

Producers have Whole Farm Revenue Protection available

Whole Farm Revenue Protection (WFRP) is one of the new risk management programs established under the 2014 Farm Bill legislation.

Producers of specialty crops and livestock, direct farm marketers, vegetable, and other farm operations (that might otherwise be uninsurable) have another risk management option.

WFRP takes a different approach from other crop insurance

programs: a farm's revenue of up to \$8.5 million is insurable at differing coverage levels with indemnifiable losses determined after the farm's fiscal year ends.

WFRP provides coverage for all commodities produced except timber products, livestock for show or sport, and pets.

Any participating farm can insure a revenue level of up to \$10 million at 85 percent coverage. As insured gross revenue increases,

coverage percentage decreases, as shown in Table 1.

Producers who insure at the 80 or 85 percent coverage levels need to meet the diversity requirement of at least three different commodities grown or raised.

To be counted as a commodity, production revenue must be at least 8.3 percent of the total revenue insured. The insured revenue is determined from the farms' five-year production history and IRS Schedule F tax returns. A loss occurs under WFRP where actual revenue drops below the insured revenue, as calculated at the end of the fiscal year.

In the event of a loss, the farm must show expenses of at least 70 percent of approved levels; otherwise, insured revenue is reduced by 1 percent per each percentage point below these levels.

Eligibility and Other Requirements

Farm operators participating in WFRP must have at least five years of IRS Schedule F returns to prove revenue (although, in the case of new or expanding

Table 1. WFRP Insurance Coverage Levels and Limits

Coverage level	Revenue (Max)	# Commodities required	Total coverage
50%	\$17,000,000	1	\$8,500,000
55%	\$15,454,545	1	\$8,500,000
60%	\$14,166,167	1	\$8,499,700
65%	\$13,067,923	1	\$8,494,150
70%	\$12,142,857	1	\$8,500,000
75%	\$11,333,333	1	\$8,500,000
80%	\$10,625,000	3	\$8,500,000
85%	\$10,000,000	3	\$8,500,000

operations, other provisions may apply).

No more than 50 percent of the insured revenue can come from commodities purchased for resale. Farms also must produce at least two crops and at least one of those crops must have other federal crop insurance coverage available.

Buy-Up and Replant Coverage Available

WFRP insurance allows a "buy-up" option for crops insurable under other crop insurance policies. Buy-up coverage can help fill some of the coverage gaps that may occur under individual policies.

Replant coverage is available for crops grown, provided they are

not covered by any other policy. WFRP replant coverage offers protection on the cost of replanting no greater than 20 percent of expected revenue, where no more than 20 percent of the crop (or 20 acres) must be replanted.

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For more information

Sign-up deadlines for 2016 Whole Farm Revenue Protection (WFRP) is specific to your county – either February 28 or March 15. Contact a crop insurance agent for details in your area.

To learn more about WFRP or other programs available under the federal crop insurance umbrella, visit a local crop insurance agent or RightRisk.org. RightRisk.org has numerous risk management resources available to assist producers at any stage of their risk management planning process.

Niche market exists for Wagyu beef production

Most Americans spend more time and money grilling steaks during summer than any other time of year.

As a steak lover myself, I have often tried to define the perfect beef steak. Common criteria for a quality steak is based on flavor, tenderness, and juiciness. Many suggest the ultimate steak eating experience comes from Wagyu ('Wayg U') beef. The original Japanese strain of Wagyu cattle are known as Kobe beef and is considered a very rare delicacy. A niche market is growing for production and availability of meat from this breed of cattle in the U.S.

What is Quality grade?

The USDA has a composite evaluation of factors that affect palatability known as quality grade. Quality grade is determined by evaluating maturity, firmness, texture, color, and the distribution of intra-muscular fat (marbling) of a beef carcass. The amount of marbling is directly related to

flavor, tenderness, and juiciness. Steaks with the highest distribution of intramuscular fat are generally the most sought-after and expensive. Quality grade from highest to lowest is Prime, Choice, Select, and Standard.

Wagyu Breed History and Growing Market

Although cattle producers supply outstanding quality beef from British breeds (Angus, Hereford, etc.), the Japanese Wagyu breed has far superior marbling characteristics. According to the USDA, around 2 percent of all U.S. beef carcasses grade Prime, whereas about 96 percent of all finished Wagyu carcasses at least grade USDA prime. In fact, most Wagyu beef exceeds the Prime+ standards set by the USDA, which are met by only 0.1 percent of all beef carcasses.

Wagyu cattle were imported into the U.S. in the 1990s mainly to be fed out and exported back to Japan to help satisfy their market needs. With a 2003 confirmed case of mad cow disease discovered in the U.S., Japan promptly halted the import of U.S. beef; however, the introduction of this new beef caught the attention of many high-end restaurants and gourmet chefs around America. Today, steaks are often sold for upward of \$100

per steak. Since then, a domestic market for Wagyu beef has been growing with consumers willing to pay premiums for Wagyu beef.



Wagyu beef has since been declared a national living treasure of Japan and production is highly regulated and marketed as Kobe beef. Among the many standards, certified Kobe beef must be born, fed, and slaughtered within approved facilities within the Hyogo Prefecture of Japan. Therefore, very little if any genuine Kobe beef is available outside of the country. Because of this, Wagyu beef in the U.S. is

commonly marketed as "American style Kobe" or "American Wagyu."

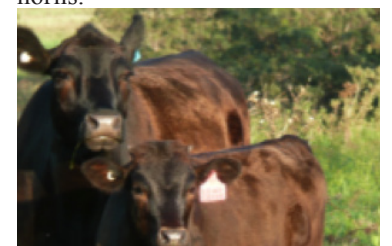
Because purebred Wagyu cattle are expensive, many introductory producers considering the Wagyu niche begin by crossing a Wagyu sire with their Angus or commercial heifers. This single F1 cross allows for quality marbling traits to be passed along but still allows for some growth and hardiness of the calves. Wagyu sires tend to be a great docile calving ease option while potentially adding value to their progeny. Wagyu cattle are also very adaptable to either warm or cold environments. This cross also decreases the input costs for the producer, and thus the purchase cost for the consumer is much more affordable compared to the cost of purebreds.

Cons of Wagyu Cattle

Why aren't U.S. beef producers implementing more Wagyu genetics? The most obvious reason is Wagyu cattle require a significantly greater amount of time and money to develop to a finishing weight. A conventional beef is typically produced in 14–18 months, whereas Wagyu beef can take 24–30 months to adequately finish.

Calves with high Wagyu influence are typically not as

attractive-appearing from the traditional market animal phenotypic standpoint. Wagyu-influenced calves are usually slower maturing, smaller framed, flatter muscled, and frailer boned compared to traditional calves. Milk production tends to decrease with more Wagyu influence, and weaning must often take place earlier in life. Lastly, polled Wagyu are rare and dehorning is difficult due to the size of their horns.



Obviously, there are many aspects a cattle producer must consider before introducing Wagyu genetics into his or her herd; however, with proper marketing and the cattleman's ability to find the right buyers willing to pay big for elite quality, profit potential does exist.

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