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FARMER'S CHOICES
UNDER THE
1964 VOLUNTARY WHEAT CERTIFICATE
PROGRAM

By A. W. Anderson, Extension Economist
J. L. Pates, Extension News Editor

Cooperative Extension Service

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FARMERS' CHOICES UNDER THE 1964 VOLUNTARY WHEAT CERTIFICATE PROGRAM

I. Deciding About The Program

The 1964 voluntary wheat program offers three incentives to wheat producers who sign up and fulfill the requirements: (1) Payments for diverting wheat acres to conservation uses. (2) Price support through loans. (3) Two types of cashable certificates for wheat.

You are free to decide whether or not you want to participate, the extent of participation, and the use of diverted acres. Winter wheat growers who over-planted may want to participate by plowing up some acreage. Others may want to divert a larger percentage based on their wheat stand this spring.

This pamphlet is aimed at helping you make wheat program decisions for 1964. Apply the provisions and requirements to your own farm. Budget forms on pages 2 and 3 are designed for your own individual use.

II. Main Provisions

A new concept in wheat programs. For the first time in history U.S. wheat farmers have a three-price system for wheat. Participants in the wheat program will have a basic support (loan rate) of $1.30 per bushel national average. In South Dakota the county support rate will likely range between $1.16 and $1.44.

In addition, two kinds of certificates will be issued to participants. Domestic certificates, worth 70 cents per bushel, will be issued on 45 per cent of the normal production on allotted acres. Export certificates, worth 25 cents a bushel, will be issued on about 45 per cent of your normal production. The remaining 10 per cent will be called non-certificate wheat and can be sold on the market, fed, or stored under support loan. In case of underplanting or extra diversion, certificates will be issued first on the "domestic" portion and then on the remaining "export" portion covered by certificates.

The certificates may be redeemed for cash at the County ASC office. If you sign up for the program and suffer a total crop loss, you will still be eligible for domestic and export certificates based on normal production on planted acres.

The 1964 Allotment and Minimum Diversion. Your 1964 allotment figure, which you received before the wheat referendum, already contains a 10% cut from the allotment figure you had in 1963. If you plant your entire 1964 allotment and set aside an acreage equal to 11.11% of that figure (which is really the difference between your 1963 and 1964 allotments), you have complied with one part of the program.

Additional or Maximum Diversion. As a participating wheat grower you may divert up to 20% more (or 15 acres, whichever is larger). If the allotment is 13.5 acres or less, the entire acreage may be diverted.

(Continued on page 4)
1964 WHEAT PROGRAM
FARM BUDGET or ESTIMATING FORM

A. Begin with some information you have received from your county ASCS office.

a. Your 1964 wheat allotment, 90 acres.
b. Your "normal yield", 20 bu. per ac.
c. Your county price support loan rate, $1.30 per bu.
d. Your diversion payment rate (1/5 of c times b), $5.20 per acre.

B. Estimate your:

e. "Variable" 1) costs of production per acre $11.00. ($8 to $14 range)
f. "Variable" 1) costs on land diverted, $4.00 per acre. ($2 to $6)
g. Expected market price $1.30 per bu.
h. Expected actual yield 20 bu. per acre.

C. Some alternatives:

i. Acres you could produce 120
j. Acres you would divert XX
k. Your expected actual production (i times h) 2400 bu.
l. Value of production (k times c or g) $3120
m. Certificates at 70¢ XX
n. Certificates at 25¢ XX
o. Value of certificates (m times 70¢ plus n times 25¢) XX
p. Diversion payment (j times d) XX
q. Total income (l plus o plus p) $3120
r. "Variable" costs of production (i times e) $1320
s. "Variable" costs on land diverted. (j times f) XX

Non-Particip. | Minimum | Maximum
--- | --- | ---
Participation
If you exceed your allotted 1964 wheat acreage
(Column 1) | (Column 2) | (Column 3)
i. Acres you could produce | 120 | 90
j. Acres you would divert | XX | 10
k. Your expected actual production (i times h) | 2400 bu. | 1800 bu.
l. Value of production (k times c or g) | $3120 | $2340
m. Certificates at 70¢ | XX | 810 bu.
n. Certificates at 25¢ | XX | 810 bu.
o. Value of certificates (m times 70¢ plus n times 25¢) | XX | $172
p. Diversion payment (j times d) | XX | $770
q. Total income (l plus o plus p) | $3120 | $3162
r. "Variable" costs of production (i times e) | $1320 | $990
s. "Variable" costs on land diverted. (j times f) | XX | $40
t. Return over variable costs (q minus r and s) | $1800 | $2132

1) "Variable" costs (such as seed, gas, oil, labor, etc.) are those that will vary according to the number of acres of wheat that you grow. They are distinguished from "fixed" costs by the fact that the fixed costs are not changed by the number of acres of wheat. Fixed costs include taxes, interest, depreciation and other costs that are already incurred. With wheat, harvesting is a major variable cost.

2) 11.11 percent of your 1964 farm allotment.

3) Line j, Column 2 plus the difference between Line i, Column 2 and Line i, Column 3.

4) Line i, Column 2 times b times 45 percent. But Line m, Column 3 cannot be larger than Line i, Column 3, times b.

5) Line i, Column 3 times b minus Line m, Column 3, but no larger than Line m, Column 3.
A. Begin with some information you have received from your county ASCS office.
   a. Your 1964 wheat allotment, ____ acres.
   b. Your "normal yield", ____ bu. per ac.
   c. Your county price support loan rate, $______ per bu.
   d. Your diversion payment rate (1/5 of c times b), $______ per acre.

B. Estimate your:
   e. "Variable" 1) costs of production per acre $______ ($8 to $14 range)
   f. "Variable" 1) costs on land diverted, $______ per acre. ($2 to $6)
   g. Expected market price $______ per bu.
   h. Expected actual yield ____ bu. per acre.

C. Some alternatives:
   i. Acres you could produce
   j. Acres you would divert
   k. Your expected actual production (i times h)
   l. Value of production (k times c or g)
   m. Certificates at 70¢
   n. Certificates at 25¢
   o. Value of certificates (m times 70¢ plus n times 25¢)
   p. Diversion payment (j times d)
   q. Total income (l plus o plus p)
   r. "Variable" costs of production (i times e)
   s. "Variable" costs on land diverted. (j times f)
   t. Return over variable costs (q minus r and s)

<table>
<thead>
<tr>
<th>Non-Particip.</th>
<th>Minimum</th>
<th>Participation</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>If you exceed your allotted 1964 wheat acreage (Column 1)</td>
<td>Produce your allotted 1964 wheat acreage (Column 2)</td>
<td>Divert up to 20% additional wheat acreage (Column 3)</td>
<td></td>
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<tr>
<td>i. Acres you could produce</td>
<td>XX</td>
<td>2)</td>
<td>3)</td>
</tr>
<tr>
<td>j. Acres you would divert</td>
<td>XX</td>
<td>_____ bu.</td>
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<tr>
<td>k. Your expected actual production (i times h)</td>
<td>_____ bu.</td>
<td>_____ bu.</td>
<td>_____ bu.</td>
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<tr>
<td>l. Value of production (k times c or g)</td>
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<td>$______</td>
<td>$______</td>
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<td>m. Certificates at 70¢</td>
<td>XX</td>
<td>_____ bu. 4)</td>
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<td>n. Certificates at 25¢</td>
<td>XX</td>
<td>_____ bu. 4)</td>
<td>_____ bu. 5)</td>
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<td>o. Value of certificates (m times 70¢ plus n times 25¢)</td>
<td>XX</td>
<td>$______</td>
<td>$______</td>
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<tr>
<td>p. Diversion payment (j times d)</td>
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5) Line i, Column 3 times b minus Line m, Column 3, but no larger than Line m, Column 3.
No automatic participation. Don't assume that you are automatically eligible for the program simply because you plant within your allotment and divert the needed acreage. YOU MUST SIGN AN AGREEMENT WITH YOUR COUNTY ASC OFFICE prior to May 15 before you qualify for ANY program benefits.

Other Points To Remember:
* You may qualify for the Wheat Program even though you are not participating in the 1964 Feed Grain program.
* Certificates must be divided between landlord and tenant in the same proportion in which wheat crop is divided.

III. Budgeting Your Farm Wheat Program

In the example farm illustrated by the completed budget form on Page 2, the assumption is made that the farm wheat allotment for 1964 is 90 acres, that the normal wheat yield is 20 bushels per acre, and that the basic county price support loan rate will be $1.30 per bushel. It also assumes that expected market price will be the same as the county support rate, and that expected actual yield will be the same as the farm normal yield. These are estimates.

Figures in Column 1 illustrate the calculations for Non-Participation, if the farmer exceeds his allotment by one-third and grows 120 acres of wheat. Figures in Column 2 illustrate Participation at the minimum level, or staying within the 1964 allotment of 90 acres and diverting 10 acres to conservation use. Figures in Column 3 illustrate Participation at the maximum level by diverting 28 acres and growing 72 acres of wheat.

A word of caution. The figures on Page 2 are for purposes of illustration only. To determine the best combination for your farm, go to Page 3 and apply the same procedure. Insert your own 1964 farm wheat allotment, normal yield, county support rate and other information. Calculate your own possible returns above variable costs under several different levels of wheat acreage. This process should help you decide your most profitable wheat program for 1964.