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Agricultural & Food Policy Center
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Farm Level Projections of the Impacts of Payment Limitations: Revised



AFPC Briefing Paper 03-2

June 2003

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Farm Level Projections of the Impacts of Payment Limitations: Revised

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Farm Level Projections of the Impacts of Payment Limitations

Payment Limit Commission Public Workshop
Washington, D.C.
June 17, 2003

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Assumptions for Analysis

- Continuation of 2002 Farm Bill through 2007
- FAPRI January 2003 Baseline provides:
 - ✓ Average annual prices
 - ✓ Inflation rates for purchased inputs and land
 - ✓ Interest rates
- Historical yield and price risks used to incorporate risk.
- Farms assumed to borrow all operating capital.
- Initial machinery and real estate set at 20% for all farms.

Representative Crop Farms



Probability of Representative Feed Grain Farms Exceeding CCP, DP, and LDP Limits Assuming One or Three Entity Rule for 2003-2007.

Farm Name	One Entity Rule			Three Entity Rule		
	CCP	DP	LDP	CCP	DP	LDP
	--	(%)	--	--	(%)	--
IAG1350			4.2			
IAG2750	21.3	100	19.9			1.4
IAG4200	62.2	100	43.2	24.0	100	19.8
NEG900			1.1			
NEG1300			6.0			
MOCG1700			5.0			
MOCG3630	26.1	100	24.1			3.2
MONG2050			7.8			0.1
TXNP1750			7.5			0.2
TXNP7000	67.8	100	47.0	50.8	100	29.0
TXBG2000			3.8			
TXBG2700			1.5			
TNG900						
TNG2400			14.3			0.4
SCG1500			2.6			
SCG3500	92.7	100	45.2	31.3	100	13.6

1) Values are the average probability of exceeding the specified limit over 2003-2007. 2) One Entity Rule assumes limits of: \$65,000 CCP, \$40,000 DP, and \$75,000 LDP. 3) Three Entity Rule assumes limits of: \$130,000 CCP, \$80,000 DP, and \$150,000 LDP.

Probability of Representative Wheat Farms Exceeding CCP, DP, and LDP Limits Assuming One or Three Entity Rule for 2003-2007.

Farm Name	One Entity Rule			Three Entity Rule		
	CCP	DP	LDP	CCP	DP	LDP
	--	(%)	--	--	(%)	--
WAW1725			0.9			
WAW4675	32.7	100	12.3		100	1.8
NDW2180			0.5			
NDW6250	15.8	100	28.0			4.9
KSCW1385						
KSCW4000		100	4.8			0.1
KSNW4300		100	7.2			0.1
KSNW2800			0.2			
COW3000						
COW5440			1.5			

1) Values are the average probability of exceeding the specified limit over 2003-2007. 2) One Entity Rule assumes limits of: \$65,000 CCP, \$40,000 DP, and \$75,000 LDP. 3) Three Entity Rule assumes limits of: \$130,000 CCP, \$80,000 DP, and \$150,000 LDP.

Probability of Representative Cotton Farms Exceeding CCP, DP, and LDP Limits Assuming One or Three Entity Rule for 2003-2007.

	One Entity Rule				Three Entity Rule		
Farm Name	CCP	DP	LDP		CCP	DP	LDP
	--	(%)	--		--	(%)	--
CAC2400	97.4	100	50.0		77.7		19.3
CAC9000	99.7	100	74.5		99.6	100	66.5
TXSP2239			21.9				1.3
TXSP3745	87.7	100	34.8				6.3
TXRP2500			2.4				
TXBC1400			0.1				
TXCB1850			18.1				1.8
TXCB5500	99.1	100	60.5		92.1	100	34.9
TXVC4500	98.4	100	48.3		85.5	100	25.0
TXPC2500	94.9	100	35.1		37.2		7.2
TXEC5000	99.0	100	58.8		93.8	100	32.1
TXMC3500	98.0	100	53.8		59.5		25.5
LAC2640	92.9	100	44.6				8.5
ARC5000	100	100	96.9		99.6	100	84.5
TNC1900	84.1	100	21.5				0.5
TNC4050	98.9	100	55.0		91.1	100	34.5
ALC3000	98.7	100	51.6		90.8	100	22.6
NCC1500	86.5		30.6				3.2
GAC1700	95.2		58.5				21.4

1) Values are the average probability of exceeding the specified limit over 2003-2007. 2) One Entity Rule assumes limits of: \$65,000 CCP, \$40,000 DP, and \$75,000 LDP. 3) Three Entity Rule assumes limits of: \$130,000 CCP, \$80,000 DP, and \$150,000 LDP.

Probability of Representative Rice Farms Exceeding CCP, DP, and LDP Limits Assuming One or Three Entity Rule for 2003-2007.

Farm Name	One Entity Rule			Three Entity Rule		
	CCP	DP	LDP	CCP	DP	LDP
	--	(%)	--	--	(%)	--
CAR424		100	39.5			9.0
CAR2365	100	100	77.9	99.7	100	68.6
CABR1365	99.3	100	66.5		100	50.6
CACR1420	99.8	100	69.7		100	58.8
TXR1553		100	42.9			2.1
TXR3774	99.7	100	92.5		100	64.5
TXBR1650		100	65.1			16.3
TXER3200	99.8	100	94.4		100	76.7
LASR1200		100	36.2			0.3
LANR2500	99.6	100	89.9		100	51.9
ARSR3640	99.8	100	92.7	27.0	100	69.8
ARWR1200		100	61.2			8.4
ARHR3000	99.8	100	95.5	54.0	100	78.1
MOWR4000	100	100	95.9	70.1	100	84.8
MOER4000	99.5	100	95.1	52.3	100	67.8
MSR4735	100	100	97.3	95.6	100	80.7

1) Values are the average probability of exceeding the specified limit over 2003-2007. 2) One Entity Rule assumes limits of: \$65,000 CCP, \$40,000 DP, and \$75,000 LDP. 3) Three Entity Rule assumes limits of: \$130,000 CCP, \$80,000 DP, and \$150,000 LDP.

Number of Payment Limits Necessary to Minimize Chance of Exceeding CCP, DP, or LDP Limit for Feed Grain Farms, 2003-2007.¹

Farm Name	CCP	DP	LDP
IAG1350	1	1	1
IAG2750	2	2	2
IAG4200	3	3	3
NEG900	1	1	1
NEG1300	1	1	1
MOCG1700	1	1	1
MOCG3630	2	2	2
MONG2050	1	1	1
TXNP1750	1	1	1
TXNP7000	4	3	4
TXBG2000	1	1	1
TXBG2700	1	1	1
TNG900	1	1	1
TNG2400	1	1	2
SCG1500	1	1	1
SCG3500	3	3	3

¹ Probability of exceeding payment limit less than 10% if the farm is organized to obtain the specified number of payment limits.

Number of Payment Limits Necessary to Minimize Chance of Exceeding CCP, DP, or LDP Limit for Wheat Farms, 2003-2007.¹

Farm Name	CCP	DP	LDP
WAW1725	1	1	1
WAW4675	2	3	2
NDW2180	1	1	1
NDW6250	2	2	2
KSCW1385	1	1	1
KSCW4000	1	2	1
KSNW4300	1	2	1
KSNW2800	1	1	1
COW3000	1	1	1
COW5440	1	1	1

¹ Probability of exceeding payment limit less than 10% if the farm is organized to obtain the specified number of payment limits.

Number of Payment Limits Necessary to Minimize Chance of Exceeding CCP, DP, or LDP Limit for Cotton Farms, 2003-2007.¹

Farm Name	CCP	DP	LDP
CAC2400	3	2	3
CAC9000	11	9	10
TXSP2239	1	1	2
TXSP3745	2	2	2
TXRP2500	1	1	1
TXBC1400	1	1	1
TXCB1850	1	1	2
TXCB5500	4	3	4
TXVC4500	3	3	4
TXPC2500	3	2	2
TXEC5000	4	3	4
TXMC3500	3	2	4
LAC2640	2	2	2
ARC5000	5	5	8
TNC1900	2	2	2
TNC4050	3	3	4
ALC3000	3	3	3
NCC1500	2	1	2
GAC1700	2	1	3

¹ Probability of exceeding payment limit less than 10% if the farm is organized to obtain the specified number of payment limits.

Number of Payment Limits Necessary to Minimize Chance of Exceeding CCP, DP, or LDP Limit for Rice Farms, 2003-2007.¹

Farm Name	CCP	DP	LDP
CAR424	1	2	2
CAR2365	4	7	12
CABR1365	2	3	6
CACR1420	2	5	7
TXR1553	1	2	2
TXR3774	2	4	5
TXBR1650	1	2	3
TXER3200	2	4	6
LASR1200	1	2	2
LANR2500	2	3	4
ARSR3640	3	4	5
ARWR1200	1	2	2
ARHR3000	3	4	6
MOWR4000	3	4	7
MOER4000	3	4	5
MSR4735	3	4	6

¹ Probability of exceeding payment limit less than 10% if the farm is organized to obtain the specified number of payment limits.

Summary and Conclusions

- Across all farms, reducing number of eligible limits per operation impacts:
 - ✓ Feed grain and wheat farms
 - DP limits most restrictive
 - LDP limit affects more farms
 - ✓ Cotton and rice farms
 - All three types limiting, LDP slightly lower probability than DP and CCP, but affects almost all farms
- Current entity structures on the majority of AFPC representative farms do not restrict payments for CCP and DP
- Counting certificate redemption toward LDP limit would adversely impact 11 of 16 rice farms, 7 cotton farms, and 1 feed grain farm
- Additional analysis indicates (see handout):
 - ✓ Cotton and rice representative farms could benefit marginally from shifting cash rental arrangements to share rents
- When it matters, it matters a lot in terms of increased chances of deficits and loss in annual net cash income

Appendix Table 1. Characteristics of Panel Farms Producing Feed Grains

Farm Name	Owned Land	Assets	Gross Receipts	Feed Grain	Cash Rent	Share Rent
	(acres)	(\$1,000)	(\$1,000)	(acres)	(acres)	(acres)
IAG1350	240	1,025	422	675	820	290
IAG2750	380	1,866	726	1,375	1,025	1,345
IAG4200	840	3,815	1,411	2,100	2,940	420
NEG900	180	1,099	320	600	360	360
NEG1300	260	1,391	466	871	624	416
MOCG1700	1,020	2,689	445	825	120	560
MOCG3630	1,600	4,104	809	1,650	0	2,030
MONG2050	1,050	2,714	587	900	500	500
TXNP1750	160	497	551	880	0	1,590
TXNP7000	1,150	2,527	2,081	4,280	0	5,850
TXBG2000	200	642	413	1,350	0	1,800
TXBG2700	325	804	415	1,150	730	245
TNG900	150	555	246	450	200	550
TNG2400	600	1,873	712	1,080	900	900
SCG1500	500	1,115	450	846	1,000	0
SCG3500	1,400	3,526	1,327	1,400	2,100	0

Appendix Table 2. Characteristics of Panel Farms Producing Wheat

Farm Name	Owned Land	Assets	Gross Receipts	Wheat	Cash Rent	Share Rent
	(acres)	(\$1,000)	(\$1,000)	(acres)	(acres)	(acres)
WAW1725	518	1,334	455	1,035	300	907
WAW4675	2,125	3,939	1,058	3,042	700	1,850
NDW2180	276	578	351	700	1,270	634
NDW6250	1,800	2,655	1,236	2,700	4,450	0
KSCW1385	485	672	166	928	0	900
KSCW4000	500	1,539	591	2,845	300	3,200
KSNW2800	1,170	1,121	313	935	550	1,080
KSNW4300	1,135	1,701	646	2,000	1,460	1,705
COW3000	1,137	1,097	297	1,125	0	1,863
COW5440	1,815	1,752	534	1,900	0	3,625

Appendix Table 3. Characteristics of Panel Farms Producing Cotton

Farm Name	Owned Land	Assets	Gross Receipts	Cotton	Cash Rent	Share Rent
	(acres)	(\$1,000)	(\$1,000)	(acres)	(acres)	(acres)
CAC2400	1,000	4,682	2,215	1,000	750	250
CAC9000	6,750	15,437	10,887	4,500	2,250	0
TXSP2239	670	751	653	1,616	0	1,569
TXSP3745	1,650	1,402	843	2,625	0	2,095
TXRP2500	400	414	269	1,240	0	2,100
TXBC1400	150	552	289	150	0	1,250
TXCB1850	360	900	554	925	0	1,490
TXCB5500	225	1,175	1,370	2,750	25	5,250
TXVC4500	900	1,837	942	2,387	225	3,375
TXPC2500	1250	1,651	1,140	1,184	625	625
TXEC5000	640	1,065	1,101	4,300	0	4,360
TXMC3500	350	839	1,068	1,750	1,575	1,575
LAC2640	0	1,007	930	1,498	0	2,640
ARC5000	1,000	3,746	2,506	1,800	0	4,000
TNC1900	225	1,532	711	915	837	838
TNC4050	1,000	3,669	1,676	2,670	610	2,440
ALC3000	0	1,670	1,379	2,075	570	2,430
GAC1700	510	1,980	1,293	1,020	1,190	0
NCC1500	225	1,607	707	1,000	1,050	225

Appendix Table 4. Characteristics of Panel Farms Producing Rice

Farm Name	Owned Land	Assets	Gross Receipts	Rice	Cash Rent	Share Rent
	(acres)	(\$1,000)	(\$1,000)	(acres)	(acres)	(acres)
CAR424	212	856	280	400	0	212
CAR2365	769	3,272	1,644	2,240	704	892
CABR1365	515	2,565	694	1,000	308	542
CACR1420	412	2,054	894	1,278	504	504
TXR1553	129	459	355	450	852	572
TXR3774	0	882	917	1,589	1,575	2,199
TXBR1650	110	622	459	550	770	770
TXER3200	320	964	1,063	1,280	0	2,880
LASR1200	50	326	361	660	0	1,150
LANR2500	1,250	2,186	977	1,000	750	500
MOWR4000	2,000	5,586	1,505	2,000	1,000	1,000
MOER4000	1,400	4,605	1,412	1,334	780	1,820
ARSR3640	1,456	4,315	1,236	1,742	0	2,184
ARWR1200	360	1,673	495	600	100	740
ARHR3000	1,000	3,155	1,212	1,500	750	1,250
MSR4735	0	1,612	1,670	1,335	4,735	0

Appendix Table 5. Probability of Representative Feed Grain Farms Exceeding a Three Entity CCP, DP, and LDP Payment Limit With and Without Cash Rent, 2003-2007.

Farm Name	Cash & Share Rent				Share Rent Only		
	CCP	DP	LDP		CCP	DP	LDP
	--	(%)	--		--	(%)	--
IAG1350							
IAG2750			1.4				0.2
IAG4200	24.0	100	19.8				5.2
NEG900							
NEG1300							
MOCG1700							
MOCG3630			3.2				3.2
MONG2050			0.1				
TXNP1750			0.2				0.2
TXNP7000	50.8	100	29.0		50.8	100	29.0
TXBG2000							
TXBG2700							
TNG900							
TNG2400			0.4				
SCG1500							
SCG3500	31.3	100	13.6				7.7

1) Values are the average probability of exceeding the specified limit over 2003-2007 of: \$130,000 CCP, \$80,000 DP, and \$150,000 LDP.

Appendix Table 6. Probability of Representative Wheat Farms Exceeding a Three Entity CCP, DP, and LDP Payment Limit With and Without Cash Rent, 2003-2007.

Farm Name	Cash & Share Rent				Share Rent Only		
	CCP	DP	LDP		CCP	DP	LDP
	--	(%)	--		--	(%)	--
WAW1725							
WAW4675		100	1.8				1.2
NDW2180							
NDW6250			4.9				1.1
KSCW1385							
KSCW4000			0.1				
KSNW4300			0.1				
KSNW2800							
COW3000							
COW5440							

1) Values are the average probability of exceeding the specified limit over 2003-2007 of: \$130,000 CCP, \$80,000 DP, and \$150,000 LDP.

Appendix Table 7. Probability of Representative Cotton Farms Exceeding a Three Entity CCP, DP, and LDP Payment Limit With and Without Cash Rent, 2003-2007.

Farm Name	Cash & Share Rent				Share Rent Only		
	CCP	DP	LDP		CCP	DP	LDP
	--	(%)	--		--	(%)	--
CAC2400	77.7		19.3				14.8
CAC9000	99.6	100	66.5		99.6	100	65.3
TXSP2239			1.3				1.3
TXSP3745			6.3				6.3
TXRP2500							
TXBC1400							
TXCB1850			1.8				1.8
TXCB5500	92.1	100	34.9		92	100	34.8
TXVC4500	85.5	100	25.0		84.6	100	24.3
TXPC2500	37.2		7.2		18.5		4.8
TXEC5000	93.8	100	32.1		93.8	100	32.1
TXMC3500	59.5		25.5		27.4		20.3
LAC2640			8.5				8.5
ARC5000	99.6	100	84.5		99.6	100	84.5
TNC1900			0.5				
TNC4050	91.1	100	34.5		89.0	100	
ALC3000	90.8	100	22.6		88.8	100	
NCC1500			3.2				0.4
GAC1700			21.4				12.3

1) Values are the average probability of exceeding the specified limit over 2003-2007 of: \$130,000 CCP, \$80,000 DP, and \$150,000 LDP.

Appendix Table 8. Probability of Representative Rice Farms Exceeding a Three Entity CCP, DP, and LDP Payment Limit With and Without Cash Rent, 2003-2007.

Farm Name	Cash & Share Rent			Share Rent Only		
	CCP	DP	LDP	CCP	DP	LDP
	--	(%)	--	--	(%)	--
CAR424			9.0			9.0
CAR2365	99.7	100	68.6	99.5	100	67.4
CABR1365		100	50.6		100	47.7
CACR1420		100	58.8		100	55.8
TXR1553			2.1			0.6
TXR3774		100	64.5		100	38.6
TXBR1650			16.3			11.9
TXER3200		100	76.7		100	76.7
LASR1200			0.3			0.3
LANR2500		100	51.9			39.4
ARSR3640	27.0	100	69.8	27.0	100	69.8
ARWR1200			8.4			6.8
ARHR3000	54.0	100	78.1		100	74.0
MOWR4000	70.1	100	84.8	59.5	100	81.5
MOER4000	52.3	100	67.8	41.3	100	61.6
MSR4735	95.6	100	80.7		100	53.5

1) Values are the average probability of exceeding the specified limit over 2003-2007 of: \$130,000 CCP, \$80,000 DP, and \$150,000 LDP.

Appendix Table 9. Economic Impact of the Three Entity Payment Limitation on Representative Feed Grain Farms vs. Restructuring with no Effective Limit, 2003-2007.

Farm Name	No Payment Limit		Effective Limit	
	P(Deficit)	P(<RNW)	P(Deficit)	P(<RNW)
IAG1350	29-29	1-7	29-29	1-7
IAG2750	24-20	1-1	24-20	1-1
IAG4200	17-38	1-1	19-41	1-2
NEG900	55-76	1-12	55-76	1-12
NEG1300	44-28	1-6	44-28	1-6
MOCG1700	15-8	1-1	15-8	1-1
MOCG3630	22-9	1-1	22-9	1-1
MONG2050	34-39	1-7	34-39	1-7
TXNP1750	34-49	1-20	34-49	1-20
TXNP7000	26-34	1-2	38-51	1-9
TXBG2000	55-52	1-23	55-52	1-23
TXBG2700	99-98	1-87	99-98	1-87
TNG900	24-10	1-1	24-10	1-1
TNG2400	31-39	1-4	31-39	1-4
SCG1500	99-99	1-80	99-99	1-80
SCG3500	82-95	1-68	85-97	1-76

Appendix Table 10. Economic Impact of the Three Entity Payment Limitation on Representative Wheat Farms vs. Restructuring with no Effective Limit, 2003-2007.

Farm Name	No Payment Limit		Effective Limit	
	P(Deficit)	P(<RNW)	P(Deficit)	P(<RNW)
WAW1725	7-24	1-1	7-24	1-1
WAW4675	19-25	1-1	19-26	1-1
NDW2180	50-34	1-34	50-34	1-34
NDW6250	29-28	1-1	29-28	1-1
KSCW1385	58-69	1-31	58-69	1-31
KSCW4000	2-1	1-1	2-1	1-1
KSNW2800	97-99	1-79	97-99	1-79
KSNW4300	33-34	1-6	33-34	1-6
COW3000	2-1	1-1	2-1	1-1
COW5440	7-13	1-1	7-13	1-1

Appendix Table 11. Economic Impact of the Three Entity Payment Limitation on Representative Cotton Farms vs. Restructuring with no Effective Limit, 2003-2007.

Farm Name	No Payment Limit		Effective Limit	
	P(Deficit)	P(<RNW)	P(Deficit)	P(<RNW)
CAC2400	17-21	1-1	17-22	1-1
CAC9000	26-34	1-11	46-61	1-43
TXSP2239	18-44	1-7	18-44	1-7
TXSP3745	68-59	1-20	68-60	1-21
TXRP2500	60-72	1-37	60-72	1-37
TXBC1400	15-18	1-2	15-18	1-2
TXCB1850	39-43	1-10	39-43	1-10
TXCB5500	38-46	1-14	83-98	1-94
TXVC4500	58-60	1-15	98-99	1-81
TXPC2500	49-33	1-2	84-80	1-69
TXEC5000	60-36	1-4	99-98	1-83
TXMC3500	32-42	1-10	60-77	1-55
LAC2640	68-64	1-37	69-65	1-38
ARC5000	8-34	1-1	77-98	1-81
TNC1900	1-2	1-1	1-2	1-1
TNC4050	23-25	1-4	24-27	1-7
ALC3000	23-34	1-1	31-39	1-4
GAC1700	46-53	1-2	47-55	1-3
NCC1500	51-95	1-69	51-95	1-70

Appendix Table 12. Economic Impact of the Three Entity Payment Limitation on Representative Rice Farms vs. Restructuring with no Effective Limit, 2003-2007.

Farm Name	No Payment Limit		Effective Limit	
	P(Deficit)	P(<RNW)	P(Deficit)	P(<RNW)
CAR424	99-99	1-94	99-99	1-96
CAR2365	70-93	1-83	99-99	1-99
CABR1365	94-97	1-85	99-99	1-99
CACR1420	99-99	1-99	99-99	1-99
TXR1553	99-99	1-99	99-99	1-99
TXR3774	51-84	1-36	99-99	1-98
TXBR1650	94-99	1-99	97-99	1-99
TXER3200	71-91	1-48	99-99	1-99
LASR1200	69-99	1-87	69-99	1-87
LANR2500	99-99	1-99	99-99	1-99
MOWR4000	49-76	1-53	99-99	1-99
MOER4000	41-46	1-3	77-92	1-81
ARSR3640	25-22	1-2	70-67	1-36
ARWR1200	99-99	1-99	99-99	1-99
ARHR3000	83-99	1-78	99-99	1-99
MSR4735	99-99	1-99	99-99	1-99

Appendix Table 13. Impact of an Effective Three Entity Payment Limitation on Average Annual Net Cash Farm Income for Representative Feed Grain Farms, 2003-2007.

	No Payment Limit	Effective Limit
Farm Name	Average	Average
	(\$1,000)	(\$1,000)
IAG1350	115	115
IAG2750	274	273
IAG4200	428	400
NEG900	101	101
NEG1300	141	141
MOCG1700	212	212
MOCG3630	377	376
MONG2050	189	189
TXNP1750	145	145
TXNP7000	477	385
TXBG2000	75	75
TXBG2700	8	8
TNG900	85	85
TNG2400	217	217
SCG1500	21	21
SCG3500	64	47

Appendix Table 14. Impact of an Effective Three Entity Payment Limitation on Average Annual Net Cash Farm Income for Representative Wheat Farms, 2003-2007.

	No Payment Limit	Effective Limit
Farm Name	Average	Average
	(\$1,000)	(\$1,000)
WAW1725	169	169
WAW4675	363	359
NDW2180	84	84
NDW6250	395	393
KSCW1385	58	58
KSCW4000	290	290
KSNW2800	46	46
KSNW4300	179	179
COW3000	143	143
COW5440	232	232

Appendix Table 15. Impact of an Effective Three Entity Payment Limitation on Average Annual Net Cash Farm Income for Representative Cotton Farms, 2003-2007.

	No Payment Limit	Effective Limit
Farm Name	Average	Average
	(\$1,000)	(\$1,000)
CAC2400	463	447
CAC9000	2,002	921
TXSP2239	119	119
TXSP3745	148	146
TXRP2500	69	69
TXBC1400	98	98
TXCB1850	153	152
TXCB5500	227	-47
TXVC4500	243	20
TXPC2500	183	74
TXEC5000	283	17
TXMC3500	264	98
LAC2640	99	96
ARC5000	636	97
TNC1900	333	333
TNC4050	614	520
ALC3000	437	369
GAC1700	177	174
NCC1500	83	82

Appendix Table 16. Impact of an Effective Three Entity Payment Limitation on Average Annual Net Cash Farm Income for Representative Rice Farms, 2003-2007.

	No Payment Limit	Effective Limit
Farm Name	Average	Average
	(\$1,000)	(\$1,000)
CAR424	-22	-25
CAR2365	-95	-872
CABR1365	-36	-186
CACR1420	-231	-491
TXR1553	18	18
TXR3774	119	-21
TXBR1650	-9	-14
TXER3200	85	-114
LASR1200	39	39
LANR2500	14	-48
MOWR4000	197	-117
MOER4000	266	96
ARSR3640	356	175
ARWR1200	53	51
ARHR3000	103	-110
MSR4735	40	-247

Definition of Output Variables

- **Probability of Cash Flow Deficits** – chance that net cash farm income is less than family living, taxes, principal payments, and machinery replacement costs.
- **Probability of Losing Real Net Worth** – chance that net worth, adjusted for inflation, is less than net worth at the end of 2001.
- **Net Cash Farm Income** – cash receipts minus cash expenses