Building Farm and Ranch Resiliency in the Age of Financial Uncertainty

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Building Farm and Ranch Resiliency in the Age of Financial Uncertainty

Meeting Series
2021-2022

This material is based upon work supported by USDA-NIFA under Award Number 2018-70027-28586

Program Overview

- Cash rental rates & flex lease arrangements
  - Presented by Jim Jansen
- Landlord/tenant communication issues & farm succession planning
  - Presented by Allan Vyhnalek
- USDA Programs for Land Management
  - Presented by USDA-FSA

Nebraska Cash Rental Rates & Flex Leases
2021-2022

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DISCLAIMER

- Land values and rental rates shown and discussed in this presentation are excerpts from the UNL Nebraska Farm Real Estate Market Survey.
- Information provided in this presentation are averages from these surveys. Actual land values and rental rates may vary depending upon the quality of the parcel and local market forces for an area.

Nebraska Farm Real Estate Survey

- Annual survey conducted since 1978 of Nebraska agricultural appraisers, professional farm managers, and bankers engaged in the land industry.
- Preliminary results for land values and rental rates published the second week of March.
- Full report published in June.
- Nebraska Farm Real Estate website full access to these resources: http://cap.unl.edu/realestate

Nebraska Agricultural Statistics Districts

Nebraska Land Values
Land Averages and Annual Percent Changes
Nebraska Agricultural Average
All Land Value – Feb. 1, 2022 (Preliminary)

[Diagram showing land values by region]

Northwest: $825/ac (15%)
North: $1,290/ac (15%)
Central: $3,810/ac (15%)
Southwest: $1,805/ac (13%)
South: $4,375/ac (15%)
Northeast: $6,950/ac (21%)
East: $8,110/ac (19%)
Southeast: $6,070/ac (16%)
State: $3,360/ac (16%)

Source: Nebraska Farm Real Estate Market Development Survey, 2022.

Nebraska Average Land Value and Corn Price, 1979-2022 (Preliminary)

[Graph showing land value and corn price trends]

Historic Corn and Soybean Prices, 1969-2022

Source: The Van Trump Report, November 18, 2021

“World Fertilizer Prices Continue to Soar”...

Source: Keith Good, Farm Policy News, November 21, 2021
Refundable Nebraska Income Tax Credit for Property Taxes Paid to Schools

Source: NE Farm Bureau: https://www.nefb.org/

- Taxpayers who pay property taxes to schools and file Nebraska income taxes are eligible to claim a refundable income tax credit on the amount of property taxes paid to schools.
- For tax year 2021, the credit equals 25.3 percent of property taxes paid to schools and applies to taxes paid between Jan. 1 and Dec. 31, 2021.
- The credit applies to property taxes paid on real property (land, buildings, residences) excluding taxes levied for bond repayments and taxes levied as a result of voter-approved overrides of levy limits.

For information purposes only. Seek guidance from a tax professional or the Department of Revenue for specific questions on the tax credit. – NE Farm Bureau

Dryland Cropland (No Irrigation Potential) Average Value – Feb. 1, 2022 (Preliminary)

Source: Nebraska Farm Real Estate Market Development Survey, 2022.

Dryland Cropland (Irrigation Potential) Average Value – Feb. 1, 2022 (Preliminary)

Source: Nebraska Farm Real Estate Market Development Survey, 2022.
Grazing Land (Tillable)
Average Value – Feb. 1, 2022
(Preliminary)

- North: $1,370/ac (15%)
- Northwest: $625/ac (16%)
- Southwest: $1,055/ac (11%)
- Central: $2,160/ac (10%)
- Northeast: $3,645/ac (12%)
- East: $3,915/ac (16%)
- Southeast: $3,265/ac (9%)
- South: $2,290/ac (15%)
- State: $1,470/ac (13%)

Source: Nebraska Farm Real Estate Market Development Survey, 2022.

Grazing Land (Nontillable)
Average Value – Feb. 1, 2022
(Preliminary)

- North: $745/ac (7%)
- Northwest: $510/ac (15%)
- Southwest: $825/ac (9%)
- Central: $1,685/ac (13%)
- Northeast: $2,470/ac (16%)
- East: $2,720/ac (6%)
- Southeast: $2,510/ac (17%)
- South: $1,575/ac (8%)
- State: $950/ac (10%)

Source: Nebraska Farm Real Estate Market Development Survey, 2022.

Hayland
Average Value – Feb. 1, 2022
(Preliminary)

- North: $1,370/ac (14%)
- Northwest: $830/ac (7%)
- Southwest: $1,535/ac (17%)
- Central: $2,225/ac (12%)
- East: $3,470/ac (8%)
- Southeast: $3,125/ac (11%)
- South: $2,085/ac (9%)
- State: $1,895/ac (12%)

Source: Nebraska Farm Real Estate Market Development Survey, 2022.

Gravity Irrigated Cropland
Average Value – Feb. 1, 2022
(Preliminary)

- North: $4,205/ac (11%)
- Northwest: $2,520/ac (13%)
- Southwest: $4,155/ac (10%)
- Central: $7,015/ac (14%)
- Northeast: $8,960/ac (22%)
- East: $9,440/ac (17%)
- Southeast: $7,630/ac (14%)
- South: $6,865/ac (19%)
- State: $7,055/ac (16%)

Source: Nebraska Farm Real Estate Market Development Survey, 2022.
Center Pivot Irrigated Cropland Average Value – Feb. 1, 2022
(Preliminary)

Source: Nebraska Farm Real Estate Market Development Survey, 2022.

Rating of Factors Influencing Agricultural Land Values in 2021


Nebraska Cash Rental Rates
Dryland Cropland Rental Rates

Dryland Cropland Average Rental Rates – 2022 Season
(Preliminary)

Source: Nebraska Farm Real Estate Market Development Survey, 2022.
Dryland Cropland Rental Rate Ranges – 2022 Season (Preliminary)

- **Northwest**
  - High Grade (H): $45/ac
  - Average (A): $30/ac
  - Low Grade (L): $20/ac

- **Southwest**
  - High Grade (H): $67/ac
  - Average (A): $49/ac
  - Low Grade (L): $39/ac

- **Central**
  - High Grade (H): $98/ac
  - Average (A): $65/ac
  - Low Grade (L): $50/ac

- **Southeast**
  - High Grade (H): $45/ac
  - Average (A): $30/ac
  - Low Grade (L): $20/ac

- **South**
  - High Grade (H): $130/ac
  - Average (A): $100/ac
  - Low Grade (L): $78/ac

- **Northeast**
  - High Grade (H): $290/ac
  - Average (A): $245/ac
  - Low Grade (L): $195/ac

- **East**
  - High Grade (H): $275/ac
  - Average (A): $235/ac
  - Low Grade (L): $185/ac

Source: Nebraska Farm Real Estate Market Development Survey, 2022.

USDA-National Agricultural Statistics Service Cash Rent Survey

- Biennial survey conducted by the USDA-National Agricultural Statistics Service (NASS) of farmers and ranchers
- Survey starts in late-winter and conducted through mid-summer of odd-numbered years (some even-number years as well)
- Analysis published around the second week of September
- Nebraska county estimates in addition to other resources may be found at: [www.nass.usda.gov/Statistics_by_State/Nebraska/Publications/County_Estimates/](http://www.nass.usda.gov/Statistics_by_State/Nebraska/Publications/County_Estimates/)

Dryland Cropland Rental Rates – 2021 Season

Source: Farmland Rental Rate Survey, USDA-NASS, August 27, 2021.

Nebraska Cash Rental Rates

Irrigated Cropland Rental Rates
Gravity Irrigated Cropland
Average Rental Rates – 2022 Season (Preliminary)

Northwest
$130/ac
8%

North
$195/ac
8%

Central
$245/ac
14%

Southwest
$180/ac
6%

South
$245/ac
17%

East
$285/ac
10%

Northeast
$300/ac
7%

South
$245/ac
17%

Southeast
$260/ac
9%

Source: Nebraska Farm Real Estate Market Development Survey, 2022.

Gravity Irrigated Cropland Rental Rate Ranges – 2022 Season (Preliminary)

North
H: $230/ac
A: $195/ac
L: $170/ac

Northwest
H: $165/ac
A: $130/ac
L: $105/ac

Southwest
H: $205/ac
A: $180/ac
L: $160/ac

Central
H: $275/ac
A: $245/ac
L: $190/ac

Northeast
H: $355/ac
A: $300/ac
L: $245/ac

East
H: $320/ac
A: $285/ac
L: $250/ac

Southeast
H: $315/ac
A: $260/ac
L: $230/ac

South
H: $275/ac
A: $245/ac
L: $210/ac

By Region
High Grade (H)
Average (A)
Low Grade (L)

Source: Nebraska Farm Real Estate Market Development Survey, 2022.

Center Pivot Irrigated Cropland
Average Rental Rates – 2022 Season (Preliminary)

Northwest
$175/ac
16%

North
$230/ac
9%

Central
$275/ac
15%

Southwest
$225/ac
15%

South
$280/ac
19%

Southwest
$315/ac
13%

East
$330/ac
14%

Northeast
$340/ac
11%

South
$280/ac
19%

Southeast
$315/ac
13%

Source: Nebraska Farm Real Estate Market Development Survey, 2022.

Center Pivot Irrigated Cropland Rental Rate Ranges – 2022 Season (Preliminary)

North
H: $280/ac
A: $230/ac
L: $195/ac

Northwest
H: $210/ac
A: $175/ac
L: $140/ac

Central
H: $335/ac
A: $275/ac
L: $225/ac

Southwest
H: $270/ac
A: $225/ac
L: $180/ac

Northeast
H: $390/ac
A: $340/ac
L: $285/ac

East
H: $365/ac
A: $320/ac
L: $290/ac

Southeast
H: $345/ac
A: $315/ac
L: $265/ac

South
H: $330/ac
A: $280/ac
L: $245/ac

By Region
High (H)
Average (A)
Low (L)

Source: Nebraska Farm Real Estate Market Development Survey, 2022.
Irrigated Cropland Rental Rates – 2021 Season

Source: Farmland Rental Rate Survey, USDA-NASS, August 27, 2021.

Nebraska Cash Rental Rates
Pasture and Cow-Calf Pairs
Rental Rates

Pasture per Acre
Average Rental Rates – 2022 Season (Preliminary)

Source: Nebraska Farm Real Estate Market Development Survey, 2022.

Pasture per Acre
Rental Rate Ranges – 2022 Season (Preliminary)

Source: Nebraska Farm Real Estate Market Development Survey, 2022.
Pasture per Acre Rental Rates – 2021 Season

Source: Farmland Rental Rate Survey, USDA-NASS, August 27, 2021.

Cow-Calf Pairs Average Rental Rates – 2022 Monthly (Preliminary)

Source: Nebraska Farm Real Estate Market Development Survey, 2022.

Cow-Calf Pairs Rental Rate Ranges – 2022 Monthly (Preliminary)

Source: Nebraska Farm Real Estate Market Development Survey, 2022.

Agricultural Flex Lease Arrangements
Alternative Farmland Leases for 2022

Source: Nebraska Farm Real Estate Market Development Survey, 2022.

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Agricultural Land Lease Arrangements

Establishing the Base Rental Rate

- Methods for estimating the base rental rate:
  - Adjusting survey data
  - Cash equivalent from crop share
  - Return on investment

- What I am willing and able to accept and tenant is willing and able to pay?
  - Tenant: What is the maximum I can pay?
  - Landlord: What is the minimum I am willing to accept?

How will the Flex Lease be Adjusted?

- Compare expected farm performance against actual crop yield, price, or revenue
  - If performance is better than expected, more rent is paid
  - If performance is less than expected, less rent is paid

Limiting Risk Exposure

- Set upper and lower limits for your contract
- Do not expose yourself to unlimited upside and downside risk
- How do you do that?
Establishing the Ceiling and Floor

<table>
<thead>
<tr>
<th>Rent Range</th>
<th>Minimum Rent</th>
<th>Base Rent</th>
<th>Maximum Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$195</td>
<td>$225</td>
<td>$255</td>
</tr>
</tbody>
</table>

If Rent Falls Below $195, the Default Min Payment is Made
If Rent Rises Above $255, the Default Max Payment is Made

USDA Farm Bill Requirements

- USDA-Farm Service Agency regulations on farm program payments mandates that a cash lease include:
  - Any specific guarantee of price or division of crop within reason for the region
  - If an alternative lease guarantees a minimum payment of $300 per acre, is this requirement met?
  - What about if the guarantee is only $50 per acre?

When is the Payment Made?

- As the tenant and landowner, you need to decide on when payment is made
- Final yield unknown until after harvest
- Decide on when a minimum is due

Minimum Payment Due – one time or split it up over the season?

<table>
<thead>
<tr>
<th>Installment</th>
<th>Spring</th>
<th>Summer</th>
<th>Harvest</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td>2nd</td>
<td>3rd</td>
<td></td>
</tr>
</tbody>
</table>
### Variable Rent by Yield Adjustment

<table>
<thead>
<tr>
<th>Farm Base Rent</th>
<th>Rental Rate</th>
<th>$220/ac.</th>
<th>5-yr Farm APH</th>
<th>150 bu.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual Production</td>
<td>135 bu.</td>
<td>Percent Change in Yield</td>
<td>-10.0 %</td>
<td></td>
</tr>
<tr>
<td>Difference (135 bu. - 150 bu.)</td>
<td>-15 bu.</td>
<td>Percent Change [135 bu. - 150 bu.] x 100</td>
<td>-10.0 %</td>
<td></td>
</tr>
<tr>
<td>Rental Rate</td>
<td>$220/ac.</td>
<td>Percent Decrease in Rent ($220 x -10.0%)</td>
<td>-$22/ac.</td>
<td></td>
</tr>
<tr>
<td>Final Rent</td>
<td>$198/ac.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In this example a farmer produced 90% of the APH, meaning the landlord will receive 90% of the negotiated base rental rate.

### Variable Rent by Crop Price

<table>
<thead>
<tr>
<th>Farm Base Rent</th>
<th>Rental Rate</th>
<th>$220/ac.</th>
<th>5-yr Farm APH</th>
<th>150 bu.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difference ($6.25/bu. - $5.90/bu.)</td>
<td>$0.35/bu.</td>
<td>Percent</td>
<td>[6.25/bu. - $5.90/bu.] x 100</td>
<td>7.6 %</td>
</tr>
<tr>
<td>Final Rent</td>
<td>$220/ac.</td>
<td>Percent Increase in Rent ($220 x 7.6%)</td>
<td>$17/ac.</td>
<td></td>
</tr>
<tr>
<td>Final Rent</td>
<td>$237/ac.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Variable Rent by Crop Revenue

<table>
<thead>
<tr>
<th>Farm Base Rent</th>
<th>Rental Rate</th>
<th>$220/ac.</th>
<th>5-yr Farm APH</th>
<th>150 bu.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual On-Farm Price</td>
<td>$5.90/bu.</td>
<td>Percent</td>
<td>[5.90/bu. - $5.45/bu.] x 100</td>
<td>-7.6 %</td>
</tr>
<tr>
<td>Actual Farm Income*</td>
<td>$885/ac.</td>
<td>Absolute Change</td>
<td>$5.45/bu.</td>
<td>$34/ac.</td>
</tr>
<tr>
<td>Actual On-Farm Income*</td>
<td>$93/ac.</td>
<td>Percent</td>
<td>[5.90/bu. - $5.45/bu.] x 100</td>
<td>7.6 %</td>
</tr>
<tr>
<td>Actual Farm Income*</td>
<td>$885/ac.</td>
<td>Absolute Change</td>
<td>$5.45/bu.</td>
<td>$34/ac.</td>
</tr>
<tr>
<td>Final Rent</td>
<td>$220/ac.</td>
<td>Percent Increase in Rent ($220 x 5.2%)</td>
<td>$11/ac.</td>
<td></td>
</tr>
<tr>
<td>Final Rent</td>
<td>$231/ac.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Expected and actual farm income do not include any safety net payments or crop insurance indemnity.
Agricultural Land Leases
Trends in Lease Arrangements for 2022

Methods for Setting Cash Rental Rates

- Methods for estimating a cash rental rate in 2022:
  - Adjusting survey data
  - Cash equivalent from crop share
  - Return on investment

Estimating Cash Rental Rates by Adjusting Survey Data

- Land rental rate survey data:
  - Evaluate available cash rental survey data to establish a baseline in the landlord and tenant negotiation process.
  - Average yields:

<table>
<thead>
<tr>
<th>County Rental Rate</th>
<th>Value</th>
<th>County Rent/Bushel</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>$165/acre</td>
<td>$134 bu./ac.</td>
<td>x $1.23/bu.</td>
<td>$146.53/acre</td>
</tr>
</tbody>
</table>

Cash Equivalent From Crop Share

- Rent paid to landlord by tenant based off owner’s share of net returns per acre.
- Example 50/50 split:

<table>
<thead>
<tr>
<th>Value</th>
<th>Corn - March 2022</th>
<th>Corn - July 2022</th>
<th>Corn - Nov. 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yield (50% share)</td>
<td>70 bu./ac.</td>
<td>70 bu./ac.</td>
<td>70 bu./ac.</td>
</tr>
<tr>
<td>Price/bushel</td>
<td>x $5.90/bu.</td>
<td>x $6.28/bu.</td>
<td>x $5.71/bu.</td>
</tr>
<tr>
<td>Income</td>
<td>$413.00/acre</td>
<td>$439.60/acre</td>
<td>$399.70/acre</td>
</tr>
<tr>
<td>Owner Expense*</td>
<td>-$185.00/acre</td>
<td>-$185.00/acre</td>
<td>-$185.00/acre</td>
</tr>
<tr>
<td>Net Return to Owner</td>
<td>$228.00/acre</td>
<td>$254.60/acre</td>
<td>$214.70/acre</td>
</tr>
<tr>
<td>(Effective Rent)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Cash Equivalent From Hay Share

• Rent paid to landlord by tenant based off owner’s share of net returns per acre.
• Example 33/67 & 50/50 split:

<table>
<thead>
<tr>
<th>Value</th>
<th>33:67 Hayland Share</th>
<th>50:50 Hayland Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yield (share)</td>
<td>0.83 ton/ac.</td>
<td>1.21 tons/ac.</td>
</tr>
<tr>
<td>Price/ton</td>
<td>x $100/ton</td>
<td>x $100/ton</td>
</tr>
<tr>
<td>Income</td>
<td>$82.5/ac.</td>
<td>$125/ac.</td>
</tr>
<tr>
<td>Owner Expenses*</td>
<td>-50/ac.</td>
<td>-75/ac.</td>
</tr>
<tr>
<td>Net Return to Owner (Effective Rent)</td>
<td>$82.50/ac.</td>
<td>$100/ac.</td>
</tr>
</tbody>
</table>

*In this example, the owner does not pay any expenses for the 33:67 hay share. Also, the owner pays $25 per acre in fertilizer expense for the 50:50 hay share.

Return on Investment

• Multiply the estimated current market value by the expected rate of return to determine the rental rate per acre.

<table>
<thead>
<tr>
<th>Farm</th>
<th>Dryland Cropland</th>
<th>Irrigated Cropland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Value</td>
<td>$5,500/ac.</td>
<td>$8,950/ac.</td>
</tr>
<tr>
<td>Rate of Return</td>
<td>2.8-3.2%</td>
<td>3.1-3.5%</td>
</tr>
<tr>
<td>Rental Rate per Acre</td>
<td>$154-$176/ac.</td>
<td>$277-$313/ac.</td>
</tr>
</tbody>
</table>

*Estimated net rates of return by land type are available in Table 5 of the Nebraska Farm Real Estate Market Highlights Report 2021-2022.

Entity Responsible for Maintaining Irrigation System as Part of Cash Lease in Nebraska


Discount on Cash Rent per Acre When Tenant Owns Pivot for Irrigation System in Nebraska

Discount on Cash Rent per Acre When Tenant Owns Power Unit for Irrigation System in Nebraska

<table>
<thead>
<tr>
<th>Power Unit</th>
<th>Discount per Acre</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$0</td>
</tr>
<tr>
<td>-------------------------</td>
<td>------------------</td>
</tr>
<tr>
<td>System Type</td>
<td>Percent of Respondents</td>
</tr>
<tr>
<td>Diesel Engine</td>
<td>23</td>
</tr>
<tr>
<td>Propane or Natural Gas</td>
<td>23</td>
</tr>
<tr>
<td>Electric Motor</td>
<td>20</td>
</tr>
</tbody>
</table>


Nebraska Agriculture Land Studies Fund

- Interested in helping support the Nebraska Farm Real Estate Survey & Report?
- Please consider donating to help cover future expenses.

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Donate directly at:
https://nufoundation.org/fund/01127670/

Or use the QR code:

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Questions?

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First – Comments About Farm & Ranch Succession

- This is not a substitute for actual estate planning
- This program is to generate thought, discussion, and broad goal generation
- Use the efforts from today to make better use of your professional’s time
- With a Global Pandemic – even more motivation to get started!

Farm or Ranch Succession – Why don’t we get that Done?

- About 50% of operations don’t have succession plans, or they are out of date!
- Farmers really don’t ever plan to retire
- They have a hard time giving up control, don’t have other plans
- Newer equipment makes it easier to continue

- However – we haven’t avoided the ‘pine box’ – so, what happens to our ‘stuff’?
Estate Planning

“.many farm families experience significant difficulty in discussing the future of the family farm. More often than not, planning... tends to be deferred until some critical life event occurs which forces the family to address the matter.” Kaine, et al, Succession and Inheritance on Australian Family Farms, TRDC Pub. #198, The Rural Development Centre, U. of New England, Armidale, NSW

Why Don’t We Plan?

- Too Complicated (we assume)
- Don’t like to Plan
- It is mental ‘work’
- Facing our own Mortality
- Some just don’t want to think about death
- We are afraid that if we do something, it will be wrong (in the future)

Near the End of Any Career – Three Types of Planning

Communications with Family needed for all three!

End of Life Plans/Documents
Estate Plan (will, trust, LLC, other structures)
Business Succession Planning

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Ideal planning - sequential

1. I should have a plan or there is a catastrophic event
2. I go to a meeting and/or meet with a lawyer
3. Family meets to explore options
4. Options picked
5. Succession plan developed/signed – Congratulations!
6. Review periodically and/or as your situation changes

So – the Lesson is Please Have a plan!

- No plan leads to chaos in many situations
- Causes greed among family members
- Splits families
- See the next video – monkeys!

Test of Fairness - Emotions

Second – Communication Needed for All Farm & Ranch Operations
Communication

• Listening is the Key!
• (Practice) Make partner repeat what they thought you said – to be sure that they heard you, or that you said what you wanted to
• Make sure that you understand the other person’s point of view (seek first to understand, then to be understood)
• Avoid ‘yes’ or ‘no’ questions
• Get to open ended questions – use How, Who, Why (plus more) to start the question sentence

Communication Mistakes

• Asking a question - not to find out what they will say, but to say what you wanted to say
• Making any assumption of what someone else will say
• Thinking about how we will respond while the other person is talking
• Trying to fix an issue, without being asked (see next video)

Communication

• Show empathy, show concern
• Focus on the intent
• Signals – Listen more when:
  • Emotion is high
  • You must get to the heart of the issue
  • When you don’t feel you understand
  • When the other person doesn’t feel understood

It is Not About the Nail!
Emergency Farm Plan

- Who is doing chores tonight if you are hospitalized this afternoon?
- Who pays bills by the 20th of the month if you cannot answer for yourself?
- Who knows where “stuff” is at?
  - Keys to safety deposit box, spare keys to the house
  - Garage door codes/openers; pass codes to bank accounts (online), other online passwords
- Who are the neighbors I work with closest? What are their numbers?
- If fire or other emergency, where are the electrical disconnects?
- Where are the dangerous chemicals, fuels stored?

Crop Share Lease Agreements

Landlords engaged in crop share lease arrangements typically receive a percentage of the actual crop yield as payment for leasing the property to the tenant.

Landowner usually shares input and production costs of raising the crop.
Crop Shares = Fair (Equitable?)!

- A fair way to rent, if the expenses are split properly
- Usually requires both parties to market grain
- Share in the risk and the reward

Crop Shares – Why or Why Not?

**PROS**
- Shared management decisions
- More landowner control
- Opportunity for mentorship
- Tax management (timing of income and expenses)
- Share production risk… if crop is good

**CONS**
- Landlords do not like to…
- Pay expenses
- Market their crop
- Share production risk… if crop is bad

What are Typical Shares?

- Most common 40:60, 50:50, 33:67
- Less amount going to the landowner
- Irrigated crop/Eastern and Central Nebraska – 50:50
- Non irrigated in SE, SC, SW – 40:60
- Panhandle – 33:67
- Depends on the crop, neighborhood and expenses

- To avoid paying production expenses, landowners take a smaller percentage
- Examples 25:75 or 30:70

Share of Crop Income

- Both parties receive their share of:
- Revenue from crop sales
- Crop Insurance payments – if purchased by either party
- Government disaster payments (when paid)
Share of Crop Expenses

**Landlord (Landowner)**
- **ALL Expenses**
  - Land taxes
  - Irrigation operation and maintenance fees
  - Irrigation ownership costs – depreciation, insurance, major repairs, taxes, interest
- **Their share of:**
  - Crop Insurance
  - Fertilizer, insecticide, fungicide, and herbicide
  - Energy for irrigation
  - Seed
  - Markets their share of the crop

**Tenant**
- **ALL Expenses**
  - Labor
  - Minor irrigation equipment repairs & maintenance
  - All field operations
  - Cost of transporting landlord’s share of crop to designated location (negotiable)
- **Their share of:**
  - Crop Insurance
  - Fertilizer, insecticide, fungicide, and herbicide
  - Energy for irrigation
  - Seed
  - Markets their share of the crop

The Points of Negotiations...

- Irrigation repairs
  - Specific types of repairs
  - Specified amount i.e. “the tenant will pay for the first $X of repairs…”
  - Approval system to make repairs
- Energy for irrigation (usually split)
- Custom Application
- Seed (split at 50:50 typically)
- Marketing their share of the crop
- Whatever you agree to...

Communication

- Identify how you want to be communicated with
  - Letter, phone, email, text, other...

- Ideally, the landlord and tenant need to meet several times per year
  - Sign the lease – renewal
  - Prior to the crop year to review plans
  - During the growing season to review progress
  - At or after harvest to wrap up the lease

Lease Provision - Fertility

- **Phosphorus**
  - Minimum to be left in soil at end of lease
  - Maximum that can be in soil (manure application)
  - Protect tenant with clause if large amount applied
- **Mining of soil**
  - Consider soil test at end of lease
  - Minimum nutrients left must be followed
- **Lime**
  - Typically a Landlord Expense
  - If tenant is applying – then protect with clause in lease
Lease Provisions – Soil Health & Environmental Concerns

- Fixing excessive erosion
- Typically a landlord’s expense
- Non-crop acres
- Who controls cedar trees and noxious weeds?
- Tillage vs. No-till considerations
- Organic vs. Non-organic production
- GMO vs. Non-GMO production
- Crop residue removal
- Grazing stalks vs. baling stalks

Lease Provisions – Other Items

- If there is a pasture, who is taking care of the fencing?
- For pasture – know what happens for the Big 3 Disasters!
  - Fire, Hail, or Drought
- Hunting rights
  - Crop ground vs. pasture
  - Nebraska recreational use law

Lease Provision – Other Items

- Corn stalks use
  - Grazing vs. harvesting as bedding
  - Removing all material (not preferable)
- Manure application
  - How often
  - Limits on P application

For the Tenant - What to Communicate

- Force yourself to share information with the landlord
- Yes – even for cash leases!
- Timely crop updates
  - Include moisture conditions
  - Weed, disease, or insect pressures
- Consider sending as text or emails with pictures
For the Landlord - What to Communicate

- Overall management of the farm (do you have vision or goals?)
- Specifically:
  - Weed control
  - Erosion control
  - Non-crop acre management expectations
- If using farmstead, what is the expectation for managing that asset?

Leasing Considerations

- How is the tenant helping you?
  - Maintaining terraces and waterways
  - Controlling noxious weeds
  - Mowing road ditches
  - Maintaining fences
  - Maintaining the irrigation system
- If the tenant is helping with these landlord expenses – the rent (especially cash rent) should be adjusted

Lease Provision - General

- Have all leases in writing
  - If verbal – end that – get it in writing!
  - In Nebraska – verbal leases for farmland end BY September 1
  - Not the same for pasture
- Start and ending date of lease (length of lease)
- Timing of lease termination – how much notice?
- Holdover clauses?
- When will lease be negotiated? (for the next term)

Summary

- Have a succession plan in place
- Good communication key to all relationships on the farm or ranch
- Have an emergency plan in place
- Consider appropriate lease provisions
- Write lease provisions equitably for all parties
- Communicate!!
**Programs Portfolio – Safety Net & Disaster**

**SAFETY NET**
ARC/PLC: Agricultural Risk Coverage/Price Loss Coverage
DMC: Dairy Margin Coverage – Special Provisions for Beginners/Women/SD

**DISASTER**
NAP: Noninsured Crop Disaster Program – Special Provisions for Beginners/Women/SD
LIP: Livestock Indemnity Program
ELAP: Emergency Assistance for Livestock, Honeybees and Farm-raised Fish
ECP: Emergency Conservation Program – Special Provisions for Beginners/Women/SD
LFP: Livestock Forage Disaster Program

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**FSA Program Portfolio**

- **Farm Programs**
  - Safety net programs
  - Disaster programs
  - Conservation Reserve Program

- **Farm Loans**
  - Direct Farm Ownership and Operating loans
  - Guaranteed Farm Ownership and Operating loans
  - Microloans
  - Beginning farmer loans
  - Youth loans
  - Farm Storage Facility Loans
  - Others
Safety Net Programs
Farm Service Agency Programs Portfolio

ARC/PLC Program

Agriculture Risk Coverage-County (ARC-CO)
• The ARC-CO program provides income support tied to historical base acres, not current production, of covered commodities.
• ARC-CO payments are issued when the actual county crop revenue of a covered commodity is less than the ARC-CO guarantee for the covered commodity.

Price Loss Coverage (PLC)
• PLC program payments are issued when the effective price of a covered commodity is less than the respective reference price for that commodity.
• The effective price equals the higher of the market year average price (MYA) or the national average loan rate for the covered commodity.


Disaster Programs
Farm Service Agency Programs Portfolio

Livestock Indemnity Program (LIP)
• LIP provides benefits to livestock producers for livestock deaths in excess of normal mortality caused by adverse weather or by attacks by animals reintroduced into the wild by the Federal Government.
• LIP payments are equal to 75 percent of the average fair market value of the livestock.

Emergency Assistance for Livestock, Honey Bees, and Farm-raised Fish (ELAP)

ELAP
- ELAP assistance is provided for losses not covered by other disaster assistance programs authorized by the 2014 Farm Bill and the Bipartisan Budget Act of 2018, such as losses not covered by the Livestock Forage Disaster Program (LFP) and the Livestock Indemnity Program (LIP).

Assistance for Feed Transportation Costs
- In 2021, USDA updated ELAP policy to help cover the cost of transporting feed for livestock that rely on grazing. This includes places where:
  - Drought intensity is D2 for eight consecutive weeks as indicated by the U.S. Drought Monitor; Drought intensity is D3 or greater; or
  - USDA has determined a shortage of local or regional feed availability.


Emergency Conservation Program (ECP)
- The Emergency Conservation Program (ECP) helps farmers and ranchers to repair damage to farmlands caused by natural disasters and to help put in place methods for water conservation during severe drought.
- The ECP does this by giving ranchers and farmers funding and assistance to repair the damaged farmland or to install methods for water conservation.


Livestock Forage Disaster Program (LFP)
- The Livestock Forage Disaster Program (LFP) offers payments to eligible livestock producers with eligible livestock. It also offers payment to producers of grazed forage crop acreage.
- The payments help with grazing losses suffered on native or improved pastureland. This can be land with permanent or planted grazing cover.


Conservation Reserve Program (CRP)
Farm Service Agency Programs Portfolio
Conservation Reserve Program (CRP)

- CRP participants establish long-term, resource-conserving plant species, such as approved grasses or trees (known as “covers”) to control soil erosion, improve water quality and develop wildlife habitat.

- In return, FSA provides participants with rental payments and cost-share assistance. Contract duration is between 10 and 15 years.

Program Portfolio – Conservation Reserve Program

- Voluntary program that rewards landowners who take environmentally sensitive land out of production and put it into natural-resource conserving and wildlife-friendly habitat.

- Application opportunities for General CRP and Grassland CRP at certain intervals; Continuous CRP options have ongoing signup.

- In Nebraska, we have a CRP enrollment of about 1.2 million acres.

- CRP Transition Incentive Program

CRP Payments

- FSA bases rental rates on the relative productivity of the soils within each county and the average cash rent using data provided by the NASS.

- The soil rental rates are subject to an 85 percent proration for general signup and a 90 percent proration for continuous signup.

- The maximum CRP rental rate for each offer is calculated in advance of enrollment. Producers may offer land at that rate or offer a lower rental rate.

- CRP grasslands rates are based on 75 percent of the NASS pasture rate.

More Information & References for Slides:

- www.farmers.gov
- www.fsa.usda.gov (National FSA website)
- www.fsa.usda.gov/ne (Nebraska FSA website)
Nebraska Farm Service Agency Footprint

400 + dedicated staff
71 county offices

FSA Program Portfolio

Farm Programs
• Safety net programs
• Disaster programs
• Conservation Reserve Program

Farm Loans
• Direct farm ownership and operating loans
• Guaranteed farm ownership and operating loans
• Microloans
• Beginning farmer loans
• Youth loans
• Farm storage facility loans
• Others

Farm Loan Programs Portfolio

Direct Operating & Ownership
Guaranteed Operating & Ownership
**Operating Loans (Direct)**
Used to purchase items such as livestock and feed, seed, farm equipment, fuel, insurance; pay for family living expenses; make minor improvements or repairs to buildings and fencing; and pay for general farm operating expenses. Loan limit is $400,000 with a maximum 7-year term.

**Ownership Loans (Direct)**
Can be used to purchase or expand a farm or ranch, construct new or improve existing farm or ranch buildings, and pay for soil and water conservation and protection purposes. Loan limit is $600,000 with a maximum 40-year term.

**Guaranteed Loans**
Commercial lenders extend credit to family farm operators and owners who do not qualify for standard commercial loans. Farmers receive credit at reasonable terms to finance their current operations or to expand their business; financial institutions receive additional loan business and servicing fees, as well as other benefits from the program, such as protection from loss, up to 95 percent. Guarantees, for both operating and ownership loans, can be granted for up to $1.825 million.

**Direct Farm Ownership Down Payment Program**
Specific to beginning farmers and ranchers, women and/or social disadvantaged farmers/ranchers, this type of loan may be used to purchase a farm or ranch. A minimum 5% cash down payment is required. Term is up to 20 years. The interest rate is set at the farm ownership rate minus 4%, with a floor of 1.5%.

Down payment loans cannot exceed 45% of the lesser of:
- The purchase price,
- The appraised value of the farm/ranch to be acquired, or
- $667,000 (FSA’s loan amount cannot exceed $300,150).

The balance of the purchase price not covered by the down payment loan and applicant down payment may be financed by a commercial or private lender, including the seller.

**Direct Farm Ownership Loans – Joint Financing**
This type of loan may be used to purchase a farm or ranch with no down payment required. Financing is provided jointly by FSA not to exceed 50% of the total amount financed and another lender providing the other 50% or more. FSA’s loan limit is $600,000.

Term is up to 40 years. The interest rate is set at the farm ownership loan rate minus 2%, with a floor of 2.5%.

**Microloans**
Designed to meet the needs of small and beginning farmers, non-traditional, specialty crop and niche type operations by easing some requirements and offering less paperwork. $50,000 loan limit and maximum 25-year term for purchasing a farm, constructing buildings or making other capital improvements, undertaking soil and water conservation, and operational expenses.

**Farm Storage Facility Loans**
Provides low-interest financing for producers to store, handle and/or transport eligible commodities they produce; may borrow up to $500,000 per loan, with a minimum down payment of 15%; loan terms vary and eligible commodities list is long; microloan option of $50,000 max with lower down payment.
Farm Loan Programs Portfolio

Emergency Loans:
- Help producers recover from production and physical losses due to drought, flooding, other natural disasters, or quarantine.
- Must have operated in a designated disaster county or contiguous county.
- Applications for emergency loans must be received within eight months of the county’s disaster or quarantine designation date.
- Producers can borrow up to 100 percent of actual production or physical losses to a maximum amount of $500,000. Note: Insurance or other types of disaster program payments are deducted from the loss amount in calculating the Emergency Loan Amount.

Special Category Producers

USDA has in place some special program provisions for certain groups of people: beginning farmers/ranchers, women, veterans, and other groups.

Farm Loan Programs – Eligibility

There are some basic requirements for everyone, such as:
- Be a U.S. citizen, a U.S. non-citizen national, or a qualified alien
- Be unable to attain credit elsewhere
- Have a good credit history (pay bills timely) **
- Have the capacity to secure the loan

Customers also must demonstrate they’ve had some level of experience. This requirement varies, depending on the type of loan for which they are applying.

For an Operating loan: Have sufficient education, training, or at least 1-year experience in managing or operating a farm or ranch within the last 5 years.

For a Farm Ownership loan: Must have participated in the business operations of a farm or ranch for at least 3 of the last 10 years prior to application. He or she may be able to substitute other relevant experience, including military service, for 2 years of the required 3 years. Must be the owner-operator of the farm financed by the Agency.

FSA ONLINE


www.farmers.gov/service-center-locator

USDA is an equal opportunity provider, employer and lender.
2021 Irrigated Cropland Cash Rent Paid Per Acre
Nebraska

Cash Rent Paid
Dollars Per Acre

- 272.01 - 297.00
- 247.01 - 272.00
- 217.01 - 247.00
- 185.01 - 217.00
- 146.00 - 185.00
- Not Published

Source: USDA National Agricultural Statistics Service
August 27, 2021

Website: https://www.nass.usda.gov/Statistics_by_State/Nebraska/Publications/County_Estimates/
2021 Non-Irrigated Cropland Cash Rent Paid Per Acre
Nebraska

Source: USDA National Agricultural Statistics Service
August 27, 2021
Website: https://www.nass.usda.gov/Statistics_by_State/Nebraska/Publications/County_Estimates/
2021 Pasture Cash Rent Paid Per Acre
Nebraska

Cash Rent Paid
Dollars Per Acre

- 51.51 - 89.50
- 40.01 - 51.50
- 28.01 - 40.00
- 18.51 - 28.00
- 9.50 - 18.50
- Not Published

Source: USDA National Agricultural Statistics Service
August 27, 2021

Website: https://www.nass.usda.gov/Statistics_by_State/Nebraska/Publications/County_Estimates/
Cornhusker Economics

2018 Cash Lease Adjustments on Irrigation Equipment for Cropland Rental Arrangements in Nebraska

<table>
<thead>
<tr>
<th>Market Report</th>
<th>Year Ago</th>
<th>4 Wks Ago</th>
<th>8-10-18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Livestock and Products, Weekly Average</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nebraska Slaughter Steers, 35-65% Choice, Live Weight</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Nebraska Feeder Steers, Med. &amp; Large Frame, 550-600 lb</td>
<td>171.63</td>
<td>186.85</td>
<td>177.62</td>
</tr>
<tr>
<td>Nebraska Feeder Steers, Med. &amp; Large Frame 750-800 lb</td>
<td>142.39</td>
<td>163.51</td>
<td>162.42</td>
</tr>
<tr>
<td>Choice Boxed Beef, 600-750 lb Carcass</td>
<td>201.37</td>
<td>206.48</td>
<td>205.91</td>
</tr>
<tr>
<td>Western Corn Belt Base Hog Price Carcass, Negotiated</td>
<td>77.91</td>
<td>72.72</td>
<td>43.68</td>
</tr>
<tr>
<td>Pork Carcass Cutout, 185 lb Carcass 51-52% Lean</td>
<td>94.19</td>
<td>82.47</td>
<td>70.35</td>
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<tr>
<td>Slaughter Lambs, wooled and shorn, 135-165 lb National</td>
<td>336.10</td>
<td>167.49</td>
<td>160.18</td>
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<tr>
<td>National Carcass Lamb Cutout FOB</td>
<td>421.40</td>
<td>384.71</td>
<td>370.67</td>
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<td><strong>Crops, Daily Spot Prices</strong></td>
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<tr>
<td>Wheat, No. 1, H.W.</td>
<td>3.32</td>
<td>4.35</td>
<td>4.91</td>
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<tr>
<td>Corn, No. 2, Yellow</td>
<td>3.35</td>
<td>3.27</td>
<td>3.40</td>
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<tr>
<td>Columbus, bu</td>
<td>8.48</td>
<td>7.60</td>
<td>7.68</td>
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<tr>
<td>Soybeans, No. 1, Yellow</td>
<td>5.58</td>
<td>4.96</td>
<td>5.29</td>
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<tr>
<td>Oats, No. 2, Heavy</td>
<td>3.07</td>
<td>2.79</td>
<td>2.91</td>
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<tr>
<td>Minneapolis, Mn, bu</td>
<td>*</td>
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<tr>
<td><strong>Feed</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alfalfa, Large Square Bales, Good to Premium, RFV 160-185</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Northeast Nebraska, ton</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Alfalfa, Large Rounds, Good</td>
<td>82.50</td>
<td>107.50</td>
<td>102.50</td>
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<tr>
<td>Platte Valley, ton</td>
<td>85.00</td>
<td>107.50</td>
<td>150.00</td>
</tr>
<tr>
<td>Grass Hay, Large Rounds, Good</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Nebraska, ton</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Dried Distillers Grains, 10% Moisture</td>
<td>116.00</td>
<td>100.00</td>
<td>122.50</td>
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<tr>
<td>Nebraska Average</td>
<td>38.50</td>
<td>36.95</td>
<td>40.00</td>
</tr>
</tbody>
</table>

* No Market

The Nebraska Farm Real Estate Market Highlights Report 2017-2018 provides recent trends on land values and rental rates for landowners, tenants, and stakeholders. Each year the special feature section covers topics on new or emerging issues related to agricultural land in Nebraska. These topics reflect interest expressed by panel members and readership of the Nebraska Farm Real Estate Market Highlights Report. The special feature section in 2018 focuses on cash lease adjustments on irrigation equipment for cropland rental arrangements in Nebraska. Results from this special feature section of the survey are summarized in this article.

Nebraska farmers use irrigation systems across the state on cropland acres for grain and forage production. These systems require large financial outlays for the purchasing and installation of the irrigation equipment. Repairs and maintenance are required for the upkeep on the system each year. Landlords and tenants commonly negotiate the maintenance for irrigation equipment on rented cropland. The entity responsible for annually maintaining and repairing the irrigation systems as part of a cash lease contract is typically either the landlord and tenant, tenant, landlord, or other.

Panel members reported the entity responsible for maintaining an irrigation system as part of a cash lease arrangement in Nebraska for 2018 (Figure 1). Ranked in order of which entity maintains the system includes the landlord and tenant, tenant, landlord, and other at 48.4, 34.7, 14.7, and 2.2 percent. An other entity may be an irrigation company or related business providing professional upkeep, maintenance, and installation services for a fee.
In cases where tenants are solely responsible for maintaining the system, a discount on the cash rent paid for the irrigated cropland might be made to account for the investment of time and repairs. In certain instances, panel members indicated that the landlord may still be responsible for repairs after a tenant has met a certain monetary deductible for repairs on the system. The skill, interest, and time of the landlord and tenant engaged in an irrigated cropland lease arrangement have a strong influence on the negotiations for which entity maintains the system necessary for delivery of the water across the parcel of ground.

A tenant might pay for the replacement of a pivot on irrigated cropland after an older system becomes depreciated out or functionally obsolescent and the landlord does not have the financial ability or desire to update equipment. In these cases, a discount may be applied to the irrigated rent when the tenant provides the center pivot. According to panel members, the discounts of $26 to $50 and $10 to $25 per acre account for 58.5 and 30.6 percent of the discounts on cash rent when the tenant owns the center pivot (Figure 2). About 8.5 percent of discounts are greater than $51 per acre and 2.4 percent account for a discount of $0 per acre.

The other major irrigation system component a tenant might bring to a cash lease agreement could be the power unit for pumping the water. Common power units used on irrigated cropland in Nebraska include either a diesel engine, propane or natural gas engine, or electric motor. In these cases, a discount may be applied to the irrigated rent when the tenant provides the power unit for the irrigation system. In Table 1 about 70 percent of the discount per acre rates for the three power units were divided between $1 to $9 and $10 to $20. About 20 percent of irrigated cropland did not receive a discount and a very small percent have a

<table>
<thead>
<tr>
<th>Power Unit</th>
<th>Discount per Acre</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$0</td>
</tr>
<tr>
<td>Percent of Respondents</td>
<td></td>
</tr>
<tr>
<td>System Type</td>
<td></td>
</tr>
<tr>
<td>Diesel Engine</td>
<td>23</td>
</tr>
<tr>
<td>Propane or Natural Gas</td>
<td>23</td>
</tr>
<tr>
<td>Electric Motor</td>
<td>20</td>
</tr>
</tbody>
</table>

Source: UNL Nebraska Farm Real Estate Market Survey, 2018.
discount greater than $20 per acre. Panel members reported newer diesel, propane, or natural gas engines might have higher discount rates due to the expenses associated with complying with the emissions standards on these power unit exhausts.

Survey results shown and discussed in this report are findings from the University of Nebraska–Lincoln 2018 Nebraska Farm Real Estate Market Survey. Complete results from the survey may be found at the Nebraska Farm Real Estate website: http://agecon.unl.edu/realestate

Please address questions regarding the 2018 Nebraska Farm Real Estate Survey to Jim Jansen at 402-261-7572 or jjansen4@unl.edu.

References

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jjansen4@unl.edu

Jeff Stokes
Hanson-Clegg-Allen Endowed Chair
Department of Agricultural Economics
University of Nebraska-Lincoln
# FARMERS’ GUIDE TO 2018 USDA FARM BILL PROGRAMS

This guide describes assistance for farmers, ranchers, and forest managers available through the 2018 Farm Bill.

To learn more, visit your local USDA Service Center or farmers.gov.

## FUND — Opportunities to access capital to fund your operation.

<table>
<thead>
<tr>
<th>Program</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Biomass Crop Assistance Program (BCAP)</strong></td>
<td>Provides incentives that help farmers grow bioenergy feedstocks (crops well suited for conversion to energy) and connect with qualified biomass conversion facilities.</td>
</tr>
<tr>
<td><strong>Down Payment Loans</strong></td>
<td>Provide a low-interest Government loan, made in conjunction with a loan from a commercial lender and borrower down payment, to help beginning, minority, veteran, and women farmers purchase a farm or ranch.</td>
</tr>
<tr>
<td><strong>Farm Operating Loans</strong></td>
<td>Help producers pay for normal operating expenses, including machinery and equipment, seed, livestock feed, and more. Direct (up to $400,000) and guaranteed (up to $1.75 million) operating loans are available.</td>
</tr>
<tr>
<td><strong>Farm Ownership Loans</strong></td>
<td>Help producers become owner-operators of family farms as well as improve and expand current operations. Direct (up to $600,000) and guaranteed (up to $1.75 million) ownership loans are available.</td>
</tr>
<tr>
<td><strong>Farm Storage Facility Loans</strong></td>
<td>Provide low-interest loans to build, purchase, or upgrade facilities and equipment used to store, handle, or transport eligible commodities.</td>
</tr>
<tr>
<td><strong>Marketing Assistance Loans</strong></td>
<td>Provide interim financing at harvest time for producers to meet cash flow needs without having to sell their commodities when market prices typically are at harvest-time lows.</td>
</tr>
<tr>
<td><strong>Microloans</strong></td>
<td>Provide farm loans for annual operating expenses, equipment, livestock, and real estate tailored to small, beginning, underserved, and veteran farmers and diversified farming operations serving local markets. Farm Operating and Farm Ownership Loans of up to $50,000 each are available.</td>
</tr>
<tr>
<td><strong>Organic Certification Cost Share Assistance</strong></td>
<td>Provides up to 75 percent of organic certification costs for producers, not to exceed $750 per certification scope.</td>
</tr>
<tr>
<td><strong>Youth Loans</strong></td>
<td>Provide operating loans of up to $5,000 to youth ages 10 to 20 to finance income-producing, agricultural projects that are developed and carried out through Future Farmers of America, Tribal youth organizations, or similar agricultural-affiliated groups.</td>
</tr>
</tbody>
</table>

## MANAGE — Opportunities to mitigate risk on your operation.

<table>
<thead>
<tr>
<th>Program</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs</strong></td>
<td>Protect farm revenue from changes in market conditions. Provides a safety net to farmers and ranchers when there is a substantial drop in revenue or prices for covered commodities.</td>
</tr>
<tr>
<td><strong>Conservation Stewardship Program Grassland Conservation Initiative</strong></td>
<td>Provides financial assistance to conserve grasslands through a single opportunity to enroll in a 5-year contract. Eligible lands are limited to cropland for which base acres have been maintained under FSA’s ARC/PLC and were planted to grass or pasture, including idle or fallow, during a specific period. Enrolled acreage must be managed consistently with a grassland conservation plan.</td>
</tr>
<tr>
<td><strong>Dairy Margin Coverage Program (DMC)</strong></td>
<td>Replaces the Margin Protection Program for Dairy. Offers protection to dairy producers when the difference between the all-milk price and the average feed cost (the margin) falls below a certain dollar amount selected by the producer.</td>
</tr>
<tr>
<td><strong>Federal Crop Insurance</strong></td>
<td>Offers hundreds of different insurance products. Product offerings include coverage for production loss, revenue loss, and price decline. Insurance covers row crops, livestock, specialty crops, organics, dairy, grazing land, and more.</td>
</tr>
<tr>
<td><strong>Noninsured Crop Disaster Assistance Program (NAP)</strong></td>
<td>Provides financial assistance to producers of certain eligible crops for which catastrophic risk protection plan of insurance is not available when low yields, loss of inventory, or prevented planting occur due to an eligible cause of loss.</td>
</tr>
</tbody>
</table>
### CONSERVE — Opportunities to implement conservation on your operation:

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Agricultural Conservation Easement Program (ACEP)</td>
<td>Helps landowners, land trusts, and other entities protect, restore, and enhance wetlands, grasslands, and working farms and ranches through conservation easements.</td>
</tr>
<tr>
<td>Agricultural Management Assistance Program (AMA)</td>
<td>Helps agricultural producers manage financial risk through diversification, marketing, or natural resource conservation practices. NRCS administers the conservation provisions while USDA’s Agricultural Marketing Service and RMA implement the production diversification and marketing provisions.</td>
</tr>
<tr>
<td>Conservation Innovation Grants (CIG)</td>
<td>Awards competitive grants that drive innovation and develop the tools, technologies, and strategies for next-generation conservation efforts on working lands. Grantees leverage the Federal investment through matching requirements. Through CIG’s new On-Farm Trials, partners provide incentive payments to producers to offset the risk of implementing innovative approaches.</td>
</tr>
<tr>
<td>Conservation Reserve Program (CRP)</td>
<td>Protects soil, water quality, and habitat by removing highly erodible or environmentally sensitive land from agricultural production through long-term rental agreements.</td>
</tr>
<tr>
<td>CRP - Transition Incentives Program</td>
<td>Encourages landowners to sell or lease long term to beginning, socially disadvantaged, and veteran farmers and ranchers willing to implement sustainable practices or transition to organic production by providing 2 years of additional payments for expiring CRP-enrolled land.</td>
</tr>
<tr>
<td>Conservation Stewardship Program (CSP)</td>
<td>Helps agricultural producers maintain and improve their existing conservation systems and adopt additional conservation activities to address priority natural resource concerns. Participants earn CSP payments for conservation performance—the higher the performance, the higher the payment.</td>
</tr>
<tr>
<td>Environmental Quality Incentives Program (EQIP)</td>
<td>Provides financial and technical assistance to agricultural producers to address natural resource concerns and deliver environmental benefits, such as improved water and air quality, conserved ground and surface water, reduced soil erosion and sedimentation, and improved or created wildlife habitat.</td>
</tr>
<tr>
<td>Healthy Forest Reserve Program (HFRP)</td>
<td>Helps landowners restore, enhance, and protect forestland resources on private lands through easements and financial assistance. Through HFRP, landowners promote the recovery of endangered or threatened species, improve plant and animal biodiversity, and enhance carbon sequestration.</td>
</tr>
<tr>
<td>Regional Conservation Partnership Program (RCP)</td>
<td>Promotes coordination between NRCS and its partners to deliver conservation assistance to producers and landowners. Under partnership agreements, NRCS and its partners leverage and target their respective resources to deliver conservation assistance to producers and landowners to address priority natural resource concerns.</td>
</tr>
<tr>
<td>Voluntary Public Access and Habitat Incentive Program (VPA-HIP)</td>
<td>Provides State and Tribal governments with funding or incentives to expand or improve habitat in existing public access programs.</td>
</tr>
</tbody>
</table>

### RECOVER — Opportunities to help your operation recover from a natural disaster:

<table>
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</tr>
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<tbody>
<tr>
<td>Emergency Assistance for Livestock, Honeybee, and Farm-raised Fish program (ELAP)</td>
<td>Provides assistance to eligible owners of livestock, and producers of honeybees and farm-raised fish for losses due to disease (including cattle tick fever), adverse weather, or other conditions, such as blizzards and wildfires, not covered by LFP and LIP.</td>
</tr>
<tr>
<td>Emergency Conservation Program (ECP)</td>
<td>Provides funding and technical assistance for farmers and ranchers to restore farmland damaged by natural disasters and for emergency water conservation measures in severe droughts.</td>
</tr>
<tr>
<td>Emergency Forest Restoration Program (EFRP)</td>
<td>Provides funding to restore privately owned forests damaged by natural disasters.</td>
</tr>
<tr>
<td>Emergency Loans</td>
<td>Provide loans to help producers recover from production and physical losses due to drought, flooding, other natural disasters, or quarantine.</td>
</tr>
<tr>
<td>Livestock Forage Disaster Program (LFP)</td>
<td>Provides compensation to eligible livestock producers that have suffered grazing losses due to drought or fire on land that is native or improved pastureland with permanent vegetative cover or that is planted specifically for grazing.</td>
</tr>
<tr>
<td>Livestock Indemnity Program (LIP)</td>
<td>Provides benefits to livestock owners for livestock deaths or injuries in excess of normal mortality caused by adverse weather or by attacks by animals reintroduced into the wild by the Federal Government or protected by Federal law. Benefits also are available for reduced sale prices for owned livestock due to injury caused by eligible loss conditions.</td>
</tr>
<tr>
<td>Tree Assistance Program (TAP)</td>
<td>Provides financial cost-share assistance to qualifying orchardists and nursery tree growers to replant or rehabilitate eligible trees, bushes, and vines damaged by or lost due to a natural disaster.</td>
</tr>
</tbody>
</table>