



Farm Management Newsletter

Decatur, Giles, Hickman, Lawrence, Lewis, Marshall, Maury, Perry and Wayne Counties
John Campbell, Area Farm Management Specialist

Spring 2009

NEW FARM BILL PROVISIONS

One of the provisions of the 2008 Farm Bill provides for a major change in the determination of Farm Service Agency (FSA) payments for program crops. Sign-up for the Average Crop Revenue Election (ACRE) began April 27 and will continue through August 14. Producers have the option to choose ACRE or remain with Direct and Counter-cyclical Payments Program (DCP). Once producers choose ACRE, they are locked in through 2012. Changes back to DCP are not allowed.

The following description of ACRE is from the FSA web site. *"The ACRE alternative provides eligible producers a state-level revenue guarantee, based on the 5-year state Olympic average yield and the 2-year national average price. ACRE payments are made when both state- and farm-level triggers are met. By participating in ACRE, producers elect to forgo counter-cyclical payments, receive a 20-percent reduction in direct payments and a 30-percent reduction in loan rates. ACRE sign-up dates will be announced soon (April 27), or a producer can choose to stay with DCP. A decision to elect ACRE binds the producer to the program through the 2012 crop year, the last crop year covered by the 2008 Farm Bill."*

Since the ACRE election is irrevocable, producers must carefully study their individual situation. Producers can choose to enroll one farm in acre and have others remain in DCP. There are at least two web sites that producers should consult. The FSA site (www.fsa.usda.gov/dcp) has a large amount of information on ACRE, including state yield history. The Agricultural & Food Policy Center at Texas A&M University has an on-line decision aid program (www.afpc.tamu/models.acre/index.php). This program requires a significant amount of detailed information on the farm being analyzed. A list of input requirements can be printed from the web site.

Given the number of variables and future assumptions, it appears there are no rules of thumb for deciding whether to enroll a farm in ACRE. Producers with cotton bases will likely see things differently from corn and soybean producers. I will be happy to work with you on your individual situation. Remember that accurate farm data is essential to make an informed decision.

MANAGING UNCERTAINTY

Nearly all sectors of the U. S. economy are facing some kind of uncertainty at this time. Regardless of your type of business or the situation with your personal finances, it is important to know where you stand financially. The news media has saturated us in recent months with reports on the U. S. and world economies. Many of these reports lean toward gloom and doom. It is a fact that many people are experiencing financial difficulties of some sort. I wonder if some people make personal financial decisions based on news reports and/or what their neighbor does. Everyone, including farm families, should make decisions based on the facts of their individual situation. No two family financial situations are exactly the same. Each situation is unique. Individual situations can change rapidly. Take the example of the "swine flu" that is really not the "swine flu." Market prices for hogs have dropped as both domestic and export sales of pork have dropped. What happens if we have a "beef flu" or "milk flu?" Extension's MANAGE Program is available to all Tennessee farm families at no cost to help access current financial conditions and plan for the future. All financial information is kept strictly confidential. Contact your county University of Tennessee Extension office for more information.

AGRICULTURE CENSUS DATA RELEASED

Data from the 2007 Census of Agriculture has been released by USDA. Nationally, the number of farms increased by four percent. The largest gains were in farm with less than \$2,500 in sales (74,000 more farms) and farms with more than \$500,000 in sales (46,000 more farms). The number of farms in Tennessee dropped nine percent from the 2002 census. There were 79,280 farms counted in the census, down from 87,595 in 2002. Land in farms dropped six percent. The average size of farm increased from 133 to 138 acres, a four percent increase. Total sales of agricultural products were slightly over \$2.6 billion, up 19% from 2002. This ranked Tennessee 33rd out of the fifty states. Crop sales accounted for 44% of the total and livestock and livestock product sales accounted for 56%. Average sales per farm increased 31% from the 2002 census. Tennessee ranked 15th in the U. S. for inventory of cattle and calves and also ranked 15th for broiler inventory. The average age of a Tennessee farmer was 57.8 years.

AGRI-TOURISM AND VALUE-ADDED

For some producers with the right combination of management ability and resources, value-added and agri-tourism enterprises can increase farm income. However, poor management and a lack of resources can lead to less than desired results from these ventures. This is no different for value-added and agri-tourism than for more traditional farm enterprises. All agricultural ventures require planning and study before implementation. The Center for Profitable Agriculture is Extension's source of information for value-added and agri-tourism. The Center is located at the Middle Tennessee Research and Education center in Spring Hill and works statewide with farm families interested in value-added and agri-tourism enterprises. The Center's web site, <http://cpa.utk.edu>, contains additional information, including success stories of value-added and agri-tourism operations.

PRODUCTION EXPENSES

Economic forces seem to be pushing down the prices of some agricultural inputs for this year. Each year in March USDA surveys input costs across the U. S. Last year increased costs for fuel, fertilizer and feed received the most attention as these increases were significant. This year we are looking at noticeably lower prices for fuel and some fertilizers.

U. S. Fuel Prices				
	Pump Gasoline \$/gal	Bulk Gasoline \$/gal	Bulk Diesel \$/gal	Bulk L P Gas \$/gal
Mar 07	2.625	2.638	2.430	1.727
Mar 08	3.277	3.331	3.619	2.281
Mar 09	1.941	1.972	1.688	1.737

U. S. Fertilizer Prices			
	Mar 07 \$/ton	Mar 08 \$/ton	Mar 09 \$/ton
AN	382	509	438
Urea	453	552	486
32% Liquid N	308	426	409
DAP	442	850	638
Potash	280	561	853

Please note that fertilizer prices increased throughout last summer before settling to current levels.

TENNESSEE FSA PROGRAM PAYMENTS

Tennessee farmers received \$266 million in Farm Service Agency commodity and price support program payments in 2008.

BEEF FARM CHARACTERISTICS

USDA's National Animal Health Monitoring System (NAHMS) surveyed U. S. Beef producers in 2007-2008 and reported the following.

- A higher percentage of operations with 200 or more beef cows utilized specific production practices to target a breed-influenced program as a marketing channel for calves produced compared with operations having fewer cows.
- The majority of operations (83.3 percent) kept some form of records, and over 90 percent of operations with 100 or more cows kept records.
- On operations with 200 or more beef cows, nearly 9 of 10 cows (88.8 percent) had individual ID of any type, compared with about 6 of 10 cows (60.5%) on operations with 1 to 49 cows.
- Overall, more than one-half of operations (51.3 percent) had heard of the Beef Quality Assurance (BQA) program. A higher percentage of operations with 200 or more cows had heard of the BQA program compared with operations with fewer than 200 cows.

CLOSING NOTE

Don't inscribe plans in granite unless you plan to start a cemetery.

COUNTY EXTENSION AGENTS

Decatur	Steve Glass	731-852-2831
Giles	Kevin Rose	931-363-3523
	Erin Marks	931-363-3523
	Darby Payne	931-363-3523
Hickman	Troy Dugger	931-729-2404
Lawrence	Calvin Bryant	931-762-5506
	Wendell Smith	931-762-5506
Lewis	Jason Morris	931-796-3091
Marshall	Rick Skillington	931-359-1929
Maury	Richard Groce	931-375-5301
	Dill Hughes	931-375-5301
Perry	Rick Ritter	931-589-2331
Wayne	Ken Burress	931-722-3229

For more information contact:

John C. Campbell
Area Specialist–Farm Management
P. O. Box 415, Columbia, TN 38402-0415
931-375-5301 jccampbell@utk.edu
Web Site www.uttextension.utk.edu/managecamp
MANAGEMENT INFORMATION LINE 1-800-345-0561