



WEEKLY OUTLOOK

Department of Agricultural Economics
College of Agriculture
University of Illinois at Urbana-Champaign

April 4, 1984

WHAT DO THE ENROLLMENT FIGURES MEAN?

ON MARCH 23, THE USDA RELEASED ENROLLMENT FIGURES FOR THE 1984 feed grain, wheat, cotton, and rice acreage reduction programs. In the case of corn, these figures indicated that 54 percent of the base acreage was enrolled in the 10 percent acreage reduction program. Enrollment in the western Corn Belt states of Iowa, Nebraska, and Minnesota averaged 68 percent of the base acreage. Enrollment in the eastern Corn Belt states of Illinois, Indiana, and Ohio averaged 51 percent of the acreage.

In the case of wheat, enrollment in the 1984 programs totaled 53 percent of the base acreage. Nearly 42 percent of the base was enrolled in the 30 percent acreage reduction program. About 11 percent of the acreage was enrolled in the 10-to-20 percent payment-in-kind (PIK) conservation reserve. Enrollment averaged about 70 percent in the spring wheat states, about 55 percent in the hard red winter wheat areas, and between 15 and 20 percent in the soft red winter wheat states.

The enrollment figures need to be evaluated from two standpoints--the implication for the magnitude of harvested acreage in 1984 and the implications for the price of the 1984 crops.

The participation in the set-aside program for corn is somewhat higher than expected. However, the magnitude of the national corn base acreage used in calculating the percentage enrollment is surprisingly small at 81.4 million acres. The 1984 base acreage was calculated from acreage actually planted, or considered planted, to corn in 1982 and 1983.

In 1982, 81.8 million acres of corn were planted and 2.1 million acres were in the set-aside program, for a total of 83.9 million acres. In 1983, 60.2 million acres were planted to corn and 31.3 million acres were in the set-aside and PIK program, for a total of 91.5 million acres. The small base for 1984 is attributed to the failure of some producers to report base acres, particularly those producers who withdrew from the 1982 set-aside program.

The sign-up figures released by the USDA suggest that only 4.4 million acres of corn land will be idled in 1984. Past history suggests that the majority of the set-aside acreage will be nonproductive land and that nonparticipants will plant

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more corn than under normal circumstances. The set-aside program will not significantly affect corn acreage in 1984. Actual plantings will likely be close to the February intentions of 81.8 million acres.

Sign-up figures for the wheat program suggest that 13.7 million acres of wheat land will be idled in 1984. Since some of this land will be nonproductive land, particularly in those areas where summer fallow is included in the set-aside acres, it is unlikely that planted acreage will be altered by the full 13.7 million acres. Planted acreage could still be quite close to the 82.6 million acres already seeded or intended to be seeded as reflected in the February *Prospective Plantings* report.

Since the sign-up figures were announced, Congress has altered the wheat program to include a lower target price and a paid diversion program for the 1984 crop. Since enrollment was already quite high, this new program will probably not significantly alter the level of participation. It will only increase the cost of the program.

While the set-aside programs for corn and wheat do not significantly alter the production prospects for 1984, they do have significant implications for the price of the 1984 crop. The high level of participation by corn producers, spring wheat producers, and hard red winter wheat producers means that the price of those crops will be effectively supported by the Commodity Credit Corporation (CCC) loan rates.

Darrel Good

Issued by *Darrel Good*, Extension Specialist, Prices and Outlook

Cooperative Extension Service
United States Department of Agriculture
University of Illinois
At Urbana-Champaign
Urbana, Illinois 61801

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