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FARM PAYMENT LIMITATIONS

USDA Study of the Effect of Payment Limitations on the
Set-Aside Programs, Pursuant to S. Res. 153,
92d Congress, 1st Session

PREPARED BY THE

U.S. DEPARTMENT OF AGRICULTURE



MARCH 16, 1972

Printed for the use of the Committee on Agriculture and Forestry

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1972

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(II)

LETTERS OF TRANSMITTAL

U.S. SENATE,
COMMITTEE ON AGRICULTURE AND FORESTRY,
Washington, D.C., March 15, 1972.

Hon. HERMAN E. TALMADGE,
*Chairman, Committee on Agriculture and Forestry, U.S. Senate, Wash-
ington, D.C.*

DEAR MR. CHAIRMAN: I would like to request that the attached "USDA Study of the Effect of Payment Limitations on the Set-aside Programs," which was recently transmitted to the Senate Committee on Agriculture and Forestry of Congress, be made available as a Committee Print to other Members of the Committee and the Senate.

As you know, this study is in response to my Senate Resolution 153 which was approved by the Senate on July 15, 1971.

With every best wish.

Sincerely,

HUBERT H. HUMPHREY.

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., March 14, 1972.

Hon. HERMAN E. TALMADGE,
*Chairman, Committee on Agriculture and Forestry, U.S. Senate, Wash-
ington, D.C.*

DEAR MR. CHAIRMAN: The attached report is in response to Resolution S. 153. The Resolution requested information concerning:

1. The extent of changes in farming operations for 1971 by participants who earned more than \$55,000 in program payments in 1970.
2. The impact of the \$55,000 limitation on program participation in 1971.
3. The probable impact should a \$20,000 limitation be imposed in subsequent years.

Parts II, III, and IV of the report respond specifically to Items 1, 2, and 3 respectively of the Resolution.

If we can be of any further assistance on the matters covered in our report, please let us know.

Sincerely,

DON PAARLBERG,
Director of Agricultural Economics.

(III)

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EXHIBITS

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3	Payment areas for farming operations of producers who received more than \$25,000 in 1970
4	Summary of cotton allotment areas leased under the temporary lease program
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USDA STUDY OF THE EFFECT OF PAYMENT LIMITATIONS ON THE SET-ASIDE PROGRAMS

I. INTRODUCTION AND BACKGROUND

A. INTRODUCTION

This report provides the results of a study of changes in farming operations by producers who earned \$55,000 or more under the 1970 Upland Cotton, Feed Grain, or Wheat Programs. This study was requested by the Secretary in response to Senate Resolution S. 153 dated July 15, 1971. This report responds directly to the following issues set forth in the Resolution:

- (1) The extent of changes in farming operations for 1971 by participants who earned more than \$55,000 in program payments in 1970.
- (2) An evaluation of the impact of the \$55,000 limitation on program participation in 1971.
- (3) An evaluation of the probable impact should a \$20,000 limitation be imposed in subsequent years.

Part II of this report responds to point (1) of the Resolution. Part II is based on a study of changes in farming operations of 1,350 producers who earned \$55,000 or more in 1970. It is a comparative analysis of these producers' 1970 and 1971 farming operations as reported by 371 ASCS county offices in 33 States. Parts III and IV are in response to points (2) and (3) above.

To obtain information for the comparative analysis, a questionnaire was sent to ASCS county offices where producers who earned \$55,000 or more under the 1970 Upland Cotton, Feed Grain, or Wheat Program had farming interests. County office personnel were required to report the 1971 changes from the producers' 1970 operations. It was impracticable to trace these changes to those persons ultimately receiving the base and allotment acreages. Completed questionnaires showed 1970 and 1971 payment and acreage allotment/base data for each producer, and changes in their 1970 farming operations for the 1971 Set-Aside Programs. The data submitted by ASCS county offices was verified by OIG auditors on a sample basis for 150 producers in 18 counties in 5 States. This verification established the reliability of the information furnished by county offices.

B. BACKGROUND

The Agriculture Act of 1970 provides a payment limitation of \$55,000 for each "person" each year for the 1971-1973 programs for upland cotton, wheat, and feed grains. The law further provides that the limitation:

- (1) Applies separately to upland cotton, wheat, and feed grain payments.

(2) Applies to payments received for price support, set-aside, diversion, public access, and wheat marketing certificates, but does not apply to loans or commodity purchase agreements.

(3) Does not apply to lands owned by States, political sub-divisions, or agencies thereof, if the lands are farmed for the direct furtherance of a public function.

Pursuant to the Act, the Secretary prescribed rules and regulations to implement the payment limitation. The Secretary's regulations define a "person" for the purpose of the payment limitation as follows:

* * * the term "person" shall mean an individual, joint stock company, corporation, association, trust, estate, or other legal entity. In order to be considered a "person" for the purpose of the payment limitation, in addition to other conditions of this part, the individual or other legal entity must

(a) Have a separate and distinct interest in the land or the crop involved,

(b) Exercise separate responsibility for such interest, and

(c) Be responsible for the cost of farming related to such interest from a fund or account separate from that of any other individual or entity.

The Secretary also issued regulations for applying the above definition to multiple individuals or entities (partnerships, joint ventures, tenants-in-common, joint operations, corporations and stockholders, estates or trusts, husband and wife, minor children and other) for the purpose of implementing the payment limitation provisions. (See Title 7, Chapter VII, Part 795, of the regulations.)

II. CHANGES IN FARMING OPERATIONS FOR 1971

A. SUMMARY

The 1971 payment limitation provisions of the Agriculture Act of 1970 resulted in total savings (actual reductions in payments) under the Upland Cotton, Feed Grains, and Wheat Set-Aside Programs of \$2,183,976. This represents 1.6 percent of \$138.8 million paid to cotton, feed grain, and wheat producers who earned more than \$55,000 in 1970. The payment reductions due to the \$55,000 limit affected 466 cotton, feed grain, and wheat producers in 1971.

In addition to the savings, 1971 payments to producers who earned more than \$55,000 in 1970 decreased about \$70.7 million. About \$28.0 million of this decrease represented an actual reduction in 1971 program costs due to basic changes between the 1970 program and the 1971 Set-Aside Program. This \$28.0 million reduction was not related to the 1971 payment limitation. The remaining decrease of \$42.7 million represents a shift in 1971 program payments to other persons or entities as a result of changes in farming operations by those producers who received more than \$55,000 in 1970. This \$42.7 million was not a reduction in program costs, but represents a redistribution of program payments in conformity with the 1971 distribution of allotments/bases and cropping shares.

The study showed that of about 1,350 producers receiving more than \$55,000 each in 1970 program payments on cotton, feed grain,

or wheat, 1,046 (77%) changed their farming interests or operations for 1971. The following paragraphs provide summary data for the individual commodities.

B. UPLAND COTTON

In 1970, about 1,200 cotton producers in 204 counties in 17 States received more than \$55,000 each in program payments on 1,462 farming operations. The 1970 payments to these producers totalled about \$125.1 million. The 1971 payment limitation provisions resulted in total savings under the Upland Cotton Set-Aside Program of about \$1.3 million. This represents one (1) percent of the \$125.1 million paid to cotton producers who earned more than \$55,000 in 1970. The payment reductions due to the limitation affected 413 cotton producers in 1971.

In addition to the savings, payments to the 1,200 producers on 1,462 farming operations in 1971 decreased about \$62.7 million. About \$22.1 million of this decrease was due to basic program changes between the 1970 Upland Cotton Program and the 1971 Cotton Set-Aside Program. This amount represents an actual reduction in program costs, but is not related to the payment limitation provisions. The remaining \$40.6 million decrease represents a redistribution of 1971 cotton payments to other persons or entities as a result of changes in operations by about 1,000 producers (83%) on 1,184 farm operations. Presumably, many of these changes in operations were a direct result of the imposition of the \$55,000 limit. Many of these producers who changed their operations for 1971 used more than one means of accomplishing the change. Details of the changes and the impact on 1971 Upland Cotton Program payments are on the following page.

Reason for payment decrease	Decrease in 1971 pay- ments to producers re- ceiving more than \$55,000 in 1970 (millions)	Farm operations affected ¹	Reduction in 1971 program costs (millions)
Basic program changes: Reduction in 1971 price support payment rate and farm yields.....	\$22.1	1,462	\$22.1
Farm operation changed.....	40.6	1,184	0
By temporary transfer of allotment acres away from farms.....	² 18.8		
By shifting land and allotment to other "persons or entities" (includes formation of partnership(s), corporation(s), trust(s), settlement of estates, adding tenants; reducing allotment acres transferred to the farm for 1971; reconstitutions resulting from selling farms, cash leases, dropping leases, revising crop share agreements, and discontinuance of farm operations).....	³ 21.8		
Total.....	62.7		22.1

¹ For the purpose of this study, a farm operation represents all cotton farms in 1 county on which the producer received a 1970 cotton payment. There were 1,462 cotton farm operations on which about 1,200 producers received payments in 1970.

² There were 320 farm operations that transferred allotments away under the temporary lease provisions. Based on 1971 participation data, it is assumed that this acreage was enrolled in the set-aside program by those producers who acquired the allotments for 1971.

³ Based on 1971 participation data, it is assumed that these payments were earned by producers who obtained an interest in the relinquished farming operations for 1971.

See explanations on exhibits attached:

Exhibit 1.—Summary of 1970-71 cotton payments and domestic allotment acres for farming operations of producers who received more than \$55,000 in 1970.

Exhibit 2.—Explanation of 1971 cotton payment decreases on farm operations of those producers who received more than \$55,000 in 1970.

Exhibit 3.—Summary of cotton allotment acres leased under the temporary lease provisions on farming operations of those producers who received more than \$55,000 in 1970.

Exhibit 4.—Summary of 1971 changes in farming operations by cotton producers who received more than \$55,000 under the 1970 upland cotton program.

C. FEED GRAIN

In 1970, 93 feed grain producers in 110 counties in 17 States received more than \$55,000 each in program payments. The 1970 payments to these producers totaled about \$9.3 million. The 1971 payment limitation provisions resulted in a total savings under the Feed Grain Set-Aside Program of about \$.2 million. This represents 2.1 percent of the \$9.3 million paid to feed grain producers who earned more than \$55,000 in 1970. The payment reductions due to the \$55,000 limit affected 11 feed grain producers in 1971.

In addition to the savings, payments to all feed grain producers who received more than \$55,000 in 1970 decreased about \$6.7 million in 1971. About \$5.5 million of this decrease was due to basic program changes between the 1970 Feed Grain Program and the 1971 Feed Grain Set-Aside Program. This amount represents an actual reduction in program costs, but is not related to the payment limitation provisions. The remaining \$1.2 million decrease represents a redistribution of the payments to other producers as a result of the 1971 changes in operations by 21 producers (23%). Presumably, many of these changes were a direct result of the imposition of the \$55,000 limit. Many of the producers who changed their operations for 1971 used more than one means of accomplishing the change. Details of the changes and the impact on 1971 Feed Grain Program payments follow:

Reason for payment decrease	Decrease in 1971 feed grain pay- ments to producers receiving more than \$55,000 in 1970 (millions)	Feed grain producers affected	Reduction in 1971 program costs (millions)
Elimination of barley and additional diversion payment from 1971 program.	\$5.5	72	\$5.5
Change in farming operation by shifting land and allotment to other "persons or entities" (includes formation of partnership(s), corporation(s), trust(s), settlement of estates; reconstitutions resulting from selling farms, cash leases, or dropping leases)-----	¹ 1.2	21 -----	-----
Total-----	6.7 -----	-----	5.5

¹ This payment decrease is attributable to an estimated feed grain base reduction of 22,000 acres by the 21 producers who changed their 1971 operation. It is probable that some of this relinquished base acreage was not enrolled in the program by those producers acquiring control of the land and base acreage for 1971.

See explanations on exhibits attached:

Exhibit 5.—Summary of 1970-71 feed grain payments to producers who received more than \$55,000 in 1970.

Exhibit 6.—Summary of 1971 changes in farming operations by feed grain producers who received more than \$55,000 under the feed grain program.

D. WHEAT

In 1970, 57 wheat producers in 74 counties in 15 States received more than \$55,000 each in program payments. The 1970 payments to these producers totalled about \$4.4 million. The 1971 payment limitation provisions resulted in total savings under the Wheat Set-Aside Program of about \$.7 million. This represents 15.9 percent of the \$4.4 million paid to wheat producers who earned more than \$55,000 in 1970. The payment reductions due to the \$55,000 limit affected 42 wheat producers in 1971.

In addition to the savings, payments to the 57 producers in 1971 decreased about \$1.3 million. About \$.4 million of this decrease was

due to basic program changes between the 1970 Wheat Program and the 1971 Wheat Set-Aside Program. This amount represents an actual reduction in program costs, but is not related to the payment limitation provision. The remaining \$.9 million decrease represents a redistribution of the wheat payments to other producers as a result of changes in operations by 25 producers (44%). Presumably, many of these changes were a direct result of the imposition of the \$55,000 limit. Many of the producers who changed their operations for 1971 used more than one means of accomplishing the change. Details of the changes and the impact on 1971 Wheat Program payments follow:

Reason for payment decrease	Decrease in 1971 wheat payments to producers receiving more than \$55,000 in 1970 (millions)	Wheat producers affected	Reduction in 1971 program costs (millions)
Elimination of additional diversion payment from 1971 program.....	\$0.4	32	\$0.4
Change in farming operation by shifting land and allotment to other "persons or entities" (includes formation of partnership(s), corporation(s), trust(s), settlement of estates; reconstitutions resulting from selling farms, cash leases or dropping leases, and nonparticipation in 1971).....	1.9	25	0
Total.....	1.3		.4

¹ Based on 1971 program participation data, it can be reasonably assumed that these payments were earned on allotment acreages enrolled by those producers who acquired an interest in the land and allotment relinquished by the 1970 producers.

See explanations on exhibits attached:

Exhibit 7.—Summary of 1970-71 wheat certificate payments to producers who received more than \$55,000 in 1970.

Exhibit 8.—Summary of 1971 changes in farming operations by wheat producers who received more than \$55,000 under the 1970 wheat program.

III. IMPACT OF THE \$55,000 LIMITATION IN 1971

The \$55,000 payment limitation had little significant effect on the extent of participation in the 1971 program. And only in the cotton program was the number of producers affected by the limitation significant.

In 1971, 98.5 percent of all eligible cotton allotment acreage was in the program—slightly higher than the 97 percent in 1970. Since the total allotment enrolled in the cotton program was higher than in 1970 and since virtually all was in the program, it is evident that the program payment limitation had little effect on total participation. Most of the persons who earned more than \$55,000 in payments in 1970 were in the five states of Arizona, Arkansas, California, Mississippi, and Texas. About 99 percent of eligible cotton allotment acreage in these states was in the program in 1971—compared with 98 percent in 1970.

Although precise data are not available, we estimate about 50 wheat producers and 20 feed grain producers would have been affected by the payment limitation in 1971 if they had made no change from their 1970 farming operations. Allotments and bases on these farms accounted for about 0.43 percent of total U.S. wheat allotments in 1971, and 0.12 percent of corn and grain sorghum base. On the other hand, about 1,000 cotton producers holding about 13 percent of total cotton allotments would have been affected in 1971 if they had made no change from their 1970 farming operations.

Participation in the feed grain program rose from 66 percent of the eligible acreage in 1970 to 81 percent in 1971. Similarly, participation

in the wheat program rose from 88 percent to 95 percent. These increases, however, occurred because of other changes in the program rather than the payment limitations.

The payment limitation very likely caused some cropping changes on those farms where payment to a producer was reduced because of the payment limitation. The acreage set aside on these farms was reduced proportionately to the reduction in total payments. The limitation thus made more acreage available for production on these farms. About 16,000 acres in total set-aside was reduced for this reason on farms affected directly by the payment limitation. Most of this reduction was under the provisions of the wheat program. These farmers earned a lower income than they would have had there been no payment limitation. Likewise, those farmers who utilized the leasing provision of the cotton legislation also earned a lower income in 1971 than had they not been subject to a payment limitation. Conversely, most of the lessées probably had a higher income from cotton as a result of the payment limitations feature of the 1971 program, because they didn't pay the full return from the program payment as rent for the leased allotments.

In summary, while the \$55,000 payment limitation in 1971 adversely affected some individuals and benefited others, it had no significant effect on:

- (1) program signups;
- (2) surpluses of grain or shortage of cotton; and
- (3) government expenditures.

These results, especially (2) and (3), are interrelated. If there had been a significant reduction in government expenditures as a direct result of the limitation (payments forfeited), then the surplus grain and short cotton situations would have been aggravated. This point will be dealt with further in Part IV below.

IV. PROBABLE IMPACT OF A \$20,000 PAYMENT LIMIT IN SUBSEQUENT YEARS

If the maximum payment to any one person had been \$20,000 in 1971, some 10,000 persons would have been affected compared with about 1,350 affected in 1971 by the \$55,000 limit (based on 1970 data). A small part of the feed grain and wheat program payments went to persons receiving more than \$20,000, and they accounted for a small part of United States production of corn, grain sorghum, and wheat as implied in the following table. Thus, the major impact of a \$20,000 payment limitation in subsequent programs which were otherwise similar to the 1971 programs would fall on the cotton program and cotton producers.

NUMBER OF PERSONS, AND PAYMENTS AND ALLOTMENTS OR BASES OF PERSONS RECEIVING \$20,000 OR MORE FROM COTTON, FEED GRAIN, AND WHEAT PROGRAM PAYMENTS IN 1971

Program	Persons		Payments		Allotment or base	
	Number	Percent of U.S. total	Dollars (thousands)	Percent of U.S. total	Acreage (thousands)	Percent of U.S. total
Cotton.....	8,742	2.6	\$308,117	37.7	3,231	31.3
Feed grains.....	247	.1	7,186	.7	627	.7
Wheat.....	1,112	.9	32,009	3.6	741	4.1
Total.....	¹ 10,012		\$347,312		4,599	

¹ Net number; some persons received \$20,000 or more from 2 or 3 programs.

In adjusting from unlimited payment in 1970 to the \$55,000 limit in 1971, the affected producers reduced their cotton allotment acreage by 324 thousand acres, or 45 percent, from 715 thousand acres they drew payments on in 1970. Most of the reduction was brought about by leasing land and allotments to producers earning less than the limit.¹ However, based on 1970 data, only 14.3 percent of the cotton payments went to producers who received in excess of \$55,000. But, as indicated in the table above, 37.7 percent of the cotton payments in 1971 went to producers who received between \$20,000 and \$55,000.

With a further reduction to a \$20,000 limit the supply of allotments for lease or sale without or with the land could be expected to increase without any comparable increase in demand for these allotments. Thus, the rent that allotment owners could receive from their allotments would very likely drop from the amount received in 1971 when it ran between three and ten cents a pound. This would result in a readjustment in the benefits from the program—with the holders of the allotments to be leased out receiving a smaller share of the benefits.

Another problem would arise in those areas where there is a heavy concentration of large producers. In such cases, there might not be a market for all the leases made available as a result of a \$20,000 payment limitation.

Under the rules in effect for the 1972 programs, a producer would need to establish up to nine separate corporations if that method were chosen to minimize effects of the limit on him as an individual, because if a producer has more than a 20 percent interest in a corporation, his proportionate income from the corporation would count toward his total payments. It would, of course, be difficult, if not impossible, to organize several corporations by an individual who would perforce be a minority stockholder in each.

As required by law, the cotton program provides the option of leasing or selling allotments. Such an option is not available to feed grain or wheat producers. Therefore, relatively more leasing out of land by feed grain and wheat producers subject to a \$20,000 limit could be expected. Others might adjust by dropping the leases on land they were renting in order to cut the size of their farming operation down (c.f. Exhibit 4 with Exhibits 6 and 8). However, the sum total would apparently not be large since if a \$20,000 limit had been in effect in 1971 only about one percent of the feed grain base acreage and four percent of the wheat allotment acreage was on farms that would have been affected.

The 10,000 producers in 1971 that received more than \$20,000 operated 30,000 farms. There were 20.4 million acres of cropland on these farms. Their planting pattern was as follows:

	Million acres
Feed grains (all four)	2. 9
Wheat	2. 7
Total grains	5. 6
Soybeans	2. 4
Cotton	4. 5
Other crops	. 9
Conserving base	3. 2
Set-aside	1. 9

¹ Rented-in allotments increased from 58 thousand acres in 1970 to 90 thousand acres in 1971. But this increase resulted from the greater ease with which allotments could be transferred for 1971 and not from any effect of payment limitation.

The experience with the \$55,000 limit in 1971 indicates that many farmers would adjust to a lower limit by dropping leases, leasing out allotments with or without land, or outright sale of farms or farmland. These kinds of adjustments reduce the impact on production; however, they also preclude any reduction in total government payments under the farm program due to the limitation.

What size of farm would be affected by a \$20,000 limit, given the payment rates provided for in the 1972 program? In the case of corn on a farm that has a hundred bushel yield, a \$20,000 limitation would become effective on a payment base of 500 acres (1,000 acre corn base) if the producer signs up for the minimum set-aside of 25 percent. If he wished to sign up at the maximum, it would become effective on a corn base of 625 acres (a payment base of 312.5 acres). In the case of wheat with a 60 bushel yield, the limit would be effective on a farm having a wheat allotment of 198 acres at the minimum level of participation; at the maximum level of participation, a farm of only 140 acres of wheat allotment would be affected. Cotton with a 500 pound yield would be affected on a farm with a cotton allotment of 267 acres.

The number of producers and the acreage affected in the 1972 feed grain and wheat programs would be somewhat larger than in 1971—because payments under the 1972 feed grain and wheat programs will be larger. First, the minimum set-aside acreage for feed grain was revised from 20 percent to 25 percent of the base and payments increased proportionately. Furthermore, farmers are offered additional set-aside for both feed grains and wheat. However, if the required set-aside raised a person's payment to the limit he could not be expected to volunteer additional set-aside. Thus, the limitation would reduce the total set-aside on these farms below what it otherwise would be. On the one hand, this would reduce the total payments to these producers—but it would also require increased set-aside (at increased costs per acre) by other producers to offset the resulting reduction in the supply management aspects of the program.

In 1970, when barley was included in the feed grain program and producers could voluntarily divert additional land, 1,425 grain producers (0.09 percent) and 1,273 wheat producers (0.13 percent) received payments in excess of \$20,000 each. With greater participation expected in the 1972 program, the number of producers with payments in excess of \$20,000 each is expected to be somewhat larger than it was in 1970.

The increase in required set-aside in the 1972 program could increase the number of feed grain producers receiving \$20,000 or more by some 25 percent above the number affected in 1971, as the acreage required to set-aside per farm also is about 25 percent larger—or about 350 producers more. The number of wheat producers would be perhaps 10 to 15 percent greater—or 150 to 200 more. Estimating the number who would move up to \$20,000 or more because of additional voluntary set-aside is much more difficult; there is no solid basis for estimating ahead of actual signup the number who would voluntarily set-aside additional acreage under the several available options even if there were no limit on payments.

Reducing the limit from \$55,000 to \$20,000 would reveal some differences in kind as well as degree. A substantial part of the hardships resulting from the 1971 crop limits fell on a relatively few producers who operated farms on such a scale that the entrepreneur

himself was required to devote most of his time to the management and direction of the farm operations, as opposed to actually driving the tractor, combine, or cotton picker. However, producers affected by a \$20,000 limit, as opposed to the \$55,000 maximum, would, to a large extent, be farmers who, with their family members, actually perform a significant portion of the basic farm labor requirements themselves. These are mostly family farms; not typical, but generally efficient, unusually productive and progressive—but certainly few would be large corporate operations.

This report has approached the probable impact of a \$20,000 limitation as it would have related to the programs in effect in 1971 and 1972. Since it is impossible to precisely foresee future program changes, this statement, of necessity, outlines mainly the direction rather than the specific magnitude of the possible effects.

In summary, the anticipated impact of a \$20,000 limit in subsequent crop years would be:

- (1) Slightly reduced participation in the set-aside programs.
- (2) A slight increase in grain production which at present is surplus to our needs.
- (3) A modest decrease in cotton production which at present is short of our requirements.
- (4) A nominal decrease in government payments under the set-aside programs.
- (5) Increases in cotton production for a considerable number of small operators who would increase production by renting acreage from farmers with payments above \$20,000.

EXHIBIT 1

SUMMARY OF 1970-71 COTTON PAYMENTS AND DOMESTIC ALLOTMENT ACRES (PAYMENT ACRES) FOR FARMING OPERATIONS OF PRODUCERS WHO RECEIVED MORE THAN \$55,000 IN 1970

State	Number of counties	Farming operations			Payments to producers who received more than \$55,000 in 1970		
		Total	Did not change	Did change	1970	1971	Percent decrease ¹
Alabama.....	22	46	5	41	\$2,014,650	\$1,484,104	26.4
Arizona.....	6	209	39	170	22,030,359	9,080,799	58.8
Arkansas.....	19	109	34	75	6,635,695	4,600,325	30.7
California.....	8	306	44	262	43,623,920	17,382,360	60.2
Florida ²	1	1	0	1	4,463	6,326	(+41.7)
Georgia.....	14	20	1	19	1,157,658	686,629	40.7
Kentucky ²	1	1	0	1	10,815	0	100.0
Louisiana.....	16	45	7	38	2,828,764	1,844,266	34.9
Mississippi.....	34	404	72	332	28,767,485	16,696,095	42.0
Missouri.....	5	9	5	4	188,390	153,672	18.4
Nevada.....	1	1	1	0	63,636	54,300	14.7
New Mexico.....	7	10	0	10	536,555	272,755	59.2
North Carolina.....	4	15	1	14	651,343	230,798	64.6
Oklahoma.....	2	3	0	3	158,409	72,471	54.3
South Carolina.....	10	34	6	28	1,820,744	1,265,402	30.6
Tennessee.....	7	14	3	11	435,937	352,977	19.1
Texas.....	47	235	60	175	14,221,386	8,236,379	42.1
Total.....	204	1,462	278	1,184	125,150,209	62,419,658	\$62,730,551
Breakdown:							
Operations not changed.....			278		14,927,695	13,339,444	1,588,251
Operations changed.....				1,184	\$110,222,514	\$49,080,214	\$61,142,300
Payment acres.....					715,405	391,233	324,172
Average per acre payment rate.....					\$154.07	\$125.45	\$28.62

¹ Average decrease 50.2 percent.

² Producers also had farming operations in other States.

EXHIBIT 2

EXPLANATION OF 1971 COTTON PAYMENT DECREASES ON FARM OPERATIONS OF THOSE PRODUCERS WHO RECEIVED MORE THAN \$55,000 IN 1970

	Amount
Payment reduction due to change in 1971 set-aside program from 1970 upland cotton program:	
278 farm operations not changed—actual	\$1, 558, 251
1,184 farm operations changed—computed (1970 payment acres—715,405 × \$28.62—average payment rate reduction from 1970 to 1971)	20, 474, 891
Total reduction in 1971 payments on 1,462 farming operations due to program changes	22, 063, 142
Payment decrease due to change in operations:	
Temporary lease of allotment away from farm operations (150,008 acres × \$125.45—average payment rate for 1971—See exhibit 3)	18, 818, 504
Producer reduced acres leased to the farm, added partners, corporations, field rent tenants, revised cash or crop share leases or control of land and allotment was acquired by other producers for 1971 (324,172 acre reduction for 1971 minus 150,008 acres leased away from farm operations × \$125.45, average payment rate for 1971)	21, 848, 874
Total decrease in 1971 payments due to change in operations on 1,184 farming operations	40, 667, 378
Total	1 62, 730, 520

¹ Different from exhibit 1, payment decrease column total, due to rounding.

EXHIBIT 3

SUMMARY OF COTTON ALLOTMENT ACRES LEASED UNDER THE TEMPORARY LEASE PROVISIONS ON FARMING OPERATIONS OF THOSE PRODUCERS WHO RECEIVED MORE THAN \$55,000 IN 1970

State	Allotment acres leased			
	To the farms		Away from farms	
	1970 ¹	1971	1970 ¹	1971
Alabama	6, 438	7, 860	152	292
Arizona	8, 011	8, 639	379	8, 630
Arkansas	913	2, 913	5	2, 203
California	7, 358	27, 836	1, 341	100, 660
Florida	0	26	0	0
Georgia	4, 616	3, 324	0	15
Kentucky	16	0	0	0
Louisiana	1, 843	2, 012	0	1, 696
Mississippi	8, 566	17, 770	502	13, 973
Missouri	216	291	0	67
Nevada	0	0	0	0
New Mexico	405	741	0	652
North Carolina	1, 838	1, 698	88	61
Oklahoma	110	188	0	0
South Carolina	3, 460	4, 077	0	51
Tennessee	270	1, 283	0	232
Texas	13, 779	10, 984	742	21, 476
Total	57, 839	89, 642	3, 209	150, 008

¹ Adjusted to 1970 domestic allotment (65 percent of 1970 regular allotment).

EXHIBIT 4

SUMMARY OF 1971 CHANGES IN FARMING OPERATIONS BY COTTON PRODUCERS WHO RECEIVED MORE THAN \$55,000 UNDER THE 1970 UPLAND COTTON PROGRAM

State	Farming operations of producers who received more than \$55,000 in 1970	Number of operations		Type of changes in operations for 1971							Allotment acres for payment increased for 1971 ⁵
		No change for 1971 ¹	Changed operations for 1971	Allotment transfers ²	Revised cash or share lease agreements ³	Reduced physical size of farming operation ⁴	Increased number of eligible persons				
							Forming partnership	Forming corporation	Forming trusts/settlement of estates	Added producers or tenants	
Alabama	46	5	41	25	8	17	6	0	0	0	10
Arizona	209	39	170	72	5	99	42	4	2	3	22
Arkansas	109	34	75	21	9	42	13	5	2	1	14
California	306	44	262	133	55	116	49	4	4	0	64
Florida	1	0	1	0	0	0	0	0	0	0	1
Georgia	20	1	19	13	0	16	0	1	0	0	2
Kentucky	1	0	1	1	0	1	0	0	0	0	0
Louisiana	45	7	38	16	6	20	6	2	0	0	10
Mississippi	404	72	332	105	9	30	80	30	7	15	59
Missouri	9	5	4	2	2	3	0	0	0	0	0
Nevada	1	1	0	0	0	0	0	0	0	0	0
New Mexico	10	0	10	4	1	8	0	0	0	0	1
North Carolina	15	1	14	7	4	5	0	2	0	0	2
Oklahoma	3	0	3	1	0	1	2	0	0	0	0
South Carolina	34	6	28	10	0	8	3	5	0	5	7
Tennessee	14	3	11	5	2	7	0	0	0	1	3
Texas	235	60	175	95	25	77	15	8	6	7	18
Total	1,462	278	1,184	510	126	550	216	61	21	32	213

¹ No material or significant change from 1970 to 1971.

² Producers reduced their 1971 allotment acres for payment by transferring allotment acres away from the farm or the allotment acres transferred to the farm in 1970 were reduced for 1971. These actions are permitted by section 344a of the Agricultural Act of 1965, as amended.

³ Revised 1970 lease (cash or share) agreements for 1971.

⁴ Reduced size of 1971 operations by dropping or not renewing leases, cash leasing land with allotment to other producers or selling land with allotment to others. These actions most generally involve farm reconstitutions.

⁵ Allotment acres for payment increased for 1971 as a result of leasing acres to the farms or adding additional land or allotment by combining farms. Increases in operations generally occurred on multi-producer operations, and individual operations whose payments would have been reduced below \$55,000 for 1971 as a result of the 1971 reduction in price support rate.

⁶ Of the 510 allotment transfers, 320 were transfers away from the farm and 190 were cases where the number of acres transferred to the farms in 1970 were reduced for 1971.

EXHIBIT 5

SUMMARY OF 1970-71 FEED GRAIN PAYMENTS TO PRODUCERS WHO RECEIVED MORE THAN \$55,000 IN 1970

State	Number of counties	Producers			Payments to producers who received more than \$55,000 in 1970		
		Total	Did not change operations	Did change operations	1970	1971	Percent decrease
Arizona.....	4	5	1	4	\$468,600	\$54,033	88.5
California.....	¹ 14	19	19	0	3,474,907	80,223	97.7
Colorado.....	2	2	1	1	308,724	95,983	68.9
Illinois.....	² 15	3	3	0	191,502	118,654	38.0
Indiana.....	³ 18	5	4	1	395,838	227,484	42.5
Iowa.....	7	4	2	2	386,933	170,686	55.9
Kansas.....	3	2	2	0	122,707	64,595	47.4
Missouri.....	7	4	3	1	266,027	131,218	50.7
Nebraska.....	5	5	4	1	321,985	160,929	50.0
New Mexico.....	⁴ 2	5	5	0	389,384	187,845	51.8
North Carolina.....	3	1	0	1	77,503	3,330	95.7
Ohio.....	1	1	1	0	80,887	40,698	49.7
Oklahoma.....	⁵ 3	1	0	1	72,375	36,636	49.4
Pennsylvania.....	2	1	1	0	59,926	26,976	55.0
Texas.....	⁶ 23	34	25	9	2,613,382	1,122,547	57.0
Wisconsin.....	1	1	1	0	55,735	27,031	51.5
Total.....	110	93	72	21	9,286,415	2,548,832	6,737,58
Breakdown:							
Operations not changed.....			72		7,517,962	2,007,289	5,510,67
Operations changed.....				21	1,768,453	541,543	1,226,91

¹ Includes counties in Arizona (1), Iowa (3), Kansas (1), and Texas (3) in which California producers received payments.

² Includes counties in Iowa (6), Kansas (1), Nebraska (1), and Missouri (1) in which Illinois producers received payments.

³ Includes counties in Illinois (5) and Wisconsin (2) in which Indiana producers received payments.

⁴ Includes 1 county in Kansas in which New Mexico producer received payment.

⁵ Includes 1 county in Kansas in which Oklahoma producer received payment.

⁶ Includes counties in Oklahoma (1), Kansas (1), and New Mexico (1) in which Texas producers received payments.

EXHIBIT 6

SUMMARY OF 1971 CHANGES IN FARMING OPERATIONS BY FEED GRAIN PRODUCERS WHO RECEIVED MORE THAN \$55,000 UNDER THE 1970 FEED GRAIN PROGRAM

State	Number of producers who received more than \$55,000 in 1970	Type of changes in operations for 1971							
		Number of producers		Revised cash or share lease agreements ²	Reduced physical size of farming operation ³	Increased number of eligible persons			
		No change for 1971 ¹	Changed operations for 1971			Forming partnership	Forming corporation	Forming trusts/settlement of estates	Added producers or tenants
Arizona.....	5	1	4	0	4	1	0	0	1
California.....	19	19	0	0	0	0	0	0	0
Colorado.....	2	1	1	0	0	0	0	0	1
Illinois.....	3	3	0	0	0	0	0	0	0
Indiana.....	5	4	1	1	0	0	0	0	0
Iowa.....	4	2	2	0	2	0	0	0	0
Kansas.....	2	2	0	0	0	0	0	0	0
Missouri.....	4	3	1	0	1	0	0	0	0
Nebraska.....	5	4	1	0	1	0	0	0	0
New Mexico.....	5	5	0	0	0	0	0	0	0
North Carolina.....	1	0	1	0	1	0	1	0	1
Oklahoma.....	1	0	1	1	0	0	1	0	0
Ohio.....	1	1	0	0	0	0	0	0	0
Pennsylvania.....	1	1	0	0	0	0	0	0	0
Texas.....	34	25	9	1	8	0	1	1	3
Wisconsin.....	1	1	0	0	0	0	0	0	0
Total.....	93	72	21	3	17	1	3	1	6

¹ No material or significant change from 1970 to 1971.

² Revised 1970 lease (cash or share) agreements for 1971.

³ Reduced size of 1971 operations by dropping or not renewing leases, cash leasing land with allotment to other producers or selling land with allotment to others. These actions most generally involve farm reconstitutions.

EXHIBIT 7

SUMMARY OF 1970-71 WHEAT CERTIFICATE PAYMENTS TO PRODUCERS WHO RECEIVED MORE THAN \$55,000 IN 1970

State	Number of counties	Producers			Payments to producers who received more than \$55,000 in 1970		
		Total	Did not change operations	Did change operations	1970	1971	Percent decrease
California/Arizona	¹ 9	7	4	3	\$598,999	\$306,227	48.9
Colorado	² 10	2	0	2	235,057	54,057	77.0
Idaho/Utah	³ 8	10	3	7	660,158	405,740	38.5
Kansas	⁴ 5	1	0	1	64,271	12,707	80.2
Montana	8	7	6	1	418,094	385,000	7.9
Nevada	1	1	0	1	55,884	55,000	1.6
New Mexico	1	6	6	0	477,305	346,851	27.3
Oklahoma	⁵ 7	2	0	2	169,754	121,426	28.5
Oregon	⁶ 5	3	1	2	207,367	162,434	21.7
South Dakota	2	1	1	0	69,989	55,000	21.4
Texas	13	9	7	2	756,532	505,224	33.2
Washington	4	7	3	4	590,904	586,781	.7
Wyoming	1	1	1	0	56,200	55,000	2.1
Subtotal							30.0
Total	74	57	⁷ 32	25	4,360,514	3,051,447	1,309,067
Breakdown:							
Operations not changed			⁷ 32		2,266,229	1,883,103	383,126
Operations changed				25	2,094,285	1,168,344	925,941
Estimated payment acres					44,267	22,395	21,872
Average payment rates					\$47.31	\$52.17	+\$4.86

¹ 1 California producer had operations in 1 Arizona county.

² Includes 1 Kansas county in which Colorado producer received payment.

³ 2 Idaho producers also had operations in 2 Utah counties.

⁴ Includes 2 Colorado counties in which Kansas producer received payments.

⁵ Includes counties in Kansas (2) and Colorado (1) in which Oklahoma producer received payments.

⁶ Includes counties in Idaho (1) and Washington (1) in which Oregon producer received payments.

⁷ Includes partnerships where 1970 payments were to partnership and 1971 payments were to each partner.

EXHIBIT 8

SUMMARY OF 1971 CHANGES IN FARMING OPERATIONS BY WHEAT PRODUCERS WHO RECEIVED MORE THAN \$55,000 UNDER THE 1970 WHEAT PROGRAM

State	Number of producers who received more than \$55,000 in 1970	Type of changes in operation for 1971							
		Number of producers		Revised cash or share lease agreements ²	Reduced physical size of farming operation ³	Increased number of eligible persons			
		No change for 1971 ¹	Changed operations for 1971			Forming partnership	Forming corporation	Forming trusts/settlement of estates	Added producers or tenants
California	7	4	3	1	3	0	0	0	0
Colorado	2	0	2	2	2	0	0	0	0
Idaho	10	3	7	0	7	1	1	0	1
Kansas	1	0	1	0	1	1	0	0	0
Montana	7	6	1	1	1	0	0	0	0
Nevada	1	0	1	0	0	0	0	0	1
New Mexico	6	6	0	0	0	0	0	0	0
Oregon	3	1	2	0	0	1	1	0	1
Oklahoma	2	0	2	1	0	0	1	0	1
South Dakota	1	1	0	0	0	0	0	0	0
Texas	9	7	2	0	0	0	0	0	2
Washington	7	3	4	0	0	0	1	1	1
Wyoming	1	1	0	0	0	0	0	0	0
Total	57	32	25	5	14	3	4	1	7

¹ No material or significant change from 1970 to 1971.

² Revised 1970 lease (cash or share) agreements for 1971.

³ Reduced size of 1971 operations by dropping or not renewing leases, cash leasing land with allotment to other producers or selling land with allotment to others. These actions most generally involve farm reconstitutions.

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DEPARTMENT OF CHEMISTRY

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