CC138 The 1957 Soil Bank Acreage Reserve Program for Winter Wheat

Everett E. Peterson

Follow this and additional works at: http://digitalcommons.unl.edu/extensionhist

http://digitalcommons.unl.edu/extensionhist/3086
QUESTIONS AND ANSWERS

1. How will the wheat acreage reserve operate in Nebraska?

   Nebraska farmers will be paid for reducing their 1957 harvested acreage of winter wheat below their farm acreage allotments. The program will be administered at the local level by the County ASC Committees.

2. How can a wheat grower earn acreage reserve payments?

   First, he must sign an acreage reserve agreement that he will reduce his 1957 acreage of wheat for harvest below his wheat allotment. There is no limit on the number of acres of wheat which he can plant on his farm. However, he must dispose of the crop on any acreage which is in excess of his maximum permitted acreage for harvest (wheat allotment minus acreage reserve). This must be done not later than the final date for complying with the acreage allotment for price support purposes.

   Second, if his farm is in a commercial corn county, his 1957 acreage of corn must not exceed his Soil Bank corn base or allotment, whichever is in effect next year.

3. What payments will be made to wheat farmers who participate in the acreage reserve program?

   The acreage reserve payment on wheat for a farm will be the result of multiplying:
   (1) the number of acres placed in the acreage reserve times (2) the normal yield for the farm (or the normal yield for tract, whichever is smaller) times (3) the per-bushel rate for the county. For example, if a farmer put 20 acres in the acreage reserve, had a normal wheat yield of 17 bushels, and was in a county with a $1.20 per bushel rate, his payment would be: $408.

   The acreage for which payment will be made is the smallest of: the number of acres designated in the agreement; the number actually in the acreage reserve; or the number of acres less than the farm wheat allotment. Since the loan rate for 1957 wheat has been set at a national average of $2.00 a bushel, the per-bushel rate for acreage reserve payments in Nebraska will be the same as in 1956 or $1.17 to $1.28 a bushel.
4. How do wheat farmers "sign up" for the acreage reserve program?

Owner-operators and both tenants and landlords on rented farms who decide to participate in the program for 1957 wheat must sign an Acreage Reserve Agreement and file it with the County ASC Committee by September 21, 1956. (If a landlord is not available for signing by that date, the County ASC Committee may allow the operator until October 22, 1956, to obtain the owner's signature.) Once signed, there is no provision for cancellation of an acreage reserve agreement.

On share-rent farms the agreement must be signed by each person who has control of the land on which the acreage reserve is located, or who has control of land on which wheat acreage is being reduced, or who is to receive payment under the agreement.

5. When must a wheat farmer decide which land to put in the acreage reserve?

He must specifically designate in the acreage reserve agreement which tract or tracts of land are to be in the acreage reserve. This must be done by September 21, the deadline for signing the agreement for wheat. The tract or tracts in the acreage reserve must have been used for wheat production in one or more years 1952 through 1956.

6. What are the restrictions on the use of the acreage reserve on a farm?

Since the program is designed to reduce farm crop output, no crop can be harvested from the acreage reserve in 1957. The acreage reserve cannot be grazed in 1957 unless the farm operator receives notice in writing from his County ASC Committee that the Secretary of Agriculture has given permission to graze because of drought or other natural disaster.

No crop shall be planted on the acreage reserve from the time the agreement is signed to January 1, 1958, except for: (1) crops (such as winter wheat) that would normally be planted in the fall of 1957; and (2) crops approved by the State and County ASC Committees for protective cover. No hay, seed or grain crops can be harvested from such cover crops on the acreage reserve.

The producer must also prevent the acreage reserve from becoming a source of spreading noxious weeds.

7. What happens if a farmer does not live up to the terms of the acreage reserve agreement?

If the violation is serious enough to justify ending the agreement, all rights to compensation under the agreement shall be forfeited and all payments made shall be refunded to the federal government. For less serious violations, the rights to payments shall be adjusted, forfeited and refunded as determined to be appropriate.

Any producer who "knowingly and willfully" grazes or harvests any crop from his acreage reserve will be subject in addition to a civil penalty of 50 percent of the payment for compliance with the agreement.

8. Are there any limits on the number of wheat acres a farmer can place in the acreage reserve?

The acreage reserve for wheat may not exceed the farm wheat allotment. The greatest number of acres is half the farm acreage allotment or 50 acres, whichever is larger. Thus whenever the allotment is less than 50 acres, the entire allotment could go into the acreage reserve. The least number of acres is 3 acres or the wheat allotment whichever is smaller.
If a county wheat acreage reserve allocation is less than the total requested by farmers, the requests will be handled in the order of signing the agreements. If a county acreage reserve allocation is greater than the acreages included in all agreements filed with the County ASC Committee, farmers who so desire will be permitted to exceed their maximum acreages on a first-come, first-served basis.

9. How will "normal" yields be determined?

The "normal" yields of wheat for each farm will be determined by the Community ASC Committee according to detailed instructions from the State ASC Office.

10. How and when will acreage reserve payments be made?

Negotiable certificates will be issued to eligible producers after the County ASC Committee has determined that the acreage reduction requirements of the program have been met. These certificates can be cashed like any government check or may be redeemed in grain in government storage. It does not have to be redeemed in the grain for which it was issued. Rates and procedure for taking grain instead of cash are not yet available.

11. On what basis should payments be divided between landlords and tenants?

The law states that adequate safeguards shall be provided "to protect the interests of tenants" including sharing payments "on a fair and equitable basis" and "such provision as may be necessary to prevent them from being forced off the farm". (Sec. 122, P. L. 540). Consideration will be given to the respective contributions normally made by landlord and tenant in producing crops on the "banked" acres and to the usual basis for sharing crops from such land.

In many cases the "usual" arrangement for sharing crops on a farm may not be satisfactory for dividing the acreage reserve payments. The following items might well be considered carefully in arriving at a "fair and equitable" division: (1) Property taxes and maintenance costs for fences continue when land is kept out of production. (2) The landowner expects a reasonable return on his investment in land. (3) The tenant also has fixed costs, such as his own labor and management and depreciation, interest and taxes on machinery. Farming less land, although resulting in some saving in operating costs, will often mean less efficient use of labor and machinery. (4) Some costs will be incurred by the tenant or landlord or both in controlling erosion and weeds on the "banked" acres. (5) Both landlord and tenant forego income from crops in placing the land in the acreage reserve; the payment is made to compensate for this loss in income.

A possible approach to the problem might be for the landlord to receive a share equal to the taxes on acres placed in the acreage reserve plus the expense of maintaining fences on such land plus a reasonable return on his investment. The remainder of the acreage reserve payment would go to the tenant. This suggested approach will probably result in a division on about a 50-50 basis. The final division must be specified in the acreage reserve agreement and approved by the County ASC Committee.

12. Does the Soil Bank Program replace ACP payment, acreage allotments, marketing quotas and price supports?

No, these will continue as important features of our federal programs for farmers.
13. Must wheat growers participate in the acreage reserve program in order to be eligible for price support?

No, participation in the acreage reserve program is voluntary but compliance with the farm wheat acreage allotment is required the same as before the Soil Bank Act was passed as a condition of eligibility for price support.

14. Can a farmer with 1957 wheat acreage of up to 15 acres, but over his allotment, participate in the acreage reserve program?

Not on wheat because he is ineligible for price supports by exceeding his allotment. He could go into the acreage reserve program on corn if his farm is in the commercial corn area.

15. What is the support price or loan rate for the 1957 wheat crop in Nebraska?

Farmers who comply with their wheat acreage allotments by the deadlines set by the State ASC Committee will be eligible for the price support of $1.95 a bushel in western Nebraska to $2.13 a bushel in eastern Nebraska, the same as in 1956.

16. Will taking wheat acreage out of production for the acreage reserve reduce farm acreage allotments in the future?

No, crop land placed in the acreage reserve will be regarded as acreage devoted to wheat in establishing future allotments.

17. Will it pay to go into the 1957 acreage reserve program for wheat?

The final answer to this question will have to be worked out by each farm operator for his own situation. In general, participation is good farm management if it increases net farm income. The 1957 program will be operated as the Soil Bank was originally intended—to reduce farm production rather than to provide drought disaster assistance. On 1957 crops the decision on participating will need to be made about planting time instead of waiting until crop prospects become apparent.

Planning the crop production on a farm is now more complicated because the operator will have two new "enterprises" to consider, the acreage and conservation reserves. The latter especially will require planning for more than one year.

In reaching his decision on participation the farm operator will want to compare his expected net income under the program with what he could expect otherwise. In making this comparison the following factors might well be considered: (1) income-insurance or risk-reducing aspects of the program; (2) saving in operating costs by banking some cropland; (3) fixed costs such as taxes, depreciation, interest on investment, operator's labor and management which go on regardless of production; (4) long-range benefits of soil improvement under the program; (5) possible market price improvement from less total farm production.

In some situations participation in the program may mean less work required on the farm and a greater opportunity to enjoy more leisure or to do farm custom work or to obtain off-farm employment.

FOR ADDITIONAL INFORMATION

For additional information: (1) watch for circular letters and news releases from your County ASC Committee and Agricultural Extension Agent; (2) attend public meetings held in your area to explain this program; (3) talk with your Community ASC committeeman; (4) visit your County ASC Office; and (5) discuss your farm management and production problems with your County Agricultural Extension Agent.