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CC357 Glossary of Farm Program Terms

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GLOSSARY OF FARM PROGRAM TERMS

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ACR (Acreage Conservation Reserve): see Set-Aside.

Adjusted Loan Rate: see Deficiency Payments

Advance Deficiency Payments: see Deficiency Payments

ANPC (Approved NonProgram Crops): In 1990 producers can plant selected crops on permitted acres but deficiency payments would be reduced accordingly. Crops that can be planted on CU acres in 1990 are: sunflower, flax, rapeseed including canola, safflower, castor beans, mustard seed, crambe, triticale, quinoa, Jerusalem artichoke, kenaf, milkweed, amaranth, and psyllium. ANPC acres will be credited as CU for P&CP. ANPC cannot be planted on CU for Pay, CU for 8%, or ACR.

ARP (Acreage Reduction Program): see General Provisions

Base:

a. Crop Acreage Base (CAB): The average number of acres planted and considered planted to a program crop for harvest in the previous five years (1985-89 for the 1990 farm program).

b. Farm Acreage Base (FAB): The sum of the crop acreage bases (CABs) on a farm plus the average acres planted to soybeans in 1986 and later years and the average acreage devoted to conservation uses in 1986 and later years. Check with your ASCS office for your FAB.

c. Maximum Permitted Acres (MPA): The maximum number of acres under farm program participation that a producer can devote to production of a program crop. MPA equals the base minus the ARP requirement except under the modified wheat program MPA is 105% of base.

d. Program Crops: Agricultural commodities for which the government provides deficiency payments and CCC nonrecourse loans. For 1990, midwestern crops include corn, oats, barley, sorghum, and wheat.
e. Other Non-Program Crops (ONPC): The 1985 farm bill allows the planting of other non-program crops on up to 20% of a producer’s MPA. These crops are all non-program crops, except soybeans, tobacco, and peanuts. ONPC includes, for example, alfalfa, potatoes, sunflowers, dry beans, popcorn, millet.

f. Substitution: The ability to plant substitute crops on program crop CABs and maintain base history if set aside requirements are met. For 1990, producers are allowed to plant soybeans, sunflowers, or safflowers on up to 25% of their MPA for program crops. They can also plant oats on wheat or feedgrains base.

Basic Loan Rate: see Deficiency Payments

CAB (Crop Acreage Base): see Base

Cross-compliance: see General Provisions

CU (Conservation Use): see Set-Aside

CU for 8%: see Set-Aside

CU for Pay: see Set-Aside

CU for P&CP (Planted and Considered Planted): see Set-Aside

Deficiency Payments: Government payments to farmers when market prices are below the target price.

a. Advance deficiency payments: received prior to the beginning of the marketing year and are based on USDA estimates of total deficiency payments. For 1990, advance payments at sign-up equal 40% of the estimated total deficiency payment for each program crop less budget reductions. Subject to refund if advance exceeds difference between target price and realized national average market price.

b. Adjusted Loan Rate: The non-recourse loan rate for program crop placed under CCC loan. The national adjusted loan rate is also used to calculate the 12-month deficiency payment.

c. Basic Loan Rate: The lowest national average price that will be used to determine the 5-month deficiency payment and, also, the price where the 12-month payment begins.
d. **The 5-month deficiency payment:** Based on the difference between the target price and the basic loan rate or the 5-month national average price after harvest, whichever is larger. There is a $50,000 limit on the amount of 5-month payments any person may receive.

e. **Payment-in-Kind (PIK):** A program that provides payment to farmers in the form of commodities, or generic commodity certificates, for reducing acreage of certain crops and placing that acreage in conservation uses.

f. **Payment Limitation:** A legal limit on the amount of money any individual farmer may receive in Farm Program payments each year under the wheat and feedgrains programs. The 1990 limit is $50,000 per person in 5-month deficiency payments and $200,000 in 12-month deficiency payments. One person may receive government payments from at most three entities receiving Farm Program payments.

g. **Target Price:** A price established by law for wheat, feedgrains, and other farm program crops. If the national average market price does not equal the target price, qualifying farmers receive a deficiency payment to make up the difference.

h. **The 12-month deficiency payment:** The difference between the basic loan rate and the adjusted loan rate or the 12-month national average price, whichever is larger. There is a $200,000 limit on the amount of 12-month payments any person may receive.

**FAB (Farm Acreage Base):** see **Base**

**5-Month Deficiency Payment:** see **Deficiency Payment**

**General Provisions:**

a. **Acreage Reduction Program (ARP):** A program that requires a farmer to reduce the amount of crop planted below base acreage to qualify for price supports and deficiency payments. The base that is set aside is designated ACR (Acreage Conservation Reserve). The ARP requirements for 1990 are 10% for corn, barley, and grain sorghum and 5% for oats and wheat. There is no ARP requirement under the modified wheat program.

b. **Cross-Compliance:** The requirement that farmers meet the program provisions for all program crops, except oats, if they wish to participate in the price support program and qualify for price support and loans in one program. Only limited cross-compliance is in effect for 1990. It requires that participants must stay
within their bases for all program crops, except oats and within 105% of wheat base under the modified wheat program, in order to qualify for any Farm Program payments.

c. Off-setting Compliance: The requirement that if farmers wish to participate in a program for one farm, they must also meet the program provisions for other farms that they own or operate. This requirement is not in effect for 1990.

d. Program (ASCS) Yield: The yield for a crop on a given farm used to calculate deficiency payments. Program yields are based on past yields and records of crop sales provided to the local ASCS office by producers. For 1990, the program yields are based on the 1981-85 average, excluding the high and low years.

Limited Cross-Compliance: see General Provisions

MPA (Maximum Permitted Acreage): see Base

Off-setting Compliance: see General Provisions

ONPC (Other non-program crop): see Base

P&CP (Planted and Considered Planted): see Set-Aside

Payment Limitation: see Deficiency Payments

PIK (Payment in Kind): see Deficiency Payments

Program Crops: see Base

Program Yield: see General Provisions

Set-Aside:

a. Acreage Conservation Reserve (ACR): Acres devoted to conservation uses under ARP requirements of 1990 Farm Program. A cover crop must be planted or crop residue maintained on these acres, which can be grazed only outside the non-grazing months. The state ASCS office determines the months during which grazing will be allowed for each county. The state ASCS has also granted authority to permit haying (or cutting silage) from ACR in 1990 after the nongrazing period.
b. Conservation Use (CU): Three categories of CU acres are calculated under the basic and 0/92 farm programs. Technically no cover is required on CU Acres.

   **CU for 8%:** Eight percent of the maximum permitted acres under 0/92 participation that must be devoted to conservation uses. These acres are treated the same as ACR acres in terms of haying and grazing.

   **CU for Pay:** That portion of the maximum permitted acres under 0/92 participation on which guaranteed deficiency payments are paid. These acres are treated the same as ACR acres in terms of haying and grazing.

   **CU for P&CP:** Base acres under the basic and 0/92 programs that can be hayed or grazed anytime.

Substitution: see Base

Target Price: see Deficiency Payments

12-Month Deficiency Payment: see Deficiency Payments
The following Lotus 1-2-3 templates for evaluating 1990 program alternatives are included:

REG.WK1: Worksheet for comparing non-participation to participation in the Basic and 0/92 programs for a single crop.

MOD.WK1: Worksheet for comparing non-participation to participation in the Basic and Modified wheat programs.

See discussion in 1990 Farm Program Summary and Participation Worksheets.

Instructions for Loading Template Programs

1. Template programs require Lotus 1-2-3 Release 2.0 or later and 512K RAM.

2. Single Floppy Drive System: Load Lotus 1-2-3 in Drive A. Remove the Lotus diskette and insert diskette with templates in Drive A. Type \F(ile) R(etrieve) and select REG.WK1 or MOD.WK1.

3. Double Floppy Drive System: Load Lotus 1-2-3 in Drive A and insert diskette with templates in Drive B. Type \F(ile) R(etrieve) and select REG.WK1 or MOD.WK1.

4. Fixed Disk System: There are two ways of running these templates on a fixed disk system.

   a. Copy all files on the diskette with templates from Drive A to your default directory of Lotus on your C Drive. Load Lotus 1-2-3 and type \F(ile) R(etrieve) and select REG.WK1 or MOD.WK1.

   Example: If \Lotus is your default directory for Lotus, then you would type, at a C> COPY A::*.* C:\LOTUS and press ENTER key. For the fastest loading of the template, this is the recommended option.

   b. Use the diskette with templates in Drive A. Load Lotus 1-2-3 and type \F(ile) D(irectory) then type REG.WK1 or MOD.WK1 and press return.

Note on Using Template:

If for any reason the template does not respond to a carriage return by displaying a menu, pressing escape followed by Alt M will return the user to the main menu.

For comments or questions concerning these templates, contact Terry Bockstadter or Roger Selley, South Central Research and Extension Center, UNL, Clay Center, 402-762-3535.