Table 4.17

Impact of GRIP for High and Low Debt, Case Farm, 1991

	High Debt Farm		**Low Debt Farm**	
	Not in Program	**In Program**	**Not in Program**	**In Program**
Target Revenue		136,950		136,950
Actual Revenue	81,250	81,250	81,250	81,250
Expected Program Payment		55,700		55,700
Adjusted Revenue	81,250	136,950	81,250	136,950
Less Premiums		10,270		10,270
Less Operating Costs	50,304	50,304	50,304	50,304
Gross Margin	30,946	76,376	30,946	76,376
Less Interest Expense	43,125	43,125	14,375	14,375
Residual	–12,179	33,251	16,571	62,001

Source: Ashmead Economic Research Inc.

49. This analysis of the case farm illustrates several points. First, the case farm under projected income conditions, is expected to deteriorate over the next two years. Second, the current design of the GRIP will improve the financial condition of the farmer under average or weakening price or yield conditions. Third, the highly indebted farmer will potentially be maintained with a positive cash residual, where there would have been a significant loss without GRIP. Under better than expected conditions, the farmer would not have received the payouts from GRIP, and would be worse off in that period due to the premiums.