Economic Impact of Potential Farm Program Changes on a North Carolina Model Peanut Farm.

S.G. BULLEN*
North Carolina State University, 3326 Nelson Hall Raleigh, NC 27695-8109

This study analyzed economic performance of a North Carolina peanut farm model with potential farm program changes. The overall goal of study was to assist peanut producers and decision makers in analyzing economic impacts of new farm programs, and in making economic decisions critical to the peanut farm. The model peanut farm was developed by interviews with farmers and other experts in the NE North Carolina location. The interviews were followed up to confirm the initial evaluation of farm business characteristics with farm credit officers. This study analyzes the farm-level economic impacts on a North Carolina peanut farm under the current and proposed farm program changes under two different commodity price levels. The model farm was analyzed using FINPACK which is a comprehensive financial planning and analysis system. This model farm is made up of 600 acres of cotton, 200 acres of quota peanuts, 200 acres of wheat double-cropped soybeans. The farmer has 100% share of the crops. The current farm program is made up of two price support program: counter-cyclical payments fixed decoupled payments, and marketing loans. The counter-cyclical payment depends on the current U.S. price. The maximum counter-cyclical payment would be $84/ton ($520-(400/ton+36/ton)) if market price fell below loan rate or lower. If the market price became $484/ton or ($520-$36/ton) then no counter-cyclical payment would be made. The direct payment is paid regardless of the commodity prices. With the estimated peanut yields of 3,500 the direct payment is $63 per acre. With the current the commodity price levels, the model peanut farm received $36,208 in government farm program payment. The study will analysis different proposed price support program changes on net farm income and net worth.