

# Finally a farm bill!

Farmers should begin weighing options on pending program decisions

Thanks to the countless hours of hard work put forth by legislators and their staff, we now have the Agriculture Act of 2014 signed into law. Credit is also due to the many farmers and associations that spent many days trekking the halls of Congress over the past two years to ensure viable options were available for farmers in all parts of the nation.

Texas farmers should now start looking ahead at the impact the new legislation could have on their farms (see Figure 1).

“The good thing about this legislation is it allows farmers to choose from several options what will work best on their farm,” David Gibson, executive director for Texas Corn Producers, said. “How-

ever, that also means farmers need to start becoming familiar with what those options are and how they could potentially come into play on their individual farms.”

The new farm bill eliminates Direct Payments, Countercyclical Payments, ACRE and SURE.

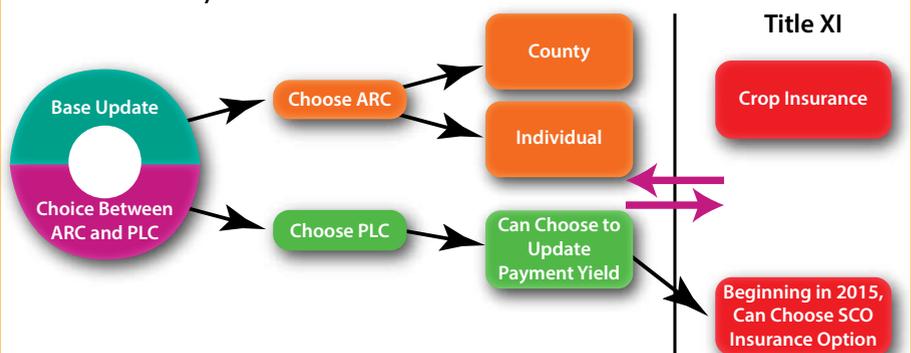
Instead, farmers can choose between:

- **Agriculture Risk Coverage (ARC)**, which protects farmers against income losses relative to their recent income experience. *(Often referred to as a shallow loss program)*

- **Price Loss Coverage (PLC)**, which provides income protection against steep price declines. *(Often referred to as a deep loss program)*

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**Figure 1:** This chart outlines the choices producers will have to make for covered crops under the Commodity Title



**This decision is on a crop-by-crop basis for each farm unless the producer chooses individual ARC, then it is for all the crops on that farm.**

More information about the decisions farmers face is available at [www.TexasCorn.org](http://www.TexasCorn.org)

\*Note: This information is based on the organization's interpretation, and may not reflect the final interpretation of the bill by FSA.

From the Texas Corn Producers Board  
and the Corn Producers Association of Texas  
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# the kernel

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# CORNER Comments



**David Gibson**  
**TCPB Executive Director**  
**CPAT Exec. Vice President**

Planting season is here and three large issues are facing producers at this time.

**One:** The impact of the recently passed farm bill, which covers this year's crop, is very questionable at this time. The rule-making process is under way. Then the sign-up details have to be finalized, which probably makes producer sign-up come in the summer to early fall. What this means for Texas is that all crops will be planted and some producers will have harvested the crop, especially wheat, before the sign-up occurs.

TCP has been involved in developing a farm decision aid with AFPC at Texas A&M University, which will soon be available to help producers begin analyzing the commodity title provisions in the farm bill. We, along with Texas A&M AgriLife Extension, the USDA – Farm Service Agency and universities, will be disseminating information as soon as possible to help producers determine the best means of action on this.

**Two:** Soil moisture is very low in many parts of the state as the drought continues

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With The Agricultural Act of 2014 signed into law on Feb. 7 there will be a considerable amount of learning and analyzing required by every producer who enrolls in the commodity programs. TCPB funded Joe Outlaw, Ph.D., with the Agriculture and Food Policy Center at Texas A&M University to construct a program designed to assist producers in selecting the commodity program best suited for their individual farms. Once the USDA-FSA has determined their rules, TCPB will be hosting educational sessions across the state for producers to understand how to use this decision-aid tool. I strongly encourage all producers to take advantage of one of these opportunities.

An acquaintance showed me an ad where a popcorn

company proudly stated on their label that their product was GMO and gluten-free. Really?! There is no GMO popcorn, and the last I knew gluten is derived from wheat, barley and rye. So what exactly are they implying? This may not be a truth in advertising violation, but it is certainly misleading. Unfortunately, claims such as this are regularly utilized by marketers and product manufacturers to differentiate themselves in the marketplace – at the expense of producers and consumers. I fear this misleading practice will continue until it is no longer economically viable or some other promotional trend emerges. How about truth and integrity? Both would go a long way in my decision making process.

Corn planting has been in



**Scott Averhoff**  
**TCPB Chairman**  
**Waxahachie, Texas**

progress for a while at this late February writing. Hopefully this year the drought will moderate for dry land and irrigated growers. Spring is a busy time of year. Remember **SAFETY FIRST**.

## Farm bill, *continued*

chosen, farmers have the opportunity to update their payment yields to 90 percent of the 2008-2012 crop year averages.

Additionally, in 2015 farmers will have a new areawide insurance program, **Supplemental Coverage Option (SCO)**, available to purchase that is designed to protect against losses that would normally fall within their insurance deductible range.

TCP has developed a brief overview of the decisions ahead for farmers across the state, which is available at [www.TexasCorn.org](http://www.TexasCorn.org).

“Though there will likely be differences in our interpretation and the final regulations,” Gibson said, “this is a

preliminary guide for farmers to begin educating themselves on the farm program decisions they will face this coming year.”

The information provided in the document is based on the organization’s reading of the farm bill, discussions with Ag Committee staff, and the assistance of the Ag and Food Policy Center at Texas A&M University.

TCP’s overview outlines how the programs can provide assistance to farmers when their farms face hardships.

TCP expects it will take several months for the USDA – Farm Service Agency to interpret and implement the new farm bill, thus farm pro-

gram sign-up will likely not occur until this summer – at the earliest.

The organization has also worked with AFPC to develop an online decision aid tool that will be available to farmers once the USDA-FSA rules are in place. Upon the release of this tool, TCP will host a number of educational sessions across the state to help farmers become familiar with how they can use the tool to determine the best option for their farm.

Visit [www.TexasCorn.org](http://www.TexasCorn.org) for the latest information on the progress of the farm bill’s implementation. Future editions of *The Kernel* will also include more in-depth information. 🌽

## 2014 TCPB election results announced

*Four incumbents return, one new director*

In the eleventh statewide election since the Texas Corn Producers Board became a statewide entity in 1990, five board members were elected or re-elected in the organization’s biennial elections held in January.

**Robert Gordon** of Hartley County, **Wesley Spurlock** of Sherman County, **Dee Vaughan** of Moore County, and **Steve Yoder** of Dallam County were re-elected to their seats in Voting Region One, which encompasses the Northern Panhandle.

Additionally, **Daniel Berglund** of Wharton County was elected to serve in Voting

Region Four, which covers the Coastal Bend.

The Texas Department of Agriculture ratified the results of the elections last month.

Prior to the elections, TCPB divided the state into five separate “voting regions” so board members would more closely represent the corn interests of a particular region of the state. Likewise, all Texas corn producers would have representation on the board. As there are 15 board seats on TCPB, the voting regions are designed for each seat to represent 1/15th of the total corn production in Texas, as

reported by the Texas Crop Reporting Service.

The five board members will be sworn in on April 9, 2014, during TCPB’s next board meeting in Corpus Christi. Each person elected will serve a six year term, or until the year 2020.

News releases and legal notices on the elections were sent to major newspapers in the regions where elections were held. The voting period was from Jan. 9-23, 2014.

The next election will be in 2016 with five seats up for election. 🌽

# THE VOICE: Association News

*A note from the President...*

Even though the Agriculture Act of 2014 has been passed by Congress and signed by the President, it is not yet time to celebrate. First and foremost, it is vitally important that producers thank their Congressional representatives and staff for passing a hard fought farm bill. Many of the agricultural staff worked long hours over the past two years, helping to bring the farm bill to fruition. Then it will be time to celebrate!

I cannot say enough about how important your continued support of CPAT is in keeping the doors open in Congress. Your support helps CPAT leaders and staff to maintain an open dialogue with legislators at both the state and national level.

Coming in at 357 pages, this is probably the most

complex farm bill that has ever been passed. Hopefully, its implementation will be a lot smoother than the 2,000-page Affordable Care Act, which I think now has some 20,000 pages of regulations. As complex as this farm bill is, signup will likely not occur before sometime in the summer, but producers will need to look at all the options the program has to offer and then carefully make their decision.

The most important aspect of this farm bill is that it gives producers more choices than ever before. However, it will be vitally important that each producer weigh his/her options carefully, as producers will be locked into that choice for the entire 5-year farm bill. A “farm bill overview,” which demonstrates the decision-making process



**Jimmy Wedel**  
**CPAT President**  
**Muleshoe, Texas**

is available at [TexasCorn.org](http://TexasCorn.org). Also, Texas Corn Producers will be holding several farm bill “training” sessions in the coming months, to help guide you through the decision making process. ●

## Support our Corporate Members



Learn how you can become a corporate member at [www.TexasCorn.org](http://www.TexasCorn.org)

# Online crop decision aid available

*Helps farmers under limited irrigation*

An online decision aid is in the works to assist the many farmers in the state facing challenges from declining water resources and tighter markets. Through funding from Texas Corn Producers Board, the Texas A&M AgriLife Extension Service has worked for the past two years to develop the tool.

DeDe Jones, an AgriLife Extension risk management special-

ist out of Amarillo, says the tool will provide valuable information for farmers. The interactive spreadsheet has built-in base budgets, but considerable flexibility for farmers.

“Farmers can go in there and they can change any of those numbers; whether it’s

yields, input costs or prices,” Jones says. “So they’re able to tailor and budget what’s relevant to their operation. And it allows them to be better decision makers.”

Jones explains that the tool allows farmers to determine breakeven prices and breakeven yields. But what makes this tool stand

**It’s basically going to tell them how to plant their crop and make the most money given their irrigation situation.**

**-DeDe Jones**

out is its irrigation analyzer. This unique feature allows farmers to enter their gallons per minute, as well as any water restrictions they may have.

“The tool then tells them under these irrigation parameters what their optimum planting arrangement

is,” Jones says. “It’s basically going to tell them how to plant their crop and make the most money given their irrigation situation.”

The tool is the fruit of a two-year project a team of AgriLife Extension economists and a Texas A&M AgriLife Research engineer. Additionally, an advisory committee of corn farmers is providing input into the decision aid’s development.

Now that it is fully developed, there are more than 200 farmers field-testing it for accuracy and to correct any glitches.

Jones says the tool is not quite ready for mass distribution via the web. However, farmers wishing to participate in the field-

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## **Gibson, continued from p. 2**

again into the 2014 crop year. Central and southern parts of the state received some beneficial moisture earlier, but as planting time is here little moisture has been received to provide what is needed for adequate seed germination. The Panhandle and High Plains area is extremely dry, and many producers are beginning to pre-water in preparation for planting. With rules

in place by water districts it is imperative that some beneficial rains fall over these regions in order for a crop to be made this year.

**Three:** Contract prices for all grains are well below the prices seen the past 4 years. Predictions by many see these falling even more throughout the growing season, if the Midwest plantings are on time and at traditional

levels. Marketing decisions will be critical to maintain profitability on grain farms across Texas. The use of insurance revenue products and marketing plans need to be thoroughly investigated and implemented for this year.

I hope all have a good planting season, and that this drought will soon end and all areas of our state can return to normal or above precipitation. 🌱

## Outlook on 2014 corn market

The U.S. corn market is looking stronger than ever with the USDA predicting all-time high corn yields for 2014. However, with the variability experienced over the last several years with corn yields, the market hinges on two factors: demand and production.

“A key to my outlook for the corn market in both the coming year and after is a very strong underlying component of use,” Mark Welch, Ph.D., a Texas A&M AgriLife Extension economist, said. “Our demand categories are still very strong.”

Welch says that though there is talk of the Environmental Protection Agency revising ethanol standards, which may cause the fuel-use category to slow its growth, he doesn't believe that fuel use will shrink.

The two categories that Welch is particularly optimistic about over the next several years are feed demand and exports.

“With the world economy continuing to grow, people are raising their standards of living around the world and emerging economies now have people wanting to improve their diets and lifestyles,” Welch said. “They want to live and eat like we

do and they want more milk and protein in their diets. That's very good for both feed demand and exports.”

On the production side of the market, Welch anticipates that with the pull back in prices the market has seen, farmers will plant fewer corn acres this year than last year.

“I think we're pulling back to an acreage level for 2014 that could mean anything other than good yields and we're back to a situation where supply could become relatively tight again,” Welch said. “I think the line that we walk between excess stocks and tightening stocks of corn is a fine line. If yields vary slightly, given the demand in the U.S. and around the world, we're back to a relatively tight supply situation which would certainly have an impact on prices.”

At this time, Welch is predicting harvest time prices of \$4.40 to \$4.60 for futures. However, given the potential variability in the market, with record yields Welch predicts prices could be between \$3.70 and \$3.80. Comparatively, if yields are a little below normal, prices could be back to \$5.00.

In the current market, merchandizing has become

even more important to corn farmers.

“Our producers have had three very good years and I'm worried that they're not paying attention to their marketing,” Jimmy Roppolo, the general manager for United Agricultural Cooperative in El Campo, said. “It concerns me that they may not be looking at what their break even costs are and that they're possibly contracting corn above those prices. Merchandizing seems like the least important thing on their minds and it is the difference between making it and not making it.”

In the coming year, Roppolo is expecting a slight decrease in corn acres in his area and is recommending that farmers use futures instead of contracts stating that farmers may do a little bit better by holding their crop and getting a better basis on it later in the season.

“The one caveat to all of that is that we're seeing more and more of our farmers looking at precision agriculture, grid sampling and using variable-rate applications,” Roppolo said. “I think all of those lead to this: We've got to put the right pesticides and herbicides on the right acres to be more efficient.”

### ***Irrigation decision aid, continued from p. 5***

testing stage may contact Jones at 806.677.5600 or DLJones@ag.tamu.edu.

AgriLife Extension hopes to have the final decision tool available to the public by late fall.

Jones concludes that the decision aid could prove to be an invaluable resource to farmers.

“It's a tool that's been needed up in this area for quite awhile,” Jones says. “Water tables are

dropping and this will allow farmers to make some decisions – especially in a year where commodity prices are tighter than they have been in the past couple of years.”

# ODDS *AND* ENDS



## **Bigger and better in Texas - 2014 Commodity Classic**

With more than 7,300 attendees at the 2014 Commodity Classic in San Antonio from Feb. 27 - March 1, it's needless to say the event was certainly the biggest yet!

The event, which is presented annually by the National Corn Growers Association,

American Soybean Association, National Association of Wheat Growers and National Sorghum Producers, offered a wide range of learning and networking opportunities for growers — as well as showcasing the latest in equipment, technology and innovation.

Additionally, delegates for NCGA's Corn Congress set policy for the coming year. Texas' delegates for the congress were Wesley Spurlock of Stratford and Jimmy Wedel of Lubbock.

The 2015 Commodity Classic will be held in Phoenix, Ariz. We hope to see you there!

## **TCP welcomes two new interns for 2014**

Two new faces joined the TCP staff earlier this year. Texas Tech University students Lynsey Meharg of Rocky, Okla., and Taylor Niemeyer of McGregor, Texas, are the organization's new communications intern and administrative intern, respectively.

Lynsey will graduate with a degree in agricultural communications and a minor in environmental plant and soil science in May 2015 from Texas Tech University.

Having grown up on a diversified agricultural operation in Florida, Lynsey has an appreciation for the agricultural industry as a whole, but is excited to gain a better understanding of Texas agriculture. Previously, she worked with the American Angus Association's *Angus Journal* and later with both the State Fair of Texas and American Royal.

Lynsey will assist with all communication efforts, including writing for print and online publications, social



*Lynsey Meharg (left) and Taylor Niemeyer (right) joined TCP in January as interns from Texas Tech University.*

media management and design work.

Taylor is currently pursuing a degree in agricultural communications at Texas Tech University.

Her passion for agriculture comes from being her grandfather's and father's "right-hand man" on their family farm. Whether she was helping in the field or maintaining the office, she

has always been a part of her family's operation.

Taylor hopes her time as an intern for TCP will expand her knowledge of the industry, and lead to becoming an important asset in the agricultural industry. As the administrative intern, Taylor works closely with TCP staff on checkoff assessments, finances, and other administrative duties.

# Directors

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David Ford, *Hartley Co.*

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Dee Vaughan, *Moore Co.*

Jimmy Wedel, *Bailey Co.*

Bruce Wetzel, *Grayson Co.*

Steve Yoder, *Dallam Co.*

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*Industry Relations*

**Angie Martin**

*Industry Relations*

**Lynsey Meharg**

*Communications Intern*

**Taylor Niemeyer**

*Administrative Intern*

# Upcoming Events

With the farm bill passed, there are a number of preliminary educational sessions being planned. TCP encourages you to visit [www.TexasCorn.org](http://www.TexasCorn.org) for the most up-to-date list of events.

**March 20, 2014**

Texas A&M AgriLife &  
SWCA Farm Bill Forum  
*Lubbock, Texas*

**March 21, 2014**

Texas A&M AgriLife &  
SWCA Farm Bill Forum  
*Amarillo, Texas*

**March 24, 2014**

Texas Tech University Farm  
Bill Mtg. (*Conservation Focus*)  
*Lubbock, Texas*

**April 3, 2014**

Ag Applications of Tablets &  
Smartphones  
*Miami, Texas*

**April 7, 2014**

Texas A&M AgriLife &  
SWCA Farm Bill Forum  
*Corpus Christi, Texas*

**April 7, 2014**

Texas CornPAC Fundraiser  
*Sinton, Texas*

**April 8-9, 2014**

TCP Board Meetings  
*Corpus Christi, Texas*

**April 8, 2014**

Texas A&M AgriLife &  
SWCA Farm Bill Forum  
*Weslaco, Texas*

**April 11, 2014**

Annual Stored Grain Pests  
Workshop  
*Lubbock, Texas*

**April 11, 2014**

Weed ID & Mgmt. of Systems  
Plus Herbicide Selection  
*Brownfield, Texas*



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