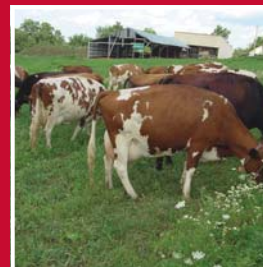


FIELD & FEEDLOT



NORTHWEST AREA EXTENSION

FEBRUARY 2009 ISSUE

Extension Web Sites

Ag Decision Maker

<http://www.extension.iastate.edu/agdm/>

Beef Center

<http://www.iowabeefcenter.org/>

Manure Management

<http://www.agronext.iastate.edu/immag/>

Pork Center

<http://www.ipic.iastate.edu/>

ISU Extension Dairy Team

<http://www.extension.iastate.edu/DairyTeam/>

Managing Through a Recession: Options for Farm Operators

*By William Edwards, ISU Extension Agricultural Economist
Submitted by Ron Hook, ISUE Farm Management Specialist*

After several years of high grain prices and generous margins, crop producers are facing a 2009 that looks less than rosy. Higher inputs costs and selling prices well below the peaks of 2008 will result in fewer dollars left over to pay landlords and put into savings. Livestock producers have had to endure many months of thin or negative margins, as well.

Here is a list of possible financial management practices and strategies that could come in handy this year.

Prepare an accurate set of financial statements. Highly variable inventory prices and increasing land values will make this year's balance sheet look quite different from last year's. And for grain farmers, a net income statement for 2008 may be something to share with your lender. [Check out the handy spreadsheets under the Finance section of Ag Decision Maker web site.](#)

Prepare a detailed cash flow budget. Many crop farmers will have a hard time meeting all their cash commitments from sales in 2009. Higher input costs and rents will increase operating line requirements. Livestock farmers will need to budget feed purchases carefully. More [AgDM decision tools](#) are available to make the task easier.

Shop around for inputs. Depending on when suppliers booked fuel, fertilizer, pesticides and other inputs, prices may vary dramatically.

Consider both cost savings and yield effects when applying inputs. For example, cutting back on nitrogen fertilizer when costs are high makes sense, but only up to a point. Use the [ISU Nitrogen Calculator](#) to find the right level for current prices.

Know your costs of production. When profitable selling opportunities arise, lock them in. Watch for opportunities to price crop inputs, feed, and feeder livestock, as well.

Document yields for a possible crop insurance or SURE payment. Many crop producers will receive an insurance indemnity payment due to falling prices in 2008 as well as from damage caused by rain or floods. Additional payments may be available under the [SURE disaster program](#) in the new farm bill.

Increase crop insurance coverage for 2009. Higher production costs may require higher levels of protection to assure a breakeven level of revenue. Cattle, hog, sheep and dairy producers can set price floors using [LGM](#) or [LRP](#) insurance programs.

Consider enrolling in ACRE. Under the new farm bill program, [Average Crop Revenue Election](#), crop producers can substitute a gross revenue protection plan for the current price counter cyclical program, with guarantees based on higher price levels and current yields.

Use flexible lease agreements. Tying cash rents to a formula that takes into account both yields and prices will help protect margins. Land owners can share in high profits when they are available with a [flexible lease agreement](#).

Defer capital purchases. When margins are narrower, replacing machinery, putting up new storage bins, or bidding on more land may have to wait. Replacement parts and overhauls are cheaper in the short run.

Defer income taxes. Potential tax bills can be put off until future years through actions such as using expense method and early depreciation, deferring crop insurance payments based on yield losses, prepaying farm expenses, and using income averaging.

Compare financing rates. Federal interest rates are at historic lows. There may be wide differences among agricultural lenders. Marketing loans from the Farm Service Agency are also available for short term financing.

Consider refinancing long-term obligations. Compare possible interest savings to the costs of rewriting the loan. It may be a good time to convert variable rate loans to a fixed rate.

Keep assets liquid. If gross revenue is not enough to cover production costs and family living expenses this year, keep funds in savings or short-term investments rather than assets that would be hard to convert to cash.

Use equity in land, livestock and equipment. If cash reserves aren't enough, talk to your lender about borrowing against fixed assets, with a multi-year repayment plan. Agriculture has always been a cyclical industry. A good financial manager learns to balance the profits and losses to ensure long-term survival.

Hot Topics for Beef Producers

By Beth Ellen Doran, ISU Extension Beef Field Specialist

Dairy Steer Meeting – There will be a special Dairy Steer Meeting on Feb. 24 at the Sioux County Extension Office in Orange City. The meeting, from 10:00 a.m. to 3:00 p.m., will feature dairy steer nutrition, health management, carcass quality, dairy steer budgets and tools to limit dairy steer market risk. To request a flyer or to register (\$20/person), call the Sioux County Extension Office at 712-737-4230 or e-mail doranb@iastate.edu

Animal Counting – As of Dec. 31, 2008, Iowa environmental rules require that all animals of the same type at one location will be counted together to determine whether the farm has 1,000 animal units or more and needs a NPDES permit. For instance, the number of head of cattle in an open feedlot will be added to the number of head of cattle in confinement at the location. If the total number of head is 1,000 head or more, the farm must get a permit or reduce the size of their operation.

It is estimated that the change in this law would affect 250-300 livestock producers. If your operation is affected and if you haven't yet applied for your NPDES permit, you should contact your regional Iowa Department of Natural Resources Office to get started. A good faith effort is better than no effort!

Air Quality Rules – EPA has determined in a final rule that all CAFO's (1,000 head or more) need to report their releases of ammonia and hydrogen sulfide to both the Iowa and county Emergency Management Coordinators. The new rule exempts smaller livestock facilities from the reporting. Details about this rule are located at: <http://www.beefusa.org/uDocs/nbaepcrafactsheet.pdf>

If you have 1,000 or more head, you need to do four things:

1. You should immediately call the Iowa Emergency Response and Homeland Security Unit of the Iowa DNR at 515-281-8694. You will report your intent to file a continuous release report regarding ammonia and hydrogen sulfide. Record the date, time, and to whom you spoke and retain this information for your records.

2. You should also immediately call your county Emergency Management Coordinator. You need to report and retain the same information as in step 1. The numbers for the county Emergency Management Coordinators in NW Iowa are: Buena Vista (712-749-2705), Calhoun (712-297-8323), Carroll (712-775-2166), Cherokee (712-225-6721), Clay (712-264-3987), Crawford (712-269-2422), Dickinson (712-336-3987), Emmet (712-362-5702), Ida (712-364-2533), Kossuth (515-295-5904), Lyon (712-472-8330), Monona (712-433-1294), O'Brien (712-757-4305), Osceola (712-754-2381), Palo Alto (712-852-4997), Plymouth (712-540-8101), Pocahontas (712-335-3188), Sac (712-662-4789), Sioux (712-737-4010), Woodbury (712-876-2212).

3. Complete and mail a written notification, within 30 days after the above phone calls, to both of the agencies (state and county) you contacted above. The form that you need to complete is located on the web at:

<http://www.beefusa.org/uDocs/epcrareportinginformation.pdf>
Maintain a record of the mailing so that you can verify the report was sent.

4. Annually review your operation to determine whether there are any changes which would increase emissions above the upper bound range that you submitted in the report in step 3. If there is an increase in the emissions, you will need to report that to the state and local agency you contacted in steps 1 & 2. Also, if you are aware that there is an increase in the emissions before the annual review, this should be reported. This might occur if there is an increase in the maximum number of cattle permitted at a large CAFO.

Four workshops are scheduled to help producers complete the form listed in Step 3. The workshops are: Feb. 16, 10 a.m. - Orange City; Feb. 16, 2 p.m. - Cherokee; Feb. 18, 10 a.m. - Spencer; and Feb. 19, 10 a.m. - Sac City. There is no charge for the meeting. To register, please call the County Extension Office of the site you plan to attend.

Agronomic Considerations for 2009

By Mark Licht, ISU Extension Field Agronomist

There has been a lot of talk about what to do and what to expect for the 2009 growing season. With all that talk I thought I might give you two cents worth with six considerations.

Soil Testing for Fertility Recommendations are a critical and relatively inexpensive way to determine application rates. Soil sampling and testing does involve some forward thinking and does have some added costs, but the cost can easily be offset if soil nutrient levels indicate the need for a lower fertilizer application or the possibility of postponing fertilizer applications until commodity prices and/or fertilizer costs become more favorable. The later does present some risks in the sense that crop nutrient needs are coming from nutrients that have been 'banked' in the soil.

Changing Planting Populations can give you a neighborhood advantage. There are many considerations here. Trends and recommendations are for higher corn and lower soybean planting populations to give optimal yields. Additionally, desired final plant populations can more easily be attained if planting populations are altered based on current weather conditions and/or disease and insect potential.

Planting Dates are a consideration that most are comfortable with. The yield results are being optimized using longer season hybrids/varieties and typically planting as early as soil temperature and moisture are suitable. The key to suitable temperature and moisture is not only looking at current conditions but also forecasted conditions. However, there could be advantages to delaying planting based on disease and insect potential.

Changing Up Weed Control Tactics can result in an often hidden yield advantage. Using a pre-plant or pre-emergence herbicide that provides residual weed control not only allows a change up in active modes of action but may, depending on weed pressure, postpone a post emergence application which may ultimately lead to one versus two post applications.

Soybean Aphids are a must plan for but not a must spray for. When determining crop budgets and breakeven, factor in the cost of soybean aphid control. Then sit and wait. Wait until soybean aphids have been found before making the definitive decision of whether or not to spray.

Foliar Fungicides for corn and soybeans have been tried by several individuals over the last several years. Don't make a pre-season decision to spray foliar fungicides. Like soybean aphids, make an in-season decision on whether or not to spray fungicides. Weather conditions, plant genetics and disease presence all need to be factored into the final decision.

Pork Quality Assurance Plus Program

By Jerry Weiss, ISU Extension Swine Field Specialist

Hormel Foods recently announced that all hogs purchased by December 31, 2009, will be raised by pork producers and their employees who are certified in PQA Plus, have completed well-being assessments on their farms, and have TQA certification.

PQA Plus is a three-part process. It includes attending an educational and training session as well as an on-farm site evaluation to achieve PQA Plus Site Status. The program also includes a third component of random, statistically valid, third-party evaluation of program implementation. Results of these evaluations will show if the industry is improving its overall animal-care practices. To date there are over 20,000 pork producers who have been certified in PQA Plus.

The PQA Plus program is also happening in the 4-H and youth program. This program is titled Food Safety and Quality Assurance. Any 4-H or FFA member that shows a live meat animal at the county, regional or state fair and is under the age of 19 has to complete this program before they can bring their animal to be shown.

In Iowa this represents approximately 15,000 4-H and youth. These youth produce a projected 17 million pounds of meat for human consumption each year. Consumers expect and deserve a safe, high quality food product each time they sit down to eat and with programs like the ones discussed this does happen.

2009 Iowa Pork Regional Conference

Each year the Iowa Pork Producers Association and Iowa State University Extension co-sponsor regional conferences across the state of Iowa. Each of the five sessions are the same topic and speaker. The two sessions in our area are to be held in February at the following locations.

- February 17, 10:00—3:00pm
Carroll County Extension Office, Carroll
- February 18, 10:00—3:00pm
Sioux Center Corporate Center, Sioux Center

Please contact your county Extension office for a brochure and registration information. Pre-registration is \$20 and registration at the door is \$30.

NW Iowa On-farm Research Project

By Joel DeJong, ISU Extension Field Agronomist

ISU Extension, the Iowa Corn/Soybean Initiative, ISU Research and Demonstration farms and the NW Iowa Experimental Association have partnered together to form the Northwest Iowa On-farm Research project which is now in its 4th year in Lyon, Sioux and Osceola counties in the NW corner of Iowa. The goals of this project are to implement on-farm research trials that are beneficial to the cooperator and other NW Iowa farmers; cooperate with producers to provide up-to-date research that affects their operation; and to provide unbiased, statistically analyzed data for farmers on compared production practices. We want to answer the crop production questions producers have using replicated randomized studies. We try to make these projects simple, informative and practical for our cooperators. ISU staff closely involved with this initial project are Joel DeJong, Extension Field Agronomist; and Josh Sievers, Extension Ag Specialist. Josh creates a good working mix to this project. He spends about 2/3 of the year working on research projects at the NW Iowa Research Farm, and about 1/3 of his time coordinating this project with the farmer-cooperators.

Over 20 different producers have worked cooperatively with us the past three years, and they have conducted over 100 replicated trials over that time. Some have been unique to one site; others have been repeated in several locations over several years. Some examples of projects include corn and soybean plant population comparisons, corn and soybean foliar fungicide trials, soybean seed treatment trials, corn and soybean trait comparisons, tillage system experiments, date of planting comparisons, and planting speed evaluation.

To see the specifics of all the different trials and data from each individual location from 2006, 2007 and 2008, go to the NW Iowa On-farm Research Project web site which can be found at: <http://ofr.ag.iastate.edu/>.