BARNYARDS & BACKYARDS

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University of Wyoming Extension | Agriculture and Horticulture | RMA Risk Management Agency

Farm bill brings new risk management decisions – Part III

By James Sedman and John Hewlett

Producers with program acres must choose between Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC). These new programs provide another insurance-like aspect to a producer's risk management planning.

Which program is the best fit for a particular farm depends on several factors: individual farm yields and how they compare to county average yields, the cropping mix on the specific farm, current crop insurance strategy, and price expectations for the next four years.

Remember, PLC and ARC-CO (county option) payments are made on 85 percent of base acres for the commodity that triggers the payment, while ARC-IC (individual farm option) payments are made on 65 percent of the base acres of all commodities on all farms enrolled in ARC-IC.

Big Horn County Example Farm

The agricultural policy analysis system (APAS) decision tool (RightRisk.org/WY/FarmBill) can be useful in helping make these important decisions. The tool, developed by academic professionals at the University of Illinois and others, allows a producer to input information for an individual farm and compare available options.

In a previous installment, we showed an example Big Horn County farm and its base acres of 360 for corn, 120 for barley, and 60 for oats. The farm's current cropping mix has managers moving away from planting oats, and if base acres are reallocated, the acreage mix becomes 364.16 for corn, 169.61 for barley, and 6.24 for oats.

The tool allows up to five years of yield history for each crop and provides the option of several projected price series, including CBO, USDA, Food and Agricultural Policy Research Institute (FAPRI), or CUSTOM projected prices, depending on which the manager believes best fits price expectations. For our example, we will use November 2014 FAPRI prices.

The tool allows entry of the current crop insurance program into the analysis. The example farm uses Revenue Protection (RP) at 85 percent coverage when available.

Analysis results can be displayed by scenario for all program crops. These are estimated via 1,000 random draws of possible yield and price combinations based on earlier entries.

Figure 1 compares PLC (scenario 1) with ARC-CO (scenario 2) and ARC-IC (scenario 3). The first bar in Figure 1 shows expected payments for 2014 only, while the second bar depicts the five-year average for period under each scenario.

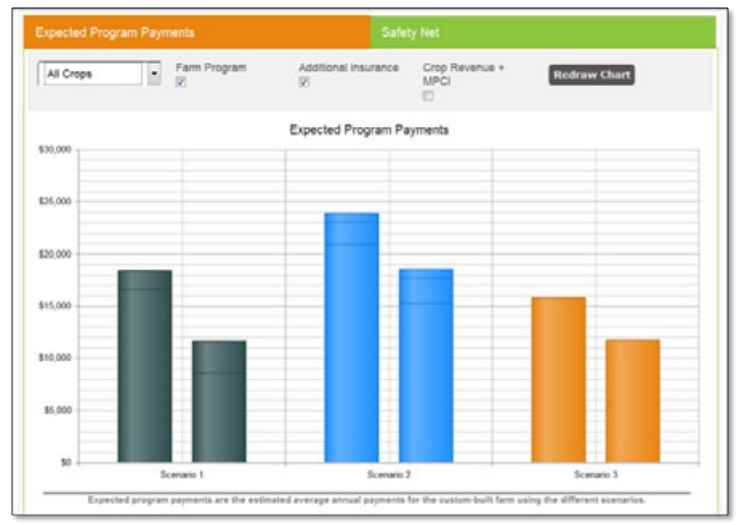

Figure 1. Five Year Payment Expectations for Each Program

Our example farm results show a projected ARC-CO could return higher than expected payments under either of the other two programs.

Note that the analysis in Figure 1 does not include any crop insurance payments or premiums. Include those results by selecting the checkbox at the top-center of the window. Results can be further broken down by crop to show their individual contributions to total farm payments.

We will provide in the next installment of this series further analysis of the insurance choice and include the Supplemental Coverage Option (SCO) available with the election of PLC.

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For more information:

Producers have significant decisions to make regarding farm bill program participation, choice of insurance programs, and decisions about yield updates and base acre reallocations. Some of these choices will be permanent for the duration of the farm bill (through 2018).

Failure to choose between Agriculture Risk Coverage and Price Loss Coverage will result in forfeiture of any 2014 payment and automatic PLC election. Beginning the process of evaluating these alternatives as soon as possible is imperative. Visit http://RightRisk.org/WY/FarmBill for links to Wyoming-specific information, recorded webinars, and other information about ARC/PLC and general farm bill topics.

DATES TO REMEMBER

Base Acreage/Yields Update
February 27

SCO and Crop Insurance Sign-up Deadline
Most Spring-planted Crops
March 15

ARC/PLC Election
March 31

PLC/SCO Election
March 31

NAP Sign Up: Spring-seeded Crops
April 1

Hydraulic fracking creates big demand for little bean but could be hay or cover crop for Wyoming producers

By Brian Lee

Guar bean (*Cyamopsis tetragonoloba*), also known as cluster-bean, is a nitrogen-fixing crop that may have value in Wyoming agriculture.

The crop was historically grown in the Middle East and India but has recently increased in acres in the United States, namely Texas and Oklahoma. The crop has been produced as an additive in food products as a thickener. Since 2011, hydraulic fracturing companies have mixed the bean extract, post processing, with water to extract additional oil and gas. Demand has increased exponentially.

The current guar bean market in the United States is very unstable, causing hydraulic fracturing and food companies to search for alternatives. This instability isn't being caused by unstable demand but by uncertain outlets for processing the guar bean.

Could be Hay or Cover Crop

There is little research and evidence to suggest guar bean will be a suitable production crop for Wyoming in the future, but it may have some value as a hay crop and cover crop in certain settings. Guar bean does well in dry conditions. The plant requires little input and can help build and hold soils. Guar bean may be an excellent crop to work in as a rotation crop for green manure, or harvested, chopped, and fed to livestock. One company, Green Cover Seed in south-central Nebraska, sells guar bean as a cover crop to improve no-till farming practices.

A field of podded guar plants at Rocky Ford in Colorado. *Photo: Howard F. Schwartz, Colorado State University, Bugwood.org*

Only a few varieties are available in the United States, but the most common variety is probably Kinman guar bean. The variety's 120-day maturity sits right at Wyoming's growing days threshold. Guar is often touted as a "plant it and leave it" crop. Extremely drought tolerant, the plant will require 20-30 lb/acre of phosphorus and 40-50 lb/acre of potassium. The planting rate is about 5 lb/acre in 30-inch rows, which can be done with a row crop planter or a grain drill in narrower rows. Pre-plant herbicides such as Treflan may be used for weed control. There are no post-plant herbicide options, although manual cultivation may be an option. Inoculant introduction to the seed before planting is suggested. A guar bean inoculant is available, and there is also research that suggests a cowpea inoculant may work.

Yields at Lingle

Guar bean yields range from 350 to 1,725 lbs/acre in Texas. Yields at Lingle in 2014 were around 200 lbs/acre. Short plant height in Wyoming may be a problem during harvest. In the southern U.S., guar bean is harvested with an ordinary grain combine at reduced ground speed and slower cylinder speed to ensure proper threshing. Due to the relatively long growing season of guar, plants may not dry until after frost in Wyoming.

I think guar bean can have many uses in Wyoming as a value-added crop in certain situations. The added value may be from supplemented grazing, improving soils for a next crop, or as a high protein additive (33-45 percent crude protein content) to a feed mixture. For more information, please contact me.

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