

How Iowa Stacks Up Under the 1996 Freedom to Farm Payments

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Production Flexibility Contract (PFC) acres enrolled for fiscal year (FY) 1996 were released by USDA on August 19, 1996. From these data, and what we know about the payment stream, we calculated the payment rates by bushel, acre, and state. Total payments by state under the 1996 FAIR Act were also calculated. These figures provide a comparison by state and commodity.

Iowa had the fifth highest enrollment rate with 99.4 percent of the eligible acres enrolled. North Dakota led the nation with 99.7 percent enrolled and Pennsylvania had the lowest at 91.6 percent. The highlights of selected states are in Table 1. Iowa ranks third in total payments at \$346 million, behind Texas (\$513 million) and Kansas (\$429 million).

Table 1: Estimated PFC payments, selected states.*

	1996 Payments		Area Enrolled	
	\$/Ac.	\$/State	Acres	Percent
		(,000)	(,000)	
Iowa	23.46	346,444	14,767	99.4
Arizona	79.95	54,718	684	99.0
California	75.50	259,041	3,431	98.3
Kansas	22.65	429,121	18,948	99.5
Maine	10.69	665	62	97.3
N. Dakota	18.21	314,829	17,292	99.7
Penn.	18.02	17,951	996	91.6
R.I.	17.67	23	1	94.5
Texas	26.91	513,317	19,078	99.0

*Values may not sum to the total due to rounding.

Iowa also ranks behind other states in payments per acre due to commodity mix and to high payments per acre for cotton and rice. Arizona has the highest average payment per acre because more than half of enrolled area is in cotton with a \$97 payment per acre. California, with both cotton and rice enrollment (rice payments are \$160/acre) ranks second in average payment per acre enrolled.

By commodity, the national average payment per acre in order from highest to lowest are: rice (\$113), cotton (\$46), wheat (\$26), corn (\$22), sorghum (\$16), barley (\$13), and oats (\$1).

For corn PFC payments, Iowa, with the seventh highest program yield, has the seventh highest payment per acre (\$24) shown in Table 2. Because it has the highest program yield of 126 bushels per acre in the country, Arizona receives the highest corn payment of \$26 per acre.

Table 2: Estimated Iowa PFC payments and acres in FY1996.*

	PFC Payments			Area Enrolled	
	\$/Bu	\$/Ac.	\$/State	Acres	Percent
			(,000)	(,000)	
Wheat	0.88	27.94	2,122	76	98.1
Corn	0.24	24.34	343,157	14,101	99.4
Sorghum	0.31	19.45	111	6	98.8
Barley	0.33	12.77	75	6	98.8
Oats	0.03	1.69	979	579	98.3
Total		23.46	346,444	14,767	99.4
National Rank		21	3	4	5

*Values may not sum to the total due to rounding.

Ninety-five percent of Iowa's PFC payments are derived from corn program history. The corn FY1997 per bushel payments should go from \$0.24 to \$0.47. So total PFC payments to Iowa contract holders are estimated to double next year.

Although Iowa was not the national leader in the categories listed, the state compares quite well in terms of total payments and payment per acre within the corn belt. In addition, FY 1997 payment rates for corn will be higher, indicating continuation or improvement in Iowa's PFC payment ranking. For a full breakdown of payments by state and commodity, see CARD Briefing Paper No. 12, "Production Flexibility Contract Payments; Fiscal Year 1996." ♦