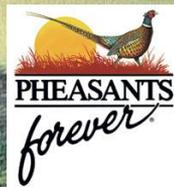


Matt Morlock,
Jim Ristau, and
Doug Gorby
PF Farm Bill
Biologists



Economics of CCRP in a Volatile Commodity Price Environment

Economic Study

- Dr. Michael Swanson
 - Ag. Economist – Wells Fargo Bank
- Found that the average farm regardless of geographic area:
 - 20% of the farm losses money every year
 - 20% of the farm breaks even
 - 60% of the farm turns a profit

Cost Calculators & Yield Maps

2009	Winter Wheat	Fertilizer		
Summer BD	\$14.94	11-52-0	\$1,300.00	70
Fall Burndown 1	\$11.19	46-0-0	\$950.00	200
Fall Burndown 2		App.	\$5.50	
Spring Burndown 1		28-0-0	\$550.00	
Spring Burndown 2		TJ	\$1,150.00	0
Planting	\$25.00			
Seed	\$30.00			
Starter Fertilizer	\$45.50			
N Fertilizer	\$100.50			
Herb. Post Spray 1	\$42.18			
Herb. Post Spray 2				
Insecticide 1 with Herb.				
Seed Treatment	\$6.00			
Insecticide 1				
Fungicide 1 with Herb.				
Fungicide 2				
TJ Micromix	\$0.00			
Combining	\$35.00			
Agronomy				
Interest				
Land cost	\$60.00			
Crop Insurance	\$25.00			
Labor cost/person	\$0.00			
Storage	\$0.00			
Trucking	\$10.96			
Other	\$10.00			
Total Expense/Acre	\$416.27			
yield/acre Contracted	0.00			
yield/acre	43.83			
\$/bushel	\$7.50			
\$/bushel Contracted	\$6.95			
LDP	\$0.00			
Insurance Income	\$0.00			
Gov. payments	\$0.00			
total income/A	\$328.73			
total profit/A	-\$87.55			

\$41.73	Clear Field
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0.075	
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\$0.25	Trucking	per/Bu
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Total Average Yield	Months
43.8	0
	\$0.03

Average \$ per bushel	
\$7.50	

Zone Maker

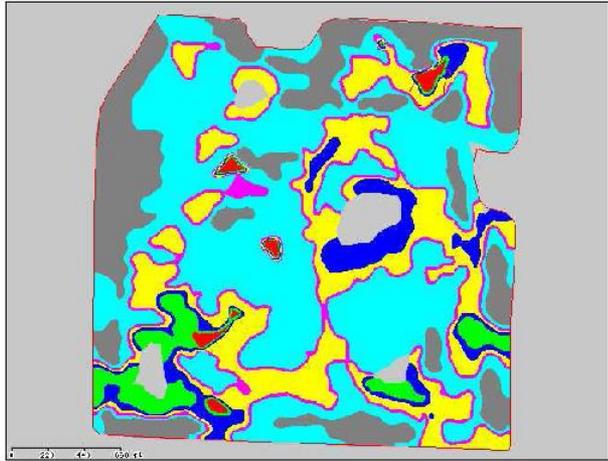
Grower: Farm 1
Farm: Home Place North
Acres: 143.49

Field(s): 2JM1

Layer Data:
 (1) AgFleet Yield WHEAT - 2008

Product List

Wilbur Ellis
 AGRIS-AIR Service
 329 W 245th Street
 Chamberlain, SD 57325
 PHONE: 605-734-5981



Zone	Acres	Zone Range	Custom
1	1.1	0.0 to 16.0	1.0(1)
2	5.9	16.0 to 27.0	1.0(6)
3	9.2	27.0 to 33.0	1.0(9)
4	26.6	33.0 to 40.0	1.0(27)
5	10.8	40.0 to 41.0	1.0(11)
6	57.5	41.0 to 51.0	1.0(58)
7	28.2	51.0 to 151.2	1.0(28)
Totals:			138.3

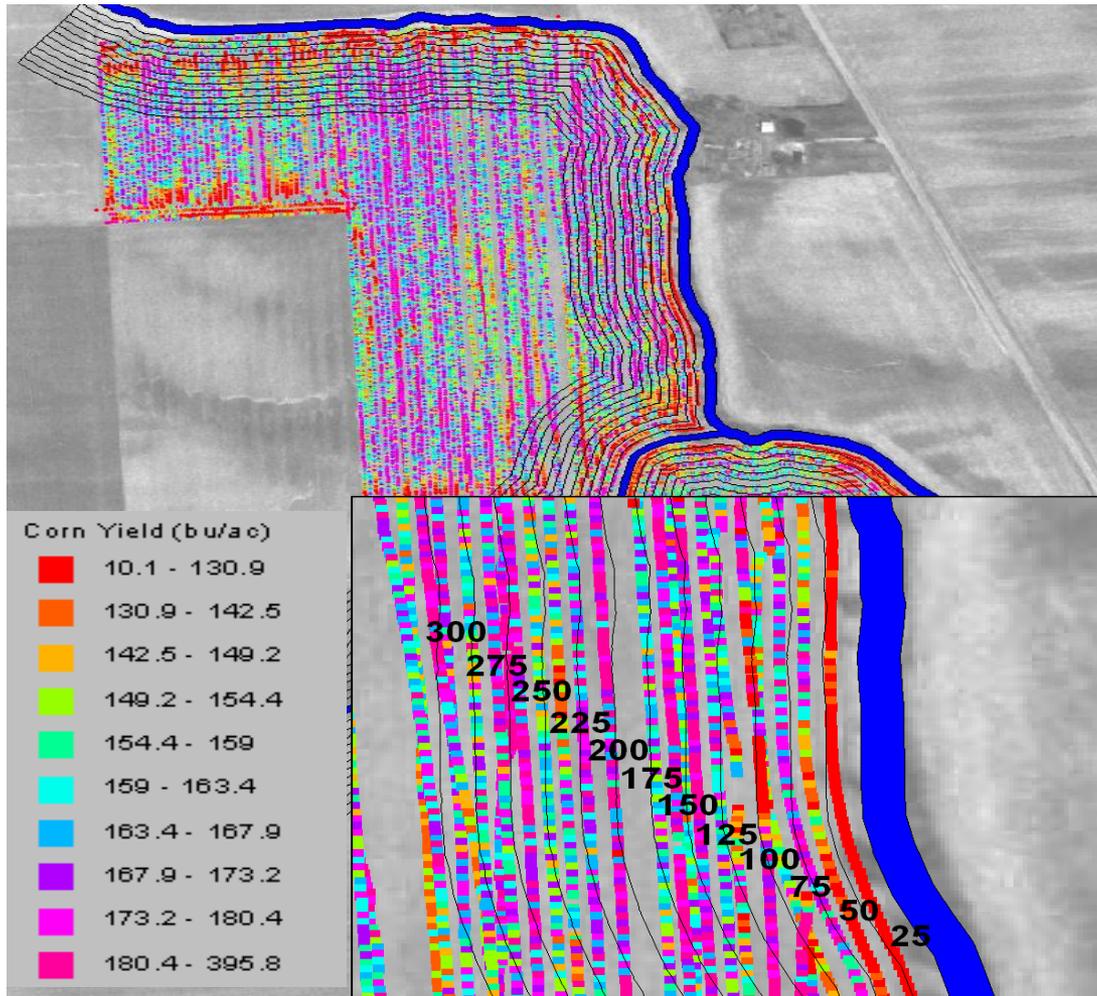
ISSUED: 11:05am EST Dec 1, 2008
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Does it really pay?



CP-21 Example



- Average corn yield: 156 bu/acre.
- This field lies along an open ditch with drainage tile.
- \$150/acre cash rent (up about 25% in 3 years).
- Each band = 25 feet.
- Assumes minimum tillage, maintenance-level nutrient, \$4 diesel.
- Corn yield losses within 100 feet of stream or trees can equal 20-40% from wetness, compaction, competition, damage.
- For conventional tillage, add \$25/acre for fuel/equipment costs and 0-10% yield increase.
- Does not include \$\$ for labor, interest, USDA payments.

Expected Yield **156** bu./acre

		Cost per Acre
LAND		
Cash rent		\$150.00
FERTILIZE/PLANT/SPRAY		
Equipment amortization		\$10.00
Repair, maintenance, fuel		\$15.00
Total per acre		\$25.00
Seed, Chemicals, etc.		
Seed		\$63.00
<i>\$\$/1000 kernels</i>	\$2.10	
<i>kernels per acre</i>	30,000	
Nitrogen		\$102.00
<i>\$\$/pound</i>	\$0.68	
<i>pounds per acre</i>	150	
Phosphate		\$50.00
<i>\$\$/pound</i>	\$0.50	
<i>pounds per acre</i>	100	
Potash		\$35.00
<i>\$\$/pound</i>	\$0.35	
<i>pounds per acre</i>	100	
Lime (annualized \$\$)		\$10.00
Herbicide		\$36.50
Crop insurance		\$40.00
Total per acre		\$386.50
HARVEST		
Equipment amortization		\$10.00
Repair, maintenance, fuel		\$15.00
Haul		\$23.40
<i>\$\$ per bushel</i>	\$0.15	
Drying		\$15.60
<i>\$\$ per bushel</i>	\$0.10	
Total per acre		\$64.00
Total Costs		
Per acre		\$600.50
Per bushel		\$3.85
Gross returns		
Expected selling price	\$5.50	
Total returns		\$858.00
Net Returns		\$257.50

FARM IT ALL

- Ditch to ditch, road to road, fencerow to fencerow.
- On average this field will produce \$257.50 per acre, for a total of \$25,750 on this 100 acre field.



Expected Yield **117** bu./acre

Cost per
Acre

LAND

Cash rent **\$150.00**

FERTILIZE/PLANT/SPRAY

Equipment amortization **\$10.00**
 Repair, maintenance, fuel **\$15.00**

Total per acre \$25.00

Seed, Chemicals, etc.

Seed **\$63.00**

\$\$/1000 kernels **\$2.10**
kernels per acre **30,000**

Nitrogen **\$102.00**

\$\$/pound **\$0.68**
pounds per acre **150**

Phosphate **\$50.00**

\$\$/pound **\$0.50**
pounds per acre **100**

Potash **\$35.00**

\$\$/pound **\$0.35**
pounds per acre **100**

Lime (annualized \$\$) **\$10.00**

Herbicide **\$36.50**

Crop insurance **\$40.00**

Total per acre \$386.50

HARVEST

Equipment amortization **\$10.00**

Repair, maintenance, fuel **\$15.00**

Haul **\$17.55**

\$\$ per bushel **\$0.15**

Drying **\$11.70**

\$\$ per bushel **\$0.10**

Total per acre \$54.25

Total Costs

Per acre **\$590.75**

Per bushel **\$5.05**

Gross returns

Expected selling price **\$5.50**

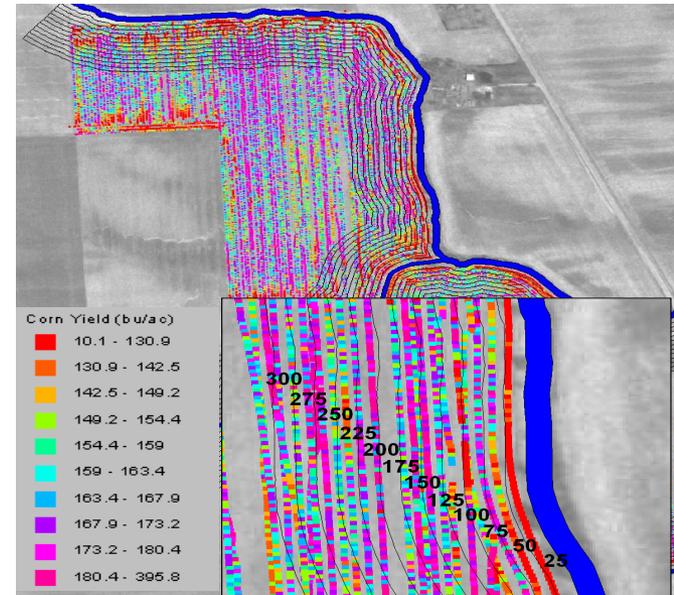
Total returns \$643.50

Net Returns

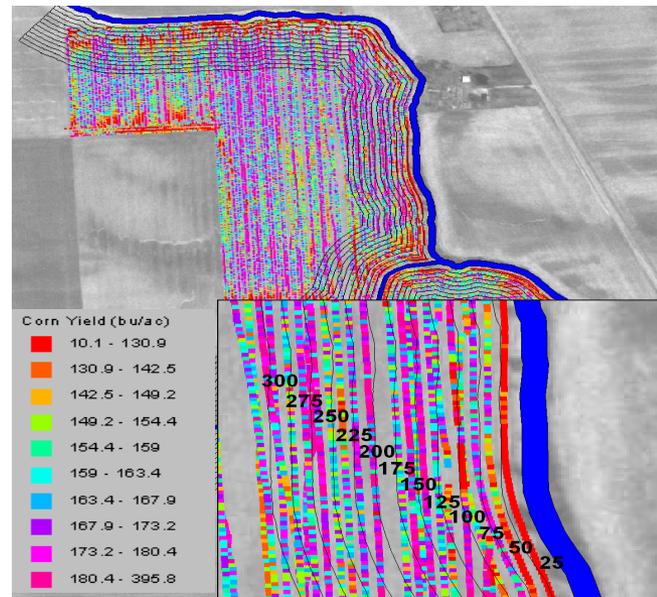
\$52.75

25% yield loss =
\$52.75 per acre

(20% to 40% loss is typical along edges near streams, ditches, etc. Losses can be higher along woodlots, heavy fencerows.)



- 100.0 acres @ 156 bu/acre
- - 11.5 acres @ 117 bu/acre
- = 88.5 acres @ 161 bu/acre



Expected Yield		161	bu./acre
			Cost per Acre
LAND			
Cash rent			\$150.00
FERTILIZE/PLANT/SPRAY			
Equipment amortization			\$10.00
Repair, maintenance, fuel			\$15.00
Total per acre			\$25.00
Seed, Chemicals, etc.			
Seed			\$63.00
<i>\$\$/1000 kernels</i>	\$2.10		
<i>kernels per acre</i>	30,000		
Nitrogen			\$102.00
<i>\$\$/pound</i>	\$0.68		
<i>pounds per acre</i>	150		
Phosphate			\$50.00
<i>\$\$/pound</i>	\$0.50		
<i>pounds per acre</i>	100		
Potash			\$35.00
<i>\$\$/pound</i>	\$0.35		
<i>pounds per acre</i>	100		
Lime (annualized \$\$)			\$10.00
Herbicide			\$36.50
Crop insurance			\$40.00
Total per acre			\$386.50
HARVEST			
Equipment amortization			\$10.00
Repair, maintenance, fuel			\$15.00
Haul			\$24.15
<i>\$\$ per bushel</i>	\$0.15		
Drying			\$16.10
<i>\$\$ per bushel</i>	\$0.10		
Total per acre			\$65.25
Total Costs			
Per acre			\$601.75
Per bushel			\$3.74
Gross returns			
Expected selling price	\$5.50		
Total returns			\$885.50
Net Returns			\$283.75

“Farm the Best”
88.5 acres @
161 bu/acre

\$283.75/acre
x 88.5 acres
= **\$25112**

vs.

\$257.50/acre
x 100 acres
= **\$25,750**

in the “farm it all” scenario.

We are nearly break even
(-\$638) without farming the
worst 11.5 acres

The CCRP (Economic) Solution

- Enroll 11.5 acres of the lowest yielding acres along ditch to CCRP CP21 (CSG or NWSG)
- Retain 88.5 of higher yielding crop ground



“Buffer the Rest”

- 11.5 acres of CCRP CP21
- 1/3 Mu, 1/3 PwB, 1/3 Mt
- CCRP Payment:
 - \$120.42 Base SRR
 - + \$24.08 (20% incentive)
 - + \$2.00 maintenance
 - = \$146.50 per acre for CCRP filter strips

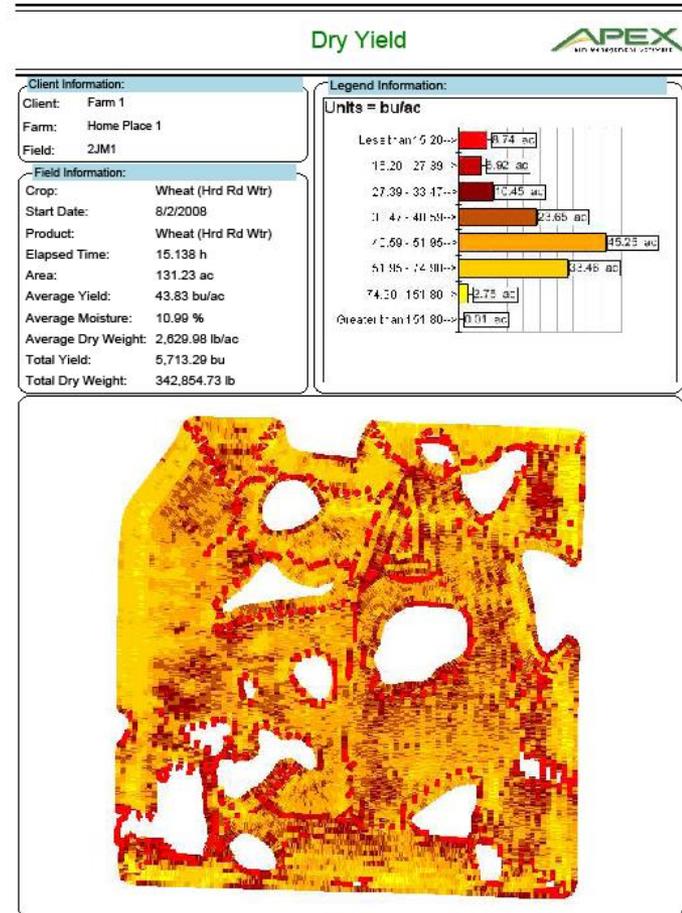
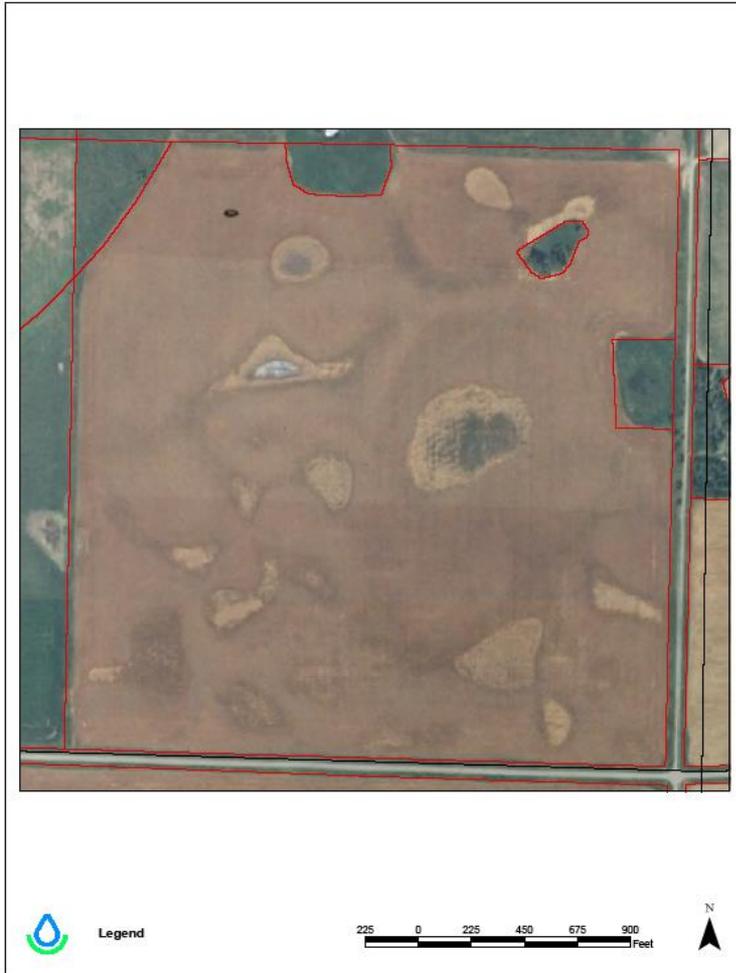


“Farm the best...Buffer the rest”

- Higher-Yielding Crop Acres:
\$283.75/acre x 88.5 acres = \$25112
- CCRP CP21 Filter Strip Acres:
\$146.50 per acre x 11.5 acres = \$1684.75
- **TOTAL REVENUE FOR THIS FIELD WITH CRP = \$26796.75**
 - Total revenue before CCRP: \$25750
- Producer earns **\$1046.75 more** on this field while farming less acres:
 - Less time
 - Less wear/tear on equipment
 - Less erosion/topsoil loss
 - Less nutrient runoff into streams, rivers, wetlands, etc.
 - Less carbon emissions
 - More wildlife

CP-23A

Brule Co. SD Example 2008 Wheat Data





2009	Winter Wheat
Summer BD	\$14.94
Fall Burndown 1	\$11.19
Fall Burndown 2	
Spring Burndown 1	
Spring Burndown 2	
Planting	\$25.00
Seed	\$30.00
Starter Fertilizer	\$45.50
N Fertilizer	\$100.50
Herb. Post Spray 1	\$42.18
Herb. Post Spray 2	
Insecticide 1 with Herb.	
Seed Treatment	\$6.00
Insecticide 1	
Fungicide 1with Herb.	
Fungicide 2	
TJ Micromix	\$0.00
Combining	\$35.00
Agronomy	
Interest	
Land cost	\$60.00
Crop Insurance	\$25.00
Labor cost/person	\$0.00
Storage	\$0.00
Trucking	\$10.96
Other	\$10.00
Total Exspence/Acre	\$416.27
yeild/acre Contracted	0.00
yeild/acre	43.83
\$/bushel	\$7.50
\$/bushel Contracted	\$6.95
LDP	\$0.00
Insurance Income	\$0.00
Gov. payments	\$0.00
total income/A	\$328.73
total profit/A	-\$87.55

Fertilizer			
11-52-0	\$1,300.00	70	
46-0-0	\$950.00	200	
App.	\$5.50		
28-0-0	\$550.00		
TJ	\$1,150.00	0	

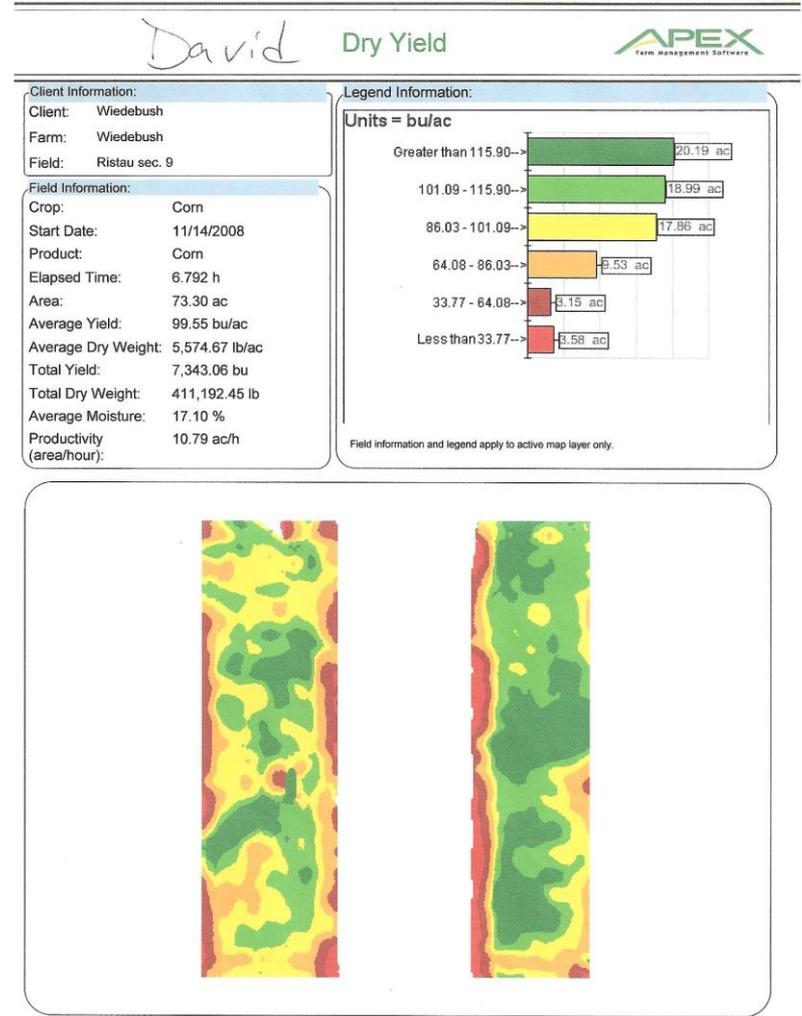
\$41.73 Clear Field

0.075

\$0.25 Trucking
per/Bu

Total Average Yield	Months
43.8	0
	\$0.03
Average \$ per bushel	
\$7.50	

CP-33 (field buffer) example



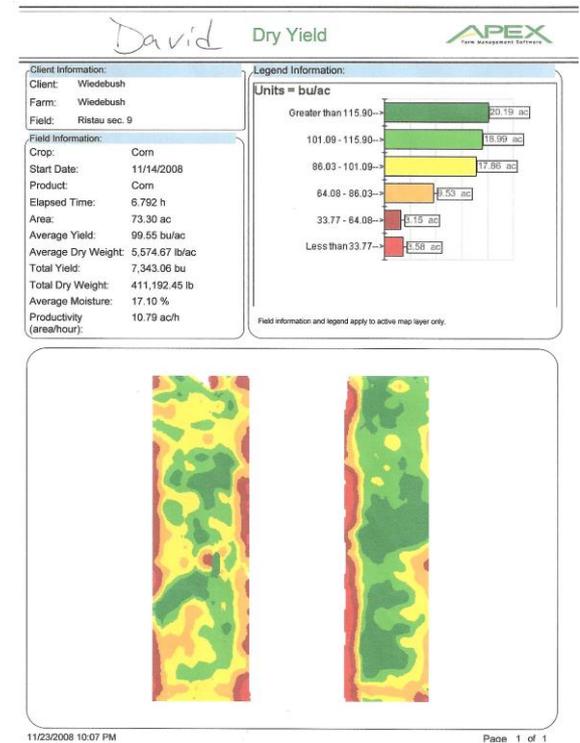
2008 Corn Data

- Total cropland = 73.3 acres
- Based on \$5.00 corn, with net return of \$61.34/ac. after inputs are subtracted.
- 73.3 ac. produced \$4496.22 income.

If we don't farm 18.0 ac. of lowest
yield:

- 55.3 ac.
- Ave. yield goes up to 109.1bu/ac.
- Net return/ac. = \$106.73
- Profit on 55.3 ac. = \$5902.17
- $5902.17 - 4496.22 = \$1405.95$

Add 3-100' CRP buffers (CP 33)



18.0 ac. At \$81.25 / ac. + \$100/ac. bonus

CRP Option:

- 18.0 ac. X \$81.25 = \$1462.50
- 73.3ac.

Farm it all:

CRP:

\$4497.69

\$5902.17

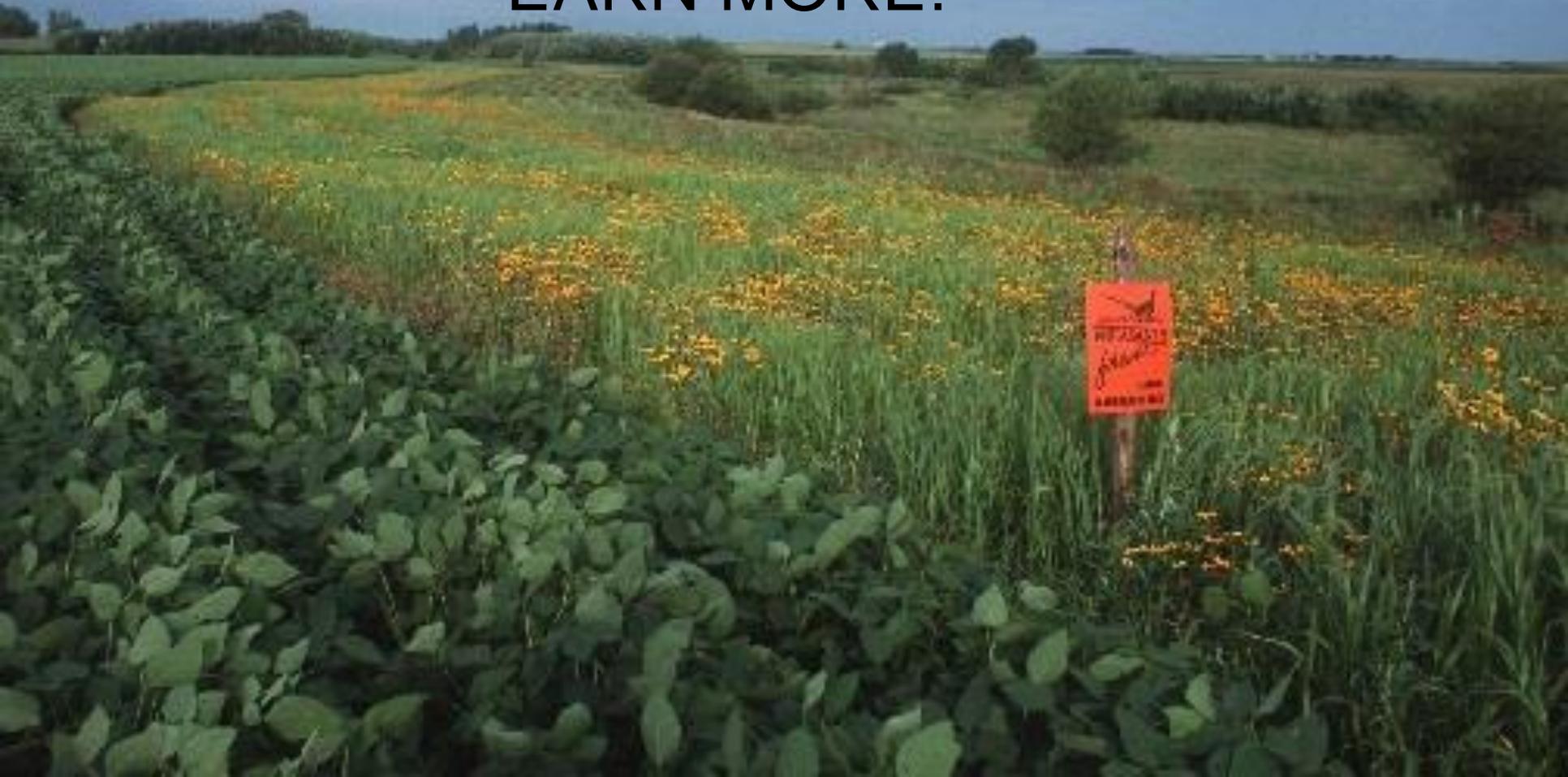
+\$1462.50
\$7364.67

\$2866.98



Consider marginal yield acres

- FARM LESS
- EARN MORE!



Questions ?



www.OhioPF.com

