

# AG newsletter

ISU Extension Washington County

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August 2012

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## Aug. 21 Webinar Looks at Grain Quality, Marketing Options during Drought

AMES, Iowa – Iowa crop and live-stock producers are invited to attend an Iowa State University Extension and Outreach webinar Tuesday, Aug. 21 to learn about grain quality issues and marketing options related to drought. County extension offices will be hosting the webinar, which begins at 1 p.m. There is no charge to attend the webinar.



“As we near harvest, the attention has shifted to grain quality issues,” said John Lawrence, extension program director for Agriculture and Natural Resources. “ISU Extension and Outreach specialists will talk about the quality issues farmers can expect, including potential prevalence and severity of aflatoxin.” Extension specialists will discuss marketing options for poor quality grain and how crop insurance will address reduced value. They’ll also examine potential feeding challenges of off-quality grain that livestock producers may face.

In addition, ISU Extension and Outreach specialists will look to the future and provide the outlook for crop and livestock prices. They will discuss planning for the 2013 crop, including the impact of drought on fall fertility decisions for the 2013 crop, Lawrence said.

Combine adjustments and harvest safety considerations during drought also will be covered.

The webinar is scheduled from 1 to 3 p.m., with formal presentations followed by a question and answer session. The extension specialists will remain online after 3 p.m. as needed to continue to answer questions from participants submitted through the webinar’s online chat feature.

### Webinar locations

County extension offices and other locations hosting the Aug. 21 webinar include the Johnson, Washington, Iowa and Keokuk County offices. More counties may be added to the list of hosting sites prior to Aug. 21. Contact a local county extension office for nearest location. Extension agriculture and program specialists will facilitate the program at each site. The webinar will be recorded and made available on the ISU Extension and Outreach website [www.extension.iastate.edu/](http://www.extension.iastate.edu/). Frequently asked questions can be found at [www.extension.iastate.edu/content/drought-faq](http://www.extension.iastate.edu/content/drought-faq)

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## **PRICING DROUGHT-DAMAGED SILAGE** *Contributed by William Edwards, extension economist*

Corn that has suffered severe drought damage is sometimes harvested as silage instead of as grain. It can still have significant feed value if harvested at the right stage. See the article “Alternatives for Drought-damaged Corn—Grain Crop or Forage” for harvesting recommendations at <http://www.extension.iastate.edu/CropNews/2012/0710barnhartelmore.htm>

Any damaged acres that are covered by crop insurance should be viewed by an adjuster and released by the insurance company before harvesting takes place.

Grain producers may be willing to sell to the corn standing in the field, to be harvested by the livestock producer or a custom operator. The buyer and the seller must agree on a selling price. The seller would need to receive a price that would give at least as good a return as could be received from harvesting the corn as grain. The buyer would need to pay a price that would not exceed the feeding value of the corn. Within that range the price can be negotiated.

One ton of normal, mature standing corn silage at 60% to 70% moisture can be valued at about 8 times the price of a bushel of corn. For a \$6.00 corn price, a ton of silage would be worth about \$48 per ton. However, drought stressed corn may have only 5 bushels of grain per ton of silage instead of the normal 6 to 7 bushels. A value of about 6 times the price of corn would more appropriate. For silage with little grain content, a factor of 5 times the price of corn can be used. If the crop is sold after being harvested and transported, those costs must be added to that value, typically \$5 to \$10 per ton, depending on whether it is done by a custom operator or the buyer, and the distance it is hauled. A buyer would only consider the variable costs for harvesting and hauling, whereas a custom operator would need to recover fixed costs, as well. An electronic spreadsheet for estimating a value for corn silage, for both the buyer and the seller, is available from Ag Decision Maker. at <http://www.extension.iastate.edu/agdm/crops/html/a1-65.html>

## **NEW PUBLICATION HELPS DAIRY FARMERS CONSERVE ENERGY**

AMES, Iowa – Managing and maintaining dairy equipment to improve energy efficiency is challenging, especially cooling milk throughout the hot summer months. A new publication from Iowa State University Extension and Outreach explains three key factors for reducing energy consumption on Midwestern dairies.

“Energy Efficiency for Dairy Milking Equipment” (PM 2089X) is available to download from the Extension Online Store, <https://store.extension.iastate.edu/>.

“A dairy can reduce its energy costs by maintaining milking and cooling equipment for optimal performance,” said Dan Huyser, ISU Extension agricultural engineer. “When replacing worn equipment, consider options such as milk precoolers, refrigeration heat recovery, scroll compressors or variable frequency drives on vacuum pumps.”

The publication addresses energy consumption for Midwestern dairies, particularly equipment needed for milking and milk storage. Dairy farms typically need more energy for day-to-day operations than other farmsteads, especially electricity for milking the herd and for cooling and storing the milk. Milk precoolers, scroll compressors and variable frequency drives can improve on-farm energy efficiency during daily operations.

“Modifications to equipment and plans for dairy expansion are not taken lightly, especially in today’s market” said Dana Petersen, program coordinator for ISU Farm Energy. “Producers should carefully consider the most energy efficient equipment to meet the existing — and future — needs of the dairy.”

For more tips on energy efficiency around the farmstead, visit <http://farmenergy.exnet.iastate.edu> or follow @ISU\_Farm\_Energy on Twitter.

The Farm Energy publications are part of a series of farm energy conservation and efficiency educational materials being developed through the ISU Farm Energy Initiative. The purpose is to increase farmers’ awareness of opportunities for improving efficient use of farm energy. The initiative also will help farmers and utility providers to explore opportunities to reduce farm energy demand and to improve overall profitability in a rapidly changing energy environment.

## **AMERICA’S FARMERS GROW COMMUNITIES<sup>SM</sup>**

Washington County Fair was a winter last year of America’s Farmers Grow Communities<sup>SM</sup>. We want you to be the first to know that it’s time for the chance to win again in Washington County! Now through Nov. 30, 2012, eligible farmers can enter for a chance to win \$2,500 that can be directed to the Washington County 4-H program.

New this year, community members are encouraged to get involved and support local organizations by suggesting local needs for the \$2,500 donation. You will find all the materials needed to encourage your local community members to get involved and plant their ideas to help Washington County 4-H win. Visit the following site - [www.americasfarmers.com/\\_pdfs/grow-communities/Application-Form.pdf](http://www.americasfarmers.com/_pdfs/grow-communities/Application-Form.pdf)

Farmers may review the ideas and consider them in their application. To plant your idea and encourage farmers to support your local organizations, go to GrowCommunities.com at [www.americasfarmers.com/growcommunities/plant-your-ideas.aspx](http://www.americasfarmers.com/growcommunities/plant-your-ideas.aspx)

In addition, in communities impacted by drought, the Monsanto Fund will provide twice the financial support. Winning farmers from counties that have been declared natural disaster areas will now receive double the donation, a total of \$5,000. These winners may choose where to direct the additional \$2,500 disaster relief donation based on community needs brought forth by the drought.

## COVER CROP MANAGEMENT FIELD DAY AUG. 21

AMES, Iowa — Iowa Learning Farms, Practical Farmers of Iowa and Mitchell County NRCS/SWCD will co-host a field day at the John Schwarck farm near Riceville, Iowa, on Tuesday, Aug. 21, beginning at 10:30 a.m. The field day will highlight management options to successfully add cover crops to a row crop rotation.

The field day will feature John Schwarck, a Mitchell County farmer planning to seed winter-hardy cereal rye as a late summer-seeded cover crop for the first time in 2012. Also USDA-ARS cover crop research agronomist Tom Kaspar will share insights from nearly 20 years of evaluating cereal grain and legume cover crops in Iowa. A pilot from Klinkenborg Aerial Spraying of Parkersburg will answer questions about logistics and costs of aerial-seeding cover crops into standing corn or soybean crops. Local farmers with experience managing cover crops are also invited to share their insights.

Farmers and landowners are learning more about the short- and long-term benefits of adding cover crops on their farm. Cover crops have potential to reduce soil erosion, increase soil organic matter levels, improve soil structure, protect water quality by capturing and holding fertilizer nutrients, and restrict growth of winter annual weeds in no-till crop management systems.

The field day includes a complimentary lunch provided by the Mitchell County Cattlemen. The event is free and the public is invited to attend. The field day will be held at the Schwarck farmstead, 3317 390th Street, Riceville. From Highway 9 in Riceville travel south 2.5 miles on county road T-68, then west on 390th Street (gravel road) about one mile.

Iowa Learning Farms takes a grassroots approach, offering innovative ways to help all Iowans have an active role in keeping the state's natural resources healthy and not take them for granted. A goal of Iowa Learning Farms is to build a Culture of Conservation, encouraging the adoption of residue management and conservation practices. Farmers, researchers and ILF team members are working together to identify and implement the best in-field management practices that increase water and soil quality while remaining profitable.

## PESTICIDE TESTING IN WASHINGTON 1<sup>ST</sup> FRIDAY OF THE MONTH

IDALS offers pesticide testing on the first Friday of each month at the Washington County Extension office. Tests are offered from 10:00 a.m. – 2:00 p.m. Tests will be offered September 14, October 12, November 9, and December 14.

All tests are available at this site and will be given on a first-come, first-serve basis. Tests are administered by the Iowa Department of Ag and Land Stewardship. Because it may be necessary to cancel or reschedule a test date or site, it is recommended you confirm the test time and site prior to travel. Study materials are available from your local Extension office or on-line from Iowa State University: <https://www.extension.iastate.edu/store/> then select the "Agriculture & Environment" tab and Pesticide Applicator Training Materials. For more information contact Washington County Extension at 319-653-4811 or IDALS Pesticide Bureau at 515-281-8591.

## GREENHORN GRAZING SERIES CONTINUES IN SOUTHEAST IOWA

The 2012 Greenhorn Grazing series offered in the Washington area has three segments remaining. Organizer Byron Leu said that these individual classes will build on the session held in August and will be of interest to new participants as well. Sessions are set for Sept. 4, Oct. 2, and Oct 30 starting at 1:30 p.m. each date. All will include informal workshop type discussion as well as a farm tour at an area farm. Fee is \$15 per person for each session including a light meal

Leu, who is an Iowa State University Extension and Outreach beef program specialist, said the September session features presentations on planning for fall and winter: weaning, stockpiling; animal health; fescue management; weed and brush management with Scott Flynn from Dow AgriSciences; and managing grazing to improve wildlife habitat. A pasture walk at the Larry Thomann farm near Riverside will include display and demonstration of paddock rotation and watering options. "The October 2 session will provide information on a wide variety of areas," Leu said. "Topics include Iowa fence law and pasture leasing, winter feed planning and projections, grazing fees, rental rates and contracts. At Dallmeyer Farms discussion will include feed alternatives, animal supplementation, animal body condition scoring," Leu added.

The final session on Oct. 30 will cover stockpiled grazing, cornstalk grazing and winter feeding strategies including drought corn silage and risk management with winter grazing. Shane Ellis, Iowa State University Extension Ag Program Specialist, will be on hand to discuss cull cow marketing and replacement heifer strategies.

The Greenhorn Grazing Series is sponsored by ISU Extension and Outreach, Iowa Beef Center, Natural Resources Conservation Service, Leopold Center for Sustainable Agriculture, and the Southern Iowa Forage and Livestock Committee. To register for the session contact Nancy Adrian at Washington County Extension at 319-653-4811 or [nadrian@iastate.edu](mailto:nadrian@iastate.edu)



## CRP PRACTICES ADDED FOR HAYING & GRAZING

Additional CRP practices have been added to the list of practices eligible for the Emergency Haying and Grazing provisions due to the current severe drought conditions.

The additional practices that are now authorized include:

- CP8A; Grass Waterway
- CP23: Wetland Restoration
- CP23A: Wetland Restoration, non-floodplain
- CP27: Farmable Wetland
- CP28: Farmable Wetland Buffer
- CP41: FWP Flooded Prairie Wetland

Practice CP25, Rare & Declining Habitat, which was previously released for emergency grazing is now authorized for emergency haying. Ineligible practices include those in a useful life easement or land within 120 feet of a stream.

CRP participants may submit requests for Emergency Haying & Grazing on their CRP acres under the following conditions:

- The CRP rental payment on the acres hayed or grazed will be reduced by 10% of the rental rate.
- At least 50% of a field or contiguous fields must remain unhayed.
- At least 25% of a field or contiguous fields must remain ungrazed; or acreage is grazed at 75% of the allowed grazing rate for the livestock involved.
- One cutting of hay is allowed by August 31, 2012.
- All hay must be removed from the CRP by September 30, 2012.
- All livestock must be removed from the CRP by the earlier of September 30, 2012 or when the maximum grazing rate is reached.
- Practices eligible for emergency haying and grazing are CP1, CP2, CP4B, CP4D and CP10.

CP25 is eligible for grazing only.

Prior to starting any haying or grazing, CRP participants must visit the FSA Office to complete the following:

1. File a request for Emergency Haying & Grazing of CRP
2. Identify acres to be hayed or grazed on an aerial photograph
3. Review and sign Terms & Conditions
4. Complete CRP Haying/Grazing Plan with NRCS
6. Get approval from FSA Committee

- more -

After haying or grazing is completed:

Return to FSA Office to certify the number of acres actually hayed or grazed and tonnage harvested so the payment reduction can be adjusted, if needed. Contact the Johnson County FSA Office for additional details.

## DROUGHT EFFECTS ON THE SWINE INDUSTRY

A series of meetings will be held which will address the needs of swine producers and custom swine feeders. The first meeting will be held Wednesday, August 29, from 1:00 p.m. – 3:30 p.m. at the Washington County Extension Office. Topics may include: What do we need to think about regarding feed – light corn test, stretching corn supply, finding and storing high quality corn, alternatives; sale weight adjustment and strategy talk.



## EASTERN IOWA FORAGE PRICES

These are hay prices paid at auction in recent weeks. Much of the price information is obtained from USDA Hay Market News. Personal contacts of local Iowa hay auctions secured price information for these market

outlets. Auctions were chosen to reflect prices across Iowa. No endorsement of the listed auctions is intended.

**Keosauqua (SE IA) Sat 11:30A** Alfalfa & Mixed Lg/Gr: SmSq \$4.00-6.75/bale Grass : (SmSq \$2.25-4.25/bale Jun) Straw: SmSq \$1.75-2.10/bale

**Kalona Auction (SE IA) Thursdays 11:00 AM** Alfalfa: SmSq \$2.00-8.50/bale; LgRd \$75-115/b Mixed Leg/Gr : LgSq \$75-90/b Grass: (SmSq \$2.00-4.275/bale; LgSq \$55-80/bale; LgRd \$52.50-80/bale Jun) Straw: SmSq \$ 2.00-3.00/B; (LgSq \$22/bale Jun)

**Yoder Auction (Frytown)** Alfalfa: (LgSq \$240/T Jun); LgRd \$92.50-95/T Mixed Leg/Gr: SmSq \$5.80/B Grass: (SmSq \$3.10/bale Jun); LgRd \$65-90/bale Straw: LgRd \$ \$30-35/B Cornstalks: LgRd \$25/bale

## IOWA DRAINAGE SCHOOL



AMES, Iowa -- Agricultural drainage is becoming increasingly important due to the critical role it plays for Iowa's emerging bio-economy. Drainage systems that are properly designed and operating are essential to achieving excellent agricultural production capability. The

Iowa Drainage School is being offered to address these issues on Aug. 21-23 at the Field Extension Education Laboratory (FEEL) between Ames and Boone, Iowa. "People looking to install new drainage systems or retrofit existing systems will want to attend this school," said Greg Breneman, ISU Extension field agricultural engineer. "The workshop will focus on drainage design, economics of drainage, water management and legal issues related to drainage."

Registration fees for this three-day school are \$325 per person if registered by midnight, Aug 10. Late registration is \$375 and must be received by Aug 17. Class size is limited to 40 participants and pre-registration is required. Registration fees include meals indicated on the agenda, refreshments and notebook. Additional information, a detailed agenda and online registration are available at [www.aep.iastate.edu/ids](http://www.aep.iastate.edu/ids).

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## CROP DISEASE, INSECT IDENTIFICATION AND RECORD KEEPING AVAILABLE IN NEW APP

AMES, Iowa – Checking crops for insects and disease is becoming less tedious and cumbersome, and more accurate with the release of iPad apps. Apps focusing on two crops – corn and soybean (<http://scoutpro.org/products/index.html>)– have been released by ScoutPro, a provider of agricultural apps founded by Michael Koenig in 2011, while studying at Iowa State University. The first two apps for the iPad hit the App Store in March 2012; this month an Iowa version of ScoutPro Soy was made available. The ScoutPro apps retail at \$29.99 each, a cost that reflects high-end features: detailed identification tools, automatic record keeping and GPS mapping, and field-specific reports. The identification program is based on Iowa State University field guides and funded in part by Iowa Soybean Association.

“The scouting apps will not only help farmers identify common problems in their fields, they will help farmers keep track of these problems and that will help with future management decisions,” said Daren Mueller, plant pathologist with Iowa State University Extension and Outreach. “Apps like this are extremely valuable, especially as they are used more and more.”

ScoutPro apps can be used by smartphones, iPad or other tablet devices. Users will be able to identify weeds, insects and diseases in fields, while creating crop scouting reports they can use when making management decisions. “As a board, we are always looking for new ways to bring information to our producers,” says ISA President Dean Coleman. “As more farmers carry smartphones, it makes sense we offer this type of tool that, not only has pest ID, but also has the ability to record its location for future reference.”

As ScoutPro expands into new regions, pests outside of Iowa will be added to their general app. Iowa State will continue to monitor information contained on the Iowa-specific app. While other crop identification programs are being developed, Koenig said none of them include all the functions that ScoutPro offers: mapping, identification and record-keeping. “Our goal is to set the standard for how scouting can be done using apps,” Koenig said. To reach that goal, Koenig continues to add ScoutPro services. A paid Web service, currently available to consultants, offers additional record-keeping tools to help with decision-making. Plans are to have a Web service for farmers in place for the 2013 growing season.

## MANURE APPLICATOR PROGRAMS

County Extension Offices will reshew both the Commercial and Confinement Manure Applicator Programs on Friday, September 7, 2012 for those that were unable to attend a workshop. These programs are shown free of charge on the first Friday of each month. Applicators that need to schedule a reshew at any other time will be charged a \$10 fee per person.

The Commercial Manure Program (3 hours in length) will be shown at 8:30 am and the Confinement Manure Program (2 hours in length) will be shown at 1:30 pm at the Washington County Extension Office, 2223 250th St., Washington, IA 52353. Anyone not able to attend training should schedule an appointment with their DNR field office to take the certification exam. Please contact the your County Extension Office with any questions.



## WATER CONSERVATION TIPS FOR THE HOME By [Kristi Cooper](#), [Christopher Weishaar](#)

AMES, Iowa — Cracks in the yard, brown lawn, wilting plants. These are just surface indicators of severe drought conditions in your area. The more serious issue is the reduction of groundwater for necessary uses, including potable (drinking) water, said Kristi Cooper, family life specialist with Iowa State University Extension and Outreach. Cooper offers several tips for homeowners to start conserving water. “Although we cannot change the weather, there are ways we can conserve water use in our households,” Cooper said. “I encourage families to post this list at home and challenge all family members to find new ways to conserve water. Compare your next month’s water bill with the previous and see how much you saved – in gallons and dollars!”

### **Bathroom:**

- Turn off the faucet while brushing your teeth — wet your toothbrush, turn off the water, brush and then turn on the water to rinse.
- Take shorter showers and turn off the water while you scrub. Save your shower water in the tub and use it to pour-flush toilets. Do not save this water longer than 24 hours.
- Put a clean bucket in the shower and save the “warm-up” water you run while waiting for the hot water. This clean water can be used for bathing, watering garden plants and supplementing washing machine water.
- The water that fills your toilet tank is actually clean water. Use it sparingly for toilet flushing. You can use “grey water” such as your bath water to flush instead of using clean water. Use a bucket to pour the grey water into the toilet bowl, not the tank. Do not save grey water longer than 24 hours.
- Replace your old toilet with a more efficient model that uses less water per flush.
- Displace the water in the toilet tank with a container such as a plastic water bottle or jar filled with water. Be sure it does not interfere with the operation of the flush or fill mechanisms.
- Repair any leaky faucets or pipes.
- Install faucet aerators and low flow shower heads to increase velocity and decrease the amount of water used.

**Reduce the number of flushes. Some families choose this motto: “If it’s yellow, let it mellow. If it’s brown, flush it down.”**

### **Kitchen:**

- Running a full dishwasher actually uses less water than doing the same number of dishes by hand.
- If you wash dishes by hand, do not let the faucet run. Fill one tub with soapy water for washing and one for rinse water. The used wash water can be used for landscape plants and to pour-flush toilets. Save rinse water to irrigate garden plants.
- Save water used to rinse vegetables and fruit. This can be used to water garden plants and pour-flush toilets.
- Save cooking water from vegetables. Cool before using to water garden plants.
- Never dump water or ice from drinking glasses or coolers down the drain. Let the ice melt and add it to a garden or houseplant.
- Do not use the garbage disposal. Compost table scraps instead.
- Repair any leaky faucets or pipes.

**Install faucet aerators to increase velocity and decrease amount of water used.**

### **Laundry:**

- Wear your clothes and use towels multiple times before washing.
- Wash only full loads. Using cold water also will save energy.
- Reuse condensed water from the air conditioner or dehumidifier to supplement wash water. This water can also be used to irrigate houseplants or to pour flush toilets.

**Invest in a clothesline; air drying also saves energy costs.**

### **Outdoor:**

- Invest in at least one rain barrel for each downspout on your home. In Iowa, you can collect hundreds of gallons of water to be used for garden and landscape plants. This water is free and conserves drinking water.
  - Irrigate only food-bearing plants and newly planted trees and shrubs.
  - Water outdoor plants at the roots only.
  - Mulch your garden plants after watering by covering the soil with newspaper, cardboard, shredded paper or straw. This will reduce evaporation and conserve irrigation water.
  - Let the lawn go dormant. It will come back to life when there is sufficient moisture.
  - Consider replacing turf with native plantings and groundcovers. The deep roots of native plants offer drought resilience, can prevent erosion (when it does rain) and build nutrients in the soil. There are many drought-tolerant groundcovers that conserve soil moisture and will reduce your future yard maintenance and expenses.
  - Use a broom to sweep debris off of driveways and sidewalks instead of using the hose.
  - If you must wash your car, park it on the lawn, not the driveway. Fill a bucket with sudsy water. Turn off the hose while you scrub. Turn it on to rinse. Or look for a commercial car wash that recycles water.
- Do not fill swimming pools.

## CROP INSURANCE COVERAGE FOR DROUGHT-DAMAGED CROPS

Nearly 90 percent of the corn and soybean acres in Iowa are covered by multiple peril crop insurance. Drought damage is an insurable loss under these policies. Producers should consult with their crop insurance agents before harvesting or destroying any drought-damaged crops, however. The agent will notify a certified crop adjuster to appraise the insured crops. Keep in mind that when damage is widespread, adjusters cannot be everywhere at once. The adjuster may declare the crop a complete loss. If it has significant yield potential, it can be left and harvested in the fall. If the producer elects to harvest it early, as silage, check strips can be left to verify the actual yield achieved. In any case, the acres must be released by the insurance company before the crop can be harvested early or destroyed.

### Losses

Any insurance indemnity payments will be settled based on actual harvested production over the entire insurance unit. Even fields that are declared a complete loss will be combined with any harvested acres in the same insurance unit to calculate the final yield. For example, if an insured unit of 100 corn acres had 30 acres that were declared a complete loss, and the remaining acres averaged 90 bushels per acre, the average yield for the unit would be  $(70 \text{ acres} \times 90 \text{ bu.} / 100 \text{ acres}) = 63$  bushels per acre.

Ninety percent of the insured acres of corn and soybeans in Iowa are covered by Revenue Protection insurance policies in 2012. Only about 7 percent of the acres are covered by Yield Protection policies. The difference between the two types of policies will be significant this year.

### Indemnity Payments

For Revenue Protection policies, the yield loss will be paid at a rate equal to the average CME futures price during the month of October, if it exceeds the average February price of \$5.68 for corn (December contract) or \$12.55 for soybeans (November contract). The loss is equal to the crop insurance approved yield times the level of guarantee purchased, minus the actual yield. So, if the approved yield on the unit was 150 bushels per acre, and an 80 percent guarantee was purchased, the guaranteed yield would be 120 bushel per acre, and the loss would be  $(120 \text{ bu.} - 63 \text{ bu.}) = 57$  bushels per acre. If the December corn contract price averages \$7.50 in October, for example, the indemnity payment would be  $(57 \text{ bu.} \times \$7.50) = \$427.50$  per acre.

For Yield Protection policies, losses will be paid at the 2012 average February futures price. If the loss is 57 bushels per acre, and the indemnity payment would be  $(57 \text{ bu.} \times \$5.68) = \$323.76$  per acre.

Following harvest, the usual evidence of actual production should be collected and submitted to the crop insurance agent as soon as possible if it appears that a payment is likely, but not later than 15 days after the end of the insurance period, which is Dec. 10 for corn and soybeans in Iowa. If a producer has a history of selling more than half the crop in the tax year following harvest, reporting of crop insurance proceeds can be deferred to the next tax year.

More information can be found on the Ag decision Maker website at: <http://www.extension.iastate.edu/agdm/cdcostsreturns.html>.

## FALLING SHORT ON CONTRACTED INSURANCE BUSHELS

**Shortfall on Contracted Bushels** The concern is that the drought will be so severe in certain parts of Iowa that some farmers might have contracted more bushels for delivery than they will harvest. Using this example, let's say a farmer using Revenue Protection coverage decided to contract for delivery the entire 12,000 bushels (100 acres times 120 bushel per acre guarantee), but only 6,300 bushels were produced.

Such a strategy for contracting 100 percent of the guaranteed bushels for delivery is rare, as there is always the risk of a positive harvest basis (since the indemnity payment uses the higher of the February or October average of the December corn futures price).

So the farmer is 5,700 bushels short of fulfilling their contract. The average forward contract cash price was \$5.50 per bushel with delivery to the local elevator in October. The December corn futures price was \$6 per bushel the day the contract was initiated. Let's say the December corn contract price averages \$7.50 per bushel in October. Remember, in this scenario an indemnity payment of \$427.50 per acre is anticipated. This means that the farmer will be receiving an indemnity payment reflecting \$7.50 per bushel for any bushels below their 120 bushel per acre guarantee.

However, the indemnity payment won't likely be received until after the crop is harvested and the usual evidence of actual production is collected and submitted to the crop insurance agent. With the backlog of claims, the farmer should not expect to receive their indemnity payment until later in November or perhaps December.

**Work with your Grain Merchandiser** Once the farmer realizes that all the bushels contracted cannot be delivered, he should work with the grain merchandiser on a strategy to make up the shortfall in bushels or pay the replacement value of those bushels. The solution will vary by grain merchandiser and whether a cash forward or hedge-to-arrive (HTA) contract was used. Generally, the farmer would have the option of buying out the missing bushels at the current market price.

Given adequate notice, the merchandiser will attempt to replace the contracted bushels by purchasing bushels elsewhere. However, the farmer that contracted those bushels should still expect to pay the replacement value for those bushels. That is the difference between the CME futures price at the time the contract was initiated subtracted from the CME futures price at the time of settlement. In addition, a small cancellation fee will likely be charged. So, if the CME price at the time of the contract for corn was initiated was \$6 per bushel and the futures price at settlement is \$7.50 per bushel, the difference is  $\$1.50$  per bushel +  $.10$  service fee =  $\$1.60$  bushel replacement value. Since the harvest price for revenue protection losses will be known approximately Oct. 31, settlement for the replacement value of undelivered bushels should be negotiated at that time regardless if bushels were to be delivered at a later date. Since the farmer will likely have other bushels to be delivered to this grain facility, the merchandiser will simply subtract the replacement value of  $\$1.60$  per bushel from the total sales receipts.

Delaying settlement beyond early November leaves the farmer in a speculative position for those bushels that they were unable to deliver. Should the futures price move even higher beyond this time frame, the replacement cost would increase. Regardless, the need to work with your grain merchandiser is critical should you fall short on contracted bushels.

# Iowa State University Cooperative Extension

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**IOWA STATE UNIVERSITY**  
Extension and Outreach

## DISCOVER MORE OF EXTENSION AND OUTREACH AT THE IOWA STATE FAIR

AMES, Iowa — The Iowa State Fair, Aug. 9-19, is packed with rides, food vendors, entertainment, exhibits and other attractions. In addition, find Iowa State University Extension and Outreach all across the fairgrounds during the annual event.

**Participate in the Scavenger Hunt** Pick up a passport to ISU Extension and Outreach at the information booth in the 4-H Exhibits Building and find each location on the fairgrounds. Write down the keyword from the location and return the passport for a chance to win an iPad. ISU Extension and Outreach will be easy to spot at the fair this year, with banners and flags marking each venue and event. A lot is going on all 11 days of the fair, so be sure to explore all ISU Extension and Outreach has to offer to discover more about the programs and resources available.

**Create a Flood of Cardinal and Gold** Wear cardinal and gold on Saturday, Aug. 11, in support of Iowa State University. Cy will make an appearance at the 4-H Exhibits Building and Iowa State President Steven Leath and Vice President for Extension and Outreach Cathann Kress will be visiting the fair. Visitors to the 4-H Exhibits Building also will receive an ISU Extension and Outreach item, while supplies last.

**Design in Action Exhibit** Check out the exhibit that showcases how ISU Extension and Outreach and the College of Design help communities solve problems. Previously displayed at the Smithsonian Folklife Festival in June and July in Washington, D.C., the “Design in Action” display now makes a stop at the Iowa State University booth in the Varied Industries Building.

**Visit the ‘CyCone’** ISU Extension and Outreach is again participating in the Iowa State Fair’s concrete sculpture painting event. This year’s sculptures are ice cream cones, and the “CyCone” can be found outside the 4-H Exhibits Building and is one of the stops on the scavenger hunt. In addition, visit the ISU Extension and Outreach Facebook page to show off a favorite summer treat.

**4-H Events** Stop and check out all the 4-H project exhibits or watch one of the live events at the 4-H Exhibits Building. The Bratney Companies 4-H Robotics Challenge is Aug. 10-11 and the Cook This! 4-H Culinary Challenge is Aug. 12-14. Meet and chat with Iowa 4-H “legends” on Aug. 19.

**Food Finder App** Developed by the Des Moines Register and sponsored by ISU Extension and Outreach, the Food Finder app for the iPhone is a guide to all things edible at the Iowa State Fair. With the app, search foods at the fair by type or vendor and locate them on the fairgrounds map; find healthy fare and nutrition information and find out how much activity it takes to burn calories with the handy calorie calculator.