AGRICULTURAL LAND MANAGEMENT QUARTERLY
Website: cap.unl.edu/landmanagement
Agricultural Land Management Quarterly Presenters

Archived Programs: agecon.unl.edu/landmanagement

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Topics:

• USDA Land Management Highlights
  • 2021 county-level cash rental rate estimates
  • ARC & PLC Farm Program Payments

• Landlord & Tenant Communication
  • Harvest season reports and closing out the lease
  • Considerations for leases in 2022

• Ask an Expert
  • Review of submitted questions and from meeting participants
  • Upcoming land management workshops and publications
2021 USDA-National Agricultural Statistics Service Cash Rent Survey

PRESENTED BY JIM JANSEN
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 (occasionally in even-numbered years)
- 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/
Source: USDA National Agricultural Statistics Service
August 27, 2021
2021 Non-Irrigated Cropland Cash Rent Paid Per Acre
Nebraska

Cash Rent Paid
Dollars Per Acre

- 196.01 - 250.00
- 150.01 - 196.00
- 99.51 - 150.00
- 58.51 - 99.50
- 24.50 - 58.50
- Not Published

Source: USDA National Agricultural Statistics Service
August 27, 2021
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
USDA-Farm Service Agency
ARC & PLC Farm Program Payments

PRESENTED BY JIM JANSEN
ANALYSIS CONDUCTED BY DR. BRAD LUBBEN,
DEPT. AG ECON, UNL
Farm Programs, Farm Income and Agricultural Outlook

OCT. 21, 2021 / NOON CT

cap.unl.edu

Webinar - Oct. 21, 2021: https://cap.unl.edu/webinars
Ag Policy Issues and Outlook

- Farm income safety net
  - Farm programs
  - Ad hoc assistance
  - Crop insurance
- Farm income
- 2023 Farm Bill

- Macroeconomics
  - Government spending
  - Tax policy
- Environment
  - Bioenergy
  - Climate
  - Conservation
  - Regulation
- Trade
- Markets
- Food policy
- Labor/immigration

Source: Farm Programs, Farm Income and Ag. Outlook Webinar - Oct. 21, 2021 B. Lubben
## Price Loss Coverage (PLC) - 2020 Crop Payment Rates

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Effective Reference Price</th>
<th>ARC Benchmark Price</th>
<th>National Marketing Year Average Price</th>
<th>PLC Payment Rate</th>
<th>% Price Change from ARC Benchmark</th>
<th>% Yield Change Needed to Trigger ARC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corn</td>
<td>$3.70</td>
<td>$3.70</td>
<td>$4.53</td>
<td>$0.00</td>
<td>22%</td>
<td>-30%</td>
</tr>
<tr>
<td>Grain Sorghum</td>
<td>$3.95</td>
<td>$3.95</td>
<td>$5.04</td>
<td>$0.00</td>
<td>28%</td>
<td>-33%</td>
</tr>
<tr>
<td>Soybeans</td>
<td>$8.40</td>
<td>$9.25</td>
<td>$10.80</td>
<td>$0.00</td>
<td>17%</td>
<td>-26%</td>
</tr>
<tr>
<td>Wheat</td>
<td>$5.50</td>
<td>$5.50</td>
<td>$5.05</td>
<td>$0.45</td>
<td>-8%</td>
<td>-6%</td>
</tr>
</tbody>
</table>

* Payment rates for PLC and trigger levels for ARC based on prices from USDA-WAOB and USDA-FSAA as of October 2021.
## Agricultural Risk Coverage (ARC) - 2020 Crop Payment Rates

<table>
<thead>
<tr>
<th>Commodity</th>
<th>County-Practice Combinations</th>
<th>Average ARC-CO Payment Rate per Base Acre</th>
<th>% Yield Loss Needed to Trigger ARC</th>
<th>County-Practice Combinations that Triggered ARC</th>
<th>Number</th>
<th>Average % Yield Loss</th>
<th>Average ARC-CO Payment Rate per Base Acre</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corn</td>
<td>175</td>
<td>$2.44</td>
<td>-30%</td>
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<td>Grain Sorghum</td>
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<tr>
<td>Soybeans</td>
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<td>$21.63</td>
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<tr>
<td>Wheat</td>
<td>123</td>
<td>$5.74</td>
<td>-6%</td>
<td>40</td>
<td>40</td>
<td>-20%</td>
<td>$15.76</td>
</tr>
</tbody>
</table>

* Payment rates for ARC based on prices and yields from USDA-WAOB and USDA-FSA as of October 2021.

Source: Farm Programs, Farm Income and Ag. Outlook Webinar - Oct. 21, 2021 B. Lubben
## ARC & PLC – Projected 2021 Crop Payment Rates

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Effective Reference Price</th>
<th>ARC Benchmark Price</th>
<th>Projected National Marketing Year Average Price</th>
<th>Projected PLC Payment Rate</th>
<th>Projected % Price Change Needed to Trigger PLC</th>
<th>Projected % Price Change from ARC Benchmark</th>
<th>Projected % Yield Change Needed to Trigger ARC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corn</td>
<td>$3.70</td>
<td>$3.70</td>
<td>$5.45</td>
<td>$0.00</td>
<td>-32%</td>
<td>47%</td>
<td>-42%</td>
</tr>
<tr>
<td>Grain Sorghum</td>
<td>$3.95</td>
<td>$3.95</td>
<td>$5.45</td>
<td>$0.00</td>
<td>-28%</td>
<td>38%</td>
<td>-38%</td>
</tr>
<tr>
<td>Soybeans</td>
<td>$8.40</td>
<td>$8.95</td>
<td>$12.35</td>
<td>$0.00</td>
<td>-32%</td>
<td>38%</td>
<td>-38%</td>
</tr>
<tr>
<td>Wheat</td>
<td>$5.50</td>
<td>$5.50</td>
<td>$6.70</td>
<td>$0.00</td>
<td>-18%</td>
<td>22%</td>
<td>-29%</td>
</tr>
</tbody>
</table>

* Payment rates for PLC and trigger levels for PLC and ARC based on projected prices. Projected prices based on USDA-WAOB and USDA-FSA as of October 2021.

Source: Farm Programs, Farm Income and Ag. Outlook Webinar - Oct. 21, 2021 B. Lubben
2023 Farm Bill Outlook

• Farm income safety net
  • Higher prices → lower projected safety net spending → lower program baseline
  • Ad hoc spending has no future baseline
  • Crop insurance baseline the biggest component of the safety net

• Changing priorities
  • Food assistance
  • Conservation and climate policy
  • Equity and socially disadvantaged farmers and ranchers

Source: Farm Programs, Farm Income and Ag. Outlook Webinar - Oct. 21, 2021 B. Lubben
Landlord & Tenant Communication

PRESENTED BY ALLAN VYHNALEK
Good Communication for Agricultural Leases

- Now is also a good time to visit the farm – observe:
  - Erosion issues (ditches), talk between landlord and tenant about solving
  - Weed pressures – do you consider a fall application for weed control?

- How is yield information shared?
  - On crop share leases – what information is known?
  - What about cash leases?
  - Can the landowner ask for this?
  - What about yield data from the monitor in the combine?
Good Communications - continued

- Cornstalks
  - Who gets to use the cornstalks?
  - Is there a rent charged for using cornstalks?
  - Grazing stalks – any concerns?
  - How do we manage the baling of cornstalks?

- Baling cornstalks
  - Consider frequency
Good Communications - continued

- Hunting Season is here – How is that managed?
- With cropland and a cash lease, the hunting rights go to the tenant
- With pasture, hunting rights stay with the landlord typically
- There are exceptions!
Good Communications - continued

- Manure applications to farmland
- Overall, still a very good product
- Consider how often manure is applied
- Recommended that you apply according to Phosphorus requirements
Considerations for Cash Rents in 2022

- What should happen to cash leases?
- Input costs are way up
- Property taxes are level to higher
- Crop prices remain good, but what about crop input expenses?
- Push a sharp pencil and evaluate the equitable split on revenue proceeds
Value of a Written Lease

• Written leases carry a higher value over a verbal lease
• Protects the rights of both parties under the contract
  • Specific duties and rights of each party spelled out in the contract
• Documents lease terms for unforeseen events
  • An unforeseen passing of older landlords or tenants may require another party to step in and manage the estate
  • An absentee third party may not have current knowledge or experience in the agricultural industry
AgLease101.org – Free PDF Leases

AgLease101.org – Free PDF leases for landowners and operators

Ag Lease 101 helps both land owners and land operators learn about alternative lease arrangements and includes sample written lease agreements for several alternatives. Ag Lease 101 was created by and is maintained by the North Central Farm Management Extension Committee.
Land Management Questions

• Question: I own land and was contacted (11/10/2021) by my crop share tenants on a verbal lease that they want to terminate lease. Is that allowed (legal)?

• Answer: No. The lease termination by either party for verbal leases has to be received by 9/1 of the year preceding the lease. For 2022, by 9/1/21

• Follow-up Question: What do I do now?

• Answer: You would have legal recourse, but given the demand for farmland to lease, you just need to interview a new farmer for your lease.
• Get your next lease in writing!
Land Management Questions

• Question: I own and pay property taxes on 80 acres of farmland, but only have 78 acres that are tillable due to the public roads (2 acres lost due to roadway and ditches). Should I charge cash rent on 78 or 80 acres?

• Answer: In a cropland lease, a landlord would typically charge the tenant based on the 78 tillable acres and not the total 80 acres.

• Follow-up Question: What about a crop share?

• Answer: Crop shares divide revenue and expenses based on the actual planted and harvested acres. The crop share would be based off the actual 78 tillable acres.
Land Management Questions

• **Question:** In a 50-50 crop share lease, how are the major input expenses divided between the landlord and tenant?

• **Answer:** In a 50-50 crop share lease, the seed, fertilizer and chemical expenses are divided in proportion to the lease (50-50).

• Energy expenses (diesel, electricity, or natural gas) for irrigation are also divided according to the crop share.

• Most often landlords and tenants also take out a separate crop insurance policies, but the other party does not have to take out a policy to allow for the other one to purchase a policy.
Land Management Questions

- Question: Online participants may now submit their questions
- Answer: Review of questions and answers will be based upon remaining time available.
Upcoming Landlord & Tenant Cash Rent Meetings
For more information web page:  cap.unl.edu

- **December 2021**
  - **Lincoln**: Dec. 1, 10:30 a.m.-2 p.m (Lancaster County Extension Office, 444 Cherrycreek Road, Suite A), 402-441-7180
  - **West Point**: Dec. 14, 1-4 p.m. (Nielsen Center, 200 Anna Stalp Ave.), 402-372-6006
  - **Wayne**: Dec. 15, 9 a.m.-noon (Wayne Fire Hall, 510 Tomar Drive), 402-375-3310
  - **Bloomfield**: Dec. 15, 1-4 p.m. (Community Center, 101 S. Broadway St.), 402-254-6821
  - **Syracuse**: Dec. 20, 1-4 p.m. (Fair Center, 135 Plum St.), 402-269-2301
  - **Beatrice**: Dec. 21, 9 a.m.-noon (Gage County. Ext., 1115 W. Scott St.), 402-223-1384
Upcoming Landlord & Tenant Cash Rent Meetings
For more information web page: cap.unl.edu

- January 2022
  - **Kimball**: Jan. 10, 2:30-4:30 p.m. (Kimball County Fairgrounds, High School St. & 6th St.), 308-235-3122
  - **Sidney**: Jan. 11, 9 a.m.-noon (Security First Bank, 1205 Jackson St.), 308-254-4455
  - **Alliance**: Jan. 11, 1-4 p.m. (Alliance City Library, 1750 Sweetwater Ave., #101), 308-762-5616.
  - **Scottsbluff**: Jan. 12, 9 a.m.-noon (Panhandle Research, Extension and Education Center, 4502 Ave. I), 308-632-1230
  - **Burwell**: Jan. 18, 9 a.m.-noon (Senior Citizens Center, 411 Grand Ave.), 308-346-4200
  - **O’Neill**: Jan. 18, 1-4 p.m. (Holt County Extension Office, 402-336-2760), 402-336-2760
  - **Ashland**: Jan. 31, 1-4 p.m. (Round the Bend, 30801 E. Park Highway), 402-267-2205
Upcoming Landlord & Tenant Cash Rent Meetings
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• February 2022
  • **Broken Bow**: Feb. 1, 1-4 p.m. (Custer County Fairgrounds, 4-H Building, 44100 Memorial Drive), 308-872-6831
  • **Kearney**: Feb. 2, 9 a.m.-noon (Buffalo County Extension Office, 1400 E. 34th St.), 308-236-1235
  • **McCook**: Feb. 2, 1-4 p.m. (Red Willow County Fairgrounds, 4-H Building, W. 5th St.), 308-268-3105
  • **Grant**: Feb. 3, 9 a.m.-noon (Perkins County Extension Office, 6025 Road 329), 308-352-4340
  • **Fullerton**: Feb. 7, 1-4 p.m. (Nance County Fairgrounds, 406 N. Ida), 308-536-2691
  • **Geneva**: Feb. 8, 9 a.m.-noon (Fillmore County Fairgrounds, Ag Hall, 641 N. 5th St.), 402-759-3712
Upcoming Webinar: Monday, Feb. 14, 2022 at 12:00 PM CST

Topics:

• Recent Trends in Nebraska Cash Rental Rates
  • Trends in cash rents for 2021-2022
  • Calculating cash rental rates to reflect market prices or farm yields

• Updating Agricultural Leases for the 2022 Production Season
  • Considerations for landlords and tenants entering the new growing season
  • Aglease101.org - free lease resources

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  • Review of submitted questions and from meeting participants
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