

A STUDY OF THE METHODS OF FINANCING THE
FARMING BUSINESS AS USED BY ADULT FARMERS AND STUDENTS
OF VOCATIONAL AGRICULTURE IN BECKHAM COUNTY, OKLAHOMA

By

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The writer wishes to express his appreciation to the three District Supervisors of Vocational Agriculture, to the instructors of Vocational Agriculture of Beckham County, to other instructors of Vocational Agriculture whose names are listed in the Appendix, and to Associate Professor Don M. Orr of the Department of Agricultural Education, Oklahoma A. and M. College for their help in formulating the questionnaire and supplying the data which made this study possible.

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CHAPTER I

INTRODUCTION

Vocational Agriculture has been taught in the high schools of Oklahoma since the Smith-Hughes Act of 1917 provided federal funds to be used for the betterment and advancement of agriculture in the secondary schools. Its purpose for agriculture as described in Section 10 is as follows: (1) That such education shall be fit for useful employment (2) That such education shall be less than college grade (3) That it shall be designed to meet the needs of persons over 14 years of age who have entered or who are preparing to enter the work of the farm or the farm home (4) That such schools shall provide for directed or supervised practice in agriculture, either on a farm provided for by the school or other farm, for at least six months per year.¹

According to the Oklahoma State Plans for Vocational Education², the following types of classes are to be conducted. Types of classes to be conducted:

"Vocational agricultural classes in a community should be designed to meet the needs of (1) in-school youth, (2) out-of-school young farmers, and (3) adult farmers.

The in-school needs instruction and supervision in farming in order that he may receive a foundation for his future farming career and may begin to accumulate needed materials for establishment in farming.

¹U.S. Office of Education, Federal Security Agency, Vocational Education Bulletin No. 1, Rev. 1948, pp. 1, 2, and 3.

²Oklahoma State Board for Vocational Education, Oklahoma State Plans for Vocational Education (1947-1952), pp. 38 and 39.

An out-of-school young farmer needs systematic instruction on the many problems of becoming established in a farming occupation.

The adult farmer should have a service available that will keep him informed on the most recent approved practices and latest developments that affect his business."

Further designations regarding adult education work in the state is to be found as follows:³

"Adult farmer classes are established and maintained under public control for the purpose of giving to adult persons interested in, or engaged in, agriculture pursuits, information and assistance pertaining to the occupation of farming. The classes are designed to meet the needs of (a) individuals in analyzing and solving economic problems arising outside of the farm, (b) to give farmers assistance in solving technical problems pertaining to different farm enterprises, and (c) to promote and develop a long-time agricultural improvement program including soil conservation, improved marketing methods, community building enterprises, etc."

The supervised farming program is one of the essential phases of the vocational agricultural education program provided for in the Smith-Hughes Law. Supervised farming programs consist of actual farming practices performed by the student, in which the student carries out practices studied in the classroom under the supervision of the vocational agriculture instructor and with the cooperation and aid of the parents. In order for a student to carry on a program of supervised farm practice, it is necessary for him to acquire or have access to land, equipment, livestock, feed, money and often other facilities.

The problem of financing the farming business of the adult farmer and the supervised farming program of the student of vocational agriculture, is readily recognized as of major importance. With the single exception of a study made by Don Wallace Miller⁴, in three counties of southeastern Oklahoma, there has apparently been no study made of financing supervised farming programs in Oklahoma.

³Ibid, p. 48.

⁴Miller, Don Wallace, A Study of Methods Used in Financing the All-Day Students' Productive Enterprise Programs of the Vocational Agriculture Departments in Bryan, Choctaw, and McCurtain counties, Masters Thesis, Oklahoma A. & M. College, 1952.

THE PROBLEM

The primary purpose of this study was to investigate the practices used by the adult farmers in Beckham County in financing their farming operations and to further determine methods of financing the supervised farming programs used by the all-day students of vocational agriculture in the six departments located in Beckham County.

The secondary purposes of the study are: (1) to provide possible useful information to vocational agriculture instructors concerning the financing of the farming business of adult farmers and the supervised farming program of all-day students, (2) to provide the writer and other instructors of vocational agriculture with information useful in planning teaching programs for adult farmers and the students of vocational agriculture, (3) to ascertain the number of farmers using credit in their farming operations, (4) to determine the sources of credit used by the adult farmers, (5) to determine the number of students using various types of credit in conducting their supervised farming programs, (6) to determine the sources of credit used by the vocational agriculture students, (7) to determine the rate of interest paid by students, (8) to discover the length of time generally needed for financing supervised farming programs of all-day students, (9) to determine if the amount borrowed was for the initial cost or complete operation of the supervised farming program, and (10) the methods using repayment of loans made to the students of vocational agriculture.

CHARACTERISTICS OF THE FARMING AREA INCLUDED IN THIS STUDY

The following description gives the general characteristics of Beckham County in regard to size of area, climatic conditions, soils, native vegetation, extent of erosion, types of farming followed, number and size of farms, and farm ownership and tenancy.

A. Area of Beckham County:

Beckham county consists of approximately 935 square miles or approximately 598,400 acres of land.

B. Climatic Conditions:

1. Precipitation: Rainfall records from the weather bureau maintained since 1904 for this county show an annual precipitation varying from 38.67 inches in 1905 downward to 9.72 inches in 1910. The average annual rainfall is 25.78 inches.
2. Temperature: The average temperature for Beckham County ranged from 30.2 degrees in January to 87.6 degrees in July. The average maximum temperature recorded was 24.4 degrees in January and 95 degrees in July.
3. Frost Data: There is an average of 211 frost free days for growing crops in this area. The latest recorded killing frost in the spring was on May 4. The earliest recorded killing frost was on October 18.

C. Soils:⁵

The soils in Beckham County are grouped as follows:

1. Immature rough broken areas.

⁵North Fork Soil Conservation District; Program and Work Plans, pp. 2 and 3.

2. Sandy soils predominately in cultivation.
3. Residual upland soils largely in cultivation.
4. Alluvial soils.

D. General native vegative characteristics:

The original native vegetation on the sandy type soils consisted of tall grasses intermingled with shinnery oak and sagebrush. On the more mature upland soils there was a mixture of the tall and short grasses.

E. Soil erosion conditions:

The area as a whole has suffered slight to moderate sheet erosion. Small gullies are numerous on the more rolling slopes that are in cultivation, but occasional large gullies are found throughout the county.

Wind erosion is a serious problem since approximately 25 percent of Beckham County is extremely sandy soils. This sandy area runs parallel with north fork of Red River which passes to the southwest of Carter, north of Delhi, south and west of Sayre, north of Erick, and south of Sweetwater.⁶

F. Types of farming practiced:

In a personal survey, the writer found that in Beckham County, 93 percent of the farmers raised cotton, 78 percent grain sorghums for feed and for sale, 45 percent raised wheat, 20 percent raised alfalfa, and with broomcorn having 4.8 percent frequency, other legumes 3.2 percent, and castor beans 1.6 percent.

In regards to the frequency of livestock, it was found that poultry occurred on 78 percent of the farms surveyed, dairy cattle 72 percent, swine 45 percent, beef cattle 28 percent and sheep none percent.

⁶Ibid., p. 4.

An examination of the census data for 1950⁷ gives the following information. In 1950 there were 1882 farms in Beckham County. Cotton was raised on a total of 1321 farms or 70.2 percent of farms reported. Wheat occurred at a frequency of 42.5 percent or was raised on 800 farms. In Beckham County, 1148 farmers raised grain sorghums which was 61 percent and alfalfa was raised on 363 farms, which was 19.3 percent of farms reported. In regards to frequency of livestock in 1950, all cattle was raised on 1635 farms or 86.9 percent, dairy cattle was found on 1464 farms or a frequency of 76.7 percent, poultry was raised on 1604 farms or frequency of 85.2 percent, swine was raised on 835 farms which was 44.4 percent of total farms, and sheep was raised on only 22 farms with a low frequency occurrence of 1.2 percent.

G. Size and number of farms:

As previously stated, there were in 1950 in Beckham County, 1822 farms. These farms had an average size of 277.3 acres. In 1940, there were 2424 farms with an average size per farm of 221.4 acres. This decrease in number and increase in size of farms, was probably due to World War II and increased mechanization of farms.

H. Farm ownership and tenancy:

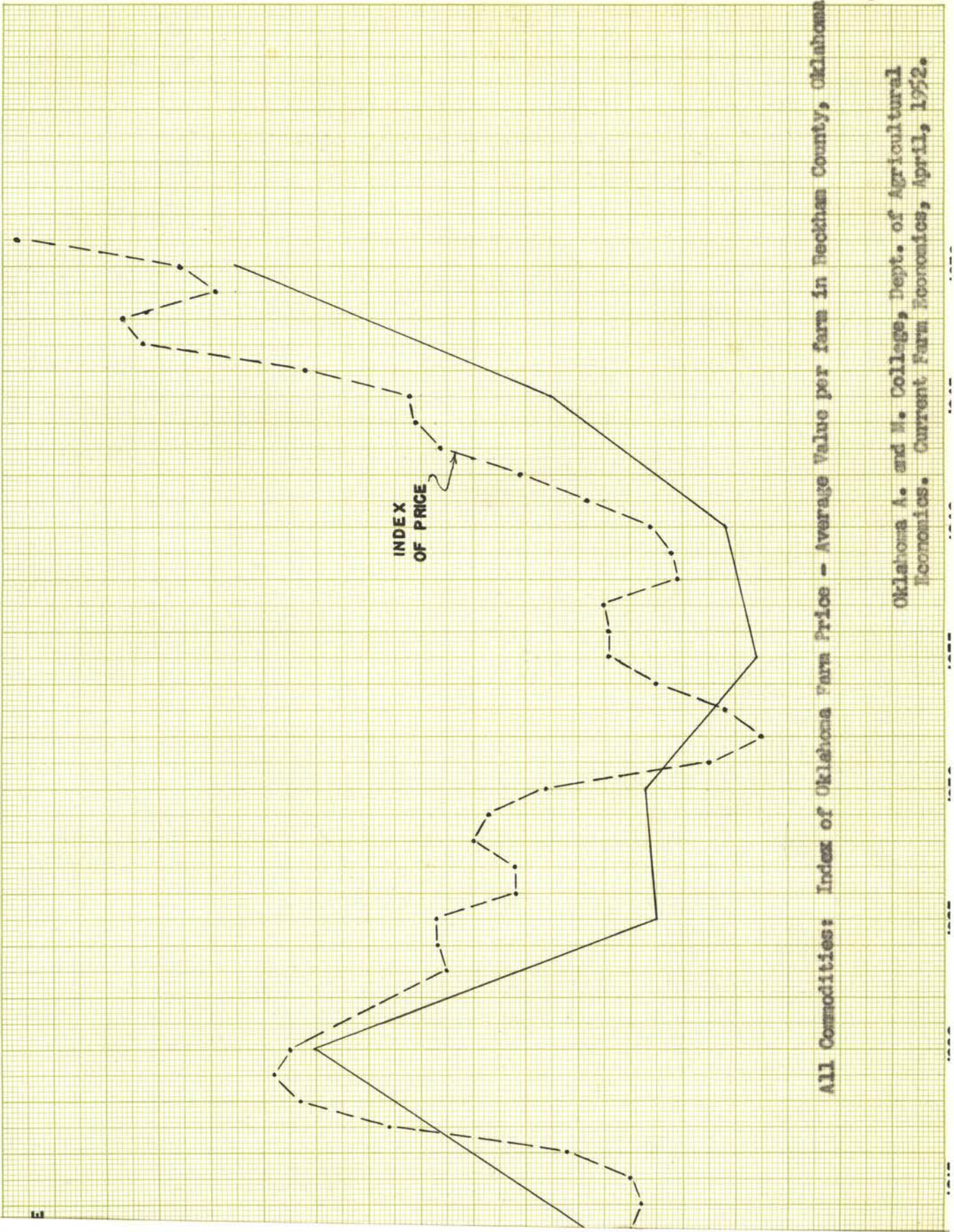
In regards to farm ownership, it was found that in 1950 there were 765 full owners, 418 part owners, 692 tenants, and 7 managers. In 1940 there were 798 full owners, 306 part owners, and 1316 tenants. In comparing the census data for Beckham County in 1950 with that of 1940, it is found that in 1950 full owners make up 40.6 percent of the total farmers as compared in 1940 to 32.9 per-

⁷U. S. Dept. of Commerce, Bureau of Census; Census, 1950.

cent. Part ownership also shown an increase with the 1950 census showing an occurrence of 22.2 percent as compared to the 1940 census showing an occurrence of 12.6 percent. Farm tenancy showed a decrease in the ten year period with the 1950 census showing tenancy at a frequency of 36.8 percent compared to the tenancy of 1940 of 54.3 percent. This decrease in farm tenancy and increase in farm ownership was probably due to federal lending agencies and insurance companies making more money available for farm loans and the fact that farm prices were increasing each year during the war period and the period following the war.

The major reason for the marked increase in farm ownership can probably be attributed to the fact that the period 1940 through 1950 was a period of very rapid rise in the price level of farm commodities. A chart on the following page graphically illustrates this fact. It can be readily seen that the rise in average value per farm, very closely follows the rise of index prices of all farm commodities. During periods of a rising price level, farmers are in a more favored position and many attempt to expand their farming operations. Total indebtedness of farmers is considerable less during periods of falling prices. Many farmers do, however, borrow money to buy machinery, equipment, and to increase their livestock herds and flocks.

The need for farmers to make wise investments at the present time and exercise care in the indebtedness and obligations assumed, is all the more apparent when the chart on page 8 is consulted. If, within the next few years, we enter a period of declining price levels, young men starting to farm and older farmers expanding the farming business, may find their indebtedness has become a considerable burden. This emphasizes quite effectively the need for training young men and adult farmers how to effectively and safely assume indebtedness.



All Commodities: Index of Oklahoma Farm Price - Average Value per Farm in Beckham County, Oklahoma

Oklahoma A. and M. College, Dept. of Agricultural Economics. Current Farm Economics, April, 1952.

THE REVIEW OF LITERATURE

The problem of financing supervised farming programs is often a limiting factor. Few boys are able to save enough money to finance adequate programs by themselves.

Farming requires money for the acquisition of land, livestock, feed, equipment, fuel, and other supplies. In the case of farm boys, and some town boys, most of them can arrange with their parents for the use of equipment, shelter for their livestock, and even the use of some home grown feeds. There is still the need of money for the purchasing of livestock, seeds, certain supplemental feeds, and other items for which a need may arise in conducting the farming program. Most parents are unable or reluctant to let their sons become involved in a program of considerable scope.

The lack of finance for conducting the expanded farming program many students like to have, should not keep an ambitious student who is willing to work from developing a desirable program. If the program is sound and well planned, it usually can be financed.⁸

There has been an increased use of credit among students of vocational agriculture in recent years. Some factors responsible for this trend are: The development of credit facilities appropriate to the needs of students, demands for larger farming programs as a part of the war effort, and a general improvement in business practices by students in planning and conducting their farming activities.⁹

⁸Hammonds and Tabb, Your Farming Program, p. 100, Trafton Publishing Co., 1948.

⁹Department of Agricultural Education, Univ. of Arizona, The Use of Credit by Students of Voc. Agri. in Arizona (August, 1943).

Miller's¹⁰ study of financing methods used by students of vocational agriculture in Bryan, Choctaw, and McCurtain counties in Oklahoma, indicated five factors that prompted the different financiers to contribute to the development of various vocational agriculture students' supervised enterprise programs.

The five factors are as follows:

1. Interest of civic and farm organizations.
2. Voluntary interest and effort on part of the financier.
3. Students approached and interested financier.
4. Teachers relationship to financier.
5. Teachers solicitation of financiers.

Miller's study also showed that of 577 vocational agriculture students included in the study, the following were methods used to finance productive enterprise programs:

¹⁰Miller, op. cit., p. 138.

METHODS USED TO FINANCE PRODUCTION AND RELATED
EXPENSES OF STUDENT PRODUCTIVE ENTERPRISE PROGRAMS*¹¹

Method of Financing	Number Reporting	Percentage Reporting
Self	267	47.84
Parent	28	5.01
Self and Parent (Jointly)	183	32.77
Self and Business-man	37	6.63
Self and Bank	15	2.69
Self and Relative	10	1.78
Self and Farmer (other than parent and relative)	3	.53
Self and Landlord	3	.53
Self and School	2	.34
Partnership	7	1.15
Other**	0	.00
Total	557	100.00

* Production includes feed, seed, fertilizer, cultivation, inoculants, and similar cost. Related expense includes breeding fees, veterinary fees, registration, equipment, entry fees, etc.

** Other includes P.M.A., Home Demonstration Clubs, Associations, and prizes providing students with initial financing.

¹¹ Miller, Ibid., p. 48.

In selecting the farming program, it would be wise to select an enterprise that will tend to finance itself as it progresses in operation. An example of such an enterprise would be a dairy program in which the sale of milk or cream and skimmilk used to fatten out barrows, would bring in considerable return during its operation. The investment of money saved and borrowing only what is needed, is sound business.¹²

Listed below are some of the things given by Hammonds and Tabb which will tend to keep down the amount of cash students need to borrow to carry on a farming program:

1. Have a cash-crop project in your program if your home farm set-up will permit you to do so. Good cash crops usually produce larger labor returns per hour than other enterprises.
2. Have feed-crop projects to supply the home grown feeds needed for your livestock projects. This will help keep down the amount of money needed to carry on livestock projects.
3. Plan to start livestock projects so that you will have your own feed by the time the animals require a large amount. For example: A student in western Oklahoma should plant his kafir or milo project approximately the same time he bred his gilt to farrow in September.
4. In many cases, livestock projects can be started with young animals that do not cost as much as mature animals.
5. The use of money made on your projects to finance the buying of livestock and to meet other expenses in your farming program.

¹²Hammonds and Tabb, op. cit., p. 102.

Well-planned use of earnings will help you finance the program you ought to have and will help you get ahead.

In financing the program, a student should sit down and figure the probable expenses and probable returns. Thus, he will know the amount of money probably needed in the complete operation of his program. It is better for the student to completely finance the whole program than to borrow just enough money to start. There are many cases when the program failed because the student did not have sufficient finance to complete the operation of the program properly. For example, a student in feeding out barrows should definitely consider the buying of proper supplement feeds in the financial plan if he expects to make his greatest profits.

"Many parents are able and willing to help their sons in starting to farm. Even if most parents are able to give the money needed for the program, it is best to have them lend the money instead. The student should make a written agreement or note with his parents just like he would anyone else. Notes should be paid off as soon as you are able to do so. Notes that you are unable to meet should be renewed. If you conduct your farming program with your parents in a business like manner, the returns are surer to be yours. Also your parents will be more interested and more willing to give you a better opportunity for your future work. No student can do no better thing than to get his parents to believe in his ability to plan and to carry out plans in a business like manner."¹³

It is evident that some students finance projects from sources other than parents. Most businesses, and farms as well, are operated on borrowed capital. It is good business to borrow money if it will help the individual make more money.

Hammonds and Tabb¹⁴ state that there are several advantages for borrowing money outside of the family. They are:

¹³Hammonds and Tabb, Ibid., pp. 103-104.

¹⁴Hammonds and Tabb, Ibid., p. 104.

"(1) A person has a stronger desire to meet his obligations and will strive harder to pay off the loan when it falls due. (2) The earnings will be his if he meets his obligations. (3) He gains experience in getting a loan, handling money, and paying off a debt. (4) He gets a chance to get acquainted with people whose business it is to loan money. He also builds up a credit rating for future use provided he meets his obligations fully."

In financing a farming program, the student must consider all terms of the loan. The rate of interest, security required, length of loan, and how and when payments are to be made are definite factors to be interested in.

According to Beard,¹⁵ money must be borrowed according to need. A student who finds that he must borrow money, must answer several questions if he is to borrow to the best advantage. He must realize that there are dangers as well as advantages in borrowing money. He must answer the following questions:

1. How much money do I need to borrow?
2. When and for how long do I need the borrowed money?
3. What can I produce and sell to pay it back with interest?

Hammond and Tabb¹⁶ express loan planning effectively as follows:

Regardless of where you get the loan the lender will want to know (1) the purpose of the loan, (2) the amount of money needed, when it is needed, and the length of time needed, (3) the plans of repayment, (4) what security can be offered, and (5) who will sign the agreement with you. Borrowed money is an obligation. Naturally, one takes great pride in paying off loans. Learning to meet obligations develops character and gives a person confidence in meeting future problems.

In helping to solve the problem of lack of finance some chapters have started a "return in kind" program.¹⁷ At Walla Walla, Washington, the F.F.A.

¹⁵Beard, Ward P., Starting to Farm, p. 118, Interstate Pub. Co., 1948.

¹⁶Hammonds and Tabb, op. cit., p. 106.

¹⁷Deyoe, George P. Supervised Farming in Vocational Agriculture, p. 143-44. Interstate Pub. Co., 1943.

Chapter started a chain type of swine project in 1932, and in a period of several years forty-two boys received gilts, in addition to the sale of twelve head by the chapter. Several advantages resulted from the project: (1) A boar was purchased and kept in a central location thereby reducing the usual cost of breeding, (2) The chapter was provided with a source of finance, (3) The quality of swine was greatly improved.

The Bonanza F.F.A. Chapter in Oregon made an agreement with the Production Credit Association in financing the supervised farming program. With the aid of the Production Credit Association the size and number of projects were increased from the former average of one per student to an average of four per student.

Another method of improving the financing problem of starting in supervised farming programs was by the help of the local Rotary Club. In Shawnee, Oklahoma, the Rotary Club provided each of several boys with six hens and a tom, with the understanding that a year hence they were to return the same number of poults. These in turn will be passed out to other deserving boys.¹⁸

¹⁸Ibid., p. 227.

SUMMARY OF ORGANIZATION, CHAPTER I

In Chapter I, an attempt has been made in the introduction to show the obligations and duties of vocational agriculture teachers regarding the training of high school youth, young farmers and adult farmers. The problem was stated and the characteristics of the farming area included in the study presented. Census data was shown and comparisons made between the years 1940 and 1950. An attempt was also made to briefly review factors which might account for the increase in farm ownership and to point out the need for which young farmers have for training in making wise investments. A review of certain literature regarding financing of the farming programs of young men, was also presented in this chapter. Chapter II will be concerned with the presenting of the method of procedure used in the study. Chapter III will cover the presentation and analysis of data. The final chapter will be a summary and conclusions with certain recommendations presented.

CHAPTER II

METHOD OF PROCEDURE

In developing the questionnaire, the writer obtained information from three district supervisors, three teachers of vocational agriculture, and his major advisor with regard to formulating questions of importance regarding financing of supervised farming programs. These questions were consolidated by the writer and developed into a questionnaire that was presented in a seminar study group in Agricultural Education during the summer term of 1951. The questionnaire was thoroughly reviewed by this group and the revised copy presented to Professor Don M. Orr, the instructor of the course, who offered suggestions for further revision and development used in securing the information desired. A copy of the revised questionnaire is enclosed in this report.

In securing the information, the writer first contacted the instructors of the chapters in the county. A list of pupils enrolled in each school was consulted and twenty selections made at random. No particular method of selection was employed. The local instructor in each case accompanied the writer and personal interviews were made of the first twelve students that were found at home. The schools were surveyed in the following order: Elk City, Sweetwater, Sayre, Delhi, Erick and Carter.

For purposes of analysis, the data obtained were grouped and presented in six phases, namely (1) the source of finance, (2) the use of written agreements made in regards to methods of financing, (3) the frequency of practice of instructors signing written agreements, (4) distribution of interest rates paid by students in financing supervised farming programs, (5) average length of time involved in financing and (6) the correlation between

the students farming program with his parent's farming program.

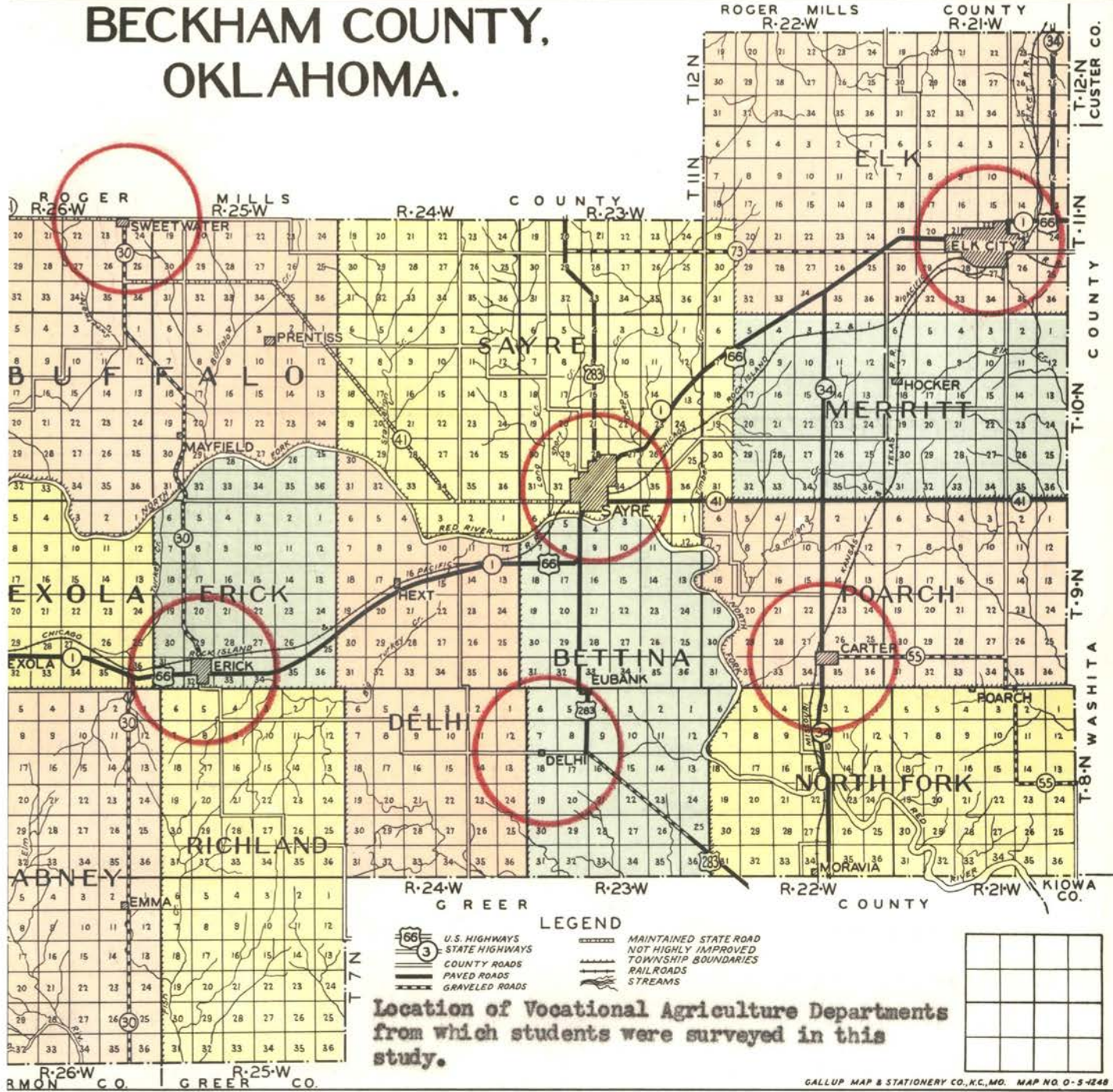
In securing information on adult farmer finance the writer contacted Mr. Clinton Parr, Manager of the Merchant's Credit Association, located in Elk City, Oklahoma. Mr. Parr furnished the writer with copies of each of the semi-weekly reports supplied by his office to subscribers of his service in the area. These reports showed in addition to many other items, the following information used in this study: (1) All individual farmers granted real estate mortgages, (2) All individual farmers granted chattel mortgages, (3) All individual farmers borrowing money from banks, federal lending agencies, State Land Commission, insurance companies, and individuals. The reports used, covered the year of 1951 in order to correspond with information regarding vocational agriculture students of the same period. The writer did not go into as much detailed information as was secured on vocational agriculture students but compiled and grouped information on the number of farmers securing finance during the year 1951. In addition, material was secured on types of credit obtained and the source of finance used.

In addition to this information, the writer secured from the Soil Conservation Service material on the characteristics of Beckham County and from the Department of Agricultural Economics, Oklahoma A. and M. College, the number of farms in Beckham County in 1950 and other information on farm census.

SOURCES OF DATA

This study was limited to the County of Beckham, located in western Oklahoma. The adult farmer information was compiled from findings regarding financing of farming operations by 1630 individual adult farmers in the year of 1951. The securing of information relative to financing of supervised farming programs of vocational agriculture students was limited to the six chapters of vocational agriculture in Beckham County, Oklahoma. Twelve students from each chapter at Carter, Delhi, Elk City, Erick, Sayre, and Sweetwater were personally interviewed. The schools selected are representative of Western Oklahoma and were convenient to the writer since he was employed in the Carter Public School System. The instructors and students were very cooperative and willing to help in this study. This information was secured by personal interview with Mr. Clinton Parr, Manager of the Merchants Credit Association of Beckham County. This information was of a confidential nature and was secured by a review of a complete year copies of semi-weekly reports sent to various subscriber members of the Merchants Credit Association in the area.

BECKHAM COUNTY, OKLAHOMA.



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QUESTIONNAIRE

FINANCING PRODUCTIVE ENTERPRISE PROJECTS

1. Name of student _____
2. Name of instructor _____
3. School _____
4. Year completed in vocational agriculture _____
5. Parent's occupation _____
6. List parent's major farm enterprises. _____

7. TYPES OF PRODUCTIVE ENTERPRISE PROJECTS COMPLETED

Year in School	Number of head or acres	Percent of ownership
Freshman		
Sophomore		
Junior		
Senior		

8. SOURCE OF FINANCING PRODUCTIVE ENTERPRISE PROJECTS

Source	First Year	Second Year	Junior Year	Senior Year
Parents Previously earned money				
Bank Federal Lending Agencies				
Civic Club				
Chapter				
Other Sources				

9.

	Parents	Bank	Federal Lending Agencies	Civic Club	Chapter	Other Sources
Written agreement made and signed						
Parents sign instructors agreement						
Any collateral required						
Rate of interest						
Insurance required						
Lender visit project						
Length of time to repay						
Borrowed initial cost only						
Borrowed for complete operation						
Method of repayment						

10. Did your parents give you the money to pay for your projects? _____

11. List: _____

12. Did your parents pay for complete operation of project? _____
13. List: _____

14. Did you receive all profits? _____
15. List: _____

16. What is your opinion of securing finance for your productive projects? _____

17. Do you think the use of credit should be taught in vocational agriculture?

18. Is the use of credit taught in your department of vocational agriculture?

19. When does your department teach the use of credit in the teaching program?

CHAPTER III

ANALYSIS AND INTERPRETATION OF DATA

It is considered that the supervised farming practice is the fundamental to a good vocational agriculture program. The fact that some students encounter a problem in securing needed finance for the developing of a good program of supervised farming practice makes this study of considerable importance. It is further recognized that high school pupils of vocational agriculture are assuming the duties and obligations of adult farmers in the future. It is recognized therefore that it would be valuable to find out how adult farmers in this area make use of credit.

Tables and analysis are presented on the following factors: (1) the frequency of loans made to adult farmers in Beckham County, (2) the different types of loans made to adult farmers in Beckham County, (3) lending agencies making loans to Beckham County farmers in 1951 and secured by real estate mortgages, (4) lending agencies making loans to Beckham County farmers in 1951 and secured by chattel mortgage, (5) methods of financing initial cost of supervised farming programs as reported by 72 Beckham County Vocational Agriculture Students, (6) ranking of methods of financing supervised farming programs according to use by students of vocational agriculture that received financial aid from parents in operation of the supervised farming practice, (7) the use of written agreements in financing the supervised farming program, (8) the frequency with which instructors of vocational agriculture signed written agreements for student loans, (9) the distribution of interest rates paid by students of vocational agriculture securing credit to finance supervised farming programs, (10) the average length of time involved in fin-

ancing the supervised farming program, and (11) the opinions of teachers and students regarding the teaching of the use of farm credit.

An attempt was made also to determine the correlation of the type of supervised farming program of the student with the type of farming practiced by his parents and the practices of other adult farmers in Beckham County.

TABLE I

THE FREQUENCY OF LOANS MADE TO ADULT FARMERS IN BECKHAM COUNTY, 1951

Number Farms in County	Number of Loans Made	Percent of Farmers Borrowing
1832	1633	86.7

The frequency with which farmers borrow money to finance their farming operations is shown to be very high. The majority of loans were usually made for a period of six months to one year in length. The figure 1633 was adjusted by allowing for one percent duplication of loans granted.

TABLE II

DIFFERENT TYPES AMONG THE 1630 LOANS MADE
TO ADULT FARMERS IN BECKHAM COUNTY, 1951

Type of Loan	Frequency	
	Number	Percent
Chattel	1532	95.9
Real Estate	68	4.1

Table II shows that by far the greater majority of the loans granted farmers in Beckham County for financing the farming business were secured by chattel type mortgages. Loans made to farmers are usually for the purpose of financing cattle or crops that they plan to raise during the current season. There were some loans made by implement companies, financing for short periods, the purchase of farm equipment. Real estate loans were comparatively slow with little loan activity shown.

TABLE III

LENDING AGENCIES MAKING LOANS TO BECKHAM
COUNTY FARMERS IN 1951 AND SECURED BY REAL ESTATE MORTGAGES

Lending Agency	Frequency	
	Number	Percent
Individual	28	41.1
Life Insurance Company	2	2.9
Federal Land Bank	22	32.4
F. H. A.	1	1.5
Banks	4	5.9
Commission Land Office	8	11.8
U. S. A. (G.I. Bill)	2	2.9
Lumber Company	<u>1</u>	<u>1.5</u>
Total	68	100.0

Table III shows that real estate loans were secured from individuals at a greater frequency than other type of real estate loans. These loans from individuals were usually secured by a smaller mortgage than those from other sources with the exception of a lumber company loan. The largest loans made on real estate were presumably G. I. Loans where a greater percent of appraisal value was granted. The Federal Land Bank loaned a greater amount and granted a greater number of mortgages than most government agencies. The Farm Home Administration only made one loan in 1951 as compared to the Oklahoma School Land Commission granting 8 loans of medium amounts.

TABLE IV
LENDING AGENCIES MAKING LOANS TO BECKHAM
COUNTY FARMERS IN 1951 AND SECURED BY CHATTEL MORTGAGE

Lending Agency	Frequency	
	Number	Percent
Banks	1324	83.71
Farm Home Administration	124	7.81
Production Credit Association	45	2.82
Implement Companies	43	2.72
Individual	37	2.31
Commodity Credit Corporation	4	.28
Commercial Feed Mill	2	.14
Insurance Company	1	.7
National Livestock Credit Corporation	1	.7
Private Finance Company	1	.7
Total	1582	100.0

Table IV shows that a greater majority of farmers borrowed money from the local bank than all other sources combined. These loans, however, usually were for shorter periods of time and smaller loans than those made by federal lending agencies. It was known that a former student of vocational agriculture that had obtained the American Farmer Degree, borrowed money from the Production Credit Association to finance his cattle farming operation. The Farm Home Administration loans more money than any other federal agency and their loans were usually in the vicinity of \$2500.00 and made for a period of five years.

TABLE V
METHODS OF FINANCING INITIAL COST OF SUPERVISED
FARMING PROGRAMS AS REPORTED BY
SEVENTY-TWO BECKHAM COUNTY VOCATIONAL AGRICULTURE STUDENTS

Method of Financing	Frequency	
	Number of Times Used	Percent using Methods
Parents	88	32.3
Previously earned money	158	58.1
Banks	11	4.05
Other sources	4	1.5
Civic Clubs	11	4.05
Chapter	0	0.0
Federal Lending Agencies	0	0.0
Total	272	100.00

Data in Table V indicates that approximately one-third of students studied received financial aid from their parents for meeting the initial cost of their supervised farming program. Money previously earned by the students themselves was indicated as the financing method used by 58.1 percent of students studied. Of the 72 supervised farming programs involving the financing of 272 enterprise units, only 11 students borrowed money from the bank, or an occurrence of only 4.05 percent of the time. Students included in the study indicated that the assistance of civic clubs in financing supervised farming programs occurred 11 times or only 4.05 percent of the time.

In the Elk City Chapter, students used the Bank as source of finance 5 times. The bank was used once in the Sayre FFA Chapter. Erick FFA Chapter students

secured money from the bank four times. The Delhi Chapter only used the bank as a source of credit once.

In regards to financing of the supervised farming program by civic clubs, it was found that the Sweetwater FFA Chapter was the only chapter making use of this source of financing. One type of project was promoted by the Lions Club of Erick, Oklahoma. Students were supplied fifty chicks and returned six broilers to the club at completion of the project.

Students receiving financial aid from relatives other than parents are listed as receiving aid from other sources. Of the students included in this study, only one student in each of the chapters at Carter, Elk City, Erick, and Sweetwater received financial aid from relatives.

There were no chapters in the county that had an organized FFA chapter loan system, nor were there any students included in this study reporting the use of any federal lending agencies.

It is interesting to note that when financial aid was secured it was more commonly used in the early stage of student participation in vocational agriculture. For example, in securing aid from banks it was found money was borrowed by freshmen students six times, sophomore students four times, and only once by a junior student. In the case of financial assistance from civic clubs, it was found that six freshmen students made use of this aid, three sophomores, one each in his junior and senior years of vocational agriculture. In aid from other sources, two freshmen, one sophomore, and one out of school student made use of this aid.

It would seem probable that students should make more extensive use of credit since in the majority of cases it has proven a satisfactory method in making a beginning and advance in farming.

TABLE VI

RANKING OF METHODS OF FINANCING SUPERVISED FARMING
PROGRAMS BY STUDENTS OF VOCATIONAL AGRICULTURE
THAT RECEIVED FINANCIAL AID FROM PARENTS

Method of Financing	Frequency	
	Number	Percent
Parents	88	53.0
Previously earned money	73	44.0
Banks	3	1.8
Other sources	1	.6
Civic Club	1	.6
Federal Lending Agencies	0	.0
Total	166	100.0

Data in Table VI brings out the fact in 53 percent of the cases parents completely financed the supervised farming program. Even though 158 students paid for the initial cost of the supervised farming program from previously earned money as shown in Table V, it was found that students indicated they received financial aid from their parents seventy three times. It was indicated that usually such aid consisted of supplying home grown feeds, housing, equipment, etc. Parents gave financial aid three times when money was borrowed from the bank, and parents gave financial aid when money was secured from civic clubs and other lending agencies one time each.

TABLE VII

THE USE OF WRITTEN AGREEMENTS IN FINANCING THE SUPERVISED FARMING PROGRAM

Method of Finance	Frequency		
	Number of Times Used	Written Agreements Made	Percent
Parents Completely Financed	88	0	0
Parents Partially Financed	73	0	0
Bank (student sign)	11	11	100
Bank (parents sign)	11	5	45.45
Other sources	4	0	0.
Federal Lending Agencies	0	0	0.
Civic Clubs	11	11	100

The use of written agreements in financing the supervised farming program was used only when the money was secured from the bank or financial aid secured from civic clubs. There was no indication of a written agreement between the parents and the student of the 161 times money was secured for complete or partial finance of the supervised farming program. Written agreements were made 100 percent of the time when financial aid was secured from the bank or civic club. Parents, however, only signed with their sons 5 times or 45.45 percent of the time. The use of written agreements when money was secured from other lending agencies was zero.

TABLE VIII

THE FREQUENCY WITH WHICH INSTRUCTORS OF VOCATIONAL
AGRICULTURE SIGNED WRITTEN AGREEMENTS FOR STUDENT PUPIL LOANS

Method of Finance	Frequency		
	Written Agreements Made	Instructors Signing	Percent
Bank	11	0	0
Civic Clubs	11	0	0
Total	22	0	0

The frequency of vocational agriculture instructors signing the written agreements made between the student and the bank or civic club was zero. Most instructors feel that they should not be obligated on a note with their students. They feel that there is some risk of students not meeting their obligations and they perhaps have other personal reasons.

TABLE IX

THE DISTRIBUTION OF INTEREST RATES PAID BY STUDENTS OF VOCATIONAL
AGRICULTURE SECURING CREDIT TO FINANCE SUPERVISED FARMING PROGRAMS

Source of Finance	Interest Rate Paid
Parents	0
Banks	6.4
Other Sources	0
Civic Clubs	0

There was no interest rate charged when students financed their supervised farming programs through their parents, other sources, or civic

clubs. Most banks charged an interest rate from three to ten percent on the principal borrowed. At Elk City the First National Bank charged only a small handling fee of three to four percent. The local instructor of vocational agriculture was instrumental in interesting the banker in setting up a program for providing financial aid to students of vocational agriculture. In the other chapters where students received credit from banks the students paid the regular interest rate.

TABLE X

THE AVERAGE LENGTH OF TIME INVOLVED IN
FINANCING THE SUPERVISED FARMING PROGRAM

Method of Finance	Length of time to repay loan
Parents	6.5 months
Banks	6.7 months
Other	10.0 months
Civic Club	3.0 months

In analyzing the table, it should be recognized that the type of projects had a greater influence on the length of time money was used in financing the supervised farming program than any other factor.

TABLE XI
 DEGREE OF FREQUENCY OF VARIOUS TYPES OF
 SUPERVISED FARMING PROGRAMS COMPLETED BY
 SEVENTY-TWO STUDENTS OF VOCATIONAL AGRICULTURE IN BECKHAM COUNTY

Enterprise involved in Supervised Practice Program	Frequency	
	Number of Times	Percent
Swine	135	49.10
Beef Cattle	37	13.46
Poultry	28	10.18
Cotton	26	9.45
Dairy Cattle	24	8.73
Sheep	15	5.45
Grain Sorghums	6	2.18
Wheat	3	1.09
Alfalfa	<u>1</u>	<u>.36</u>
Total	275	100.00

TABLE XII

DEGREE OF FREQUENCY OF VARIOUS TYPES OF FARM ENTERPRISES RAISED
BY PARENTS OF STUDENTS OF VOCATIONAL AGRICULTURE IN BECKHAM COUNTY

Farm Enterprise	Frequency	
	Number of Times	Percent
Cotton	54	20.15
Grain Sorghums	45	16.80
Poultry	45	16.80
Dairy Cattle	40	14.93
Swine	25	9.323
Wheat	25	9.323
Beef Cattle	17	6.34
Alfalfa	11	4.104
Clover	2	.08
Castor Beans	<u>1</u>	<u>.04</u>
Total	268	100.000

In the data presented in Table XI and Table XII, it is found that swine projects are the leading type of supervised farming practice carried on by students of vocational agriculture in Beckham County. They comprised 49.1 percent of all projects completed, compared with the frequency with which swine occurs on the parents farm of 9.323 percent. Another interesting comparison involves the cotton enterprise. The frequency of cotton in the students supervised farming practice is only 9.45 percent as compared to the frequency on the parents farm of 20.15 percent. The degree of frequency of beef cattle and sheep was higher in the students farming practice than they occurred as farming enterprises

found on the parents farm. The degree of frequency of poultry, dairy cattle, grain sorghums, wheat, alfalfa, clover, and castor bean enterprises was higher as a farming enterprise on the parents farm than it occurred as a supervised farming practice in the student's farming program. Sheep did not occur on any of the parent's farms, neither did clover or castor beans occur as a supervised farm practice in the student's program.

It might be pointed out that swine and sheep have a higher frequency in the supervised farming program of students than is found on their home farms. This is due to the small financial investment, low cost of operation, and quick turnover. The fact that most students exhibit animals in the local, county and state shows may account for the greater frequency of swine and sheep in students supervised farming programs.

TABLE XIII

OPINIONS OF STUDENTS OF VOCATIONAL AGRICULTURE
REGARDING THE USE OF CREDIT IN THEIR SUPERVISED FARMING PROGRAMS

Item	Number Students Interviewed	Number Students Replying	
		Yes	No
Should credit be used by vocational agriculture students in developing supervised farming programs?	72	68	4

It is evident that vocational agriculture students feel that obtaining credit for conducting their supervised farming programs is desirable even though the majority do not find it necessary to borrow. This favorable attitude toward borrowing is significant in that if these students feel so free to borrow they are in all the more need of guidance in regard to the matter of obtaining such finance.

TABLE XIV

OPINIONS OF STUDENTS AND TEACHERS REGARDING
THE TEACHING OF FARM CREDIT USAGE

Item	Number Interviewed	Number Replying	
		Yes	No
Should more class time be spent on the use of credit in Vocational Agriculture?			
Reply by students	72	70	2
Reply by teachers	6	4	2

It is interesting to note that two-thirds of the teachers felt that more time should be spent in teaching farm credit. The need for learning about credit was evidently realized by the students who placed an even greater emphasis than teachers in its importance.

CHAPTER IV

SUMMARY AND CONCLUSIONS

In this study certain pertinent facts have been obtained with some assurance that they are collectively of value for use in planning the financial arrangements for the supervised farming practice activities of students in vocational agriculture. No claim is made that all possible methods of financing the student's supervised farming program have been investigated in this study, or that the information can stand independent of criticism. The facts presented were indications found in the study of how adult farmers in the county financed their farming programs and also the methods used by students of vocational agriculture in financing their supervised farming programs. Seventy-two students in the six departments of Vocational Agriculture located in Beckham County, Oklahoma, were interviewed to secure this information.

Most students of vocational agriculture financed their programs from previously earned money whether it was from the income received for farm labor or from the profits made on previous supervised farming programs or from other sources. Even though most students did have enough money for the initial cost of the program, a great number of them depended on the financial help of parents in the operation of the supervised program. Much of this help was in the form of the use of home grown feeds and use of land and equipment.

The next greatest number of students depended entirely on their parents in the complete operation of the supervised farming program with very few repaying the parents for their financial assistance.

The financing of the programs through banks was primarily under two plans. One worked out by the instructor of vocational agriculture with the local First

National Bank in that the students only paid a small handling charge and the parents signature was not required. The other was that the student borrowed money from the bank on the normal rate of interest and the parents signature was required.

Civic club assistance was of only one type. The initial cost of the broiler project was paid by the club and they in return furnished with six grown broilers at the completion of the project.

Written agreements were used only in cases where financial assistance was secured from a bank or civic club.

In this study there was found no occasion of instructors signing the written agreements with the student of vocational agriculture.

The majority of financial aid secured occurred during the beginning of the supervised farming program with very few needing any assistance after their second year of vocational agriculture.

There was no great degree of correlation of the students supervised farming practice with the type of farming the parents were engaged in.

In adult finance of the farming business, it was found in this study that a very high percent of farmers borrowed money. The majority of loans granted were chattel type mortgage where the adult farmer secured credit for the current season of crop production and livestock raising. Real estate mortgages were comparatively small in numbers in proportion to chattel mortgages, however, real estate mortgages were larger loans and covering over a longer period of time.

In this study, it was found that real estate loans were secured from individuals and the Federal Land Bank 73.5 percent of the time while in case of chattel mortgages granted the bank was the lending agency 83.7 percent.

It is assumed that sources of adult finance are not used by the student of vocational agriculture because generally the scope and size of the student's pro-

gram does not warrant it. As previously stated, a young farmer that had obtained the American Farmer Degree in Vocational Agriculture, borrowed money from the Production Credit Association to finance his cattle farming operation. As the result of this study, more emphasis should be given the sources of credit and its use in the teaching program of the all-day student.

Most students were favorable towards the use of credit in the supervised farming program. In the survey of opinion on the use of credit, sixty-eight students were favorable and four were unfavorable. The answer most students gave was that it was usually the necessary way of starting to farm.

Opinions given regarding the teaching of credit usage in the supervised farming program, showed that the majority of students were in favor of the use of credit in the teaching program. Seventy students were found to be favorable toward teaching of credit usage while two students were of the opinion that it was not necessary to teach the use of credit in all-day instruction.

The instructors interviewed indicated that the use of credit was taught only as a part of instruction concerning the individual supervised farming program. There was only one instructor who had any additional instruction on the use of credit in the teaching program.

The following conclusions and recommendations are presented as the result of this study.

1. The tremendous amount of credit used by adult farmers warrant more time being allotted in the teaching program of the all-day student and in the young farmer classes on the use of credit than commonly used at present.
2. Parents play an important role in the development of the supervised farming programs of most chapters. This desirable factor has helped many students make a rapid advance in farming programs.

3. Several students are successful enough in the supervised farming practice to the extent that they have developed desirable programs without the use of credit.
4. In planning the supervised farming program it is recommended that students have access to at least \$50.00 for the initial investment and beginning operations of the supervised farming program.
5. The majority of students needing financial aid for conducting their programs are in greater need of such in the freshman and sophomore years.
6. The type of project has more influence on the length of time money is needed than does the source of financial assistance.

LESSON PLANS
for
PROBLEMS 1 THROUGH 6

Lesson Plan

Year Taught in: Ag. II

Month: December

Periods: 2

Enterprise: Farm Management

Job: Financing the Farm Business

Problem #1: Use of Credit in Starting to Farm.

Objective: Since approximately 85 percent of farmers finance at least a portion of their farming business by borrowing money in this community, the student of vocational agriculture should study the use of credit in starting in the farming business.

Questions:

1. What are the different ways you can get started to farming?
2. What conditions must be met satisfactory for one to become successful in farming?
3. List the steps necessary in becoming a farm owner.
4. How did your parents become established in farming?
5. What agriculture training did your parents have in starting to farm?
6. What agriculture training is available for the modern youth in starting to farm?
7. Discuss the methods you plan on using in becoming established in the farming business.

Classroom Procedure: Supervised Study and discussion.

Reference: Federal Farm Loan Adm. Bulletin
Rural Youth Starts With Credit
Beard, Starting to Farm, Chapters IV, XIV.
Hammonds and Tabb, Your Farming Program, Chapter 12.

Lesson Plan

Year Taught in: Ag. II

Month: December

Periods: 3

Enterprise: Farm Management

Job: Financing the Farm Business

Problem #2: Use of Credit Instruments.

Objective: To develop an understanding and give the student knowledge of terms and instruments commonly used in the credit field.

Questions:

1. What is a note?
2. What is a mortgage?
3. What credit instruments are used in:
 - a. Long term farm loans.
 - b. Short term livestock or crop loans.
4. What is meant by collateral?
5. Who is required to sign instruments or papers on a farm loan?
6. Who is required to sign instruments or papers on a loan on personal property?
7. What is an abstract of title?
8. After loan is complete what does the lender usually do with the signed instruments to protect his loan?
9. When the debt is paid, what should the borrower require of the holder of the note and mortgage?
10. What is a chattel mortgage?
11. What are assets and liabilities?
12. Of what use is a financial statement?

Classroom Procedure: Supervised Study, Discussion, and Examination

Reference: Forster Farm Organization and Management, pages 468-475
Federal Farm Loan Adm. Circular #E-4, The Profitable Use of Farm Credit.

Lesson Plan

Year Taught in: Ag. II

Month: December

Periods: 2

Enterprise: Farm Management

Job: Financing the Farm Business

Problem #3: Preparation of a Budget and Financial Statement

Objective: To develop a knowledge in how to plan a budget for the complete operation of a project (s) and prepare a financial statement.

Classroom Procedure: Class discussion and developing an outline of Budget and Financial Statement.

I. Example of analysis and budget to be completed by each individual student:

Contributions of the project:

1. Things to be provided by the student:

Item	Amount	Value
Feed, Seed, etc.	_____	_____
Animals	_____	_____
Cash	_____	_____

2. Things to be furnished by parent:

Item	Amount	Value
Land (rent)	_____	_____
Use of machinery	_____	_____

3. Things that must be purchased by use of credit:

Item	Amount	Value
_____	_____	_____
_____	_____	_____

Interest to be paid _____

A. Total value of contributions: _____

Returns expected from project:

1. Sales to be made from project:

Item	Date	Quantity	Expected price	Expected Value
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

2. Inventory of Project on hand:

Lives tock _____

Feed _____
 Seed _____

B. Total Returns _____

Expected returns for labor and management (B minus A) _____

Handling the loan:

1. Credit needed:

a. Amount _____ Date _____ Period _____

2. Repayment of Credit:

a. Receipts from project: Date _____ Amount _____

b. Other income: Source _____ Date _____ Amount _____

3. Security offered:

a. Chattel Mortgage _____ Co-maker _____

Other savings or bonds _____

Example of Financial Statement prepared by student:

Assets:

Cash on hand or in Bank _____
 Livestock owned _____
 Feed, Seed, and unsold crops _____
 Farm Machinery and equipment _____
 Other personal property owned _____
 Others owe me _____
 Total _____

Liabilities:

Debts owed to parents _____
 Notes due at bank _____
 Other debts owed _____
 Total Indebtedness _____

Net Worth (Assets minus Liabilities) _____

Lesson Plan

Year Taught in: Ag. II Month: December Periods: 2
Enterprise: Farm Management Job: Financing the Farm Business
Problem #4: Determining the best source of credit.

Objective: To develop a knowledge of all available credit agencies and services offered and to assist students in selection of an agency best suited to their needs.

Questions:

1. What credit agencies make short term loans to farmers?
2. What credit agencies make farm mortgages?
3. For what purposes may short term loans be secured?
4. List purposes long term loans are granted?
5. List security required for short term loans?
6. List security required for long time mortgages?
7. What percent of value can be borrowed for short term loans?
8. What percent of value can be borrowed for long term loans?
9. List interest rates required for both types of loans.
10. List years both types of loans can be made and discuss payment plan of each type.
11. List cost of obtaining loans of each type.

Classroom Procedure: Supervised Study, Discussion, Formulation of charts, and Examination.

Reference: Forster Farm Organization and Management, pages 464-472.
Farm Credit Administration Cir. "Rural Youth Starts with Credit."
Farm Credit Administration Cir. "Short Term Credit, A Good Farm Tool".
Farm Credit Administration Handbook, Farm Credit.

Lesson Plan

Year Taught in: Ag. II Month: December Periods: 2

Enterprise: Farm Management Job: Financing the Farm Business

Problem #5: Obtaining Credit for a short term loan.

Objective: To acquaint students with the different features of various sources of short term loans.

Classroom Procedure: Fill in following chart:

	Commercial Bank	Production Credit Association	Farm Home Ad- ministration	Individual
When organized				
Why organized				
Function				
Purpose of loans				
Location of agency				
Who can borrow				
How much can be borrowed?				
Security required				
Cost of loan				
Capital stock				
How managed				
How supervised				
Who is owner				
Source of funds				

Reference: Farm Credit Administration Circulars "The Profitable use of Farm Credit, ABC's of Credit for the Farm Family, You and Your P.C.A."

Lesson Plan

Year Taught in: Ag. II Month: December Periods: 2

Enterprise: Farm Management Job: Financing the Farm Business

Problem #6: Obtaining Credit for long term loans

Objective: To develop a knowledge of all available farm credit agencies and assist members in selection of agency best suited for their needs.

Classroom Procedure: 1. Secretary of Federal Land Bank discuss the organization and function of the Federal Land Bank. 2. Formulate Chart and fill in. (Example Attached)

Federal Land Bank	Farm Home Administration	Ad-Insurance Companies	Bank	Individual
-------------------	--------------------------	------------------------	------	------------

Source of funds

Who may borrow

Security required

Purpose of loan

Interest rates

Term and payments

Repayment privileges

Services offered

Attitudes toward distressed borrower

Cost of obtaining loan

Where to apply

APPENDIX

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2. C. L. Angerer, Professor of Agriculture Education, Oklahoma A. and M. College, Stillwater, Oklahoma.
3. Don M. Orr, Professor of Agriculture Education, Oklahoma A. and M. College, Stillwater, Oklahoma.
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9. Ray Baird, Instructor of Vocational Agriculture, Ponca City, Oklahoma.
10. Charles Barney, Instructor of Vocational Agriculture, Elk City, Oklahoma.
11. Orvel Stewart, Instructor of Vocational Agriculture, Sweetwater, Oklahoma.
12. Henry Heise, Instructor of Vocational Agriculture, Sayre, Oklahoma.
13. W. R. Brown, Instructor of Vocational Agriculture, Delhi, Oklahoma.
14. Lloyd Menslee, Instructor of Vocational Agriculture, Erick, Oklahoma.

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