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CC148 The 1957 Acreage Reserve Program for Corn in Nebraska

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THE 1957 ACREAGE RESERVE PROGRAM
FOR CORN IN NEBRASKA

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QUESTIONS AND ANSWERS

1. What is the "corn program" for 1957?

Farmers in the commercial corn counties of Nebraska were operating under two programs in 1957. Corn acreage allotments and a price support of 77 percent of parity ($1.36 a bushel, national average) are in effect, as decided by the December 11th referendum.

In addition these farmers can, if they wish, take part in the corn acreage reserve program of the Soil Bank this year. The purpose of this program is to divert cropland from production of certain "surplus" crops. It operates on a year-to-year basis.

2. How will the corn acreage reserve program operate in Nebraska?

Farmers will be paid for reducing their 1957 harvested acreage of corn below their farm corn acreage allotments.

This program will be administered at the local level by the County ASC Committees.

3. What must a corn grower do to earn corn acreage reserve payments?

First, he must sign an acreage reserve agreement with his County ASC office that he will reduce his 1957 acreage of corn for harvest below his corn allotment. There is no limit on the number of acres of corn 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 (corn 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, when he signs the agreement, he must specifically designate and describe the tract or tracts of cropland which he will set aside as his corn acreage reserve for 1957. A map of the farm showing the location of the corn acreage reserve should be prepared to take to the County ASC office at the time of signing the agreement. Third, his 1957 acreage of wheat for harvest must not exceed his wheat allotment or 15 acres.
4. What payments will be made to corn farmers who take part in the acreage reserve program?

The corn acreage reserve payment for a farm will be the result of multiplying: (1) The number of acres placed in the acreage reserve, times (2) the "compensation rate" for the farm. The average rate of compensation for Nebraska is about $29 per acre in 1957 but varies from $18 to $40 among the commercial corn counties according to 10-year average yields. This rate also varies from farm to farm within the counties depending upon how the farm productivity compares with the average for the county.

Individual farmers received notice of the compensation rate for their farms along with their corn allotment notices. If land of below-average productivity for corn is placed in reserve, the payment will be reduced accordingly.

5. When do corn farmers "sign up" for the acreage reserve program?

Corn acreage reserve agreements may be signed at County ASC offices from February 11, 1957, through March 8, 1957. Both tenant and landlord must sign the agreement for participation on a rented farm. (If a landlord is not available for signing by March 8, the farm operator will have until April 8 to obtain the owner's signature).

The landlord and tenant must agree upon a fair and equitable division of the payment before the agreement is signed and filed.

6. Can an acreage reserve agreement be cancelled?

The agreement is a legal contract ending December 31, 1957, which cannot be cancelled after March 8. Corn farmers who sign up before March 8 will have until that date to cancel their agreements.

Farmers in the commercial corn area who have corn acreage allotments and who also signed winter wheat acreage reserve agreements last fall may cancel their wheat agreements within 15 days after the final corn allotment notices were mailed. Those who do not plan to comply with their corn allotments in 1957 will not be eligible for wheat acreage reserve payments.

Corn farmers who cancelled their wheat acreage reserve agreements in December after receiving the preliminary notice of their corn allotments have 15 days after their final corn allotment notices were mailed in which to reinstate their wheat agreements, if they so desire.
7. How must cropland can a farmer place in the corn acreage reserve?

The greatest number of acres is 20 acres or 30 percent of the allotment whichever is larger. There is no minimum acreage requirement.

You may ask to place additional acres (up to your entire corn allotment) in reserve. This request is made when you sign the agreement. Such requests will be accepted on a "first-come-first-served" basis provided: (1) that the initial requests did not use all funds allocated to the county, or (2) that additional funds are made available from other counties or states.

The funds allocated to Nebraska for the corn acreage reserve program, $16.6 million, are about half the payments made in 1956. It is expected that participation in the program may be heavy in Nebraska because of the lack of sub-soil moisture which reduces 1957 crop prospects. Our allocation could be exhausted before the March 8 deadline so early sign-up is desirable. Additional funds may be made available to Nebraska if other Corn-Belt States do not use their entire allocations.

8. What are the restrictions on the use of cropland placed in the acreage reserve?

The program is basically designed to reduce crop production. Therefore, no crop can be harvested for grain, seed, hay or silage from the acreage reserve in 1957. The acreage reserve cannot be grazed in 1957 unless permission has been given by the Secretary of Agriculture because of drought or other natural disaster.

No crop shall be planted on the acreage reserve after the agreement is signed until January 1, 1958, except for: (1) Crops such as winter wheat normally planted in the fall for harvest the following year; and (2) Crops approved by the State and County ASC Committees for protective cover.

The acreage reserve must not become a source for the spread of noxious weeds as defined by State law.

The acreage designated for the corn acreage reserve cannot be the same as that set aside as wheat acreage reserve or conservation reserve.

Agricultural Conservation Program (ACP) payments may be obtained for carrying out approved practices on the acreage reserve.

The permitted corn acreage or acreage reserve cannot be transferred from one farm to another. Producers having interests in more than one farm may participate on one farm and not on others.
9. What happens if a farmer does not fulfill the terms of the acreage reserve agreement?

If he harvests over 15 acres or more than his allotment of wheat, he will forfeit or refund all Soil Bank payments. If he harvests more corn acres than his permitted acreage or harvests or grazes a crop from the acreage reserve, he will also forfeit or refund all payments and in addition will be subject to a civil penalty of 50 percent of the payment.

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.

11. Can the acreage reserve payment be assigned as security for a loan?

A Producer may assign his right to an acreage reserve payment as basis for obtaining credit to carry on farming operations. County ASC offices have forms and instructions for making such assignments. These county offices assume no responsibility for insuring that the borrower maintains his eligibility for acreage reserve payments. Debts owed by a producer to any US Government agency have first claim on any acreage reserve payments.

12. Must corn growers participate in the acreage reserve program to obtain price support on 1957 corn?

No, participation in the acreage reserve program is voluntary and is not required as a condition of eligibility for price support. Compliance with the corn acreage allotment is necessary for price support as in previous years. There is no provision this year for making a support price available to producers who harvest more than their corn acreage allotments.

13. Will participation in the corn acreage reserve reduce future farm acreage allotments?

No; cropland placed in the acreage reserve will be counted as corn acreage in establishing future corn allotments for the farm.

14. Will it pay to participate in the 1957 corn acreage reserve program?

The farmer has several alternatives for planting corn in 1957. He can (1) disregard his acreage allotments and plant the normal number of acres which he planted to corn prior to 1953 when acreage allotments went into effect. Under this alternative, he would not be eligible for
price supports so would have to sell his corn on the free market. If normal yield are received this market price will be similar to the price received in eastern corn belt areas or about $1 per bushel. This price is used in Example #1. If drought conditions prevail the market price in Nebraska may be higher. Based on present supplies in the United States under drought conditions the market price may be about $1.20 per bushel in 1957. This price is used in Example #2. (2) Comply with his corn allotment without placing an acreage in the acreage reserve or the conservation reserve. Under this alternative, he would be eligible for a support price averaging about $1.31 in Nebraska. The remaining acres (planted acres prior to 1953 minus corn allotment) can be planted to any other crop. In this example, they were diverted to grain sorghum which is competitive to corn. The yields assumed are the same as those received for corn. Under similar conditions of weather, rainfall and fertility grain sorghum has outyielded corn by 30-35% according to tests conducted by the University of Nebraska. The market price assumed at $1.90 per bushel is based on corn at $1 per bushel under normal conditions; and at $1.10 per bushel based on corn at $1.20 per bushel under low rainfall conditions. (3) Comply with his allotment and place a maximum of 20 acres or 30% of his corn allotment into the acreage reserve. In this example, the farmer removed the maximum of 30% of his allotment from corn. He is eligible for price supports on his corn acreage and a payment for placing these acres in the acreage reserve. The diverted acres can again be planted to any other crop. The payment rate per acre is based on the 10-year average yield times 60% of the support price for 1956. This rate is set by the local ASC Committee for each farm.

In order to compare the income from these alternatives, we must included the savings of costs on the acres placed in the acreage reserve. These costs are based on cost information received from records obtained and studies conducted by this department. The costs of producing corn and grain sorghum are very similar. Consequently, the variation in gross income will be an indication of the variation you can expect in your net income.

Farmers may want to consider the provision affecting soil bank payments for 1958 when selecting land to set aside for the acreage reserve for 1957. The farmers who place the same acreage in the acreage reserve in 1958 as in 1957 will receive a per-acre payment of 110 percent of the regular compensation rate.

The following examples show a comparison of the gross income of three alternatives under normal rainfall conditions and under low rainfall conditions. Unless we receive large amounts of rainfall prior to planting time, normal production is highly unlikely. A comparison is made for farmers on Eastern Nebraska Farms, Central Nebraska Farms (dryland) and Irrigated Farms. Each farmer must make a
similar comparison using acres production, payments and costs incurred on his own farm in order to decide which alternative will give him the greatest net return.

Other advantages of the acreage reserve are: (1) moisture could be conserved to increase production in the following year if the land is fallowed; (2) fertility could be increased if the land is planted to legumes. This would result in lower fertilizer needs in the following year. For this practice, farmers are eligible for ACP payments for soil building; (3) Farmers would have acreage open for fall planting of wheat, where applicable; (4) If labor is hired, costs will be lower or if only family labor is used, farmers will have more leisure time.

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.