



## AGRICULTURAL ECONOMICS SERIES

# TIMELY INFORMATION

## Agriculture & Natural Resources

AGRICULTURAL ECONOMICS AND RURAL SOCIOLOGY, AUBURN UNIVERSITY, AL 36849-5639  
 2002 Farm Bill Essentials for Row Crop Farmers  
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The new Farm Bill provides for Fixed Payments, Counter-Cyclical Payments, and Marketing Loan Supports for farmers.

**Fixed Payments and Counter-Cyclical Payments:** These are decoupled from production and the farmer need not produce the relevant or any crop to receive them. Counter-Cyclical Payment equals Target Price less Fixed Payment less the higher of Loan Rate or Market Price. Payments are made on 85 percent of base acres times program yield.

<b>Crop</b>	<b>Target Price</b>	<b>Fixed Payment</b>	<b>Loan Rate</b>	<b>Max. Cntr-Cycl</b>
<b>Cotton:</b>	<b>\$0.724/lb</b>	<b>\$0.667/lb</b>	<b>\$0.52/lb</b>	<b>\$0.1373/lb</b>
<b>Corn:</b>	<b>\$2.60/bu</b>	<b>\$0.28/bu</b>	<b>\$1.98/bu</b>	<b>\$0.34/bu</b>
<b>Soybeans:</b>	<b>\$5.80/bu</b>	<b>\$0.44/bu</b>	<b>\$5.00/bu</b>	<b>\$0.36/bu</b>
<b>Wheat:</b>	<b>\$3.86/bu</b>	<b>\$0.52/bu</b>	<b>\$2.80/bu</b>	<b>\$0.54/bu</b>
<b>Peanuts:</b>	<b>\$495/ton</b>	<b>\$36/ton</b>	<b>\$355/ton</b>	<b>\$104/ton</b>

Landowners may choose to update base acres based on 1998-2001 plantings. Those who will gain cotton base should consider doing this. Those who choose to update base acres may choose to update yields. Updated yields will be used only for counter-cyclical payments. When updating yields, owners must use 75% of 4-year county average for any year they planted the crop but cannot prove yields, or if their yield was less than 75% of 4-year county average. New soybean program yield will be 78% of actual 1998-2001 farm yield.

**Marketing Loan Provisions:** The marketing loan remains essentially unchanged from the last farm bill. Farmers may choose to place commodities grown on program acres into storage. This is a non-recourse loan whereby farmers can abandon the crop if it is in their interest to do so. Loan deficiency payments are available, as are generic marketing certificates for farmers who reach the payment limitations. Loan deficiency payment or "POP" is equal to effective loan rate less posted county price or, in the case of cotton, adjusted world price.

**Payment Limitations.** Separate payment limitations are established for peanuts. This farm bill retains current provisions for spouses, the 3-entity rule, and "Active Participation". Farmers with incomes in excess of \$2.5 million who receive more than 75% of their income from non-agricultural sources are excluded from participating in these programs (sorry Ted).

<b>Fixed Payments:</b>	<b>\$ 40,000</b>
<b>Counter-Cyclical Payments:</b>	<b>\$ 65,000</b>
<b>Marketing loan gains:</b>	<b><u>\$ 75,000</u></b>
<b>Total</b>	<b>\$180,000</b>