

Extension Facts Leaflet On The 1956 Acreage Reserve Phase Of The Soil Bank

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This leaflet deals with the Acreage Reserve phase of the Soil Bank. The Conservation Reserve phase will be explained in a leaflet to be published when sufficient materials are available.

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Questions and Answers on Acreage Reserve

Farmers find themselves in the unhappy situation of seeing farm income decline while incomes in our total economy have risen and remain at a record high level. This situation has been recognized as a "weak spot" in our economy.

Production controls and support prices appear to be the accepted means of helping farmers to receive income from the use of land, labor and capital comparable to the rest of the economy. The soil bank, as a part of the 1956 farm bill, is an attempt to help bring the supply of agricultural products into balance with the demand at a price considered fair to farmers.

The soil bank's major objectives are (1) to reduce the surplus (2) to achieve better land use (3) to improve farm income, and (4) to provide adequate, balanced and orderly flow of agricultural commodities in interstate and foreign commerce.

The bill is separated into two distinct parts. The first is the ACREAGE RESERVE. The acreage reserve is a temporary program and its main function will be (1) to adjust future production of crops in greatest surplus to both the accumulated stocks and to the potential markets, (2) to relieve producers of crops not under allotment of the excessive production from acreage diverted from surplus crops, (3) to relieve the stimulus to the production of livestock products from excessive feed grain supplies.

General

The following questions attempt to give a producer a working knowledge of the general provisions applying to the acreage reserve phase of the Soil Bank. These answers are applicable to the three commodities--corn, wheat and tobacco--affected in Ohio by the acreage reserve.

1. Which land goes in the acreage reserve?

The land eligible for the acreage reserve in Ohio is only that land normally planted to corn, wheat or tobacco. These are the crops with acreage allotments or are the basic commodities. The conservation reserve is in addition to the acreage reserve. It is different land.

2. What are the 1956 acreage reserve goals in the U.S.?

The goals are as follows:

Corn - 2 mil. - 4 mil. acres
Wheat - 5 mil. - 8 mil. acres
Burley Tobacco - 15,000 - 30,000 acres
Ohio Cigar Filler - 300 - 500 acres

The basic commodities or crops not grown in Ohio are not included in the goals.

3. How can I use "banked" acres?

An ASC approved cover crop or a crop for harvest after 1956 may be planted. No crop can be harvested. Grazing is permitted up to June 22, 1956. A certificate must be signed to the effect no harvesting occurred or will occur between January 1, 1956 and December 31, 1956, and no grazing occurred between June 22 and December 31, 1956. Growing crops including oats, corn, rye, hay, etc. can be plowed, clipped or mowed to be left on the land to meet acreage reserve requirements. Noxious weeds designated by the county ASC must be controlled.

4. Will participation reduce my historic base acreage?

Most farms have a base from which acreage allotments are determined. Participation in the acreage reserve will not lower the historical base and will not cause future allotments to be less than they would have been if there were no soil bank.

5. Do I have to be in compliance with all allotments to qualify for the Acreage Reserve?

Yes. A farmer overplanting any of his allotments or corn base will be ineligible for reserve payments. One exception is the farmer with a wheat allotment of less than 15 acres. For example, a farmer with a 12-acre wheat allotment could plant 15 acres of wheat without foregoing acreage reserve payment on some other crop.

6. Do I sign an agreement?

A one-year contract is signed. In 1956, this agreement must be signed by July 20. This contract will be renewable annually.

7. What should I do before I destroy any crop?

You should sign an agreement before July 20 with the county ASC committee.

8. Can I combine the reserves if I have more than one farm?

No. Each farm is a separate unit.

9. How will normal yields be determined for each farm?

The county ASC committee will have an average county yield as determined by the Agricultural Marketing Service. The county normal wheat yield is the average from 1945-54, corn from 1951-55 and cigar filler tobacco the average of the two highest years 1951, 1953, and 1954. Burley tobacco normal yield will be the highest 3 of the last 6 years. The township will have an average yield determined in such a way that various township acreages and production will balance with the county average yield. The township committeemen have the responsibility of determining the normal yield for each individual farm.

For corn individual farmer's normal yields will be set up with 5 bushel intervals. For example, one farm may have a 45 bushel normal yield, another 50, and still another 55.

For wheat the individual farmer's normal yields will have one bushel difference. For example 18, 19, 20, 21, 22 bushel yields could be established.

For tobacco actual yield data is available. The average yield for a farm must not exceed 125 per cent of the county yield or be less than 80 per cent of the county yield.

10. Can I choose any land I want to place in the acreage reserve?

Farmers will be asked to designate the tract(s) he wants in the acreage reserve when he signs up, except in certain cases where destruction takes place. His selection must be approved by the ASC. He could use a strip of a field. ~~The selection must be a~~ contiguous area.

11. Can I plant a grass crop on the acreage reserve then harvest a crop next year?

Farmers designate the land each contract year to be placed in the acreage reserve. The designated tract could be changed the second year and harvested. Wheat can be planted in the fall of 1956 on the acreage reserve area because it will be harvested in 1957. This is a voluntary program and he would not need to renew his contract the second year. He could then harvest the crop. No crop can be harvested for the entire year or grazed after June 22, 1956 of this contract year.

12. Will I be reimbursed for the conservation practices on the acreage reserve?

The soil bank authority does not permit or restrict payment for practices in the acreage reserve.

13. How will I be paid?

Payment will be made in certificates. These certificates can be cashed at banks at their face value. Certificates under certain conditions, can be exchanged for any feed grains. Wheat can be included as a feed grain. Certificates transferred to other individuals cannot be redeemed for grain. Separate certificates will be issued for each crop placed in the acreage reserve. These certificates will be issued after the crop planting season and before the crop harvest season.

14. How will tenant and landlord relations be affected?

The owner cannot reduce the number of tenants because of participation in the soil bank. Normal tenant turnover does not apply in the foregoing statement. The compensation from the acreage reserve shall be divided among interested producers in the same proportion as they would have shared in the crop in the absence of an acreage reserve program. For example, the tenant and landlord on a 50-50 share agreement each would receive 50 per cent of the payment. Tenants cash renting will need to have a signed lease. In this case the tenant would receive all the acreage reserve payment.

15. How long will the acreage reserve program run?

The present act is aimed at bringing farm production and demand into approximate balance within 4 years. It could be extended.

16. What happens if the contract is violated?

If the violation is of such substantial nature as to warrant termination of the contract all payments will be forfeited, and the farmer shall refund all compensation received under the Soil Bank. If the violation does not warrant termination of the agreement the producer shall accept such compensation, adjustments, forfeit benefits, and make such refunds as may be deemed appropriate. A civil penalty will be assessed against any producer who knowingly and willfully grazes or harvests any crop. This penalty will be equal to 50 per cent of the compensation payable for compliance. It is in addition to any amount forfeited under provisions of the agreement.

17. On what acreages will the actual payment be based?

The minimum and maximum limitations for each crop will apply. (See limits on wheat, corn, tobacco.) Payment will be made on the smallest of:

- a. Number of acres a farmer agrees to place in the acreage reserve, or
- b. Measured acreage of the tract(s) designated as acreage reserve, or
- c. Acreage less than the wheat allotment, tobacco allotment or corn base.

Farmer A agrees to place 16 acres in the acreage reserve. His wheat allotment is 30 acres, and he harvests 25 acres. His corn base is 55 acres and he harvests 46 acres. His burley tobacco allotment is 3 acres and he harvests 2 acres. He is 5 acres under the allotment on wheat, 9 acres less than the corn base and 1 acre below the burley tobacco allotment. He has placed 15 acres in the acreage reserve. Each of these reductions fall within the maximum and minimum for the crop but the total is less than the agreement calls for. He will be paid for 15 acres.

Corn

The following questions attempt to give a fair idea of what the acreage reserve means to farmers producing corn.

18. In what parts of the state does the corn acreage reserve apply?

To the 68 commercial corn counties. The non-commercial counties cannot participate in the corn acreage reserve.

19. How does a farmer participate?

He participates by signing an agreement by July 20, 1956 with the county ASC committee in which he designates specific tract(s) as the acreage reserve.

20. What is the corn base?

The corn base is the corn allotment multiplied by 117.8 per cent. A farmer with a corn allotment of 100 acres would have a corn base of 117.8 acres.

21. How can I get \$1.50 support price on corn?

A farmer can get the support price of \$1.50 per bushel in commercial corn counties by doing one of the following:

a) Complying with his corn acreage allotment. If a farmer with a 100 acre corn allotment does not exceed 100 acres of corn he is eligible.

or

b) Complying with the soil bank. The farmer can meet this requirement by doing one of two things:

1. He can designate some of his land for the acreage reserve. To determine the amount to be placed in the corn acreage reserve he multiplies his allotment by 117.8 per cent. A farmer with an allotment of 100 acres would then have a corn base of 117.8 acres. The least amount which must be placed in the corn acreage reserve is 15 per cent of the corn base. The farmer with a 117.8 acre corn base must place at least 17.8 acres in the acreage reserve. In other words, the farmer can grow 100 acres of corn but must place a minimum of 17.8 acres in the acreage reserve. He will need to meet the acreage reserve requirements on the 17.8 acres.

or

2. He can designate some of his land for the conservation reserve. The corn base is again determined (allotment x 117.8%). A farmer with a 100 acre allotment would have a 117.8 acre corn base. He can plant 117.8 acres of corn providing he places a minimum of 17.8 acres (15 per cent

of the corn base) in the conservation reserve. This 17.8 acres will be under contract for 3-15 years depending upon the land use. He will need to meet all the requirements of the conservation reserve. Conservation reserve details are not available at this time.

22. What corn will receive the \$1.25 support price?

All producers in the commercial counties not participating in the allotment program or soil bank can secure the \$1.25 support price.

23. What corn support price do non-commercial counties receive?

The support price will be \$1.24 per bushel ($82\frac{1}{2}$ per cent of \$1.50). No acreage limitations apply.

24. How much will I receive per bushel from the acreage reserve?

The rate per bushel will be 60 per cent of the county corn rate. The national average is 60 per cent of the \$1.50 support price, or 90¢.

25. What provisions permit a farmer to qualify for the corn acreage reserve in 1956.

- a) Underplanting his corn base in anticipation of participating in the acreage reserve or due to adverse weather. He must certify either of the statements and sign a contract by July 20, 1956.
- b) Destruction by natural causes (flood, insects, hail, etc.) reduces corn acreage below his corn base before July 20, 1956.
- c) Flowing or otherwise incorporating into the soil or clipping, mowing or cutting prior to August 1, 1956 any acreage in excess of his corn base, providing a contract is signed by July 20, 1956.

If reduction came from "b" or "c" above such specific acreage must be designated for the acreage reserve.

26. How will the payment per acre be computed for corn?

The payment will be computed as follows:

- a) For underplanting (25a question above) the payment will be the rate per bushel times the smaller of the normal yield for the tract(s) designated as the acreage reserve or the normal yield for the farm.

Farmer A has a normal yield of 60 bushels per acre. The normal yield for the tract is 70 bushels per acre. He multiplies 60 bushels by the county corn rate (\$.90 per bushel). This makes the return \$54.00.

Farmer B has a normal farm yield of 60 bushels, but he designates an area with a normal yield of 40 bushels per acre. He multiplies 40 bushels times the county corn rate (\$.90 per bushel). His return would be \$36.00 per acre.

- b) For natural destruction (25b question above) or mechanical disposition by plowing, etc., (25c question above) the payment will be the rate per bushel times the appraised yield for the field or rate per bushel times the normal yield for the farm, whichever is less. The payment will not be less than \$6.00 per acre.

Farmer A has complete destruction by natural causes. He would get \$6.00 per acre.

Farmer B has partial destruction due to natural causes. His appraised yield is 20 bu. per acre and his normal yield is 60 bu. per acre. He would be paid at the rate of the county corn rate (\$.90 per bu.) times the appraised yield (20 bu.) which would give him a payment of \$18 per acre. He must dispose of the area designated as the acreage reserve.

Farmer C mechanically disposes of the crop to comply with the acreage reserve. The appraised yield of corn is 35 bushels per acre and his normal yield is 65 bushels. He multiplies 35 bushels by the county corn rate (\$.90 per bushel). His return is \$31.50 per acre.

27. What is the minimum participation in the acreage reserve?

The least number of acres of corn that can be placed in the acreage reserve is 10 per cent of the corn base or 5 acres, whichever is larger. If the allotment is less than 5 acres the minimum will be the entire allotment.

Farmer A has a corn base of 100 acres. He would need to place a minimum of 10 acres in the acreage reserve.

Farmer B has a corn base of 40 acres. He would need to place a minimum of 5 acres in the acreage reserve.

Farmer C has a corn base of 4 acres. He would need to place all of his corn base in the acreage reserve in order to participate.

28. What is the maximum participation in the acreage reserve?

He cannot exceed his corn base. The maximum number of acres of corn will be 50 acres or 50 per cent of the corn base, whichever is larger.

Farmer A with a corn base of 45 acres could place the entire amount in the acreage reserve.

Farmer B with a corn base of 105 acres could place 52.5 acres in the acreage reserve.

Wheat

The following questions pertain only to wheat. If you understand these, you should have a fair understanding of the wheat acreage reserve.

29. In what parts of the state does the wheat acreage reserve apply?

It applies to all counties in Ohio.

30. Who may participate in the acreage reserve?

All farmers complying with their wheat acreage allotment.

31. How does a farmer participate?

He signs an agreement by July 20, 1956 with his county ASC committee designating specific tract(s) as acreage reserve. These acres so designated must be a part of his wheat acreage allotment.

32. What provisions provide for farmer participation in the 1956 wheat acreage reserve?

He must reduce his wheat acreage below the wheat acreage allotment. He may do this by:

- a) Underplanting his allotment due to adverse weather. He must certify this statement.
- b) Destruction by natural causes occurring before July 15, 1956 that reduces acreage below the allotment. He must have been within his allotment before destruction.
- c) Plowing or otherwise incorporating into the soil, or clipping, mowing or cutting before July 15, 1956 an acreage so that he is within his allotment.

If reduction came from "b" or "c" above such specific acreage must be designated for the acreage reserve.

33. What is the payment rate per bushel?

The rate per bushel will be 60 per cent of the county loan rate (national average is 60 per cent of \$2.00 or \$1.20 per bushel).

34. How will the payment be computed for wheat?

- a) For underplanting wheat (32a question above) because of adverse weather the payment will be \$4.00 per acre.
- b) For natural destruction (32b question above) or for mechanical disposition (32c question above) the payment will be the rate per bushel times the appraised yield for the field, or the rate per bushel times the normal yield for the farm, whichever is less. In no event will the payment be less than \$6.00 per acre.

Farmer A having partial destruction of wheat from natural causes would multiply his appraised yield times the county wheat rate (\$1.20 per bushel). An appraised yield of 10 bushels times \$1.20 would return \$12.00 per acre. He must mechanically dispose of the area designated as the acreage reserve.

Farmer B mechanically disposes of an area of wheat to comply with the acreage reserve that has an appraised yield of 12 bushels per acre. His normal yield is 23 bushels per acre. He would multiply his appraised yield of 12 bushels by the county wheat rate (\$1.20 per bushel). His return would be \$14.40 per acre.

35. What is the minimum participation?

The least number of acres of wheat that can be placed in the acreage reserve is 10 per cent of the allotment or 5 acres, whichever is larger.

Farmer A has a 90 acre allotment. He would need to place a minimum of 9 acres in the reserve.

Farmer B has a 35 acre allotment. He would need to place 5 acres in the acreage reserve.

Farmer C has a 3 acre allotment. To qualify he must place all of his allotment in the acreage reserve.

36. What is the maximum participation?

He must not exceed his wheat allotment. He can place up to 50 acres or 50 per cent of his allotment, whichever is larger in the acreage reserve.

Farmer A has a 49 acre allotment. He can place 49 acres in the acreage reserve.

* Farmer B has a 150 acre allotment. He can place 75 acres in the acreage reserve.

Tobacco

The information below is an attempt to give a working knowledge of how the tobacco acreage reserve will work for tobacco producers.

37. In what parts of the state does the tobacco acreage reserve apply?

Burley

It applies to the 35 counties, principally in southern Ohio having acreage allotments.

Cigar Filler (42-44)

It applies to the 8 counties in southwestern Ohio having acreage allotments.

38. Who may participate in the acreage reserve?

All farmers complying with their tobacco acreage allotment and signing an agreement by July 20, 1956.

39. How does a farmer participate?

He signs an agreement with his county ASC committee designating specific tract(s) as the acreage reserve. These acres so designated must be a part of his tobacco acreage allotment.

40. What provisions provide for farmer participation in the 1956 acreage reserve?

He must reduce his tobacco acreage below his tobacco acreage allotment. He may do this by:

- a) Underplanting his allotment due either to adverse weather or anticipation of participating in the Soil Bank. He must certify this and sign a contract by July 20, 1956.
- b) Destruction by natural causes occurring before July 20, 1956. He must have been within his allotment before destruction.
- c) By plowing or otherwise incorporating into the soil, or clipping so that he reduces his acreage within the allotment prior to July 31, 1956 providing a contract is signed by July 20, 1956.

41. What is the payment rate?

Burley

The national average rate and Ohio rate will be 18¢ per pound.

Cigar Filler (42-44)

The national average rate and Ohio rate will be 9¢ per pound.

42. How will the payment per acre be computed?

The payment will be computed as follows:

- a) For underplanting (40a question) the payment will be the rate per pound times the smaller of the normal yield for the tract designated as the acreage reserve or the normal yield for the farm.

Farmer A has a normal yield of 1500 pounds per acre of burley tobacco. His yield of 1500 pounds times 18¢ would amount to \$270.00 if the tract designated for the acreage reserve was of normal or above normal in productivity.

Farmer B designates some land below normal productivity for the farm. His normal farm yield is 1800 pounds. The designated area's normal yield is 1600 pounds. Multiplying 1600 pounds by 18¢ gives \$288.00 per acre.

- b) For natural destruction (40b question) or mechanical disposition by plowing, etc. (40c question) the payment will be the rate per pound times the appraised yield for the field or rate per pound times the normal yield for the farm, whichever is less. The payment will not be less than \$6.00 per acre.

Farmer A has complete destruction by natural causes. His payment is \$6.00 per acre.

Farmer B has partial destruction of cigar filler tobacco. His appraised yield is 1000 lbs. per acre and his normal yield is 1500 lbs. per acre. The cigar filler tobacco rate of \$.09 would be multiplied times the appraised yield of 1000 lbs. giving him a payment of \$90. per acre. He must mechanically dispose of the remainder of the crop placed in the acreage reserve.

43. What is the minimum participation in the acreage reserve?

Burley

Growers will have to place 1/2 acre or 10 per cent of the total allotment, whichever is larger, in the acreage reserve to meet the minimum requirements. If the allotment is less than 1/2 acre, the entire allotment must be placed in the acreage reserve in order to participate.

Cigar Filler (42-44)

To meet minimum requirements, 10 per cent of the allotment or 1 acre, whichever is larger, will have to be placed in the acreage reserve. If the allotment is less than 1 acre, the entire allotment must be placed in the acreage reserve in order to participate.

44. What is the maximum participation?

The maximum number of acres of tobacco will be 5 acres or 50 per cent of the allotment, whichever is larger.

