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**Rice Land Tenure
Evaluation Software
Users' Guide**

**Brandon Benton, M. Edward Rister, Larry Falconer,
Joe Outlaw, and Edward G. Smith ***
mer@ag-eco.tamu.edu

Lotus 1-2-3 release 5.0
Windows 3.1/Windows 95 Version

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Department of Agricultural Economics
Texas Agricultural Extension Service
Texas Agricultural Experiment Station
Texas A&M University System

*The authors are student technician, Professor, Assistant Professor and Extension Economist-Management, Assistant Professor and Extension Economist-Management, and Distinguished Roy B. Davis Professor of Agricultural Cooperation and Extension Economist--Marketing and Policy, respectively, all of the Department of Agricultural Economics, Texas A&M University.

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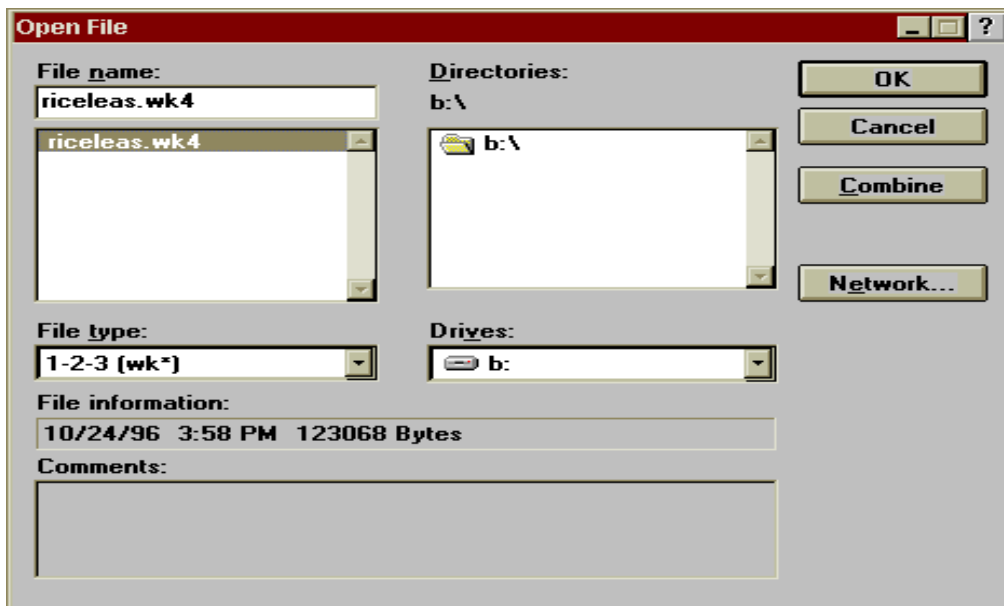
Preface

This Users' Guide supports the use of the **RICELEAS** Lotus 1-2-3 release 5.0 template on either conventional Windows 3.1 or Windows 95 microcomputer operating systems. Users of this program are advised to obtain a complementary copy of "Landowner/Tenant Issues in the Texas Rice Industry," Agricultural and Food Policy Center Policy Issues Paper 96-3, which discusses in some detail the FAIR Act of 1996 and its implications for a rice farm operator and landowners. Even though cotton- and grain-related transition payments are of much lower magnitude (\$/ac) than for rice, similar sets of software were prepared for use by operators and landowners. Copies of the software, Users' Guide, and the noted paper may be obtained either through your local county agent, or Larry Falconer in Corpus Christi (512/265-9203), or Joe Outlaw in College Station (409/845-3062).

The development of this software was funded by the Texas Agricultural Experiment Station (project H-3914), Texas Agricultural Extension Service, Texas Rice Research Foundation, and Rice Belt Warehouse, Inc.

Installation Instructions

The Rice Land Tenure Evaluation software is a Lotus template. This means that the program must be run using Lotus 1-2-3. This program is designed to run with either Windows 95 or Windows 3.1 or higher operating systems, and Lotus 1-2-3 release 5. A computer with 8mb of RAM and a 486 processor is also recommended, but not required. Since the program is a Lotus template, Lotus 1-2-3 must be running before you can load the program. Once inside Lotus, you must open a file. At the top of the Lotus program you will notice a menu bar with several menu options on it. In the top left corner is the "File" menu item. To open a file, pull down the "File" menu and click the "Open" option. Upon selecting the Open option, the Open File dialog box will appear, as shown below.



Under the “Drives” section, select the letter of the 3.5 inch drive on your computer. Then select the file entitled RICELEAS.WK4 from the list of files appearing along the left side. Click the OK button, and Lotus 1-2-3 r 5 will bring up the Rice Land Tenure Evaluation program. You will note there are several sheets comprising this spreadsheet file; the customized menu features incorporated into the RICELEAS.WK4 file facilitate moving from one area of the spreadsheet to another as necessary.

After the program has loaded up, the first screen you should see is the opening screen below:

Rice Land Tenure Evaluation Worksheet

Created By:

**M. Edward Rister
Joe Outlaw
Ed Smith
Larry Falconer
Brandon Benton**

**Department of Agricultural Economics
Texas Agricultural Extension Service
Texas Agricultural Experiment Station
Texas A&M University**

Version 1.01 January 20,1997

If you do not see the opening screen above, something is not working properly. Try and reload the file, going back through the steps outlined above. If problems persist, call Joe Outlaw in College Station (409/845-3062).

Overview

What the Rice Land Tenure Evaluation Program is designed to do: This Lotus template takes enterprise budget information for rice farm operations and evaluates the expected returns to producers and landowners under various lease scenarios. The landowners’ results from renting the land for rice farming are compared with their receiving 100% of the market transition

payments plus the user-specified net returns from an alternative enterprise, thus calculating the net advantage to landowners for renting their land for rice production under the budgeted scenario over the life of the FAIR Act.

The Rice Land Tenure Evaluation Program allows the user to evaluate any desired share arrangement, but for ease of use it contains fourteen default lease share options that the user may select from, and then modify if desired.

The user can print any one of six programmed reports by using the Print option on the menu. These reports include: 1) the base data on program yields, expected prices, and market transition payments; 2) land tenure arrangements (landowners' percentage of different cost items being shared); 3) enterprise budget information; 4) sensitivity table analyses for both the tenant and landowner for the current operating period; 5) sensitivity table analyses for the tenant over the life of the FAIR Act; and 6) sensitivity table analyses for the landowner over the life of the FAIR Act. The user may also print all six reports at once. An example of each of these reports appears toward the end of this Users' Guide.

Limitations: This program was designed with a very specific purpose in mind, that being to identify expected returns to landowners for two basic alternatives: (a) continuing to engage their land in rice production, considering alternative tenure arrangements, expected production costs, and ranges of expected yields, and prices; and (b) ceasing use of their land in rice production, and engaging it instead in an alternative use, whereby they realize 100% of the market transition payments and the user-specified net returns for the alternative enterprise. Therefore, it is limited in its analytical capabilities. The Rice Land Tenure Evaluation **is not** designed to:

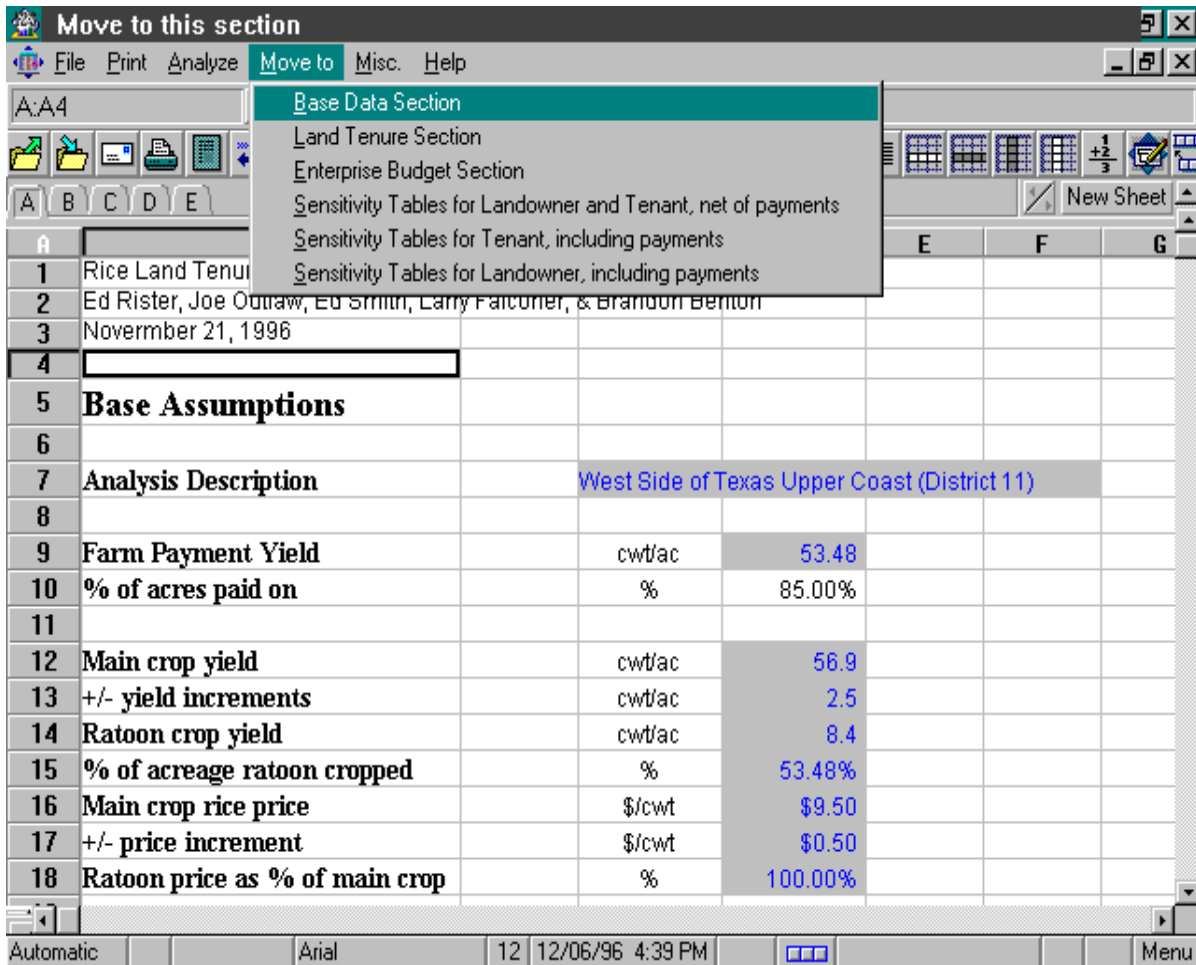
- ▶ Be prescriptive, i.e, indicate what one should do -- it simply evaluates alternatives based on user-supplied data.
- ▶ Evaluate leasing options for alternative enterprises -- this program only evaluates rice leases.
- ▶ Account fully for risk management -- it does not incorporate users' subjective probabilities for expected yields and prices, the option of crop insurance, or the effects of marketing contracts, among other possible considerations.
- ▶ Allow for direct, side-by-side comparisons of tenure arrangements for the rice enterprise as well as for other cropping alternatives.

A more comprehensive software program designed to address these issues will be available during the Summer of 1997.

Please Note:

The user may enter data in the cells that appear in blue text; blue text is “unprotected,” allowing users to change it, replacing it with their own values. All other cells are programmed as formulas, and should not be changed by the user. Doing so will corrupt the integrity of the program and result in the output being inaccurate. To protect against such accidental changes of formula cells, users are encouraged to maintain one or more original versions of the program in a secure location. **Note: in this Users’ Guide, the unprotected cells appear in a light shade of grey.**

Moving around the program: To move from one section to the next, simply access the pull-down menus located at the top of the screen. Inside this pull-down menu is a list of all the places that you can go to inside the program. To move around within any of the data entry or analysis sections, use the mouse in conjunction with the horizontal and vertical scroll bars at the right hand side and bottom of the display. The arrow keys may also be used to move within a page.



Required Data

The data required to generate results are entered into the (a) Base Data, (b) Land Tenure, and (c) Budget sections. These data include:

Base Data Section:

Analysis Description: This label is the information that will be printed in the heading of all the pre-programmed reports. It provides the user with the capability of labeling different analyses.

Farm Payment Yield: The established yield for a particular Farm Service Agency (FSA) farm unit; this yield is used by the FSA for determination of market transition payments. Be sure to adjust this figure to the appropriate level for the farm unit being analyzed.

Main Crop Yield: Expected rice yield (dry weight) for the main crop in cwt/ac, for the farm unit being evaluated.

Ratoon Crop Yield: Expected rice yield (dry weight) for the ratoon crop in cwt/ac, for the farm unit being evaluated.

Main Crop Rice Price: Expected harvest time price (\$/cwt) for main crop rice for the budgeted period.

+/- Increments for What If: The price and yield increments in \$/cwt and cwt/ac that are used to define alternative price and yield levels for the tenant and landowner sensitivity analysis tables. This program calculates returns under various yield and price scenarios. The main crop yield and price specified, along with the +/- increments, define the different yield and price levels used to calculate the returns. The sensitivity calculations are presented both for +/- one and +/- two increments about the specified yield and price levels, i.e., a total of twenty five different yield and price combinations are evaluated.

Ratoon Price as % of Main Crop: The percentage differential for the ratoon crop price as a total percentage of main crop price (e.g., a 10% discount would be represented as 90%).

Alternative Return: These values represent net cash flows from the next best alternative enterprise that will accrue to the landowner if the land is not rented to a tenant for rice production. These values are used to calculate the net advantage to the landowner for allowing the land to remain in rice production and be farmed by a tenant producer.

Annual discount rate: This value is used in net present value calculations to adjust the tenant's and landowners' cash flows to evaluate the net returns per acre over the 1996-2002 period. A desired rate of return for the land in the analysis could be used (e.g., 5-7%) or, alternatively, users

may choose to use their opportunity cost of capital for borrowed funds (e.g., 7-12%). Returns for the 1996 crop year are not included in the net present value calculations since this crop year is in the past, and as such, does not affect future decisions. Note: once the 1997 crop year has occurred, 1997 consequences should be excluded from the NPV calculations. Call Joe Outlaw (409/ 845-3062) or Ed Rister (409/845-3801) for information on how to make these revisions.

Land Tenure Section:

Analyze : This column of values is the current tenure arrangement being evaluated. These data may be selected from a set of default options from the menu bar using the Analyze menu. The user also has the option of customizing these scenarios by entering alternative values, or he/she may enter an entirely new alternative directly into the worksheet. The user may also alter the percentages that are shown in the fourteen customized tenure arrangements, even though the text is black. These cells are not formulas and changing them will not affect the operation of the program. Any tenure specific allocation changes that the user wishes to keep for subsequent analytical sessions need to be saved prior to exiting the program. Then, the next time the program is opened the customized tenure arrangements will be available, including any saved changes; be advised, however, that the original tenure arrangements that were altered will no longer be available -- for that reason, users are advised to keep an original version of this template stored in a secure location.

Enterprise Budget Section:

The following four data items are required to determine the wet weight of rice being handled and dried so that accurate harvest and post-harvest handling costs can be calculated. Both main and ratoon crop yield data are to be entered in dry weight terms.

Main Crop Harvest Moisture Percentage: The amount of main crop grain moisture when harvested, e.g., 18-22%.

Ratoon Crop Harvest Moisture Percentage: The amount of ratoon crop moisture when harvested, e.g., 18-22%.

Dry Moisture Percentage: The base moisture percentage for the rice to be marketed, or a target moisture level for dry rice, e.g., 12-13%.

Handling Shrink: Percentage reduction occurring as yields are transformed to dry yields, due primarily to handling losses, e.g., 0-1%.

Variable Production Input Levels and Costs: All of the data entry regarding costs and inputs is done in the Enterprise Budget Section. These data are mainly usage rates of variable inputs with corresponding costs. Fixed costs may be entered on a per acre basis near the bottom of the enterprise budget (while these fixed costs will appear in the printed enterprise budget report, they

are not considered in other aspects of the analysis (e.g., the sensitivity tables) as the fixed costs are considered irrelevant to the “grow rice” vs “pursue an alternative enterprise decision” -- that is, the fixed costs will occur regardless of the enterprises grown on the land; if additional future capital expenditures are intended for land leveling, water well replacement, etc. to support the rice enterprise, an amortized cost should be included in the variable cost section of the budget under “miscellaneous”). The areas that require data entry are colored with blue text, to symbolize a data entry cell. **Do not enter data** in cells that do not have blue text -- this will cause a formula to be erased, and the program to function improperly (refer to the Please Note item at the top of p. 4).

Menu Options

File Menu:

The File Menu can be accessed by clicking on the File section of the menu. The File Menu contains options for opening, closing, and saving files.

Open : the **Open** command allows the user to open a new file inside the Lotus program. If you open a new file, you will be leaving the Rice Land Tenure Evaluation program and opening another Lotus spreadsheet file.

Close : the **Close** command allows the user to close a file inside the Lotus program. If you choose the **Close** option, then you will be closing the Rice Land Tenure Evaluation program. It is recommended that the user save the current file by using the **Save As** option and entering an analysis-specific file name before closing.

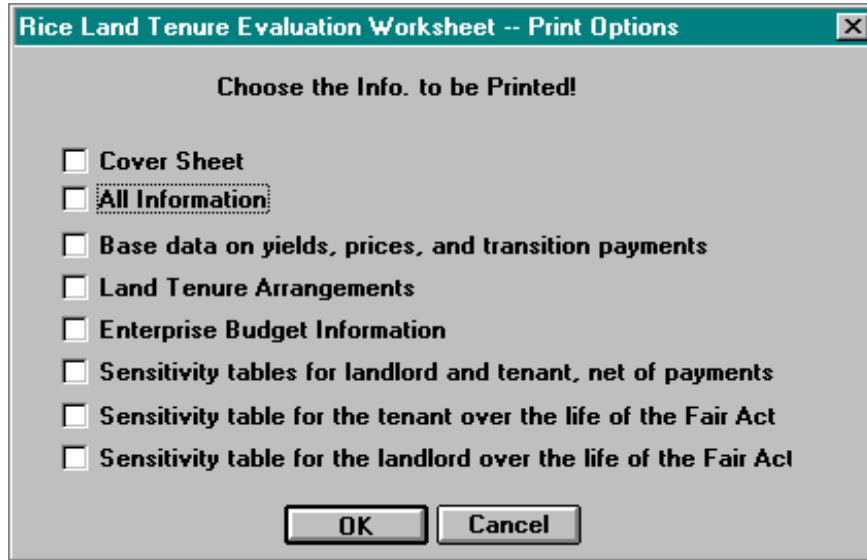
Save As? : the **Save As?** command allows the user to save the current file. You may save the file under the current name, or change the name of the file and preserve the data under a analysis-specific file name. It is recommended to periodically save the file as you progress through the worksheet. This helps to prevent data loss due to an accidental data entry, or unforeseen program shutdown by the computer system.

Exit : the **Exit** command allows the user to exit the Rice Land Tenure Evaluation program and the Lotus 1-2-3 program. It is recommended that the user save the data as discussed above before exiting.

Print Menu:

The Print Menu is a customized menu that allows the user to print a variety of reports. The option exists to print either one report at a time, all reports at once, or a user-specified combination of the six reports. The user can access the print menu by clicking the Print option on the customized main menu bar. After clicking on the Print menu, the user is presented with

the Print shown at the page.



dialog box top of the next

Inside the dialog box, the user can select any combination of six pre-defined reports, and a cover page. To select the items to be printed, click on the box next to the title of the report(s) to be printed and click OK. Be sure your printer is on and loaded with paper before executing this print command.

The available reports include:

Base Data on Yields, Prices, and Transition Payments: this report contains the base data on FSA program yield, expected yields, expected prices, annual \$/ac cash flows for an alternative enterprise over the remaining life of the FAIR Act, and the discount rate used in the analysis for net present value calculations.

Land Tenure Arrangements: the specific land tenure arrangement (percentage of crop returns and different cost items being shared) that is being analyzed for the particular scenario, along with the rest of the available alternatives.

Enterprise Budget Information: the enterprise budget information that represents the cost structure for the specific rice production scenario that is being analyzed.

Sensitivity table for landowner and tenant, net of payments: the sensitivity table analyses for both the tenant and landowner for only the current operating period, net of (ignoring) any transition payments.

Sensitivity table for tenant over the life of the FAIR Act: the sensitivity table analyses for the tenant over the remaining life of the FAIR Act (1996-2002), including tenant's designated share of transition payments. Positive values indicate returns exceed the tenant's share of variable costs while negative values indicate the opposite.

Sensitivity table for the landowner over the life of the FAIR Act: the left side represents the sensitivity table analyses for the landowner continuing to rent his/her land to a tenant producer for rice farming over the remaining life of the FAIR Act (1996-2002), including landowners' designated share of transition payments. Positive values indicate landowners' share of returns exceed the landowners' share of variable costs while negative values indicate the opposite. The middle column of values represents the respective annual net returns realized by landowners who discontinue their rice lease and engage their land in its next best use, while also receiving 100% of the market transition payments. The right side of this output represents the net advantage to the landowner for continuing use of his/her land in rice production compared to using it in the specified next best use and receiving 100% of the market transition payments. A positive value indicates returns are highest if rice production is continued with a tenant while a negative value signals the landowners' pursuit of the next best alternative accompanied by their receipt of 100% of the market transition payments are more profitable.

The user may also print all six reports at once by selecting the **All Information** option from the dialog box.

Analyze Menu:

The Analyze Menu allows the user to select any of fourteen pre-defined land tenure arrangements. A user can select the option they would like to analyze by clicking on the desired selection with the mouse, or by using the arrow and enter keys. The program then over-writes the contents of the Analyze column in the Budget page, and immediately updates all calculations to reflect the desired tenure arrangement. **If the user changes any component of the tenure or budget data, the REFRESH menu item needs to be executed as described on the next page.**

Move To Menu:

The Move To menu allows the user to move around throughout the worksheet. By selecting one of the seven options the user can move to the sections specified by that option.

Misc Menu:

The Miscellaneous Menu allows you to either (a) switch to the Lotus 1-2-3 menu or (b) refresh the data and calculations inside the worksheet.

Reset to 1-2-3 Menu:

The Reset Menu allows the user to toggle to the standard Lotus 1-2-3 menu system. If you do toggle to the standard menu, after completing the intended Lotus tasks, you may then return to the Rice Land Tenure Evaluation program's customized menus by selecting the **Menu** option that has been added on the far right side of the standard Lotus 1-2-3 menu bar.

IMPORTANT

Refresh: allows a user who has changed data within the land tenure section or the enterprise budget section to recalculate the sensitivity tables using the new data values. For example, if you select the 1/4a share arrangement from the Analyze menu, then the program automatically computes the sensitivity tables using that data. However, if you go to the land tenure section and adjust the percentages after having selected a tenure alternative, the program will not automatically update the tables. Similarly, if you make an adjustment on the Enterprise Budget section or elsewhere, such changes are not automatically reflected on the results sections. The user must move to the Misc menu and choose the Refresh option. The program then takes the data that has just been changed and re-calculates the sensitivity tables.

Help Menu:

The Help Menu allows you to access the Lotus 1-2-3 help screens.

Reports

Each of the following six pages is an example presentation of the six respective reports that may be generated using this program. The values used in this example are for a case farm situation in Wharton County (Wharton-El Campo, TX area) identified in December 1996.

Base Assumptions

Analysis Description

West Side of Texas Upper Coast (District 11)

Farm Payment Yield	cwt/ac	53.48
% of acres paid on	%	85.00%
Main crop yield	cwt/ac	56.9
+/- yield increments	cwt/ac	2.5
Ratoon crop yield	cwt/ac	8.4
% of acreage ratoon cropped	%	53.48%
Main crop rice price	\$/cwt	\$9.50
+/- price increment	\$/cwt	\$0.50
Ratoon price as % of main crop	%	100.00%

	Annual Payment Rates			Annual alternative net return
1996	\$/cwt	\$2.78	\$/ac	(\$12.00)
1997	\$/cwt	\$2.74	\$/ac	(\$12.00)
1998	\$/cwt	\$2.94	\$/ac	(\$12.00)
1999	\$/cwt	\$2.85	\$/ac	(\$12.00)
2000	\$/cwt	\$2.61	\$/ac	(\$12.00)
2001	\$/cwt	\$2.11	\$/ac	(\$12.00)
2002	\$/cwt	\$2.04	\$/ac	(\$12.00)

Annual discount rate	%	10.00%
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Land Tenure Section

Landowner's Share of Crop and Expenses for Alternative Tenure Arrangements

Analyze	1/12 #1	1/10 #2	1/9 #3	1/8 #4	1/7 #5	1/4a #6	1/4b #7	1/3 #8	1/2 #9	C40 #10	C60 #11	C80 #12	C100 #13	C0 #14
REVENUES														
MAIN CROP (cwt/acr)	0.00%	8.33%	10.00%	11.11%	12.50%	14.29%	25.00%	25.00%	33.33%	50.00%	0.00%	0.00%	0.00%	0.00%
RATOON CROP (cwt/acr)	0.00%	8.33%	10.00%	11.11%	12.50%	14.29%	25.00%	25.00%	33.33%	50.00%	0.00%	0.00%	0.00%	0.00%
CASH RENT(\$/acr)	\$100.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$40.00	\$60.00	\$80.00	\$100.00	\$0.00
Main Crop OTHER	0.00%	8.33%	10.00%	11.11%	12.50%	14.29%	25.00%	25.00%	33.33%	50.00%	0.00%	0.00%	0.00%	0.00%
Ratoon Crop OTHER	0.00%	8.33%	10.00%	11.11%	12.50%	14.29%	25.00%	25.00%	33.33%	50.00%	0.00%	0.00%	0.00%	0.00%
GROSS RECEIPTS														

VARIABLE COSTS

Main Crop

SEED	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
FERTILIZER	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	25.00%	33.33%	50.00%	0.00%	0.00%	0.00%	0.00%
HERBICIDE	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	25.00%	33.33%	50.00%	0.00%	0.00%	0.00%	0.00%
INSECTICIDES	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	25.00%	33.33%	50.00%	0.00%	0.00%	0.00%	0.00%
FUNGICIDES	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	25.00%	33.33%	50.00%	0.00%	0.00%	0.00%	0.00%
LABOR	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
FUEL	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
REPAIRS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
HAULING (wet weight basis)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
DRYING-STORAGE (wet weight basis)	0.00%	0.00%	10.00%	11.11%	12.50%	14.29%	25.00%	25.00%	33.33%	50.00%	0.00%	0.00%	0.00%	0.00%
FLYING	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	25.00%	33.00%	50.00%	0.00%	0.00%	0.00%	0.00%
IRRIGATION	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
MISCELLANEOUS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SALES COMM & TRPB CHECK-OFF (dry wt)	0.00%	0.00%	10.00%	11.11%	12.50%	14.29%	25.00%	25.00%	33.33%	50.00%	0.00%	0.00%	0.00%	0.00%
HARVESTING	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OTHER	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
INTEREST (weighted int rate)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Main Crop VC sub-total

Ratoon Crop

FERTILIZER	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	25.00%	33.33%	50.00%	0.00%	0.00%	0.00%	0.00%
HERBICIDE	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	25.00%	33.33%	50.00%	0.00%	0.00%	0.00%	0.00%
INSECTICIDES	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	25.00%	33.33%	50.00%	0.00%	0.00%	0.00%	0.00%
FUNGICIDES	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	25.00%	33.33%	50.00%	0.00%	0.00%	0.00%	0.00%
LABOR	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
FUEL	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
REPAIRS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
HAULING (wet weight basis)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
DRYING-STORAGE (wet weight basis)	0.00%	0.00%	10.00%	11.11%	12.50%	14.29%	25.00%	25.00%	33.33%	50.00%	0.00%	0.00%	0.00%	0.00%
FLYING	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	25.00%	33.33%	50.00%	0.00%	0.00%	0.00%	0.00%
IRRIGATION	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
MISCELLANEOUS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SALES COMM & TRPB CHECK-OFF (dry wt)	0.00%	0.00%	10.00%	11.11%	12.50%	14.29%	25.00%	25.00%	33.33%	50.00%	0.00%	0.00%	0.00%	0.00%
HARVESTING	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OTHER	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
INTEREST (weighted int rate)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Ratoon Crop VC sub-total

FIXED COSTS

DEPRECIATION	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
REPAIRS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
INSURANCE	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
INTEREST	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
PROPERTY TAXES	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
WATER WELL	100.00%	0.00%	0.00%	0.00%	100.00%	100.00%	100.00%	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	100.00%
WATER PUMP & ENGINE	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Share of Transition Payment 0.00% 8.33% 10.00% 11.11% 12.50% 14.29% 25.00% 25.00% 33.33% 50.00% 0.00% 0.00% 0.00% 0.00% 0.00%

Tenure Arrangement Label C100 1/12 1/10 1/9 1/8 1/7 1/4a 1/4b 1/3 1/2 C40 C60 C80 C100 C0

MC Harvest Moist	21.00%
RC Harvest Moist	22.00%
Dry Moisture	12.50%
Harvesting Loss	0.50%

RICE PRODUCTION ENTERPRISE BUDGET						
		MC		RC		
WET/DRY WEIGHT INDEX		1.1013	wet lbs rough rice/dry	1.1154		
		UNITS/AC	\$/UNIT	\$/AC	\$/AC	% DIFF TO MC
REVENUES						
MAIN CROP (cwt/ac)		56.0	\$9.50	\$540.55	\$540.55	\$0.00 0.00%
RATOON CROP (cwt/ac)		0.4	\$9.50	42.63	42.63	\$0.00 0.00%
CASH RENT(\$/ac)				0.00	-100.00	100.00 \$100.00
Main Crop OTHER		0.00	0.00	0.00	0.00	0.00 0.00%
Ratoon Crop OTHER		0.00	0.00	0.00	0.00	0.00 0.00%
GROSS RECEIPTS				\$583.18	\$483.18	\$100.00 n/a
VARIABLE COSTS						
Main Crop						
SEED		1.08	21.50	\$23.22	\$23.22	\$0.00 0.00%
FERTILIZER		1	54.80	54.80	54.80	0.00 0.00%
HERBICIDE		1	50.68	50.68	50.68	0.00 0.00%
INSECTICIDES		1	21.25	21.25	21.25	0.00 0.00%
FUNGICIDES		22	0.99	21.26	21.26	0.00 0.00%
LABOR		1	54.43	54.43	54.43	0.00 0.00%
FUEL		1	17.20	17.20	17.20	0.00 0.00%
REPAIRS		1	15.98	15.98	15.98	0.00 0.00%
HAULING (wet weight basis)		\$2.65	0.28	17.55	17.55	0.00 0.00%
DRYING-STORAGE (wet weight basis)		\$2.65	0.95	52.26	52.26	0.00 0.00%
FLYING		1	46.35	46.35	46.35	0.00 0.00%
IRRIGATION		1	90.00	90.00	90.00	0.00 0.00%
MISCELLANEOUS		1	0.00	0.00	0.00	0.00 0.00%
SALES COMM & TRPB CHECK-OFF (dry wt)		\$6.93	0.15	6.54	6.54	0.00 0.00%
HARVESTING		1	19.77	19.77	19.77	0.00 0.00%
OTHER		0	0.00	0.00	0.00	0.00 0.00%
INTEREST (weighted int rate)		\$94.27	0.0021	21.23	21.23	0.00 0.00%
Main Crop VC sub-total				\$535.63	\$535.63	\$0.00 n/a
Ratoon Crop						
FERTILIZER		42	0.22	\$4.94	\$4.94	\$0.00 0.00%
HERBICIDE		1	0.00	\$0.00	0.00	0.00 0.00%
INSECTICIDES		1	0.00	\$0.00	0.00	0.00 0.00%
FUNGICIDES		0	0.00	\$0.00	0.00	0.00 0.00%
LABOR		0.051	6.10	\$0.17	0.17	0.00 0.00%
FUEL		1	0.28	\$0.20	0.20	0.00 0.00%
REPAIRS		1	0.28	\$0.19	0.19	0.00 0.00%
HAULING (wet weight basis)		9.4	0.28	\$1.40	1.40	0.00 0.00%
DRYING-STORAGE (wet weight basis)		9.4	0.95	\$4.25	4.25	0.00 0.00%
FLYING		0.8	4.95	\$2.09	2.09	0.00 0.00%
IRRIGATION		0	0.00	\$0.00	0.00	0.00 0.00%
MISCELLANEOUS		0	0.00	\$0.00	0.00	0.00 0.00%
SALES COMM & TRPB CHECK-OFF (dry wt)		0.23	0.15	\$0.67	0.67	0.00 0.00%
HARVESTING		1	14.83	\$7.93	7.93	0.00 0.00%
OTHER		0	0.00	\$0.00	0.00	0.00 0.00%
INTEREST (weighted int rate)		21.84	0.00	\$0.00	0.00	0.00 0.00%
Ratoon Crop VC sub-total				\$21.84	\$21.84	\$0.00 n/a
Main Crop Returns Above Variable Costs				\$4.95	(\$95.05)	\$100.00 n/a
Ratoon Crop Returns Above Variable Costs				20.79	20.79	0.00 n/a
All Returns Above Variable Costs				25.74	(74.26)	100.00 n/a
FIXED COSTS						
DEPRECIATION		1	\$95.34	\$95.34	\$95.34	\$0.00 0.00%
UTILITIES		1	0.00	0.00	0.00	0.00 0.00%
INSURANCE		1	0.00	0.00	0.00	0.00 0.00%
INTEREST		1	0.00	0.00	0.00	0.00 0.00%
PROPERTY TAXES		1	0.00	0.00	0.00	0.00 0.00%
WATER WELL		1	0.26	0.26	0.00	0.26 100.00%
WATER PUMP & ENGINE		0	0.00	0.00	0.00	0.00 0.00%
TOTAL FIXED COSTS/ACRE				\$95.60	\$95.34	\$0.26 n/a
TOTAL COSTS/ACRE				\$653.04	\$652.78	\$0.26 n/a
TOTAL NET/ACRE -Return to Land and Profit				(\$69.90)	(\$169.60)	\$99.74 n/a
Break-even Price, All Production Costs less govt permits	\$/cwt			\$10.094		
Break-even Price, All Production Costs	\$/cwt			\$10.094		
Break-even Price, Variable Costs - Main Crop	\$/cwt			\$9.413		
Break-even Price, Variable Costs - Ratoon Crop	\$/cwt			\$2.603		
Break-even Price, Variable Costs - Both Crops	\$/cwt			\$8.538		
Break-even Price, Fixed Costs - Main Crop	\$/cwt			\$1.690		
Break-even Price, Fixed Costs - Both Crops	\$/cwt			\$1.464		

West Side of Texas Upper Coast (District 11)

Net of Transition Payments

What If Table for Tenant (Returns Above Variable Costs)

		MC Premium (\$/cwt) 1/7					
		+TENRAVC	\$8.50	\$9.00	\$9.50	\$10.00	\$10.50
MC Yield (cwt/ac)	51.90	(130.45)	(106.29)	(82.12)	(57.96)	(33.79)	
	54.40	(115.55)	(90.32)	(65.08)	(39.84)	(14.61)	
	56.90	(100.66)	(74.35)	(48.04)	(21.73)	4.58	
	59.40	(85.76)	(58.38)	(31.00)	(3.62)	23.76	
	61.90	(70.86)	(42.40)	(13.95)	14.50	42.95	

What If Table for Landowner (Returns Above Variable Costs)

		MC Premium (\$/cwt) 1/7					
		+LANDRAV	\$8.50	\$9.00	\$9.50	\$10.00	\$10.50
MC Yield (cwt/ac)	51.90	59.71	63.74	67.77	71.80	75.82	
	54.40	62.36	66.57	70.77	74.98	79.19	
	56.90	65.01	69.39	73.78	78.16	82.55	
	59.40	67.66	72.22	76.78	81.35	85.91	
	61.90	70.30	75.05	79.79	84.53	89.27	

**Annual and NPV of Returns Table for Tenant
West Side of Texas Upper Coast (District 11)**

Base w/o transition payments

MC Yield 1/7

(cwt/ac)	MC Premium (\$/cwt)				
+TENRAVC	\$8.50	\$9.00	\$9.50	\$10.00	\$10.50
51.90	(130.45)	(106.29)	(82.12)	(57.96)	(33.79)
54.40	(115.55)	(90.32)	(65.08)	(39.84)	(14.61)
56.90	(100.66)	(74.35)	(48.04)	(21.73)	4.58
59.40	(85.76)	(58.38)	(31.00)	(3.62)	23.76
61.90	(70.86)	(42.40)	(13.95)	14.50	42.95

Annual, considering transition payments

1996	\$8.50	\$9.00	\$9.50	\$10.00	\$10.50
51.90	(22)	2	26	50	75
54.40	(7)	18	43	68	94
56.90	8	34	60	87	113
59.40	23	50	77	105	132
61.90	37	66	94	123	151
1997	\$8.50	\$9.00	\$9.50	\$10.00	\$10.50
51.90	(24)	0	25	49	73
54.40	(9)	16	42	67	92
56.90	6	32	59	85	111
59.40	21	48	76	103	131
61.90	36	64	93	121	150
1998	\$8.50	\$9.00	\$9.50	\$10.00	\$10.50
51.90	(16)	8	32	57	81
54.40	(1)	24	49	75	100
56.90	14	40	67	93	119
59.40	29	56	84	111	138
61.90	44	72	101	129	158
1999	\$8.50	\$9.00	\$9.50	\$10.00	\$10.50
51.90	(19)	5	29	53	77
54.40	(5)	21	46	71	96
56.90	10	37	63	89	116
59.40	25	53	80	107	135
61.90	40	69	97	126	154
2000	\$8.50	\$9.00	\$9.50	\$10.00	\$10.50
51.90	(29)	(5)	20	44	68
54.40	(14)	11	37	62	87
56.90	1	27	54	80	106
59.40	16	43	71	98	125
61.90	31	59	88	116	145
2001	\$8.50	\$9.00	\$9.50	\$10.00	\$10.50
51.90	(48)	(24)	0	24	48
54.40	(33)	(8)	17	42	68
56.90	(18)	8	34	60	87
59.40	(4)	24	51	79	106
61.90	11	40	68	97	125
2002	\$8.50	\$9.00	\$9.50	\$10.00	\$10.50
51.90	(51)	(27)	(3)	22	46
54.40	(36)	(11)	14	40	65
56.90	(21)	5	31	58	84
59.40	(6)	21	48	76	103
61.90	9	37	66	94	122
NPV*	\$8.50	\$9.00	\$9.50	\$10.00	\$10.50
51.90	(128)	(22)	83	188	293
54.40	(63)	47	157	267	377
56.90	2	117	231	346	460
59.40	67	186	306	425	544
61.90	132	256	380	504	628

*NPV is for 1997-2002, discounted into 1997 \$s.

**Annual and NPV of Returns Table for Landowner
West Side of Texas Upper Coast (District 11)**

Rice is grown Base w/o transition payments						No Rice	Advantage to growing rice Base w/o transition payments					
MC Yield		1/7					MC Yield		1/7			
(cwt/ac)	MC Premium (\$/cwt)						(cwt/ac)	MC Premium (\$/cwt)				
+LANDRAY	\$8.50	\$9.00	\$9.50	\$10.00	\$10.50		+B-062	\$8.50	\$9.00	\$9.50	\$10.00	\$10.50
51.90	59.71	63.74	67.77	71.80	75.82	(\$12.00)	51.90	71.71	75.74	79.77	83.80	87.82
54.40	62.36	66.57	70.77	74.98	79.19		54.40	74.36	78.57	82.77	86.98	91.19
56.90	65.01	69.39	73.78	78.16	82.55		56.90	77.01	81.39	85.78	90.16	94.55
59.40	67.66	72.22	76.78	81.35	85.91		59.40	79.66	84.22	88.78	93.35	97.91
61.90	70.30	75.05	79.79	84.53	89.27		61.90	82.30	87.05	91.79	96.53	101.27

Annual, considering transition payments

Annual, considering transition payments

1996						\$114.37	1996					
\$8.50	\$9.00	\$9.50	\$10.00	\$10.50			\$8.50	\$9.00	\$9.50	\$10.00	\$10.50	
51.90	78	82	86	90	94		51.90	(37)	(33)	(29)	(25)	(20)
54.40	80	85	89	93	97		54.40	(34)	(30)	(26)	(21)	(17)
56.90	83	87	92	96	101		56.90	(31)	(27)	(23)	(18)	(14)
59.40	86	90	95	99	104		59.40	(29)	(24)	(20)	(15)	(10)
61.90	88	93	98	103	107	61.90	(26)	(21)	(17)	(12)	(7)	
1997						\$112.55	1997					
\$8.50	\$9.00	\$9.50	\$10.00	\$10.50			\$8.50	\$9.00	\$9.50	\$10.00	\$10.50	
51.90	78	82	86	90	94		51.90	(35)	(31)	(27)	(23)	(19)
54.40	80	84	89	93	97		54.40	(32)	(28)	(24)	(20)	(16)
56.90	83	87	92	96	100		56.90	(30)	(25)	(21)	(17)	(12)
59.40	85	90	95	99	104		59.40	(27)	(23)	(18)	(13)	(9)
61.90	88	93	98	102	107	61.90	(24)	(20)	(15)	(10)	(5)	
1998						\$121.65	1998					
\$8.50	\$9.00	\$9.50	\$10.00	\$10.50			\$8.50	\$9.00	\$9.50	\$10.00	\$10.50	
51.90	79	83	87	91	95		51.90	(43)	(39)	(35)	(31)	(27)
54.40	81	86	90	94	98		54.40	(40)	(36)	(32)	(28)	(23)
56.90	84	88	93	97	102		56.90	(38)	(33)	(29)	(24)	(20)
59.40	87	91	96	100	105		59.40	(35)	(30)	(26)	(21)	(17)
61.90	89	94	99	104	108	61.90	(32)	(28)	(23)	(18)	(13)	
1999						\$117.56	1999					
\$8.50	\$9.00	\$9.50	\$10.00	\$10.50			\$8.50	\$9.00	\$9.50	\$10.00	\$10.50	
51.90	78	82	86	90	94		51.90	(39)	(35)	(31)	(27)	(23)
54.40	81	85	89	93	98		54.40	(37)	(32)	(28)	(24)	(20)
56.90	84	88	92	97	101		56.90	(34)	(30)	(25)	(21)	(16)
59.40	86	91	95	100	104		59.40	(31)	(27)	(22)	(18)	(13)
61.90	89	94	98	103	108	61.90	(29)	(24)	(19)	(15)	(10)	
2000						\$106.65	2000					
\$8.50	\$9.00	\$9.50	\$10.00	\$10.50			\$8.50	\$9.00	\$9.50	\$10.00	\$10.50	
51.90	77	81	85	89	93		51.90	(30)	(26)	(22)	(18)	(14)
54.40	79	84	88	92	96		54.40	(27)	(23)	(19)	(15)	(11)
56.90	82	86	91	95	99		56.90	(25)	(20)	(16)	(12)	(7)
59.40	85	89	94	98	103		59.40	(22)	(17)	(13)	(8)	(4)
61.90	87	92	97	101	106	61.90	(19)	(15)	(10)	(5)	(0)	
2001						\$83.92	2001					
\$8.50	\$9.00	\$9.50	\$10.00	\$10.50			\$8.50	\$9.00	\$9.50	\$10.00	\$10.50	
51.90	73	77	81	85	90		51.90	(11)	(6)	(2)	2	6
54.40	76	80	84	89	93		54.40	(8)	(4)	1	5	9
56.90	79	83	87	92	96		56.90	(5)	(1)	4	8	12
59.40	81	86	90	95	100		59.40	(3)	2	7	11	16
61.90	84	89	93	98	103	61.90	0	5	10	14	19	
2002						\$80.73	2002					
\$8.50	\$9.00	\$9.50	\$10.00	\$10.50			\$8.50	\$9.00	\$9.50	\$10.00	\$10.50	
51.90	73	77	81	85	89		51.90	(8)	(4)	0	4	8
54.40	76	80	84	88	92		54.40	(5)	(1)	3	7	12
56.90	78	83	87	91	96		56.90	(2)	2	6	11	15
59.40	81	85	90	95	99		59.40	0	5	9	14	18
61.90	84	88	93	98	103	61.90	3	8	12	17	22	
NPV*						\$461.70	NPV*					
\$8.50	\$9.00	\$9.50	\$10.00	\$10.50			\$8.50	\$9.00	\$9.50	\$10.00	\$10.50	
51.90	333	351	369	386	404		51.90	(128)	(111)	(93)	(76)	(58)
54.40	345	363	382	400	418		54.40	(117)	(98)	(80)	(62)	(43)
56.90	357	376	395	414	433		56.90	(105)	(86)	(67)	(48)	(29)
59.40	368	388	408	428	448		59.40	(94)	(74)	(54)	(34)	(14)
61.90	380	400	421	442	462	61.90	(82)	(61)	(41)	(20)	1	

*NPV is for 1997-2002, discounted into 1997 \$s.

*NPV is for 1997-2002, discounted into 1997 \$

Landowner takes all payment and alternative returns for 1997-2002.

	Payment	Altern	Total
1996	126.37	-12.00	114.37
1997	124.55	-12.00	112.55
1998	133.65	-12.00	121.65
1999	129.56	-12.00	117.56
2000	118.65	-12.00	106.65
2001	95.92	-12.00	83.92
2002	92.73	-12.00	80.73
NPV97-02	513.96	-52.26	461.70