



# BRIEFING

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## Production of Annually-Planted Crops in Wyoming

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### Description of Crop Production:

An estimated 62 percent of Wyoming's farmland managed for annual crops in crop year 2000 was in crops historically considered *program crops* under Federal commodity programs (Figure 1). There were nearly ½ million acres in barley, corn, oats, and wheat (Table1).

Most farmland used to produce program crops is currently covered by production flexibility contracts entered into by farm operators and landowners and the USDA in the late spring of 1996 subsequent to passage of the Federal Agriculture Improvement and Reform Act of 1996 (FAIR Act). These contracts are scheduled to expire after the 2002 crop year.

Other Wyoming crops including dry edible beans and sugar beets accounted for about 13 percent of the farmland managed for annual crops while about 25 percent of the farmland was managed as fallow.

### Incentives for Change:

With the passage of the Food, Agriculture, Conservation, and Trade Act of 1990 (FACT Act), farm operators and land owners were provided *normal* and *optional flex acres*, representing 15 and 10 percent of the historical program crop acreage bases, respectively. Crop base with these designations was to provide producers planting flexibility while concurrently retaining program benefit eligibility.

A variety of crops were allowed to be produced on normal and optional flex acres. Major crop categories were: (1) program crops that included wheat, corn, sorghum and oats; (2) oilseeds that included soybeans, sunflower seed, rapeseed including canola, safflower, flaxseed, and mustard seed; (3) any experimental or industrial crop\* designated by the Secretary of Agriculture; and (4) any other crop except fruit and vegetables including potatoes, dry edible beans,

lentils, and peas.

No crops were eligible for deficiency payments on normal flex acres. Program crops were eligible for deficiency payments on their own optional flex acres.

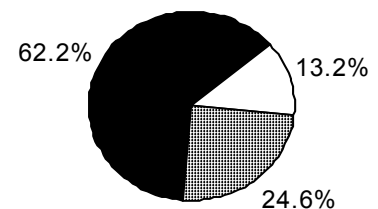
Nonrecourse loan programs were continued for program crops and soybeans. Beginning with the 1991 crop year a nonrecourse loan program was available for minor oilseed crops produced on normal and optional flex acres and non-program acres. Loan deficiency payments were made available for minor oilseed crops beginning with the 1991 crop year.

The FAIR Act, passed early in 1996, has been applicable to the 1996 and subsequent crop years. The FAIR Act continued the marketing assistance loan programs for program crop (*contract commodities*) and oilseed crops.

\* Among the crops initially listed as *industrial* or *other* were sweet sorghum, guar, sesame, castor beans, crambe, planto ovato, triticale, rye and mung beans.

Figure 1:

Percent of Annually Planted Crops in Wyoming by Crop Groups



■ Program Crops □ Other Crops ▨ Fallow

Objective

Analysis

for Informed

Decision Making

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**Table 1: Annually Planted Crops and Fallow in Wyoming, 2000 Crop Year**

CROP	PLANTED ACRES	COMMENTS
Program Crops:		
Barley	105,000	mostly irrigated
Corn	85,000	irrigated
Oats	65,000	½ acres irrigated
Spring Wheat	11,000	1/5 acres irrigated
Winter Wheat	<u>190,000</u>	1/20 acres irrigated
Subtotal	456,000	62.2% of total
Other Crops:		
Dry edible beans–		
Great Northern	7,000	irrigated
Navy	2,000	irrigated
Pinto	26,000	irrigated
Other	1,000	irrigated
Sugar beets	<u>61,000</u>	irrigated
Subtotal	97,000	13.2% of total
Fallow:	180,000	24.6% of total
Total, Cropland for Annually-planted Crops*	733,000	100.0%

\*This is summer fallow associated with spring and winter wheat calculated using the acreage weighted ratio of spring and winter wheat following fallow to all wheat acres in the years 1990 through 1995 applied to the crop year 2000 acres of wheat planted on non-irrigated cropland. In 1997, Census of Agriculture reported 230,780 acres of cultivated summer fallow.

\*\*This is not an exhausted accounting of all annually planted crops but includes all crops individually estimated by NASS in Wyoming.

Deficiency payments were eliminated and market transition payments were instituted for producers who signed production flexibility contracts. Contract holders were to receive the scheduled market transition payments based on 85 percent of their historical production of program crops. Generally, these payments were scheduled to decline each crop year through 2002.

For the most part, producers with production flexibility contracts were given nearly complete planting flexibility on their farms—because they were to receive market transition payments based on historical program crop production. They could plant almost any commodity or crop on their *contract acres*. Planting restrictions on contract acres were on fruits and vegetables other than lentils, mung beans and dry peas.

Fruit and vegetable production on contract acres was prohibited except in regions where there was a history of double-cropping contract commodities and fruits and vegetables, there was a history of producing fruits and vegetables on the farm, or the producer had an established planting history for a specific fruit or vegetable. Producers do not receive market transition payments when fruits and vegetables were planted on such acres, however. Producers are generally allowed to plant fruits and vegetables on non-contract acres.

There were agronomic and potential pest management incentives for producers to expand crop rotations. Continuous or near continuous planting of program crops, mainly cereals, led to buildups of pest problems. The incorporation of alternative crops into traditional rotations often provided for the breakup of pest cycles. Disease, insect and weed management costs for the program crops maintained in these expanded rotations were sometimes substantially reduced. Additionally the inclusion of nitrogen fixing crops rotations reduced applied nitrogen fertilizer costs for subsequent crops.

With the planting flexibility provided by statute changes and the agronomic/ biological benefits realized from broadening rotations, there has been an expansion of the crop rotations on some farms.

This is reflected in state-level crop acreage data. In the 2000 crop year there were nearly 100,000 acres of other crops planted in Wyoming (Table 1). About 13 percent of the state's farmland planted annually is in crops other than program crops, or fallow (Figure 1).

#### Impediments to Change:

For nearly 60 years prior to passage of the FACT Act of 1990 commodity program provisions had required farm managers to plant program crops to receive income transfers and preserve their eligibility for price supports. Producers in Wyoming's arid production areas usually had less base than farmland. But increased production of other crops would have resulted in reduced fallowed acres being available for production in subsequent years.

With the emergence of some planting flexibility many farm managers were not fully informed on the agronomic characteristics and cultural practices associated with the planting, growing and harvesting of possible alternative crops. There was a learning curve for the agronomic management of these alternative crops. For some crops cultural practices required additions to existing machinery compliments. Pest control was also limited for certain alternative crops because of the limited availability of pesticides registered for minor use crops.

Markets and market infrastructure were minimal or non-existent in the United States for some of the alternative crops. Price risk management has and continues to be a concern for many crops that are alternatives to program crops. Nonrecourse marketing assistance loans provide both short-term cash flow opportunities and price supports (*price floors*) through the county loan rates for program and oilseed crops. Such loans are unavailable for other crops. In periods of low prices it is sometimes possible to also increase crop revenues with marketing assistance loans by declining loans and taking loan deficiency payments and then selling crops at prices greater than their loan rates. Producers contracting minor oilseed crops under grower contracts have been encouraged to maintain beneficial interest in the harvested crop to

retain eligibility for marketing assistance loans and loan deficiency payments. This revenue enhancement opportunity is not available for other alternative crops.

There are opportunities to manage price risk through the private sector futures markets for most program commodities, soybeans and canola. No futures contracts are offered or traded for most of the other crops. Price risk management for other crops is usually limited to forward contracting for price.

Management of production risk where there can be catastrophic losses such as drought, hail, fire, floods, insect damage and other perils is always of concern. Multiple peril crop insurance of one or more types has historically been available for most program crops in Wyoming. There is also private sector crop insurance offerings available for specific perils.

In general, multiple peril crop insurance offerings for other crops have expanded as the counties in which these crops are produced has expanded (See Maps 1 through 12). If a Risk Management Agency, USDA, crop insurance actuarial table does not exist in the county where a producer intends to produce the crop, there are other opportunities to manage production risk.

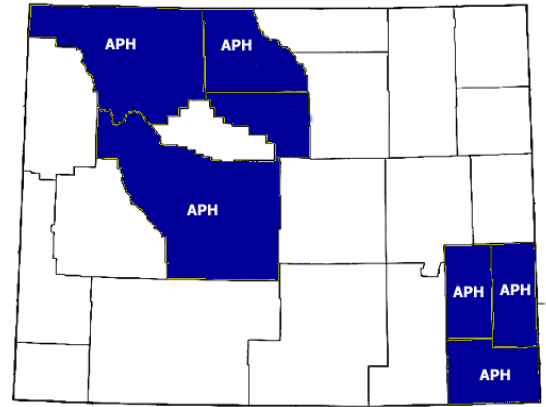
Producers can file a *Request for Actuarial Change* with their crop insurance agent. If the request is successful, it results in a *Written Agreement*, essentially individualized insurance coverage for the particular crop for the producer for one crop year. Or, producers may enroll in the Farm Service Agency's Noninsured Crop Dry beans were produced under irrigation during 2000 crop year in the northwest and southwest counties of Wyoming (Map 1A). Disaster Program. These opportunities are explained in separate *Briefings*.

**Location of Production and Crop Insurance Coverage**

Dry beans were produced under irrigation during 2000 crop year in the northwest and southwest counties of Wyoming (Map 1A).

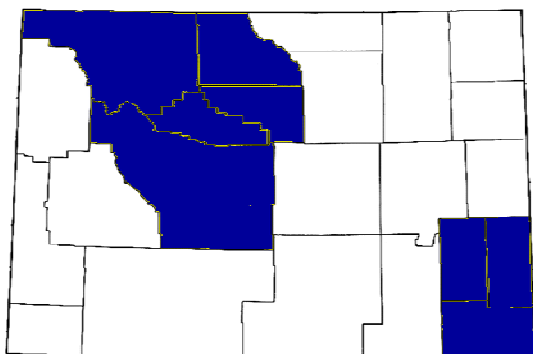
in all of these counties in the 2001 crop year (Map 1B).

**Map 1B: Insured Counties for Dry Beans, 2001 Crop Year**



There is a limited acreage of other crops being produced on non-irrigated farmland in Wyoming. Currently, there are no crop insurance actuarial tables offered in any Wyoming county for these other crops.

**Map 1A: Dry Bean Production, 2000 Crop Year**



There are opportunities for crop insurance for dry beans in these counties.

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