feed grain program are based on information compiled by the Agricultural Stabilization and Conservation Service as of February 1, 1962.

Major points of the program are:

1. **Voluntary participation.** Each producer decides whether to participate.

2. **Acreage diversion.** Not less than 20 percent of the base acreage of corn and grain sorghum (1959-60 average) as adjusted can be signed up. Additional acreages may be diverted.

The maximum acreage that can be diverted to conservation uses varies, depending upon the size of the farm base. If the farm is 25 acres or less, the base becomes the maximum diversion. If the farm base is over 25 but not more than 100 acres, the maximum diversion is 20 acres plus 20 percent of the base. If the farm base is more than 100 acres, the maximum is 40 percent of the base.

3. **Participating producers** (other than certain producers of malting barley) must not exceed their barley feed grain base. (ASCS offices have full details on the malting barley program.)

4. **On each of the other farms** in which the producer shares in the crops, the corn and grain sorghum feed grain base and the barley feed grain base must not be exceeded. This is true even

though these farms are not included in the program.

5. **Payments "in kind"** based on yields and support prices will be made on acreage diverted from feed grains to soil-conserving uses.

6. **Advance payments.** Up to about one-half of the total diversion payments will be paid at signup time.

7. **Price support** on corn, grain sorghum, barley, oats, and rye may be received only by cooperators. Price support on corn, grain sorghum, and barley is limited to the normal production of acreages planted to feed grains. The "normal" yield is assigned to each farm by the county ASCS office.

Levels of support are the same as those announced for the 1961 crops. The Minnesota support prices for corn range from $1.10 in the southwest to $1.13 in the southeast. Price supports in central and northern Minnesota range around $1.09.

8. **Participants in the 1962** feed grain program may purchase feed grains under Commodity Credit Corporation loan on their own farms if they need additional feed supplies. This option eliminates costs of delivering sealed grain and hauling feed grains from off farm storage.

Local county ASCS offices have information on purchase prices of these feed grains. Adjustments in price are made depending upon geographical location with respect to local prices, transportation charges, and central market prices. Presently farmers can purchase CCC held corn on their farms for 15 to 20 cents per bushel below the county support price.

9. **This program applies** only to 1962 harvested crops. There is now no legislation for continuation of the program beyond 1962.

10. **Growers can sign up** for participation from February 5 through March 30, 1962.

Specific provisions of the 1962 feed grain program can be obtained at county ASCS offices.

Income Effects of Participation

The analysis of the effect of participation on probable net income involves examination of estimated gains and costs.

Benefits or income gains:

1. **Government payments on diverted acres.** The 20-percent diversion rates in Minnesota range from $16.40 per acre in Roseau County to $39.00 in Houston County. Higher rates prevail for additional acreage diverted up to 40 percent of the base acreage. These rates vary from farm to farm depending on assigned "normal" yield and county support price.

2. **Reduced cash production costs** on diverted acres. Seed, fertilizer, chemicals, fuel, trucking, and shelling costs for corn range between $15 and $25 per acre.

3. **Price support advantage on feed grains** varies depending on the expected differences between the net value realized from the support price compared with the going market price. At present, this ranges from 10 cents to 15 cents for corn per bushel at the farm level. The price support advantage is limited to the "normal" production of acreages planted to feed grains.

4. **Value of labor saved on retired acreage.** Approximately 4 to 5 hours per acre diverted from corn could be used otherwise to increase net income. This estimate is difficult to make but should be considered.

Estimated costs of participation:

1. **Value of production lost on diverted acres.** This varies depending on the expected yield on the diverted acreage and estimated market price for 1962 corn.

2. **Costs of diverting acreage from feed grain to conservation uses.** Included in these costs will be such items as seed, fuel, oil, labor, etc. Some counties in Minnesota provide ACP payments for this purpose.

3. **Added cost of purchasing feed needs for livestock.** This must be compared to farm level value of farm grown grains eligible for price supports.

The difference between the calculated added costs and added benefits of participation indicate the probable effect on the farmers' net income. A worksheet guide for making these calculations is available at your county agent's office. Ask for FM-46, *The 1962 Feed Grain Program and Your Farm.*

Two factors will have a major impact on the farm net income determination: (1) the price differential between market and support prices for feed grains, and (2) the difference between "expected" yield on the farm and the "normal" yield assigned by the county ASCS office. These factors may vary for the 1962 crop year as compared to 1961. Thus, each farmer must make his own outlook estimate.

Other Considerations

Rental arrangements, the need for immediate income, and ability to assume risk for the 1962 crop year are other personal considerations. While drought conditions in Minnesota are relieved, a further reduction of weather risk may be important in some local areas.

The effect of participation on plans for future crop and livestock programs is a longrun consideration. Each farmer should also consider how his participation, added to that of other feed grain producers, might help reduce burdensome feed grain supplies.

RECENT PUBLICATIONS

For further information on the 1962 feed grain program, see: FM-45 *The 1962 Feed Grain Program.* This explains the principal points of the corn and grain sorghum and barley programs.

FM-46 *The 1962 Feed Grain Program and Your Farm.* This evaluation worksheet will help you determine the benefits of the program for you.

Obtain copies from your county agent or the Bulletin Room, Institute of Agriculture, University of Minnesota, St. Paul 1, Minnesota.

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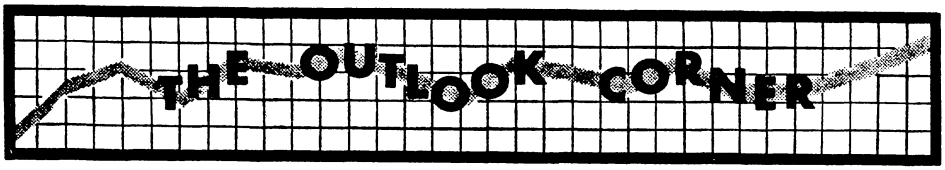

Feed Grain Production and Supplies 1961-62

Harold C. Pederson and Duane E. Erickson

For the first time in nearly a decade, U.S. feed grain supplies are smaller than the preceding year (see table 1). The total feed grain acreage fell 16 percent. With an 8-percent increase in yield per acre, total production fell 11 percent (see table 2).

Domestic use and exports of feed grain this year are expected to continue near the high levels reached in 1960-61. The number of grain-consuming animal units to be fed will be up 2 percent. However, the rate of feeding will probably drop a little.

The feed grain carryover should fall. Carryover stocks reached a record high of 85 million tons in 1961, with about 74 million under loan or owned by the Commodity Credit Corporation.

CORN

Corn production for grain is estimated at 3,624 million bushels for 1961—down 7 percent from 1960. Acreage in corn was down 18 percent, but the yield was up 13 percent to a record high.

OATS

Oats production in 1961 was down 12 percent from 1960 and 21 percent from the 10-year average (1950-59). The harvested acres were the smallest since 1885. Yields were 42.1 bushels—the third highest on record.

BARLEY

Barley production was 393 million bushels in 1961—9 percent smaller than in 1960 but 11 percent above the last 10-year average. Acres harvested were 7 percent below 1960.

SORGHUM

Grain sorghum production is calculated at 483 million bushels—22 percent less than the record 620 million bushels produced in 1960. The 1961 feed grain program is credited for the drop in acreage harvested for grain, from 15.6 million acres in 1960 to 11.0 million in 1961. This decline in acreage was partially offset by an increase in yield per acre, to a record 43.8 bushels.

Table 1. Production and use of feed grains, United States, year beginning October, 1955-61

	Average 1955-59	1960*	1961†
	million tons		
Production and carryover			
Corn	91	109	102
Oats	20	19	16
Barley	10	10	9
Sorghum grains	12	17	14
Byproduct feeds	26	29	28
Other feeds fed	3	2	2
Carryover feeds‡	52	75	85
Total	214	261	256
Uses			
For livestock	131	150	152
Other uses	23	25	26
Total	154	175	178
		million	
Animal units of grain-consuming livestock§	164	167	170
		ton	
Supply per animal unit	1.30	1.56	1.50
Grain fed per animal unit	.80	.90	.90

* Preliminary.

† Preliminary estimates based on indications in January 1962.

‡ Stocks of corn and sorghum grains in all positions on October 1 and oats and barley on July 1.

§ Roughly, an animal unit is the livestock that will eat as much as 1 dairy cow, 1 feeder steer, 5 pigs, 7 sheep, or 50 hens.

PRICES

Feed grain prices were a little higher this past fall than a year ago. They probably will average higher for the 1961-62 feeding year. Some factors that will tend to maintain feed grain prices above the 1960-61 level are:

1. Higher price supports for 1961 crops than for 1960 crops, averaging 16 percent higher for the four feed grains.

2. Feed grain production was down 11 percent.

3. Livestock numbers are expected to increase slightly with livestock prices holding near 1960-61 levels.

Price supports for the 1962 feed grain crops will be at the same levels as in 1961 for farmers participating in the government feed grain program.

Table 2. Feed grain yields and harvested acres, United States, 1950-61

	Average per acre	Harvested acres
	tons	million
1950-53 average	.867	125.7
1954-57 average	.932	132.8
1958	1.143	126.1
1959	1.149	130.2
1960	1.218	127.8
1961	1.318	106.8

Data from Crop Production, SRS, 1961 Summary.

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