

# Ag Decision Maker

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### Cost-share programs for cover crops available to Iowa farmers in 2018

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With crop harvest underway, many Iowa farmers are planning to or considering planting cover crops this fall. There are several federal and local funding sources available for both new and experienced cover crop users. This article discusses an exhaustive list of programs available for cover crop users and provides interested farmers and landowners links to online resources.

#### Environmental Quality Incentive Program (EQIP) and Conservation Stewardship Program (CSP)

EQIP and CSP are available through the Natural Resources Conservation Service (NRCS). EQIP is suitable for new cover crop users, while CSP is more tailored to farmers looking to enhance their conservation efforts. Farmers are eligible for up to three annual payments

through EQIP and five annual payments through CSP. The payment amount differs by cover crop type. To receive payment, NRCS standards and specifications must be met for the cover crop practice. The farmer fills out an application for the adopted practice. The applications are grouped by signup period and chosen using a ranking tool in which points are assigned for different environmental benefits provided. The EQIP and CSP payment rates for different cover crop practices are described below.

The CSP gives farmers an annual payment in exchange for producing environmental benefits. Farmers work with their local NRCS agronomist to augment conservation efforts in their crop rotation. The farmer fills out documentation of their ongoing practices and the application for the adopted

practice. The NRCS reviews the application, and given the

*continued on page 2*

#### Handbook updates

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

Corn and Soybean Loan Rates – A1-34 (2 pages)

Cash Corn and Soybean Prices – A2-11 (4 pages)

Farmland Value Survey (Realtors Land Institute) – C2-75 (2 pages)

Please add these files to your handbook and remove the out-of-date material.

*continued on page 6*

#### Inside . . .

Soybean harvest strategy for securing MFP payment.....Page 4

Iowa Concern Hotline provides resources for Iowa farmers....Page 5

Cost-share programs for cover crops available to Iowa farmers in 2018, continued from page 1

proposed changes, estimates the environmental benefits using the Conservation Activity Evaluation Tool to determine the current level of stewardship. The current level of stewardship along with the planned improvement is used for ranking applications and determining payments. The CSP includes enhancement activities that address various environmental benefits of cover crops.

The Regional Conservation Partnership Program (RCPP) provides funding through local, federal, and private sources administered through EQIP and CSP, following their payment rates as well. NRCS makes CSP payments for practices or enhancements. In some instances, NRCS will make CSP payments for both practices and enhancements.

***Per-acre payments for basic cover crop (organic and non-organic):***

- EQIP Payment: \$33.83
- CSP Practices Payment: \$8.45
- CSP Enhancement Payment: \$7.90 - \$14.59

A basic cover crop is defined as a small grain, legume, or other approved cover crop that is planted within 30 days of the cash crop harvest. The cover crop, after producing as much biomass as possible, is terminated with herbicide before the subsequent cash crop is planted.

***Per-acre payments for multiple species (organic and non-organic):***

- EQIP Payment: \$37.88
- CSP Practice Payment: \$9.88
- CSP Enhancement Payment: \$10.76 - \$14.59

Multiple species refer to a mixture of at least two species including a small grain and legume (and may include other species) that is seeded within 30 days of harvesting the cash crop. The cover crop, after producing as much biomass as possible, is terminated with herbicide or tillage following NRCS termination guidelines before the subsequent cash crop is planted.

***Per-acre payments for winterkill species:***

- EQIP Payment: \$18.74
- CSP Payment: \$4.80
- CSP Enhancement Payment: \$7.90 - \$10.76

Winterkill species are defined as a single species or mix of grass/legume/brassica that is planted within 30 days of the cash crop harvest. The cover crop species winterkills.

**Iowa Department of Agriculture and Land Stewardship (IDALS)**

Farmers can obtain cost share from IDALS through their local Soil and Water Conservation Districts. First-time cover crop users are eligible for \$25 per acre, and continuing users are eligible for \$15 per acre on up to 160 acres, subject to maintenance agreements through the Iowa Water Quality Initiative.

Farmers who have cover-cropped acres that are not eligible for cost share can still receive a crop insurance discount through the Cover Crop-Crop Insurance Demonstration Project, [www.cleanwateriowa.org/s/Cover-Crop-Demo-Brochure-2018-7aln.pdf](http://www.cleanwateriowa.org/s/Cover-Crop-Demo-Brochure-2018-7aln.pdf). Through this program, farmers are eligible for a \$5 per acre crop insurance premium discount through the U.S. Department of Agriculture's Risk Management Agency in a pilot program partnered with IDALS. There is no acreage cap for this program. Farmers must follow crop insurance and NRCS guidelines for their cover crop management.

**Practical Farmers of Iowa (PFI)**

Cover crop funding opportunities are available for farmers who sell corn to Cargill or soybeans to Archer Daniels Midland, through two programs partnered with PFI. To participate in these programs, the farmer must schedule a one-hour consultation with a PFI agronomist and provide descriptions of the fields that will use cover crops by October 1, 2018. The farmer must also send cover crop seed and planting receipts to PFI and attend one educational PFI event by December 31, 2018.

Cost-share programs for cover crops available to Iowa farmers in 2018, continued from page 2

### **Pepsi Co/ Cargill Low Carbon Corn Program**

Farmers who sell corn to the Cargill plant in Eddyville are eligible for \$10 per acre on up to the larger of 160 acres or 10 percent of their total farmed acres.

### **Unilever/ADM Sustainable Soy Program**

Farmers who sell soybeans to Archer Daniels Midland are eligible for \$10 per acre on up to the larger of 160 acres or 10 percent of their total farmed acres.

### **Annual net returns to cover crops**

The Center for Agricultural and Rural Development (CARD) at Iowa State University provides research-based information on the net returns to cover crops at the website [Economics of Cover Crops](http://Economics of Cover Crops), [www.card.iastate.edu/conservation/economics-of-cover-crops/](http://www.card.iastate.edu/conservation/economics-of-cover-crops/). Research results are based on a statewide survey of Iowa cover crop users and a multi-state survey of Midwest cover crop users. Survey responses were used to calculate per-acre revenues and production costs under various methods of planting and terminating cover crops, accounting for cost-savings experienced by farmers. Differences in costs and revenues for each farmer across cover-cropped and non-cover-cropped land were used to calculate the total net returns from using cover crops. The website includes a decision tool, three peer-reviewed academic articles, three brief summaries of the academic articles, presentations, a recorded webinar, and the final research report with the survey questionnaire.

### **Sources for PFI Programs:**

- Pepsi Co/ Cargill Low Carbon Corn Program, [www.practicalfarmers.org/wp-content/uploads/2018/08/Pepsi-Cargill-2018\\_Oct-1-Deadline.pdf](http://www.practicalfarmers.org/wp-content/uploads/2018/08/Pepsi-Cargill-2018_Oct-1-Deadline.pdf)
- Unilever/ADM Sustainable Soy Program, [www.practicalfarmers.org/wp-content/uploads/2018/08/Unilever-ADM-2018\\_Oct-1-Deadline.pdf](http://www.practicalfarmers.org/wp-content/uploads/2018/08/Unilever-ADM-2018_Oct-1-Deadline.pdf)

### **Sources for programs sponsored by NRCS:**

- USDA NRCS Conservation Practice Scenarios, [www.nrcs.usda.gov/wps/PA\\_NRCSConsumption/download?cid=nrcseprd1414535&ext=pdf](http://www.nrcs.usda.gov/wps/PA_NRCSConsumption/download?cid=nrcseprd1414535&ext=pdf)
- Iowa Environmental Quality Incentives Program Practices, [www.nrcs.usda.gov/wps/PA\\_NRCSConsumption/download?cid=nrcseprd1414532&ext=pdf](http://www.nrcs.usda.gov/wps/PA_NRCSConsumption/download?cid=nrcseprd1414532&ext=pdf)
- Iowa Conservation Stewardship Program Practices, [www.nrcs.usda.gov/wps/PA\\_NRCSConsumption/download?cid=nrcseprd1414531&ext=pdf](http://www.nrcs.usda.gov/wps/PA_NRCSConsumption/download?cid=nrcseprd1414531&ext=pdf)

### **Sources for programs sponsored by IDALS:**

- Cost share available for water quality practices, [www.iowaagriculture.gov/press/2018press/press05172018b.asp](http://www.iowaagriculture.gov/press/2018press/press05172018b.asp)
- Cover Crop Crop Insurance Demonstration project, [www.cleanwateriowa.org/covercroplemo-main/](http://www.cleanwateriowa.org/covercroplemo-main/)
- Cover Crop-Crop Insurance Demonstration Project, [www.cleanwateriowa.org/s/Cover-Crop-Demo-Brochure-2018-7aln.pdf](http://www.cleanwateriowa.org/s/Cover-Crop-Demo-Brochure-2018-7aln.pdf)

### **Additional sources of information:**

- NRCS Cover Crop Termination Guidelines, [www.nrcs.usda.gov/Internet/FSE\\_DOCUMENTS/stelprdb1263099.pdf](http://www.nrcs.usda.gov/Internet/FSE_DOCUMENTS/stelprdb1263099.pdf)
- Cover Crops Crop Insurance, Cover Crops and NRCS Cover Crop Termination Guidelines, [www.rma.usda.gov/en/News-Room/Frequently-Asked-Questions/Cover-Crop-and-Crop-Insurance](http://www.rma.usda.gov/en/News-Room/Frequently-Asked-Questions/Cover-Crop-and-Crop-Insurance)
- CARD Economics of Cover Crops, [www.card.iastate.edu/conservation/economics-of-cover-crops/](http://www.card.iastate.edu/conservation/economics-of-cover-crops/)

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## Soybean harvest strategy for securing MFP payment

By Steve Johnson, extension farm management specialist, 515-957-5790, [sdjohns@iastate.edu](mailto:sdjohns@iastate.edu)

**T**he lion's share of payments under the new Market Facilitation Program (MFP) are going to pork and soybean producers. Given the most recent USDA production estimates, Iowa producers stand to gain more than \$550 million from this program.

The MFP will be administered by USDA Farm Service Agency (FSA) offices and the deadline for signing up is Jan. 15, 2019. The MFP payments have a \$125,000 cap per person or legal entity, but the cap works separately between crops and livestock. The cap for crops is combined, summing producers' MFP payments from all five of the crops; corn, cotton, sorghum, soybeans and wheat.

The first MFP payment - on half of production - would be provided once a producer provides Actual Production (Producer's Share) for a crop, indicates the Source of Production Evidence and then signs and dates the MFP Application form CCC-910. A second MFP payment isn't guaranteed this winter, as that decision will be made by the USDA after December 3, 2018. If it is determined that the trade disputes are still damaging U.S. commodity markets, the USDA will compute MFP payment rates, based on the damage estimates at that time. This payment rate would apply to the remaining 50 percent of production not covered by the initial payment.

The current MFP payment rate for corn is \$.01 per bushel, so it won't have a major effect on a producers' crop revenue. However, the payment rate on soybeans is \$1.65 per bushel. Assuming a 50 bu/A soybean yield times 50 percent of production times \$1.65 per bushel equals more than \$40 per acre. Should the final yield be 60 bu/A, that first MFP payment would be \$49.50 per acre. Remember, there could still be a second payment triggered after December 3, 2018.

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**More than \$550 million may be available for Iowa farmers**

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### Soybean harvest strategy

Expect soybean production to wrap up well before corn production for most Iowa producers. To receive that first MFP payment on soybeans in a timely fashion, consider good record keeping both during and immediately following harvest. With many producers facing cash flow challenges this fall, these MFP payments could be a great source of revenue to meet cash flow needs.

Consider submitting your production evidence to your crop insurance agent as soon as soybean harvest is complete. This could provide a "second set of eyes" for determining the Actual Production (Producer's Share) number for soybeans on that FSA form. Most producers will use production evidence from their crop insurance records and note the USDA Risk Management Agency (RMA) as their primary Source of Production Evidence.

For crop insurance purposes, keep your actual production separate by farms in a section or "optional units." Using the same production evidence for both FSA and RMA purposes should reduce reporting errors since production evidence is subject to spot check by both USDA agencies.

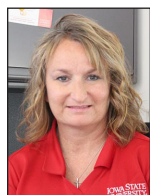
This strategy could then trigger that first MFP payment on soybeans much quicker than waiting to compile both corn and soybean production after harvest is complete for both crops. Since your crop insurance agent already has your soybean production evidence, the potential for a Revenue Protection crop insurance indemnity claim could also be determined. Remember, the 2018 spring projected price for soybeans was \$10.16 per bushel. The harvest price will be known by November 1 and multiplied times actual production to determine a potential indemnity



Soybean harvest strategy for securing MFP payment, continued from page 4

payment. For income tax purposes, an MFP payment, and usually a crop insurance indemnity payment, are taxable in the year proceeds are received.

For more details on these programs, along with information on how to apply, see USDA's Trade Retaliation Mitigation website, [www.farmers.gov/manage/trm](http://www.farmers.gov/manage/trm).



## Iowa Concern Hotline provides resources for Iowa farmers

By Tammy Jacobs, human sciences extension and outreach hotlines coordinator, 515-727-0656, [trjacobs@iastate.edu](mailto:trjacobs@iastate.edu); Alejandro Plastina, extension economist, 515-294-6160, [plastina@iastate.edu](mailto:plastina@iastate.edu)

This has been a stressful year for Iowa farmers. Stagnant crop prices, trade disputes and a lukewarm forecast for the next several years have left many farmers worried about what the future will bring.

"Farmers are concerned with how long low prices will last," said Alejandro Plastina, assistant professor and extension economist with Iowa State University. "Is there something on the horizon with upward potential for farm income? Unfortunately, that doesn't seem to be the case."

Net farm income for medium-sized farms increased in 2017 compared to the last two years and cash income has increased back to 2013 levels, according to Plastina. However, profitability is relatively low as the average operating profit margin is 4.4 percent.

### Uncertainty in the farm economy makes this 24/7 resource extremely valuable

Uncertainty regarding trade agreements has also created problems within the farm economy.

"The new government programs available to compensate farmers for losses due to increased tariffs will help, but the bigger problem is uncertainty in the medium term," Plastina said. "Is this phase going to last for 10 years and how will land values react?"

As farmers confront these conditions head-on, there are resources available through Iowa State University Extension and Outreach to navigate both questions they have about the profitability of their farm and about the well-being of themselves and their families.

**IOWA STATE UNIVERSITY**  
Extension and Outreach

**Iowa Concern Hotline**  
**800-447-1985**

**Free and confidential**  
**24 hours per day, 7 days per week**

**Dial 711 for TTY/TDD**  
**[iowaconcern@iastate.edu](mailto:iowaconcern@iastate.edu)**

**We are here to help!**



Iowa Concern Hotline provides resources for Iowa farmers, continued from page 5

The Iowa Concern Hotline, [www.extension.iastate.edu/iowaconcern/](http://www.extension.iastate.edu/iowaconcern/), is a 24-hour a day, 7-day a week free, confidential resource for anyone with concerns or questions about farm finances, crisis and disaster response and personal health issues. Access to an attorney is also available to help provide legal education.

When someone calls the Iowa Concern Hotline's toll-free number (800-447-1985), trained specialists provide immediate support to either answer questions directly or get the caller in touch with experts who can provide additional information or support.

"If someone calls who is dealing with stress and its effects, the first thing we do is to work with the person on that issue and provide immediate stress counseling," said Tammy Jacobs, Iowa Concern Hotline coordinator. "We try to provide access to the assistance each individual needs."

Iowa Concern Hotline staffers work to provide contact information for ISU Extension and Outreach specialists who can help address specific questions or direct callers to other partners near where they live to help navigate through their current situation.

"Whether they need to speak to an ISU Extension and Outreach farm management specialist, an attorney, someone with Iowa Mediation Service or a mental health specialist, we try to connect callers with the resources that will be most helpful to them," Jacobs said.

Updates, continued from page 1

### Internet Updates

The following Information Files and Decision Tool have been updated on [www.extension.iastate.edu/agdm](http://www.extension.iastate.edu/agdm).

Season Average Price Calculator for 2018 – A2-15 (Decision Tool)

### Current Profitability

The following tools have been updated on [www.extension.iastate.edu/agdm/info/outlook.html](http://www.extension.iastate.edu/agdm/info/outlook.html).

Corn Profitability – A1-85

Soybean Profitability – A1-86

Iowa Cash Corn and Soybean Prices – A2-11

Ethanol Profitability – D1-10

Biodiesel Profitability – D1-15

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