



Ag Decision Maker

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New Iowa farm custom rate survey available

by William Edwards, extension economist, 515-294-6161, wedwards@iastate.edu

The 2011 Iowa Farm Custom Rate Survey followed the recent trend of small, but consistent increases in rates each year. Most operations showed increases of 3 to 5 percent over the average rates in the 2010 survey. The average rate for combining corn, the custom operation with the most responses, exceeded \$30 per acre for the first time.

Fuel prices have soared this winter, causing many custom operators to increase their rates from last year. In the survey, the average price for diesel fuel in 2011 was assumed to be \$2.75 per gallon, which was not far off in January, but is below current prices. As a rule of thumb, a \$0.50 per gallon increase in the price of fuel will cause total costs for machinery operations to increase about 5 percent.

The values reported on the survey are simply the average of all the responses received for each category. The range of the highest and lowest responses received is also reported. These values are intended only as a guide. There are many reasons why the rate charged in a particular situation should be above or below the average. These include the timeliness with which operations are performed, quality and special features of the machine, operator skill, size and shape of fields, number of acres contracted, and the condition of the crop for harvesting. The availability of custom operators in a given area will also affect rates.

Several new operations and services were included in the 2011 survey, including using seed shut-offs on planters, bagging silage, tedding and swathing hay, and renting a generator.

The Ag Decision Maker offers a Decision Tool to help custom operators and other farmers estimate their own costs for specific machinery operations.

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Handbook updates

For those of you subscribing to the handbook, the following updates are included.

Table of Contents - Crops - Cost and Returns -- A1-00 (1 page)

Historical Corn Yields by County -- A1-12 (10 pages)

Historical Soybean Yields by County -- A1-13 (10 pages)

Table of Contents - Crops - Markets -- A2-00 (1 page)

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The Machinery Cost Calculator (File A3-29) can be found under Crops, then Machinery in the Ag Decision Maker table of contents.

The 2011 Iowa Farm Custom Rate Survey is available at county extension offices, online as publication FM-1698, from the ISU Extension Online Store, or as Information File A3-10, Iowa Farm Custom Rate Survey, on the Ag Decision Maker website.

Average Farm Custom Rates Reported for Iowa

| Operation | 1978 | 1988 | 1998 | 2011 |
|------------------------------------|---------|---------|---------|----------|
| Chisel plowing, per acre | \$6.00 | \$8.40 | \$9.65 | \$13.70 |
| Planting, per acre | \$4.40 | \$6.80 | \$8.85 | \$14.80 |
| Spraying, per acre | \$2.40 | \$3.50 | \$4.00 | \$6.05 |
| Combining corn, per acre | \$16.20 | \$22.00 | \$23.40 | \$30.90 |
| Combining soybeans, per acre | \$14.00 | \$20.60 | \$22.55 | \$29.65 |
| Baling square bales, per bale | \$.21 | \$.29 | \$.36 | \$.50 |
| Custom farming, corn, per acre | \$58.00 | \$71.00 | \$75.80 | \$108.95 |
| Custom farming, soybeans, per acre | \$50.00 | \$65.00 | \$70.65 | \$96.40 |
| Machinery operating wage, per hour | \$3.50 | \$5.10 | \$7.20 | \$12.00 |

Source: Iowa State University, Iowa Farm Custom Rate Surveys, FM-1698.

USDA to prepare carbon measurement and management guidelines

by Daryll E. Ray, Blasingame Chair, Excellence in Agricultural Policy, Institute of Agriculture, University of Tennessee, and Director, UT Agricultural Policy Analysis Center (APAC); 865-974-7407; dray@utk.edu; http://www.agpolicy.org

In the Feb. 18, 2011 issue of the Federal Register, the United States Department of Agriculture (USDA) published a “notice of project undertaken to develop technical guidelines and scientific methods for quantifying greenhouse gas (GHG) emissions and carbon sequestration at the practice-, process-, farm- and entity-scales.” Readers can access the notice at <http://edocket.access.gpo.gov/2011/2011-3731.htm>.

The project is being undertaken in response to a provision of the 2008 Farm Bill that says the “USDA shall prepare technical guidelines that outline science-based methods to measure the carbon benefits from conservation and land management activities.” The “USDA anticipates that the methods will be used by farmers and by [the] USDA to improve management practices and to identify actions to reduce greenhouse gas emissions and increase carbon sequestration.”

It is expected that “the guidelines and methods could be used by farmers, ranchers and forest owners to facilitate their participation in voluntary State and regional systems. In order to make the

guidelines and methods most useful to a broad audience, a Web-based, user-friendly tool will be developed following the drafting of the guidelines and methods.”

Interested parties need to respond to the notice by 11:59 p.m. Eastern Time on April 19, 2011. Those responding to the USDA notice need to respond to the numbered topics that are included in the supplementary information section of the notice. “Specifically, USDA requests comments on:

“How may USDA best improve upon existing greenhouse gas estimation guidelines for the agriculture and forestry sectors, while at the same time simplifying input requirements and enhancing the ease of use for individuals and entities?”

“USDA intends to develop a standard set of methods for practice-, process-, farm- and entity-scale inventories which could provide a technical basis for improved methods for current voluntary State and regional systems. Are there specific areas where a USDA guideline would be most useful to

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current State and regional systems? Are there limitations to using the proposed quantification tools in the context of State and regional systems?

“Objectives. The guidelines will result in a methodology for an integrated emissions inventory at the entity scale for all agricultural (crop and livestock) and forest management activities, including (but not limited to) those listed” in numbered sections dealing with cropland agriculture, animal agriculture, and forests and afforestation, plus a series of questions.

With regard to crop agriculture the USDA will be examining “crop, residue and soil management practices and technologies to increase carbon sequestration and reduce nitrous oxide emissions on mineral and cultivated wetland soils, including tillage systems, crop rotations, nutrient management, fertilizer technologies, liming, water management, cover crops, agroforestry, wetland restoration, residue removal and alternatives to biomass burning.” Because rice production is responsible for methane production that is released into the atmosphere, the USDA wants to identify “rice cultivation practices and technologies to reduce methane emissions, including improved water table management, cultivation and fertilizer management.”

When it comes to animal agriculture, the USDA will be focused on looking for “management practices and technologies to reduce methane emissions from enteric fermentation, including dietary modification, additives, feeding management and reproductive management (genetic selection, gender differences, etc.)” as well as “grazing land management practices and technologies to increase carbon sequestration and reduce nitrous oxide emissions, including rotational grazing and improved forage management.” They will also look at “manure management practices and technologies to reduce methane and nitrous oxide emissions, including digesters, lagoon management, land application practices and composting.”

They are asking respondents to identify if there are “additional grazing land and animal agriculture activities, management practices or technologies to be accounted for to enhance completeness and comprehensiveness of the guidelines, estimation and reporting tools?”

The USDA recognizes that “afforestation practices and technologies...increase carbon sequestration.” Some of the things they are looking at in this area are “agroforestry practices and technologies to increase carbon sequestration through windbreaks, riparian buffers and silvopasture.”

Overall they are asking respondents if “there [are] opportunities to reduce GHG emissions and increase carbon sequestration in the agriculture and forestry sectors that should be reflected in the methods.”

In developing their guidelines and models they have identified a set of criteria that they will use: transparency, consistency, completeness, accuracy, cost effectiveness and ease of use. They then ask “are these appropriate criteria by which to formulate GHG estimation and reporting guidelines, methods and tools? Are there other criteria that should also be considered?”

The USDA is looking for public input on these issues. To make sure that their input is taken into consideration, it is important that respondents go to the Federal Register website (above) and read the full notice, using section number designations to categorize their comments. The timeline for response is 60 days from the publication in the Federal register so all responses will have to be submitted by the deadline date. Details on how to submit comments are included in the Federal Register notice.



2009 SURE sign-up is underway at county FSA offices

by Steven D. Johnson, farm and ag business management specialist, Iowa State University Extension, (515) 957-5790, sdjohns@iastate.edu

Any eligible producer who suffered losses during the 2009 crop year is encouraged to visit their local Farm Service Agency (FSA) office to learn more about the Supplemental Revenue (SURE) Assistance Payments program. The SURE program provides eligible farmers financial assistance if they suffered from natural disasters.

The SURE sign-up period for 2009 crop losses runs through July 29, 2011. Only certain counties in Iowa are eligible under the Secretarial Disaster Designation or the contiguous counties that join them.

In Iowa, 78 eligible counties for a 2009 SURE payment are: Allamakee, Appanoose, Benton, Black Hawk, Boone, Bremer, Buchanan, Buena Vista, Butler, Calhoun, Carroll, Cerro Gordo, Cherokee, Chickasaw, Clarke, Clay, Clayton, Crawford, Clinton, Davis, Decatur, Delaware, Des Moines, Dickinson, Dubuque, Emmet, Fayette, Floyd, Franklin, Greene, Grundy, Hamilton, Hardin, Henry, Howard, Humboldt, Ida, Iowa, Jackson, Jasper, Jefferson, Johnson, Jones, Keokuk, Lee, Linn, Louisa, Lucas, Madison, Mahaska, Marion, Marshall, Mitchell, Monona, Monroe, Muscatine, O'Brien, Osceola, Page, Palo Alto, Plymouth, Pocahontas, Poweshiek, Ringgold, Sac, Story, Tama, Taylor, Union, Van Buren, Wapello, Warren, Washington, Wayne, Webster, Winneshiek, Wright and Woodbury.

Those farmers who qualified for SURE in 2008 and are eligible to apply for 2009, but will likely find their payments are dramatically different. This is because the revenue guarantees established for 2009 are much lower than those realized in 2008. It will take a much greater production loss in 2009 level to trigger SURE payments.

Because of potential disaster payments, the 2009 SURE signup period should not be ignored. Most farms will not have to provide their FSA office with additional data since most is provided automatically by the Risk Management Agency (RMA).

SURE Program Overview

SURE provides assistance in an amount equal to 60 percent of the difference between the SURE farm guarantee and total farm revenue. The farm guarantee is based on the amount of crop insurance and Non-insured Crop Disaster Assistance Program (NAP) coverage on the farm. Total farm revenue takes into account the actual value of production on the farm as well as insurance indemnities and certain farm program payments.

The first time SURE payments were available was for the 2008 crop year. Many Iowa farmers received 2008 SURE payments even though 2008 farm incomes were relatively high. Iowa farms received total payments of over \$239 million provided by this new USDA program.

Five criteria must be met to be eligible for SURE payments. First, farmers must have adjusted gross income for tax purposes less than \$2.5 million annually, unless 75 percent of the income comes from agriculture. In addition, annual nonfarm income must not exceed \$500,000.

Second, crop insurance must be purchased on all economically significant crops. An economically significant crop accounts for at least 5 percent of gross revenue. Pasture does not count as a crop for SURE. The FSA NAP policy must be purchased on crops having no crop insurance coverage.

Third, a farm must be in or adjacent to a county declared a disaster area. These are the 78 counties highlighted on the Iowa map.

2009 SURE sign-up is underway at county FSA offices, continued from page 4

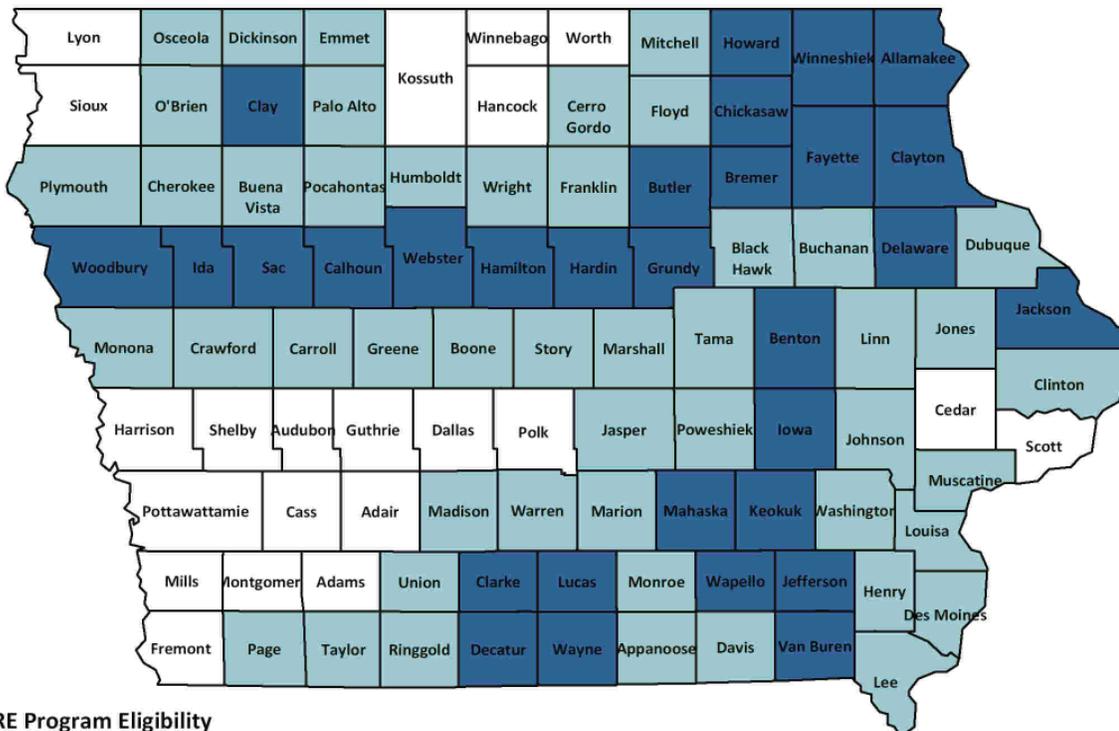
Fourth, at least one economically significant crop must have a 10 percent yield loss. On most farms, a yield loss is judged by comparing actual yields to the Actual Production History (APH) yields used for crop insurance. If one crop's actual yield is less than 90 percent of that crop's APH yield, the farm is eligible and meets this criterion.

The final criterion is that a farm's SURE revenue must be below a SURE guarantee. The SURE guarantee is the sum of all crop's crop insurance guarantees times 1.15, with the SURE guarantee

capped at 90 percent of the sum of expected revenue. Given the 90 percent cap, the SURE guarantee is maximized at the 80 percent coverage level. SURE revenue is the sum of each crop's yield times that crop's season-average-price, plus 15 percent of direct payments plus crop insurance and NAP payments.

Additional information on the SURE program and a SURE Decision Tool can be found on the ISU Extension's Ag Decision Maker (AgDM) website at: <http://www.extension.iastate.edu/agdm/crops/html/a1-44.html>.

2009 "Secretarial Designated" Disaster Counties



SURE Program Eligibility

- Not Eligible
- Secretarial Disaster County
- Contiguous County

Updated: 01/15/2010

Updates, continued from page 1

Table of Contents - Crops - Machinery -- A3-00 (1 page)

2011 Iowa Farm Custom Rate Survey -- A3-10 (2 pages)

Table of Contents - Livestock - Cost and Returns -- B1-00 (1 page)

Please add these files to your handbook and remove the out-of-date material.

Decision Tools and Current Profitability

The following tools have been added or updated on www.extension.iastate.edu/agdm.

Corn Profitability -- A1-85

Soybean Profitability -- A1-86

Ethanol Profitability -- D1-10

Biodiesel Profitability -- D1-15

Returns for Farrow-to-Finish -- B1-30

Returns for Weaned Pigs -- B1-33

Returns for Steer Calves -- B1-35

Returns for Yearling Steers -- B1-35

... and justice for all

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USDA, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call 202-720-5964.

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