



Farm Views

Making Financial Plans Now Will Help the Future of Farms and Ranches

Facing agricultural changes in the coming years will be a challenge. Undoubtedly, this year's drought and low market prices may have some farm and ranch operators looking for ways to stay profitable.

The University of Nebraska Farm Business Association (NFBA) helps Nebraska farms and ranches remain competitive and profitable through records and financial analysis. NFBA members generally receive counsel in keeping their records in order. This helps farmers and ranchers to get beyond their financial troubles and take action before it's too late. Records can provide a good basis of information to help producers make some tough decisions in hard times. Records also may, in some situations, provide facts to replace an often gloomy speculation of fact.

This summer, the NFBA staff has assisted its 430 clients with income tax planning, updating Y2K records, and financial analysis. The staff looks at current trends and helps evaluate individual financial positions.

Other current issues may be addressed such as marketing alternatives, expansion or liquidation considerations, and capital expenditures. The NFBA also helps address farm and ranch questions such as, "Will this operation survive?" or, "Is

the farm operation large enough to support family living expenses and future expansion plans?" NFBA membership in the association allows farmers and ranchers to get answers to their questions and help to analyze their operations on their own.

Members also receive monthly accounting processing and reports, year-end business financial analysis, comparative analysis, and individual consultations at an annual fee determined by size of the operation. In addition, the program also includes detailed enterprise analysis, comparative data, individual consultations, detailed financial accounting, cash flow preparation, and income tax management. All individual farm data is confidential. However, average data is published each year allowing participants to compare themselves with the average.

The NFBA is a non-profit organization and offers all services at cost. It is part of Cooperative Extension in NU's Institute of Agriculture and Natural Resources.

For more information about the Nebraska Farm Business Association, call (402)472-1399 or e-mail jrosecrans1@unl.edu. (TD)

SOURCE: Gary Bredensteiner, director, farm management operations, NU/IANR

Making the "Right" Management Choices

Every producer goes through a mental process when making management decisions. Some managers go about this process in a very organized way with the aid of farm records, research results, extension publications, and advice from other people; while others take a more "seat of the pants" approach. It has been my experience, the best choices are those based on reliable information where the manager is aware of, and willing to consider, the alternatives.

The goal of every manager is to identify the best enterprises that produce the biggest returns on resources available (land, machinery, labor, capital, etc.), given the constraints and limitations which the operation must live with. The "right" mix of inputs is going to be different for every operation because each has its own set of limiting factors.

Consider the example of a crop producer who is deciding whether to band or broadcast herbicide: If the herbicide is broadcast, only one cultivation may be needed or none at all. If the herbicide is banded, the herbicide cost will be cut in half and the spraying operation will take less time, because the rig will be stopped half as often to refill. However; if the herbicide is applied in a band, the weeds in the row middles will need to be controlled by an extra cultivation operation. A number of factors must be considered in this decision. When is available labor most limiting or time most critical? Is the time saved at planting more valuable than the time required for an extra cultivation? Will the time saved at planting—coupled with the savings on herbicide—offset the cost of the extra cultivation

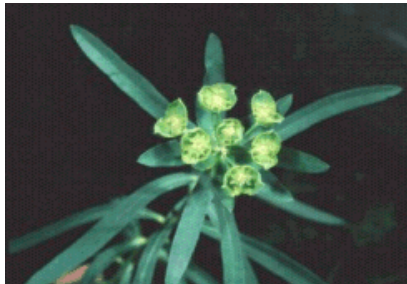
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Fall Is a Good Time to Control Problem Weeds

Fall is an excellent time to control several species of perennial weeds in pastures and waste areas. Food storage in the root systems of many perennial plants takes place in the fall. Herbicides applied at this time readily move into the roots as well, greatly improving the effectiveness of the herbicide. Even if the chemical doesn't thoroughly kill the weed, it goes into winter in a weakened condition and is much more susceptible to winter kill. Fall treatments can be made anytime after mid-September but before hard freezes occur. Treatments can even be made after a light frost has occurred as long as the plants are still active and growing.

Daytime temperature in the 50's are satisfactory.

In addition to obtaining excellent control on the target weeds, the potential for drift damage to non-target species is lessened in the fall. Field crops and gardens are finished producing by this time, and the current year's growth on perennial



shrubs and trees is hardened off making them less susceptible to damage.

One of the most difficult weeds to control, once it becomes well established, is leafy spurge. Fall herbicide treatments on actively growing plants helps control leafy spurge. On many warm-season grasslands, Dr. Bruce Anderson, Extension Forage Specialist, UNL, reports the best treatment is to use a relatively new herbicide called Plateau. Apply eight

ounces of Plateau per acre at least two weeks before a killing freeze this fall and then apply another four ounces next spring. This one-two punch is quite effective, and it does not injure most native grasses or wildflowers. Another option that's better for cool-season pastures is a tank-mix of Tordon 22K and 2,4-D. This mix is slightly less expensive but it doesn't work quite as well as Plateau.

Don't expect to eliminate

leafy spurge in just one or two years. Spray again each spring when plant tops of escaped leafy



spurge start turning bright yellow. Also, new seedlings often appear after a year or two. So, reexamine your grasslands each spring and if new seedlings appear, control them while they are small and easy to

kill.

Canada thistle is another perennial species that is occasionally found in pastures and waste areas in Lancaster County. The two most effective treatment periods are in the fall, as mentioned above, or during flower bud stage in the spring. A number of herbicides are recommended for control of Canada thistle, including: Tordon 22K, Curtail, Banvel/Clarity, Ally, and others.

Field bindweed is another hard to kill perennial weed that grows in pastures and cultivated fields. In pastures, a multi-year

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ARPA Bill Increases Crop Insurance Subsidies

The federal crop insurance program has almost tripled in the past 10 years in terms of coverage guarantees. In 1990, the guarantees were nearly \$13 billion; in 2000 the protection increased to \$35 billion. But federal legislators are anxious to make crop insurance a more viable risk management tool. After more than a year of debate in the U.S. Congress, the Agricultural Risk Protection Act of 2000 became law this summer.

The focus of the law is to improve the federal crop insurance program and make it more affordable for growers. It allocates \$8.2 billion over the next five years to increase premium subsidies, expand research and development for new products, and increase participation in under-served areas.

The most direct and immediate impact on the crop insurance program will be an increase in premium subsidies. This will take effect with fall-seeded crops this year. The 65/100 coverage provides protection at 65 percent of the established yield for a particular farm unit and at 100 percent of the established price for a particular year. As an example, under the previous subsidy schedule, the Federal Crop Insurance Corporation (FCIC) paid 42 percent of the total

premium for 65/100 actual production history (APH) coverage and 32 percent of the premium for 65/100 crop revenue coverage (CRC). Under the new law, the 65/100 subsidy will be 59 percent for both APH and CRC programs. At the 75/100 coverage level, the old subsidy rates were 24 percent and 18 percent for APH and CRC, respectively. Under the new law, the 75/100 subsidy will be 55 percent for both programs. In general, the subsidies are weighted much heavier at the higher coverage levels than under the old program. For the CRC program, the subsidy increased 84 percent for 65 percent coverage, by a factor of three for 75 percent coverage and by a factor of 4 for 85 percent coverage—38 percent now versus 10 percent before.

Here's a CRC example for irrigated corn in south central Nebraska with 2000 prices. The APH yield is 154 bushels per acre and the coverage level is 80 percent. The comparison would be as follows: the farmer-paid premium in 1998 would have been \$19.85 per acre. The full premium would have been \$21.70 with a subsidy of \$1.85 or 9.3 percent. In 2000, with the 25 percent discount, the farmer-paid premium was \$14.89 per acre. Under the new program the premium will be \$11.38 per

acre. The subsidy will be \$10.32 or 48 percent.

The bill encourages expansion of crop insurance by allocating funds for the development of new products and for establishing partnerships to conduct research for under-served areas and crops. These funds will be allocated competitively. The Risk Management Agency (RMA), the parent organization for FCIC responsible for administering the crop insurance program, will no longer be involved in research and development. These functions will all take place in the private sector.

The bill also authorizes the development of pilot livestock insurance programs, improves multi-year loss coverage, and tightens compliance regulations.

The bill also included a supplemental income package only for this year. The major component of that is a \$5.5 billion package which will match the market loss adjustment payments made last year. These payments will be in addition to the payments already received or scheduled to be received as production flexibility contracts as part of the 1996 federal farm bill. (TD)

SOURCE: Doug Jose, Ph.D., farm management specialist, NU/IANR