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FEED GRAIN PROGRAM OPTIONS for 1972 have been expanded. In an attempt to obtain more reductions in feed grain acreage, and to encourage larger production of other crops, especially soybeans, an additional option has been added to this year's program. The option will significantly boost payments to farmers who agree to idle additional corn and grain sorghum acreage, and who divert some corn and sorghum acreage to other crops.

The announcement of the new option followed the release of a special Department of Agriculture Crop Planting Intentions Report which indicated larger than expected plantings of feed grains, particularly corn, and smaller than expected plantings of soybeans. Last fall, the Department set a planted acreage goal of 63 million acres for corn, and 48 million acres for soybeans in 1972. These goals represented a reduction of about 11 million acres for corn, and an increase of nearly 5 million acres for soybeans, from 1971 levels. But the Department's special survey—taken right after the first of the year—indicated farmers intended to reduce corn acreage only 4 percent (the Department's goal was a 15 percent reduction), and intended to increase soybean acreage only 4 percent (the Department's aim was a 10 percent increase). The surprisingly large differentials between the Department goals and what farmers intended led to the new option.

All previously announced provisions of the program are still available, but producers must designate during the sign-up period (February 3-March 10) under which program options they wish to participate.

Participation requires a minimum set-aside of 25 percent of the feed grain base (1959-60 average). Payment on the minimum set-aside would be 40 cents per bushel for corn. Producers can set aside additional acreage up to 10 percent of their corn or grain sorghum base, and up to 20 percent of their barley base. In addition, producers may offer to set aside still another 5 or 10 percent of their corn or sorghum base, although the decision whether this will be accepted will not be made until after the sign-up ends. While the initially announced set-aside options are available at lower rates of payments, there are no restrictions on the amount of feed grains that can be planted as opposed to the recently announced option.

Under the new option, corn and sorghum producers willing to reduce their 1972 plantings can receive still higher payments for acreage set aside beyond the minimum level of participation. Additional acreage may be idled up to 10 percent of the base acreage plus an additional 5 percent which may or may not be accepted. Payments under the new option will be 80 cents per bushel on the established yield for corn, as opposed to 52 cents per bushel under the options initially announced. For sorghum, the payment is increased to 76 cents from 49 cents.

To qualify for the higher payment rate under the new provision, the producer must reduce his 1971 corn-grain sorghum acreage by two acres for each acre idled beyond the minimum 25 percent of base. In other words, one acre would be idled and the second removed from corn and grain sorghum production. Insofar as unidled acreage is available, the second acre could be planted to any crop not subject to other program restrictions, such as soybeans.

By way of illustration, assume a farmer has a 300-acre farm with a 200-acre feed grain base. Last year the farmer set aside 40 acres (20 percent of base) and raised 260 acres of corn. This year the same farmer is required to set aside 50 acres (25 percent of base). Under the new option he may set aside an additional 20 acres (10 percent of base), and qualify for the higher payment on these, but at the same time he must agree to reduce last year's corn plantings by 40 acres. Thus, this farmer could plant only 220 acres to corn in 1972. The farmer would have a total of 230 acres available for planting, leaving ten acres that could be planted to soybeans (or some other unrestricted crop).

The newly-offered option is certain to result in higher levels of participation in the program, and boost acreage planted to other crops, particularly soybeans. Payments on land with an established yield of 95 bushels per acre would amount to about $76 per acre for acreage set aside under the new option (the same rate as for the minimum 25 percent set aside), while payments under the initially announced options would average only about $49 per acre in the example given here. If out-of-pocket production costs were assumed to average around $55 per acre, corn prices would have to average nearly $1.38 per bushel to return an amount equal to the payment per acre. Under the previously announced option, corn prices would have to average only about $1.08 per bushel to equal the government payments, assuming the same level of production cost.

Circumstances on individual farms will be especially important in selecting which option to participate under, if either. Such factors as base acreage relative to total crop acreage, the acreage planted to corn and sorghum in 1971, the availability of substitute crops, the importance of the livestock operation, and prospective price developments will all need to be considered in gauging the optimum extent of program participation and level of returns.

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