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**K-State Research and Extension**



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**And**

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## MEET THE SPEAKERS

### Art Barnaby

Art Barnaby was raised on a diversified farm, located in Elk County, Kansas. Art received his B.S. degree from Fort Hays State University, M.S. from New Mexico State University and a Ph.D. in Agricultural Economics from Texas A&M University. Art joined the Agricultural Economics faculty in 1979 and currently holds the rank of Professor. Art conducts statewide extension education programs on financial planning, risk, government commodity programs, and crop insurance. Art is an author of the KSU Risk Management web page located at: [www.AgManager.info](http://www.AgManager.info). Art has also worked with the private crop insurance industry, RMA, and Farmer Commodity groups on crop insurance issues. His research work with the private sector was the basis for the first revenue insurance contract, Crop Revenue Coverage. Art is a past three time winner of the American Agricultural Economics Association Distinguished Extension Program Award and the 2009 National Award for Excellence in Extension. Art is a frequent speaker at professional, farmer-producer, ag lenders, and insurance industry meetings.

### Dan O'Brien

Daniel O'Brien was raised on a grain and livestock farm in south central Nebraska. He received both bachelors and masters degrees in Agricultural Economics from the University of Nebraska-Lincoln. O'Brien then worked as an extension agent in western and northeastern Nebraska for seven years. While attending graduate school at Iowa State University beginning in 1987, O'Brien worked as an Extension Assistant in Agricultural Marketing, focusing on analysis of grain and livestock market situation and outlook and price risk management strategies. After completing his Ph.D., he worked as the Extension Agricultural Economist at the Northwest Research and Extension Center in Colby and was Northwest Area Extension Administrative Director starting in 2003 before returning to his Extension Agricultural Economist position in January 2007. His ongoing extension and applied research interests and efforts are in the areas of a) grain market supply-demand analysis, bioenergy impacts and price-income risk management strategies, b) grain industry market structure, conduct and performance – focusing on grain handling and transportation issues, and c) economic analysis of irrigated and dryland cropping systems, and associated cropland leasing arrangements.

# 2012

## RAM II (Advanced) (Risk-Assessed Marketing) Workshop

### January 27, 2012

## Assaria City Building 315 E. Main St. Assaria, KS

## 2012 RAM II (Risk Assessed Marketing) Workshop (Advanced)



Kansas State University  
Department of Agricultural Economics



# Schedule & Program Description

## Program Description

A new workshop topic is the selling of covered puts to reduce crop insurance costs. This is what one grower discovered with this new strategy:

**"I followed your suggestion and sold a few puts at the disappearing deductible strike price to cheapen my crop insurance costs. Worked great!"; David Skattebo, Iowa Grower**

The higher market volatility increases crop insurance premiums but it also makes it possible to profitably sell covered puts. Bio-fuels and ethanol, and expected reduction in commodity program funding have caused many producers to consider different methods for managing yield and price risk. This workshop will introduce producers to an integrated marketing/production management approach that combines FSA programs, crop insurance and marketing tools.

This workshop utilizes a case study, with participant's managing a typical grain farm. Participants will have the opportunity to select type and level of crop insurance, decide on FSA program participation, and then to work through a typical grain marketing year, with four marketing opportunities, making use of risk-management tools. Those tools include: Yield Protection (YP), Revenue Protection (RP), Revenue Protection with Harvest-Price Exclusion (RP-HPE), Group Risk Plan (GRP), Group Risk Income Protection (GRIP), SURE, ACRE, 2013 farm program when available, futures, options, forward contracts, marketing loans, basis contracts and selling covered puts.

Following the workshop, producers should have a better understanding of how crop insurance, when combined with alternative marketing techniques, may reduce farm financial risk and increase farm income .

## Schedule

- 8:30 a.m.** Registration
- 9:00 a.m.** **Introduction to Marketing Forward Contracts, Options, and Futures**  
*Discuss price risk management tools available to producers.*
- 9:45 a.m.** **Commodity Programs (SURE & ACRE )**
- 10:45 a.m.** Break
- 11:00 a.m.** **Risk-Assessed Marketing (RAM)**  
*Combines Marketing Tools, Commodity Program Payments, and Crop Insurance.*
- 12:00 noon** Lunch
- 1:00 p.m.** **Introduce Case Farm**  
*Explanation of case farm exercise. Review of the case farm's financial situation, government program participation decisions, and its costs of production.*
- 1:30 p.m.** **Evaluate Insurance Alternatives**  
*Workshop participants will evaluate and choose an insurance plan for the case farm.*
- 1:45 p.m.** **Evaluate Commodity Program Participation**  
*Workshop participants will evaluate and make a decision regarding participation in FSA commodity programs*
- 2:00 p.m.** **Evaluate Risk Management Strategies**  
*Workshop participants will be walked through the four pre-harvest marketing scenarios that are assumed to start at planting time. Participants will evaluate risk/return trade-offs of their marketing strategy. Marketing workshop participants will make marketing decisions. All grain not pre-harvest sold will be sold at harvest.*
- 3:00 p.m.** **Completion of Case Farm Exercise**  
*At harvest, participants will randomly draw a yield based on a pre-determined yield distribution, to simulate yield risk. All market revenue and production expenses will be calculated. Revenues will include indemnity payments and any marketing gain/losses from futures or forward contracts. Those having the highest net farm income for each of the four pre-determined yield categories will be recognized.*
- 4:00 p.m.** **Summary and Questions**

## 2012 RAM II WORKSHOP Registration January 27, 2012 Assaria, KS

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State/Zip: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

**Cost: \$20.00**  
**(Includes lunch & materials)**  
**Registration deadline:**  
**January 20, 2012**

**Registration limited to 30 persons.**

### Send registrations to:

**Tom Maxwell**  
**Central Kansas Extension District**  
**P.O. Box 5040**  
**Salina, KS 67402-5040**  
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