

# 2007 RISK AND PROFIT

## Conference & Trade Show



# RISK AND PROFIT

## Conference & Trade Show

*Wild Weather,  
Policy Politics,  
Energy Equilibriums*

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Manhattan, KS**

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**August 16-17, 2007**

**Kansas State University  
1720 Alumni Center  
Manhattan, KS**

**Kansas State University  
Agricultural Experiment Station and  
Cooperative Extension Service**

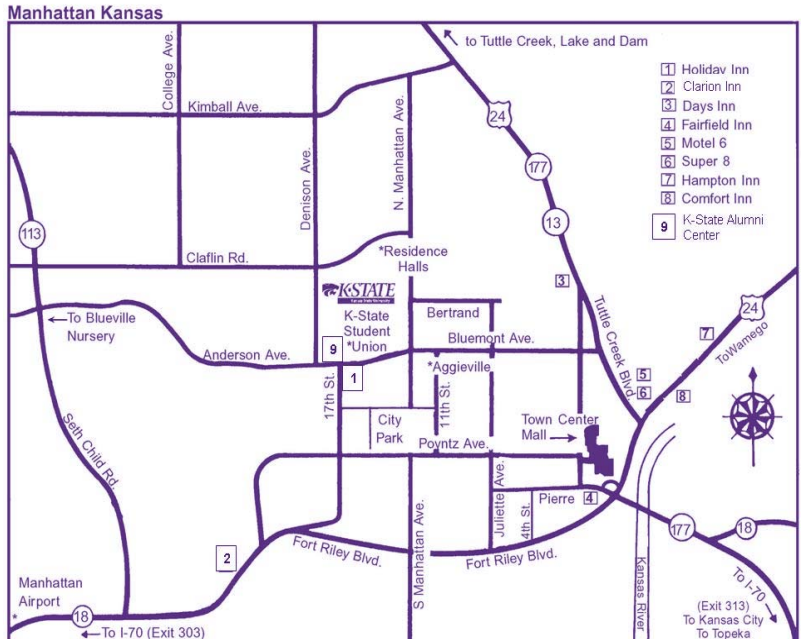


*"Knowledge for Life"*



*"Knowledge for Life"*

# Welcome to Manhattan, KS

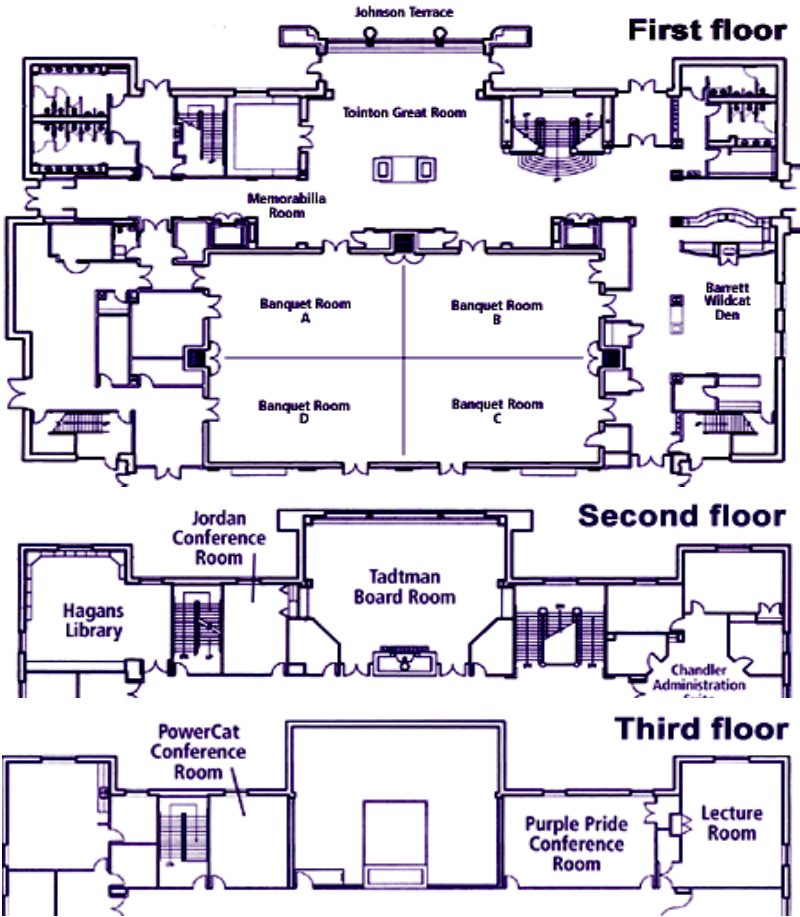


## K-STATE ALUMNI CENTER

**1st Floor** The Tointon Great Room is an open, comfortable seating area, highlighted by the Frasier family limestone fireplace—ideal for a trade show between sessions of the conference. The Banquet Room can accommodate up to 750 people for a reception, or 400 people with round tables of eight guests per table. The room also can be divided into four quadrants, for more intimate gatherings.

**2nd Floor** The Tadtman Board Room overlooks Memorial Stadium and can accommodate 40 people in board room-style seating or 72 in dinner-style seating.

**3rd Floor** The third floor features four specialty conference rooms. The Purple Pride Room can accommodate 15-50 people, and the Lecture Room is set up with permanent theater-style seating for 30 people. The Truitt Room and the Powercat Room can each seat 12 persons.



- |   |                   |
|---|-------------------|
| 1. <i>Update on the 2007 Farm Bill</i><br><b>Troy Dumler</b>  | Banquet Room A    |
| 2. <i>Disaster Aid &amp; Crop Insurance Update</i><br><b>Art Barnaby</b>  | Banquet Room A    |
| 3. <i>Do Subsidies Encourage Rural Development?</i><br><b>Michael Boland</b>  | Purple Pride, 305 |
| 4. <i>Biofuels: National and Kansas Updates</i><br><b>Michael Woolverton</b>  | Tadtman Boardroom |
| 5. <i>Ethanol, DDGs and Cattle</i><br><b>Rodney Jones and James Mintert</b>   | Banquet Room B    |
| 6. <i>Ethanol: The Good, The Bad and The Ugly</i><br><b>Andrew Barkley</b>  | Banquet Room B    |
| 7. <i>Ethanol Production in Brazil</i><br><b>Allen Featherstone</b>   | Lecture Room 307  |
| 8. <i>Higher Land Values? (Part I of II)</i><br><b>Terry Kastens and Kevin Dhuyvetter</b>                                   | Banquet Room A    |
| 9. <i>Higher Land Rents? (Part II of II)</i><br><b>Terry Kastens and Kevin Dhuyvetter</b>                                   | Banquet Room A    |
| 10. <i>Grain Handling &amp; Transportation</i><br><b>Dan O'Brien</b>  | Purple Pride, 305 |
| 11. <i>The Relative Cost Efficiency of No-Till Farms</i><br><b>Michael Langemeier and Dave Rempe</b>                        | Banquet Room B    |
| 12. <i>Kansas Farm Management Associations</i><br><b>Kevin Herbel</b>   | Purple Pride, 305 |
| 13. <i>Cattle Feeding Return Risk</i><br><b>Ted Schroeder</b>   | Tadtman Boardroom |
| 14. <i>Autoguidance and Boom Control: Does it Pay?</i><br><b>Terry Kastens and Kevin Dhuyvetter</b>                         | Tadtman Boardroom |
| 15. <i>The Value of the "USA" Label in Japan</i><br><b>Hikaru Hanawa-Peterson and Sean Fox</b>                              | Tadtman Boardroom |
| 16. <i>Bonds, Commodities, and Interest Rates</i><br><b>Joe Arata</b>   | Banquet Room B    |
| 17. <i>Results for Water Quality Trading Experiment</i><br><b>Craig Smith, Jeff Peterson, John Leatherman, and Sean Fox</b> | Purple Pride, 305 |
| 18. <i>Working the Web: RSS Feeds, Web Searches</i><br><b>Rich Llewelyn</b>   | Lecture Room 307  |
| 19. <i>Potential Impacts of Water Conservation Policies</i><br><b>Bill Golden and Jeff Peterson</b>                         | Lecture Room 307  |

### **Kansas State University Location & History**

Kansas State University was founded February 16, 1863, as a land-grant institution under the Morrill Act. It was initially located on the grounds of the old Bluemont Central College, which was chartered in 1858. The university moved to its present site in 1875.

The 664-acre campus is in Manhattan, 125 miles west of Kansas City via Interstate 70 in the rolling Flint Hills of northeast Kansas. The campus is convenient to both business and residential sections of the city. Under an enactment of the 1991 Kansas Legislature, the Salina campus, 70 miles west of Manhattan, was established through a merger of the former Kansas College of Technology with the university.

Additional university sites include 18,000 acres in the four branch locations of the Agricultural Experiment Station (Hays, Garden City, Colby, and Parsons) and 8,600 acres in the Konza Prairie Research Natural Area jointly operated by the AES and the Division of Biology.

One of the six universities governed by the Kansas Board of Regents, Kansas State University continues to fulfill its historic educational mission in teaching, research, and public service.

*(This text was extracted from the 1997-99 Graduate Catalog)*

### **Alumni Center**

The K-State Alumni Center houses the Association offices and offers meeting and banquet facilities for the university and community. Open to the public in October 2002, the 52,000 square-foot facility was funded entirely with private contributions by more than 1,300 donors. The Center is constructed of native Kansas limestone with K-State memorabilia displayed in the Memorabilia Room, as well as throughout the building. A high-tech room provides the latest in technology for state-of-the-art presentations.

## THURSDAY, AUGUST 16, 2007

10:30 am – 12:00 pm REGISTRATION

11:30 am – 12:30 pm LUNCH

12:30 pm – 1:45 pm KEYNOTE ADDRESS

*“Long-Run Weather Trends and Crop Yields”*  
Dr. Elwynn Taylor, Iowa State University

2:00 pm – 3:00 pm SESSION I

Troy Dumler Banquet Room A

*Update on the 2007 Farm Bill*

Andrew Barkley Banquet Room B

*Ethanol: The Good, The Bad, and The Ugly*

Terry Kastens & Kevin Dhuyvetter Tadtman Board Room, 201

*Autoguidance and Boom Control: Does it Pay?*

Kevin Herbel Purple Pride Room, 305

*Kansas Farm Management Associations:  
Building on the Past; Pursuing the Future*

Allen Featherstone Lecture Room, 307

*Ethanol Production in Brazil*



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The MAST Program combines new information and decision-making tools with distance education for geographically isolated farmers and ranchers, ag lenders, and agribusiness professionals. An innovative distance education program for progressive farmers and ranchers, MAST delivers farm management information via state of the art technology that fits your needs. Classes are enrolling now for the fall.

**How the Program Works:**

MAST begins with a two-day workshop on the K-State campus where program participants are introduced to key management tools and concepts to be emphasized in the program. For the next three months, participants learn through distance education methods, and progress through several learning modules focusing on various farm management tools and their application. After completing the distance education portion of the program, participants return for a final two-day program that will emphasize applying tools and concepts to their individual farm situations.

For more information about the MAST Program contact:

Alicia Goheen

Program Coordinator

Phone: (785) 532-4434

Fax: (785) 532-6925

agoheen@agecon.ksu.edu

Visit our website: [www.AgManager.info/MAST](http://www.AgManager.info/MAST) for more details -- or check out the brochure included in your Risk and Profit materials.



**Agricultural Economics**

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[www.ageconomics.ksu.edu/kfma](http://www.ageconomics.ksu.edu/kfma)

**3:10 pm – 4:10 pm**

**SESSION II**

**Terry Kastens & Kevin Dhuyvetter**

Banquet Room A

*Higher Land Values? Part I of II*

**Michael Langemeier & Dave Rempe**

Banquet Room B

*The Relative Cost Efficiency of No-Till Farms*

**Michael Woolverton**

Tadtman Board Room, 201

*Biofuels: National and Kansas Updates*

**Craig Smith, Jeff Peterson,**

Purple Pride Room, 305

**John Leatherman, & Sean Fox**

*Results & Analysis from Last Year's Water Quality Trading Experiment*

**Bill Golden & Jeff Peterson**

Lecture Room, 307

*Economic Impacts of Water Conservation Policies in Northwest Kansas*

**4:20 pm – 5:20 pm**

**SESSION III**

**Terry Kastens & Kevin Dhuyvetter**

Banquet Room A

*Higher Land Rents? Part II of II*

**Andrew Barkley**

Banquet Room B

*Ethanol: The Good, The Bad, and The Ugly*

**Hikaru H. Peterson & Sean Fox**

Tadtman Board Room, 201

*The Value of the "USA" Label on Retail Agricultural Products in Japan*

**Dan O'Brien**

Purple Pride Room, 305

*Grain Handling & Transportation Systems in Western Kansas*

**5:30 pm - 6:30 pm**

**Social & Cash Bar**

**6:30 pm - 7:30 pm**

**DINNER**

**7:30 pm - 8:30 pm**

**EVENING SPEAKER**

*"Cultivating a Culture of Success"*

**Sarah Fogleman, Kansas State University**

6:45 am - 7:30 am **BREAKFAST**

7:30 am - 9:10 am **GENERAL SESSION**

*Livestock and Grain Outlook*

**James Mintert**  
**Michael Woolverton**

9:10 am - 9:20 am Break

9:20 am - 10:20 am **SESSION IV**

**Art Barnaby** Banquet Room A

*Disaster Aid, Crop Insurance & Whole-Farm Revenue  
Insurance Update*

**Michael Langemeier & Dave Rempe** Banquet Room B

*The Relative Cost Efficiency of No-Till Farms*

**Ted Schroeder** Tadtman Board Room, 201

*Cattle Feeding Return Risk*

**Michael Boland** Purple Pride Room, 305

*Do Government Subsidies Encourage Rural Development?*

**Bill Golden & Jeff Peterson** Lecture Room, 307

*Economic Impacts of Water Conservation Policies in  
Northwest Kansas*

10:30 am - 11:30 am **SESSION V**

**Troy Dumler** Banquet Room A

*Update on the 2007 Farm Bill*

**Rodney Jones & James Mintert** Banquet Room B

*Ethanol, DDGs and Cattle*

**Terry Kastens & Kevin Dhuyvetter** Tadtman Board Room, 201

*Autoguidance and Boom Control: Does it Pay?*

**Dan O'Brien** Purple Pride Room, 305

*Grain Handling & Transportation Systems in Western Kansas*

**Allen Featherstone** Lecture Room, 307

*Ethanol Production in Brazil*

11:40 pm - 12:40 pm **LUNCH & PARTICIPANT SURVEY**



**800-237-3767**

## Kansas Agricultural Statistics

Eldon J. Thiessen, Director  
632 SW Van Buren St  
Topeka, KS 66603  
Phone: (785) 233-2230  
or (800) 258-4564



[www.nass.usda.gov/ks](http://www.nass.usda.gov/ks)



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[www.kstateradionetwork.com](http://www.kstateradionetwork.com)



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(800) 874-2474

[www.frontierfarmcredit.com](http://www.frontierfarmcredit.com)



## Farm Credit of Central KS

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P.O. Box 12800  
Wichita, Kansas 67277  
Phone: (316) 721-1100  
(800) 466-1146

[www.fcskansas.com](http://www.fcskansas.com)

12:50 pm - 1:50 pm

## SESSION VI

Terry Kastens &amp; Kevin Dhuyvetter

Banquet Room A

*Higher Land Values? Part I of II*

Joe Arata

Banquet Room B

*Bonds, Commodities, Interest Rates and other Considerations  
in Losing Your Assets*

Michael Woolverton

Tadtman Board Room, 201

*Biofuels: National and Kansas Updates*

Michael Boland

Purple Pride Room, 305

*Do Government Subsidies Encourage Rural Development?*

Rich Llewelyn

Lecture Room, 307

*Working the Web: RSS Feeds, Web Searches and More*

2:00 pm - 3:00 pm

## SESSION VII

Terry Kastens &amp; Kevin Dhuyvetter

Banquet Room A

*Higher Land Rents? Part II of II*

Rodney Jones &amp; James Mintert

Banquet Room B

*Ethanol, DDGs and Cattle*

Hikaru H. Peterson &amp; Sean Fox

Tadtman Board Room, 201

*The Value of the "USA" Label on Retail Agricultural Products  
in Japan*

Kevin Herbel

Purple Pride Room, 305

*Kansas Farm Management Associations:  
Building on the Past; Pursuing the Future*

Joe Arata

Banquet Room B

*Bonds, Commodities, Interest Rates and other Considerations  
in Losing Your Assets*

3:10 pm - 4:10 pm

## SESSION VIII

Art Barnaby

Banquet Room A

*Disaster Aid, Crop Insurance & Whole-Farm Revenue  
Insurance Update*

Craig Smith, Jeff Peterson,  
John Leatherman, & Sean Fox

Purple Pride Room, 305

*Results & Analysis from Last Year's Water Quality Trading  
Experiment*

Rich Llewelyn

Lecture Room, 307

*Working the Web: RSS Feeds, Web Searches and More*









3:10 pm - 4:10 pm

SESSION II

Banquet Room A Terry Kastens & Kevin Dhuyvetter

Higher Land Values? Part I of II

Updated 2007 land value and cash rent information appears to show considerable bumps over 2006 in both land values and rents. Of course, the principal driver is ethanol. So, what does the future hold for land values? If ethanol stays? If ethanol disappears? Does it mean the same thing for pasture as it does for crop land? Or, is the boom we're seeing in land values foreshadowing a period like the early 1980s? In this session Terry and Kevin will work through the economics of ag land ownership, with a special emphasis on the future in light of ethanol-induced crop prices. Although this session will stand alone, it is best viewed in conjunction with Part 2.

Banquet Room B Michael Langemeier & Dave Rempe

The Relative Cost Efficiency of No-Till Farms

This presentation documents cost differences between farms that have adopted a no-till production system, and those with a conventional or a reduced till system. Costs are compared on a per harvested acre basis. Cost comparisons include the following cost breakdowns: labor; depreciation, repairs, and fuel; seed, fertilizer, and herbicide; and interest charges. Comparisons will be made for farms in northwest, north central, south central, and northeast Kansas.

Tadtmann Board Room Michael Woolverton

Biofuels: National and Kansas Updates

The precarious state of the global energy markets suggests that renewable fuels production, rather than a passing fad, will be an important factor for commodity producers, long term. The ethanol industry continues to grow rapidly in contrast to a slow growth biodiesel industry, but there is concern that continued growth in ethanol production will hurt livestock production. In addition, the grain-based ethanol industry may be in danger of overexpansion with serious implications for grain producers. Many believe cellulosic ethanol production offers a solution, but may pose its own problems.

Purple Pride Room Craig Smith, Jeff Peterson John Leatherman & Sean Fox

Results & Analysis: Last Year's Water Quality Trading Experiment

Last year, several Risk & Profit attendees participated in a Water Quality Trading (WQT) Experiment. Participants filled out questionnaires, about their willingness to participate in a WQT program under various situations, and about attributes of themselves and their farm. This session reports the analysis of the data collected, which sheds light on whether and how WQT would benefit farmers in Kansas if implemented. We will also discuss general conservation policy implications and other alternative approaches being studied, such as Best Management Practice (BMP) auctions.

Lecture Room Bill Golden & Jeff Peterson

Economic Impacts of Water Conservation Policies in NW Kansas

As we move into the 21st century, societal goals for our water resources are gradually changing. Concerns over aquifer decline rates in northwest Kansas suggest the need for water conservation. The Bureau of Reclamation, the Kansas Water Office, the Kansas Department of Agriculture, the Northwest Kansas Groundwater Management District number four, and Kansas State University researchers' efforts to analyze the situation. This report summarizes the research and compares the economic impacts of policy alternatives aimed at achieving various levels of water conservation.

Notes from this session:

Horizontal lines for taking notes.





10:30 am – 11:30 am

SESSION V

Banquet Room A

Troy Dumler

*Update on the 2007 Farm Bill*

As the expiration of the 2002 Farm Bill approaches, the process of writing the legislation that will replace the current Farm Bill has intensified. Supporters of traditional farm subsidies have increasingly found themselves defending core programs against those who are advocating for reform. This session will discuss the factors that have driven this farm bill debate and provide an update on the current status of the farm bill in the House and the Senate.

Banquet Room B

Rodney Jones & James Mintert

*Ethanol, DDGs and Cattle*

The livestock industries have recently been, and will continue to be, impacted by the ethanol industry. Traditional feed ingredient values have increased and it appears that price levels will remain higher than long term historical averages for the foreseeable future. On the other hand, by-products such as DDGs have become more readily available, especially in some geographic areas. We examine the impact of the changing feed price and availability situation, and other recent factors, on various phases of the cattle industry.

Tadtman Board Room

Terry Kastens & Kevin Dhuyvetter

*Autoguidance and Boom Control: Does It Pay?*

Non-users often view GPS-based machinery components as frivolous bells and whistles that never will pay. Quite the opposite will be shown in this presentation. Autoguidance reduces overlap, which reduces machinery and crop input costs. Field size and shape greatly impact machinery costs with larger machines. Boom shutoffs on sprayers and section control on seeding equipment easily can pay in odd-shaped fields – due to reduced machinery and input cost, and less crop losses on headlands due to double application. For many farms, investment in GPS technologies such as these will yield extremely high returns.

Purple Pride Room

Dan O'Brien

*Grain Handling & Transportation Systems in Western Kansas*

Factors causing change in the western Kansas grain handling and transportation industry include a) bio-energy-related demand for feedgrains, b) supplies of bio-energy processing bi-products to livestock feeders, c) consolidation and changes in ownership of grain elevators, and d) changes in railroad service to rural grain elevators. These changes are expected to affect local grain basis bids and the relative price competitiveness of different parts of western Kansas. This session discusses the capacity of grain elevators and the rail transportation systems for grain in the region. To address impacts from the growth of the bio-energy industry in the region, the location of existing and expected ethanol plants are also provided, with an emphasis on the proximity of ethanol plants to grain handling and transportation facilities. Finally, a brief examination of changes in grain basis as a proxy for the relative competitiveness of local grain markets is provided.

Lecture Room

Allen Featherstone

*Ethanol Production In Brazil*

Ethanol production has been expanding rapidly in the U.S. However, the U.S. has not always been the leader in ethanol production. Brazil's experience in the ethanol industry has dated back for over 30 years. This manuscript will discuss the current ethanol situation in Brazil.

Notes from this session:

Horizontal lines for taking notes.





