



The Farmer's "Market"

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Agriculture in 2021



Message from the President

ALAN HOSKINS

One of the activities I enjoy from time to time is going back and reading articles, books or other similar information from five to ten years ago. It is a great opportunity see how much, or little I have learned from recent history. Hopefully I have adapted to ensure prior mistakes are not repeated.

The opening paragraph for my September, 2014 American Farm Mortgage newsletter article read "Bob Dylan's January, 1964 album titled "The Times They are a-Changin'" obviously had nothing to do with agriculture. However, the song and album moniker are great descriptors for what our industry is presently experiencing." In that editorial, I discussed how corn futures had decreased by \$4.45 per bushel (56.83%) between September 14, 2012 and September 12, 2014. Soybean futures had also experienced a \$7.53 per bushel (43.33%) drop over the same period. Needless to say, none of us had the perfect crystal ball about how long those pricing challenges would last. We certainly didn't know a meaningful increase would occur at a point in time in the crop year when prices typically have the most downward pressure. But then again, there were a tremendous number of things about 2020 (and unfortunately the beginning of 2021) that no one could predict.

Locally, we have seen the cash price of yellow corn rise by 76.30% or \$2.35 per bushel between Monday, August 10, 2020 and today (Wednesday, January 13, 2021). During the same period, cash soybeans rose by \$5.41 per bushel with the percentage increase being 60.45%.

Within the past two months we have seen some strong land sales in our area. I have also had discussions with equipment salesmen I know, who remarked they are much busier now than in recent memory. The rapid increase in commodity prices and 2020 government payment amounts, have increased the overall mood of both producers and agri-business owners.

It is certainly a time where we want to be grateful for the pricing opportunities that are presenting themselves. However, a lot of great management lessons have been learned by producers over the period where commodity prices were depressed. Farmers worked with market advisors to develop, and learned to utilize, their flexible, written marketing plans. They became more familiar with their financial statements and revenue projections and used the data from both to make sound capital replacement or repair decisions. Agronomic knowledge grew as they learned more cost-efficient ways to produce a profitable crop.

While producers are still working diligently to either finalize plans for the disposition of the 2020 crop or preparing for 2021, it is also a great time to take a moment and reflect on the strength and knowledge gained by weathering yet another storm. It may seem counterintuitive in being thankful for the challenging times we have experienced, but then again, the best life education we receive typically comes from periods of adversity. History has shown the American farmer to be resilient time and time again. Assuming these improved commodity prices continue, I can't wait to see how the management knowledge gained over the last few years will be put to use during better pricing times.



How COVID Recovery and Climate could Shape Ag under Biden Administration

By Tyne Morgan
AG Web

As President Joe Biden was sworn in on Wednesday, the 46th president made calls for unity and less divide.

"We must end this uncivil war that pits red against blue, rural versus -- rural versus urban, conservative versus liberal. We can do this if we open our souls instead of hardening our hearts," said Biden during his inaugural address.

Swiftly after being sworn in, the president got to work, signing a series of 15 executive actions on day one and reversing his predecessor's orders on items like immigration and climate change.

USDA Changes

From the White House to the USDA, once confirmed, the agency will have a familiar face with the return of Tom Vilsack, bringing with him eight years of experience.

"I think the biggest thing is hitting the ground running on day one," says Karla Thieman, vice president with The Russell Group.

Several farm groups sent a letter last week and called on the Senate Ag Committee to immediately confirm Vilsack as the next Secretary of Agriculture. That included calls for urgency from American Farm Bureau Federation (AFBF).

"If anything, he's even more qualified than he was before, and he's always been a very qualified candidate in that position," says Zippy Duvall, president of AFBF. "It's best we get him in the seat so we can go ahead and start working on the issues that are facing us, especially the pandemic and trade."

Biden's Top Priorities

One Washington insider thinks two main priorities will be pushed in the initial days in office.

"I think there's probably two top priorities, first is coronavirus and the recovery post COVID," says Thieman. "The second item is probably combating climate change and farmers being a part of the solution for us to combat climate change both domestically and internationally."

Thieman previously served as Vilsack's chief of staff at USDA. She says Vilsack understands the workings of USDA, which is a major bonus for an agency needing to tackle several issues facing farmers and ranchers.

"I have a unique vantage point into how he approaches the job," says Thieman. "He used the position as almost like he is the governor to rural America. And I think he will use all of the resources in the large footprint that USDA has at his disposal. When you think about it, there is no other federal agency that has a presence in every single county of the United States in the way that USDA does."

Experience Counts

National Farmers Union (NFU) president Rob Larew thinks Vilsack's experience as a legislator will also bode well for agriculture.

"I think that combination of experience on the job, knowing the issues, is really going to mean that the transition is hopefully going to be one that seems pretty seamless and moves quickly," says Larew.

Thieman says that knowledge could help USDA get creative with COVID responses, possibly using the agency's large footprint with vaccine distribution and education in rural America.

From COVID's impact on the food supply, to those having difficulty purchasing food, Thieman knows the incoming Biden-Harris administration

"There is a hunger crisis happening at the same time," she says. "I know it's something [former Agriculture Secretary] Perdue was working on as well through the food box program. I think Tom Vilsack is going to double down and try to figure out what can we do to help those who are struggling who are food insecure during this time?"

Climate Concerns

From COVID recovery to tackling climate issues, a Biden presidency is expected to make climate policy a priority.

"He will be an advocate to make sure that there is not a heavy-handed regulatory approach when it comes to farmers and agriculture," says Thieman.

In an interview with the storm lake times this week, Vilsack said the significant shift toward conservation in agriculture could include more funding for existing programs like conservation reserve program (CRP). And for one Nebraska corn grower, he thinks engaging with the incoming administration will be vital in crafting conservation programs that work.

"I think one of the key things we need to see is to make sure that, that we're working with them to help them understand the practices we already have in place to make sure we're not punishing those that that have been working long-term," says Brandon Hunnicutt, a farmer in Nebraska who also sits on the the National Corn Board. "Let's say it's no till it says cover crops, or farmers in Nebraska trying to do better on irrigation practices. We don't want to punish those that are already doing good."

Hunnicutt thinks a blanket approach isn't the answer—instead, it needs to be tailored to specific crops and production practices. He also wants to see the programs be voluntary, an approach Thieman thinks the Biden-Harris administration will take.

"From the government's perspective, mandatory practices are not likely to happen in in the near term," adds Thieman.

Farmers' Role

For National Farmers Union, it's vital farmers stay engaged.

"I think the approach that they are going to take is one where agriculture and farmers in particular, have a seat at the table," says Larew. "For farmers, who we know are the ones being impacted by the increased kind of frequency and the type of disaster that they're facing out there, that they're the ones who are feeling the effects of climate change right now."

Larew says active dialogue will be key moving forward. "If we're talking about programs, whether it's trying to talk about soil health and sequestering carbon, whether it's talking about creating carbon markets, that farmers can truly participate in any of those programs," he says. "If it isn't going to work for farmers, it's not ultimately going to be worth it for any kind of climate mitigation."

Vilsack said last week he's looking at tapping into Commodity Credit Corporation (CCC) to incentivize climate-smart farming practices, something Thieman thinks Vilsack will detail soon.

"I think you will hear about that when he gets confirmed in the Senate," she says. "I think he'll probably talk about utilizing all of the tools at his disposal, much like on the coronavirus recovery."

CCC was a tool former President Trump's USDA used to pay farmers for COVID relief and tariff aid, but a tool not available last time Vilsack was in office.

The big-ticket item is going to be paying farmers for those practices that sequester carbon or avoid admittance of greenhouse gases. And, and the ccc is set up to do that," says Thieman. "There are not some of the restrictions on the CCC that were previously there when he was Secretary, so that he can have the ability to actually utilize the CCC as a tool to help pay farmers for those practices."

From crafting a farm bill to COVID recovery, a Biden-Harris presidency has several heavy lifts, which includes his call for unity.

"That's not just with our neighbors and so forth, but it is this urban and rural, it is issues around racial equity and issues around all of the things that we think we see as our differences with each other," says Larew. "That's not only true in agriculture, but it's true in every industry, and it's true throughout the country."

Bridging the gaps, while unifying the rural and urban divide, are all priorities at the Biden-Harris White House.

Farmers Gain Greater Access to Small Business Support as PPP Reopens

By AgDaily



Farmers who run their operations as sole proprietors, independent contractors, or otherwise self-employed individuals will have newly expanded access as soon as today to the Paycheck Protection Program (PPP) under changes made in the COVID stimulus package Congress approved last month.

Producers who were denied PPP loans or whose loan amounts did not consider self-employment compensation may now be eligible for the vital federal small business support.

Eligibility information and more details can be found here. Those wanting to apply for a PPP loan should contact lenders directly for more information on when PPP will be open for that specific lender.

“National Milk Producers Federation is pleased that many of our dairy farmers will have fewer restrictions and limitations on the PPP support available to them as the program reopens this week,” said Jim Mulhern, NMPF’s president and CEO. “We have been grateful for the support already extended to dairy through PPP, and we deeply appreciate the improved access found in the latest stimulus package.”

Congress created PPP in the CARES Act in March of 2020 to help American small businesses keep employees during the coronavirus pandemic. Still, the program’s emphasis on payroll raised inadvertent yet sizable challenges for many farmers and ranchers who do not issue structured payroll — namely those operating as sole proprietors, independent contractors, or self-employed producers who file a Schedule F with their 1040 income tax form.

The program’s loan application required such producers to use their net farm profit amount from their Schedule F tax form as a stand-in for their self-employment compensation when applying for a PPP loan. However, many farmers and ranchers filed a

zero or negative net farm profit on their 2019 tax forms, effectually making them ineligible for the small business support.

NMPF worked successfully to advance legislation to help producers gain better access to PPP COVID relief, working closely with members of Congress leading on the issue. The bipartisan legislation allows farmers and ranchers who file a Schedule F to use their gross income, capped at \$100,000, when applying for a PPP loan.

The bill also permits producers who received a PPP loan based on their net farm profit to reapply with their gross income figure, with lenders allowed to offer the difference should the new loan amount be larger than the original amount.

The coronavirus relief measure enacted in December incorporated key provisions from

the Paycheck Protection for Producers Act, securing for these farmers and ranchers increased access to the low-interest, forgivable loans.

All farmers and ranchers who file a Schedule F can apply or reapply for a PPP loan under the new rules once the program reopens. In general, agricultural producers and co-ops with 500 or fewer employees, including employees of businesses with which they have an affiliation, are eligible.

Alternative size standards may qualify larger businesses, and interested larger borrowers are encouraged to explore options with lenders and/or their accountants. The Small Business Administration announced PPP would reopen in multiple stages beginning this week.

Michigan Cherry Pie

Taste of Home
Yields: 8 servings

INGREDIENTS

Pastry for single-crust pie (9 inches)
5 cups frozen pitted tart cherries, thawed and drained or fresh tart cherries, pitted
1-1/4 cups dried cherries
1 tablespoon lemon juice
1/2 teaspoon grated lemon zest
1/2 teaspoon almond extract
1 cup sugar
1/4 cup cornstarch

TOPPING:

3/4 cup old-fashioned oats
1/2 cup all-purpose flour
1/2 cup packed brown sugar
1/3 cup butter, melted
1/4 teaspoon salt
Vanilla ice cream, optional

DIRECTIONS

- 1) On a lightly floured surface, roll pie dough to a 1/8-in.-thick circle; transfer to a 9-in. pie plate. Trim crust to 1/2 in. beyond rim of plate; flute edge. Refrigerate 30 minutes.
- 2) Meanwhile, preheat oven to 375°. In a large bowl, toss tart and dried cherries with lemon juice, lemon zest and almond extract. In a small bowl, mix sugar and cornstarch; add to cherry mixture and toss to coat. In a small bowl, mix topping ingredients until crumbly. Transfer cherry filling to crust; sprinkle topping over filling.
- 3) Bake on a lower oven rack 45-55 minutes or until crust is golden brown and filling is bubbly. Cool on a wire rack. If desired, serve with ice cream.

Pastry for single-crust pie (9 inches): Combine 1-1/4 cups all-purpose flour and 1/4 tsp. salt; cut in 1/2 cup cold butter until crumbly. Gradually add 3-5 Tbsp. ice water, tossing with a fork until dough holds together when pressed. Wrap in plastic wrap and refrigerate 1 hour.



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Understanding Your Business... From The Ground Up



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