

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
http://ageconsearch.umn.edu
aesearch@umn.edu

Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.



VOLUNTARY WHEAT PROGRAM - 1966

SIGN-UP ENDS APRIL 1

Callege of agriculture COOPERATIVE EXTENSION SERVICE THE OHIO STATE UNIVERSITY

agriculture

1966 VOLUNTARY WHEAT PROGRAM*

bу

Wallace Barr and John Bottum, Extension Economists

(Items marked



are significantly different from 1965 regulations)

GENERAL INFORMATION



. What are the objectives of the 1966 wheat program?

The stated objectives of the 1966 wheat program are to a) raise income to wheat growers, b) reduce government storage stocks, c) permit the U. S. to participate in the International Wheat Agreement and d) to make the U. S. wheat competitive in world markets.



How will these objectives be accomplished?

The methods utilized will include a) voluntary participation, b) acreage allotments, c) price support loans, d) support payments, and 3) diversion payments.



. How long will the program remain in effect?

The Food and Agricultural Act of 1965 provides for a program applicable to the wheat crops for 1966 through 1969. This publication will cover provisions as they apply to the 1966 crop.



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 projected yields,
c) support payments, 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 630 million bushel carryover is desirable. There was an 819 million bushel carryover July 1, 1965, and the carryover for July 1, 1966 is projected at 750 million bushels.



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

Signup is from January 31 through April 1, 1966 at ASCS county offices.

7. Who may participate?

All producers who received a 1966 wheat allotment are eligible to participate.

^{*}Prepared December 20, 1965. 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 January 31 and April 1, b) produce within his 1966 wheat allotment, c) not exceed the tobacco allotment for his farm, d) plant within the wheat allotment or participate and comply with the wheat-feed grain substitution rule on all other farms in which he has an interest, and 3) divert an acreage at least equal to 15 per cent of the 1966 wheat allotment to conserving uses, and f) maintain the farm's conserving base acreage.



What will participants receive?

Participants will a) receive support payments worth approximately \$1.31 per bushel on 45 per cent of the projected yield, b) be eligible for price support loans averaging \$1.25 nationally, and c) if an additional diversion of up to 50 per cent or 21.7 acres, whichever is larger, is diverted to conserving uses, participants will receive diversion payments equal to 40 per cent of the county price support loan rate times the projected yield. Details of the payments will be explained later. No payment will be made for diverting to conserving uses the minimum 15 per cent of the 1966 allotment. Non-participants will be ineligible for any of the above benefits.



10. What does "projected yield" mean?

Projected yield for the 1966 wheat program refers to the yield per acre expected for each farm using current cultural practices and normal weather. In the past, production was based on historic yields. The projected yields more nearly reflect the actual yields per acre. Each farm is rated according to its productivity. Some farms have projected yields per acre above the county average yield and others are below.



11. What are support payments?

Support payments amounting to about \$1.31 per bushel are the means by which payments are made to farmers on the wheat used domestically. Payments are made to participants in amounts equal to 45 per cent of the farm allotment's projected yield. Support payments replace the certificates.



12. How will exports be handled?

A variable export certificate will be issued to exporters, to be valued daily, to make U. S. wheat available at prices comparable with world market prices. If the U. S. price is above world prices, export certificates will have no value and a subsidy will be paid to exporters to make up the difference. If U. S. prices are below world prices, the certificate value will be the difference between the U. S. and world price and will be collected from exporters. A pool will be maintained and any net receipts from export certificate sales will be apportioned to participants at the end of the market year ending June 30, 1967.

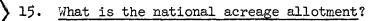
13. Can a non-participant comply with his 1966 wheat allotment and be eligible for price support?

No, to be eligible for price support on wheat in 1966 a farmer must comply with all program requirements. (See question 8.)

14. 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 a minimum of 105 per cent of the loan rate plus handling charges. Also export subsidies will be paid in wheat.

ACREAGE ALLOTMENTS



The minimum national wheat acreage allotment is 47.8 million acres for the 1966 crop and compares to 49.5 million acres in 1965. The 1966 Ohio wheat allotment, including small farm adjustments, will be 1,481,836 acres.

16. 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 as adjusted. Since many had been overplanting their allotments under the 15 acre exemption, their new effective allotments were larger.

17. Are 1966 farm wheat allotments the same as in 1965?

No, allotments were reduced 11.11 per cent from the base in 1965 and in 1966 were reduced 15 per cent from the base.

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

The penalty for overplanting the wheat allotment is ineligibility for price support loan, support payment and diversion payment.

19. Will there be a marketing quota penalty?

No, marketing quotas are not in effect so wheat can be sold in commercial channels or fed.

20. 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 support payments if he exceeds his acreage allotment by not more than 50 per cent, stores under bond twice the normal production or actual production if less, from the excess acreage, and notifies the ASCS of his intentions to do so when signing up January 31 to April 1. 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.



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

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

22. Can wheat be substituted for feed grain acreage in 1966?

Wheat and feed grain substitution is permissable on farms that have both a feed grain base and a wheat allotment, but to receive benefits a farmer must signup for both programs. Both program requirements must be met including the minimum diversion to conserving uses for both wheat and feed grains.

23. How does the substitution feature work?

Farmer A has a 1966 wheat allotment of 10 acres and a feed grain base of 40 acres for a combined total of 50 acres. The minimum feed grain diversion would be 8.0 acres (20 per cent of 40 acres). The minimum wheat diversion of 1.5 acres is reflected in the 1966 allotment. He is permitted to grow 42 acres of wheat or 42 acres of corn or any combination of the two crops. If wheat is grown, he must divert a minimum of 9.5 acres to conserving uses in addition to maintaining the conserving base. If corn is grown on 42 acres, he must divert a minimum of 9.5 acres to conserving uses.

24. 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.

. What if I grow oats and rye but no other feed grains?

An oats-rye base can be established upon request. Substitution of wheat and oats-rye can then be made. See your local ASCS for details if you are interested.

26. Will the 1966 Feed Grain Program be similar to the 1965 program?

The 1966 feed grain program will operate under the same legislative authority as wheat and will be similar to the program in 1965. However, payment rates and price support loan levels have been changed.

7. 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. Cross-compliance is required between the tobacco and wheat allotments.

Does a tenant operating 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 of 15 per cent in addition to maintaining the necessary conserving acreage on the farms in which he has an interest to be eligible for price supports and support payments. Eligibility for diversion payments on the farms depends upon diversion beyond the minimum 15 per cent.





29. 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, support payments, and possibly diversion payments on either of the farms. The conserving acreage requirements must have been met on each of his farms also.

30. 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 support payments or possible diversion payments, and he is ineligible for price support.

ACREAGE DIVERSION



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

Yes, every farmer desiring to participate must divert a minimum acreage equal to 15 per cent of his 1966 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 1966 allotments. The 15 per cent reduction was made in the 1966 allotment notice received by farmers.

Farmer A, a participant with a 1966 wheat allotment of 10 acres, may produce up to 10 acres of wheat, but must increase his soil conserving base acreage by at least 1.5 acres (10 acres x 15 per cent = 1.5 acres) to be eligible for program benefits.



Can additional acreage be diverted?

Yes, in addition to the minimum diversion of an acreage equal to 15 per cent of the 1966 farm wheat allotment, a producer may elect to divert a) up to a maximum of 50 per cent of his allotment, or b) in the case of a 1966 allotment of 21.7 acres or less, the entire allotment.

Farmer A with a 10 acre allotment in 1966 could divert additional acreage from one to a maximum of 10 acres. His wheat acreage for harvest in 1966 would be the allotment less the additional diverted acres, if additional acreage is diverted. If the minimum diversion is chosen, he could harvest 10 acres of wheat. His diversion from wheat to conserving uses could be from 1.5 to 11.5 acres.

Farmer B with a 1966 allotment of 20 acres has already diverted 3.0 acres by complying with the 1966 allotment. His additional diversion could be from 0 to 20.0 acres. His total diversion could range from 3.0 to 23.0 acres. He could harvest from 0 to 20 acres of wheat.

Farmer C with a 1966 allotment of 80 acres can divert additional acreage to conserving uses of up to a maximum of 50 per cent or 40.0 acres. He already has diverted 12.0 acres by complying with the 1966 allotment. He could harvest from 40 to 80 acres of wheat depending upon his diversion. He would add from 12.0 to 52.0 acres to conserving uses.

The following table provides the a) minimum required diversion for participation, b) voluntary diversion limits for maximum payments, and c) total diversion to conserving uses with some 1966 wheat allotments.

	15%	Maximum	
1966	Minimum	Diversion	Total
Allotment	Diversion	for Payment	Diversion
	(A)	(B)	(A & B)
10.0	1.5	10.0	11.5
15.0	2.2	15.0	17.2
20.0	3.0°	20.0	23.0
21.7	3.3	21.7	25.0
30.0	4.5	20.5	25.0
40.0	6.0	19.0	25.0
50.0	7.5	25.0	32.5
75.0	11.2	37.5	48.7
100.0	15.0	50.0	65.0

33. Can soybeans be produced on the wheat allotment?

Producers can grow soybeans or any other crop they desire on the wheat allotment, but forego diversion payments.

Farmer B with a 20 acre allotment participates in the wheat program by diverting 3.0 acres to conserving uses and plants 10 acres of wheat. He can grow 10 acres of soybeans or any other crop. He is eligible for support payments and a price support loan on wheat, but no diversion payment.



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 (15%) and feed grain (20%) acreage diversion requirements.

Farmer A participating with a 10 acre wheat allotment in 1966 must divert a minimum of 1.5 acres. He can divert more acreage as explained earlier. He has a 40 acre feed grain base and would divert a minimum of 20 per cent or 8 acres from corn production. His minimum total diversion would be 9.5 acres (8.0 + 1.5) in addition to maintaining his conserving base. He could harvest 42 acres (32 + 10) of feed grains or wheat or any combination of the two.



What happens if a farmer signs up to divert 30 per cent of his 1966 wheat allotment and then diverts only 20 per cent?

He will receive no diversion payment. But, if the minimum 15 per cent diversion has been met and other program provisions carried out, he will be eligible for support payments and price support loans on his 1966 wheat.

CONSERVING USES

36. 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 ASC committee.

37. Are the acres diverted under the 1966 wheat program in addition to the soil conserving base acreage?

The minimum diversion required of 15 per cent of the allotment under the 1966 program must be devoted 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 wheat allotment and a conserving base of 30 acres must divert an amount equal to 15 per cent of the allotment or 3.0 acres to conserving uses. He must have 33.0 acres in conserving uses to participate. He may voluntarily divert additional acreage from wheat to conserving uses for diversion payment. (See questions 32 and 33 and questions 52-56.)

38. 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.

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

You cannot harvest any crop from land specifically designated as diverted to conserving uses during 1966. Graxing is permitted before May 1 or after November 1, 1966. Planting a fall crop is permitted at normal seeding time because it will be harvested in 1967.

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

Yes.

41. 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.

42. 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

43. What is the price support loan rate for the 1966 wheat crop?

The price support loan or purchase rate in the U. S. will average \$1.25 per bushel in 1966. 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 1966 crop.

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.

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

Participants complying with the regulations can receive a loan on the actual 1966 production. All the wheat produced on farms utilizing the wheat-feed grain substitution is eligible for price support. However, the wheat produced on the acreage in excess of 45 per cent of the allotment is not eligible for support payments. Likewise, if feed grains are planted in lieu of wheat, all the corn is eligible for price support loan. The direct payment on corn will be limited to the projected production on 50 per cent of the feed grain base or the total acreage planted, whichever is smaller.

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

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

47. Must wheat producers participate in the feed grain program to be eligible for a price support loan or purchases 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.

48. Are non-participants eligible for a loan or purchases on wheat?

No, only participants meeting all requirements will be eligible for price supports.

49. Can producers not participating in the wheat program receive price support loans or purchases on soybeans or feed grains?

All producers of soybeans will be eligible for loans or purchases on their 1966 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 purchases, but do not need to participate in the wheat program.

50. At what price will CCC sell wheat?

The statutory minimum sales price is at not less than 105 per cent of the 1966 loan rate (\$1.25 in U. S.) plus normal carrying charges or at market price, whichever is higher.

51. What will be the market price of the 1966 wheat crop?

This depends upon 1966 production, carryover, domestic demand for food and feed, export demand and the CCC selling policy. However, it appears that annual wheat prices for the 1966 crop will average slightly above the 1966 loan rate of \$1.25 in the U.S. and \$1.27 in Ohio.

DIVERSION PAYMENTS

52. <u>W</u>

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

The diversion payment for each acre qualifying as an additional diverted acre (that in excess of the 15 per cent minimum) on participating farms will be 40 per cent of the county loan rate multiplied by the projected yield per acre. An example for a county with a loan rate of \$1.27 per bushel is as follows:

Farmer A has a projected yield of 30 bushels per acre. His diversion payment would be \$15.24 per acre (40 per cent of \$1.27 per bushel = $50.8\phi \times 30$ bushels = \$15.24).



53. How are total diversion payments determined?

Diversion payments depend upon how many additional acres are diverted from the 1966 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 one or more acres below the 1966 allotment.

Farmer A has a 1966 allotment of 10.0 acres and a normal yield of $\overline{30}$ bushels per acre. His minimum additional diversion (1.5 acres required) is 1.0 acre. The diversion payment for 1.0 acre would be \$15.24 (40 per cent of \$1.27 = 50.8ϕ x 30 bushels = \$15.24 per acre x 1.0 acre = \$15.24).

Farmer B has a 1966 allotment of 20 acres and a normal yield of 35 bushels per acre. The diversion payment on an additional ten acres diverted would be \$88.90 (40 per cent of $$1.27 = 50.80 \times 35$ bushels = \$17.78 per acre x 5.0 acres = \$88.90).

b) Maximum acreage eligible for diversion payment is 1) 50 per cent of the allotment, or 2) in the case of a 1966 allotment of 21.7 acres or less, the entire allotment.

Farmer C with an 80 acre allotment and 40 bushel yields could divert 40.0 acres. The payment would be \$812.80 (40 per cent of \$1.27 = 50.8ϕ x 40 bushels = \$20.32 per acre x 40 acres = \$812.80).

54. When will diversion payments be made?

Diversion payments will be made as soon as possible after performance has been checked.

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

Payments will be made by CCC sight draft.

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

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

SUPPORT PAYMENTS

57.

What is the level of support payments?

Farmers will receive 100 per cent of parity as of July 1, 1966 for the 45 per cent of the wheat crop used in the domestic market. Parity in November, 1965 was \$2.56 per bushel. The support payments will amount to about \$1.31 per bushel or the difference between parity and the national loan rate of \$1.25 per bushel.

58.

What about the remaining 55 per cent of the production?

No support payments are made to producers for the remaining 55 per cent of the projected production.

59. What can a farmer participating in the program do with the remaining wheat?

This wheat may be sold at market price, fed or placed under price support loan or purchase.

60. Will support payments be made for wheat grown on feed grain acreage in lieu of feed grains?

Support payments are made for the projected production on 45 per cent of 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 projected production on 50 per cent of the base acreage of feed grains.



How many bushels are eligible for support payments in 1966?

The number of bushels on which support payments are made depends on the farm wheat allotment, projected yield and extent of participation in the voluntary diversion program. In general support payments are made on 45 per cent of the projected yield for the acreage allotment.

a) Participation with no additional diversion (i.e. where the entire 1966 wheat allotment is planted to wheat).

Farmer A with a 10 acre allotment and 30 bushel projected yield would receive payment for 135 bushels (10 acres x 30 bushels = 300 bushels x 45 per cent = 135).

Farmer B with a 20 acre allotment and 35 bushel normal yield would receive payment on 315 bushels (20 acres x 35 bushels = 700 bushels x 45 per cent - 315).

Farmer C with an 80 acre allotment and 40 bushel yield would receive payment on 1,440 bushels (80 acres x 40 bushels = 3,200 bushels x 45 per cent = 1,440).

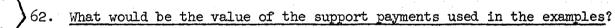
b) Participation with voluntary additional diversion below the 1966 allotment.

The maximum number of bushels eligible for support payment is 45 per cent of the 1966 allotment times the projected yield. When acreage planted is below 45 per cent of the allotment, the number of bushels eligible for payment will be the projected yield times the acreage planted. If no wheat is planted, no support payment will be made.

Farmer A with a 10 acre allotment decides to voluntarily divert the entire acreage. No support payment would be made since no wheat was grown.

Farmer B with a 20 acre allotment decides to voluntarily divert 15.0 acres. He will grow 25 per cent of his allotment. He will receive support payment on 175 bushels (5.0 acres x 35 bushels = 175 bushels).

Farmer C with an 80 acre allotment and 40 bushel yield decides to voluntarily divert the maximum acreage of 40 acres or 50 per cent of his allotment. He has 40 acres of wheat for harvest. He would be eligible for payment on 1,440 bushels.



a) Minimum diversion using examples in question 61a.

Farmer A has 135 bushels. The support payment would be \$176.85 (135 bushels x \$1.31 per bushel = \$176.85)

Farmer B with 315 bushels would receive \$412.65.

Farmer C with 1,440 bushels would get \$1,886.40.

b) Voluntary additional diversion using the examples in question 61b.

Farmer A would receive no support payment since no acreage was grown.

Farmer B with 5.0 acres and 175 bushels would receive \$229.25 (175 bushels \times \$1.31 per bushel = \$229.25).

Farmer C would qualify for \$1,886.40.



63. If there is a crop failure, do I receive the support payment?

Yes, if all the requirements for participation are met and wheat was planted, producers are eligible for support payments. The support payments can be thought of as crop insurance. Support payments are based on the acres for harvest and projected yields—not on bushels harvested.

64. How will the support payment be divided between landlords and tenants?

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

65. How will support payments be handled?

Farmers will receive \$1.31 per bushel paid by CCC sight draft at county ASCS offices. The CCC sells certificates to millers and processors for 75ϕ for each bushel used domestically and they become a part of the cost of doing business. Ultimately consumers pay the cost. Export certificates are sold to exporters when the U. S. price is below world price and the accumulation of money will be pro-rated to producers. Farmers never receive the certificates.

66. When will support payments be made?

Support payments will be made as soon as possible after performance has been certified by the farmer.

SUMMARY

67. 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 1966 allotment and he plants 10.0 acres of wheat. The projected yield is 35 bushels per acre. The county price support rate is \$1.27 per bushel. He diverts the required 15 per cent or 3.0 acres plus an additional 10 acres to conserving uses and meets all the provisions of participation.

<u> Item</u>	<u>Calculation</u>	Value
Projected production, bu. Minimum diversion, ac. Additional diversion, ac. Diversion payment Support payment*	20 ac. x 35 bu. = 700 bu. 20 ac. x 15% = 3.0 ac. 20 ac. x 50% = 10.0 ac. 10.0 ac. x 35 bu. x 40% x \$1.27 = 45% of 700 bu. = 315 bu. =	\$177.80 412.65
Total Support	and Diversion Payment	\$590.45

^{*} Farmer B is eligible for all the support payment since he planted 45 per cent or more of his allotment.

68. How can I determine whether or not I should participate in the 1966 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. The farm has a 1966 wheat allotment of 25 acres.
- 2. The projected yields of 30 bushels of wheat per acre has been established for the farm by the county ASCS committee.
- 3. Yields of 30 bushels of wheat per acre for the harvested acreage is expected in 1966.
- 4. The open market price is expected to be \$1.27 at harvest for No. 1 wheat.
- 5. The county support price will be \$1.27 per bushel.
- 6. Support payment will be valued at \$1.31 per bushel.
- 7. Approved storage is available.

1966 Land Use and Cropping Program (With and Without Participation) for a 160 Acre Ohio Farm

Crop or Use	Allotment Exceeded Non-Participant	Wheat Program With Minimum Diversion (15.0%)	Wheat Program With Maximum Additional Diversion	My Farm Budget
Corn	50 ac.	50.0 ac.	50.0 ac.	
Wheat (1966 allotment of 25 ac.)	28 ac.	25.0 ac.	12.5 ac.	
Other crops	27 ac.	26.3 ac.	26.3 ac.	
Hay (1 yr.)(Conserving base)	50 ac.	50.0 ac.	50.0 ac.	
Diverted wheat acreage	0 ac.	3.7 ac.	16.2 ac.	
Building site, roads, lanes, etc.	<u>5 ac.</u>	5.0 ac.	5.0 ac.	
Total Acres in Farm	160 ac.	160.0 ac.	160.0 ac.	
CASH RECEIPTS from Wheat Crop				Use Your Own Figures
Wheat @ \$1.27 per bushel	\$1066.80a/	\$ 952.50b/	\$ 476.25c/	Ü
\$1.31 support payment	0.00	442.12d/	442.12e/	
Payment for diverted acres	0.00	$\underline{}$ 0.00 \overline{f} /	190.50g/	
(A) Total Cash Receipts	\$1066.80	\$1394.62	\$1108.87	
CASH EXPENSES on the Wheat Crop				
Fuel, oil & repairs @ \$3.75/acre	\$ 105.00	\$ 93.75	\$ 46.88	
Fertilizer & lime @ \$8.75/acre	245.00	218.75	109.38	
Seed wheat @ \$5 per acre	140.00	1.25.00	62.50	
Real estate tax on land @ \$2.25				
per acre (no building)	63.00	56 .25	2 8.12	
Storage & handling @ $10\frac{1}{2}$ ¢ per bu.	88.20	78.75	39.38	
Other expenses: Hauling, hired labor, custom hire & misc. (\$2				
per acre harvested)	56.00	50.00	25.00	·

CASH EXPENSE on Diverted Acres Established cover crop @ \$5/acre	0.00	18.50	81.00	
Real estate tax @ \$2.25/acre (no buildings) (B) Total Cash Expense	0.00 \$ 697.20	8.33 \$ 649.33	36.45 \$ 428.71	
CASH RECEIPTS Less Cash Expenses Total (A) - (B) Value of Labor Released for	\$ 369.60	\$ 745.29	\$ 680.16	
other uses @ \$1 per hourh/	0.00	18.50	81.00	·
Receipts - Expenses + Value of Labor Released i/	\$ 369.60	\$ 763 .7 9	\$ 761.16	

FOOTNOTES:

- \underline{a} / 28.0 acres x 30 bu. expected yield = 840 bu. x \$1.27 market price = \$1066.80.
- \overline{b} / 25.0 acres x 30 bu. expected yield = 750 bu. x \$1.27 support price = \$952.50.
- c/ 12.5 acres x 30 bu. expected yield = 375 bu. x \$1.27 support price = \$476.25.
- $\frac{d}{d}$ 25.0 acres x 30 bu. projected yield = 750 bu. x 45% proportion certificates = 337.5 bu. x \$1.31 each = \$442.12 (entire allotment was grown).
- e/ 12.5 acres x 30 bu. projected yield = 375 bu. Farm is eligible for 337.5 certificates x \$1.31 per bushel = \$442.12.
- f/ No payment is made on the minimum 15.0 per cent diversion.
- g/ 40% x \$1.27 support price = \$50.8 x 30 bu. projected yield \$15.24 per acre x 12.5 acres = \$190.50 (payment for voluntary additional diversion).
- h/ Five hours of labor released per diverted acre @ \$1.00 per hour. (NO CREDIT IF LABOR NOT USED ELSEWHERE.)
- i/ Consider alternative uses of capital and labor, risk, conservation, and other factors along with your final cash answer.

na koje je podavnika je sa temaje gravna na indica kao metoka je dilakova. Podavna na nakona metoka na metoka na indica podavnika na sakon najverna se na je na indica. Podavnika na setima na temaje podavnem podrena na indica na najvetnika se na indica.