

# FIELD & FEEDLOT



NORTHWEST AREA EXTENSION

MARCH 2008 ISSUE

## Horse Meeting to Feature Health

By Beth Doran, ISU Extension Beef Field Specialist

Common health problems in horses will be featured in a Horse Meeting on March 13 at Ida Grove. The meeting will be from 7:00 p.m. to 9:30 p.m. in the Public Library.

Dr. Loretta Berkland, DVM and Dr. Alan Carlson, DVM will briefly discuss the kinds of equine problems they treat in their daily practice. However, the majority of the program will be a discussion and answer session with the two expert veterinarians. Participants are encouraged to come with questions they would like to see addressed.

Registration (\$15 per person) for the meeting is due March 11 to the Ida County Extension Office, 209½ Moorehead Ave., Ida Grove, IA 51445. For a brochure or information, call the Ida County Extension Office at 712-364-3003.

## Crop Insurance Decisions for 2008

By Ron Hook, ISU Extension Farm Management Specialist

Corn and soybean producers in the Midwest need to make decisions about crop insurance by March 15 each year. If they don't advise their agent to make any changes, coverage will be the same as last year. However, changing market conditions make it advisable to review policy specifications each year.

### What's New

Last year indemnity prices, available guarantees and premiums were all much higher than in 2006. That is not surprising, since all of these are based on expectations for harvest time prices as measured prior to March each year. Current corn and soybean market conditions make it likely that even higher levels will be reached in 2008.

Another new feature is a premium discount that is available to corn producers who plant a certain type of genetics, based on an expected decrease in yield risk.

### Indemnity Prices

Even if producers don't alter their percent protection level from year to year, the dollar value of their guarantee will change according to market prices. The price used to calculate the guarantee and determine the payment in case of a loss is called the

"indemnity price." Where the indemnity price is set each year depends on market projections and the type of policy purchased.

Last year's revenue insurance (RA, CRC, GRIP) indemnity prices of \$4.06 per bushel for corn and \$8.09 per bushel for soybeans allowed many producers to lock in very attractive guarantees. Indemnity prices for 2008 will be announced March 1, but will likely be even higher than last year, especially for soybeans. Indemnity prices for yield insurance (APH, GRP) have already been announced at \$4.75 for corn and \$11.50 for soybeans, an increase from the 2007 rates of \$3.50 and \$7.00, respectively.

The down side, of course, is that higher indemnity prices mean higher premiums. The average farmer premium for all corn policies in Iowa last year was \$17.05 per acre, compared to just \$9.62 per acre in 2006. The average soybean premium jumped from \$7.03 to \$8.27. And, despite the high value guarantees that were purchased in 2007, payouts for losses in Iowa were equal to only about 4 percent of the premiums that farmers paid in.

Estimated crop insurance premiums for different counties can be found on the University of Illinois Farmdoc web site, at: [www.farmdoc.uiuc.edu/cropins/](http://www.farmdoc.uiuc.edu/cropins/), under Premium Calculator.

### Type of Policy

Iowa farmers have gradually been shifting their crop insurance away from yield insurance and toward revenue insurance over the last decade. Only about 15 percent of the insured acres in Iowa last year were covered with yield-based policies (APH and GRP). When indemnity prices are high by historical standards, revenue insurance makes even more sense, because the risk of declining prices is greater relative to the risk of low yields. This also makes group risk insurance protection (GRIP) somewhat more attractive than in low price years, since it offers exactly the same price risk protection as individual revenue insurance policies. GRIP's yield risk protection, however, is based on county level rather than farm level yields.

Producers who like to forward price much of their production prior to harvest can utilize CRC, or RA insurance with the "harvest price option," to protect themselves against harvesting fewer bushels than they contract. As long as they don't commit more bushels than they have insured, they can rely on the

insurance indemnity payment to cover the cost of any shortfall. This year they need to consider carefully the odds that prices at harvest will be higher than in February. If there is only a small chance that the market will be higher in October or November, it may not be necessary to spend the extra premium to buy CRC or RA with the harvest price option instead of basic RA.

## Guarantees

Producers need to carefully consider how many dollars of guarantee they need to purchase in 2008. Crop input prices are up sharply, as are cash rents. However, higher indemnity prices and proven yields may allow purchasing an adequate guarantee at a lower percent of coverage than in the past. For example, if a farmer had a proven yield of 151 bushels per acre and wanted to purchase a guarantee of \$460 last year, a 75 percent coverage level was in order ( $151 \text{ bu.} \times \$4.06 \times 75\% = \$460$ ). Suppose the same farmer needs a guarantee of \$520 to cover costs of production this year, but the proven yield has been adjusted upward to 153 bushels per acre and the February futures price averages \$5.25. A coverage level of only 65 percent is adequate now ( $153 \text{ bu.} \times \$5.25 \times 65\% = \$522$ ).

Producers should carefully calculate their own coverage needs before meeting with their crop insurance agent this year. Note that insurance guarantees are based on futures prices. Only lost bushels are paid at that rate, though, while bushels actually produced are sold at the local cash price. A conservative approach is to recalculate the insurance revenue guarantee using the February futures price minus the expected basis for October. This gives a more realistic estimate of the minimum gross revenue available.

With sharply higher guarantees available, some producers look at revenue insurance policies as another marketing tool rather than a risk protection tool. Locking in a high guarantee can be somewhat like purchasing a “revenue put option.” The cost of this guarantee needs to be compared to other marketing options, though, such as forward contracts, hedges and normal put options.

## Biotech Yield Endorsement

The newest innovation in crop insurance is a premium discount for planting certain biotech corn hybrids. The Biotech Yield Endorsement (BYE) is available to corn growers in Iowa, Illinois, Indiana and Minnesota. To be eligible for a discount, farmers must plant at least 75 percent of the corn acres in an insurance unit to hybrids that contain the YieldGuard VT Triple or YieldGuard Plus with Roundup Ready Corn 2 technologies. These hybrids can be purchased from more than 250 companies that license the technology. Discounts are expected to average about 13 percent overall, but will be higher on APH policies than on RA or CRC policies. The discounts are not available on the group risk insurance policies, GRP and GRIP.

In 2007 the average farmer premium for corn in Iowa was about \$17 per acre, so the average BYE discount expected would be a little over \$2 per acre. This saving should be weighed against the added cost of the eligible hybrids and the value of any yield

increases or other possible advantages. Potential benefits depend on whether or not the types of insect or weed pressure that these hybrids are resistant to pose a significant risk.

For more information about the crop insurance purchase considerations, contact either Ron Hook, [rhook@iastate.edu](mailto:rhook@iastate.edu), 712-754-3648 or Tom Olsen, [tolsen@iastate.edu](mailto:tolsen@iastate.edu), 712-732-5056.

## Is the Meat Goat Enterprise Profitable & Sustainable?

By Dennis DeWitt, ISU Extension Livestock Field Specialist

Meat goats sell for more money per pound than any other typical Midwestern livestock enterprise. This income is not sufficient to cover the entire cost of production in most cases. Record-keeping is such that total cost of production is not known or calculated. Without records it is difficult to determine if the meat goat enterprise is profitable or sustainable.

The three greatest concern areas hindering the meat goat enterprise from being a more vibrant and sustainable food system are: First, producers find out that long term profitability and sustainability is difficult to maintain; the first three years seems to be the life span of many meat goat operations. Second, reliable breeding, feeding and health information is scarce or very hard to find. Third, profitable marketing opportunities are limited. Also, the doubling in feed cost has put an additional burden on meat goat producers to earn a profit.

Producers have found that there are many “budgets” available for producers to ‘budget’ expenses and incomes to determine profitability. These “budgets” are not real useful, because producers have not gathered accurate information to fill in the blanks. “Accurate” information is different for every producer; so a uniform enterprise analysis program to track all income and expenses is needed. The Meat Goat Enterprise Analysis Program has been developed and utilized by five meat goat producers for the past year. This pilot record-keeping system will determine meat goat enterprise profitability and identify the common profitable benchmarks. Typical problem areas identified include: high feed cost and miscellaneous expenses, low kidding percentage and market price.

The next meat goat educational program is Saturday, March 29 at the Community Building, Royal, Iowa from 9:45 a.m. to 3:30 p.m. There will be a farm tour following the class room sessions. For further information contact Dennis DeWitt at [dewitt@iastate.edu](mailto:dewitt@iastate.edu) or 712.336.3488.

## Do You Have Your Premise ID Number?

By Jerry Weiss, ISU Extension Swine Field Specialist

A Premises Identification Number (PIN) is a unique seven-character identification for a physical location that handles livestock. This number applies to all livestock on the site, and producers will not need a separate one for each species type on the site. When a producer registers a premises with the state, a PIN is generated through USDA'S national premises ID number allocation system, which ensures that duplications do not occur between states.

### How a Pork Producer Uses a PIN

The PIN not only identifies a production site, it also becomes part of the official identification of groups and lots of pigs when producers move them between premises within a production system. The PIN plus the production records can be used as official identification, or producers can use a PIN to develop an official Group Identification Number (GIN). Using PIN's or GIN's with production records allow producers to move pigs within their system without the cost of having to individually identify each market pig with a visual tag.

### Key Points

- PIN's are required for participation in the newly updated Pork Quality Assurance Program, PQA Plus.
- PIN's should be included on:
  - ◆ Bills of loading when pigs are shipped to market
  - ◆ Certificates of Veterinary Inspection (health papers)
  - ◆ Interstate movement reports
  - ◆ Diagnostic lab submissions

## PQA Plus Certification

By Jerry Weiss, ISU Extension Swine Field Specialist

Pork producers with current Pork Quality Assurance (PQA) Level III certification should be aware that the PQA™ program has been revamped and expanded to include an animal well-being assessment. Because of this new structure and the renaming of the program to PQA™ Plus, all existing PQA™ certifications will not be renewed at the end of the certification period. The Iowa Pork Industry Center (IPIC) and Iowa State University (ISU) Extension are teaming up to provide the necessary certification training.

There are differences between the two programs. PQA™ Plus, like PQA III, has a producer education component, but it adds an on-site assessment of animal well-being. PQA™ Plus merges the concepts of the former PQA and Swine Welfare AssuranceSM programs -- food safety and animal well-being -- in two steps: Individual certification through education (named PQA™ Plus Certification) and Farm site assessment (named PQA™ Plus Site Status.)

Training sessions for PQA™ Plus certification are being set for northwest Iowa. Weiss said those interested in attending should contact him as soon as possible to be sure adequate materials will be available.

On March 18, there will be an evening session at the Pocahontas County Extension office in Pocahontas from 7-9:00 p.m.

There is a \$25 per person registration fee. To register, contact Weiss at the Pocahontas County Extension Office by phone at (712) 335-3103. Pre-registration is required to be sure we have the proper amount of materials on hand.

## Drainage Workshop Planned

By Kris Kohl, ISU Extension Ag Engineer Field Specialist

A drainage design workshop is planned for Tuesday, March 18<sup>th</sup>, from 10:00 a.m. to 3:00 p.m., at the Extension Office in Rockwell City. The Workshop will provide information on how to design the drainage systems that work together for optimum efficiency. The high values of our corn and soybean crops provide more opportunity to improve the land. Topics planned for the program include:

- 1) Choosing a contractor
- 2) Tile sizing, drainage design, installation methods
- 3) Rental agreements, Landlord-tenants agreements for tiling
- 4) Long term benefits of tiling
- 5) Wetland compliance issues
- 6) Controlled drainage bioreactors

The program will also discuss current research projects where the tiles are used to deliver irrigation water during periods of dry weather. I received word that my "On Farm Research Proposal," was funded and will include 2 farms using these methods. This is an exciting time to improve the soil and water properties of our farms, and hope you can attend.

The cost of the workshop is \$35 and includes lunch and materials, prior to March 11 and \$45 after. For more information contact Kris Kohl at 712-732-5056 or to register for the workshop contact the Calhoun County Extension Office at 712-297-8611.

