KANSAS FARM MANAGEMENT ASSOCIATION

Your Farm - Your Information - Your Decision

N E W S L E T T E R

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CROP INSURANCE PROCEEDS FROM FAILED CROPS

Receiving crop insurance proceeds potentially causes a tax planning hazard if the crop insurance proceeds from the failed crop are received in the same year that crops from a previous year are sold. Internal Revenue Code Section 451(d) indicates that a taxpayer can elect to include the proceeds from the crop insurance claim in income for the taxable year following the taxable year of destruction or damage if the following provisions are met:

1. The proceeds are from the destruction or damage to crops caused by drought, flood, or any other natural disaster, or the inability to plant crops because of such a natural disaster.
2. The farmer uses the cash method of accounting.
3. The farmer received the crop insurance proceeds in the same year that the crops are damaged.
4. The farmer is able to show that under their normal business practice the income from the damaged or destroyed crops would have been included in the taxable year following the taxable year the damage occurred.

Note that the code says to be eligible the proceeds must be from the "destruction or damage to crops". My interpretation is that the amount of the proceeds received due to yield loss are eligible for deferral while the amount of the proceeds resulting from price are not. Most of you carry revenue insurance products that have a component of both yield and price. In my opinion the total crop insurance check you receive can be split into those component parts and the amount attributable to yield is eligible for deferral if the other qualifications are met.

The other point to clarify regards just what is considered a "normal business practice"? Revenue ruling 74-145 provides some clarification here in that it says that if more than 50 percent of the crop income would have been reported in the following year under his/her normal business practice then the test is met. The point that is less clear however is how do you establish that fact. The best way is to look back at recent history, say the previous five years, and see if you customarily carry over that particular crop to the following year. My thought is that if you historically have carried that crop over to the following year at least three of the previous five years that should meet the test. Some believe only having one year of the previous five is adequate. Depending upon what the previous five years indicates this becomes a "facts and circumstances" test that you and your association economist can

Also in this newsletter:

evaluate as necessary.
To help in this evaluation please have your crop insurance payment detail available at the farm visit and in future visits so that the distinction between the yield and price component can be determined. Also have your previous five years books available to review your history regarding the carryover of crops to the year following the year of production. It should also be noted that the proper election will need to be included with your tax return when filed. The requirement to make a valid election is the date you received the payment as well as the name of the insurance carrier.

Timothy A. Stucky
Extension Agricultural Economist
Kansas Farm Management Association, SC

IMPACT OF ENERGY PRICE INCREASES ON NON-IRRIGATED CROP FARMS IN KANSAS

This article documents increases in seed expense; fertilizer and lime expense; herbicide and insecticide expense; gas, fuel, and oil expense; crop machinery cost; and crop production cost from 2005 to 2010 using data from non-irrigated crop farms participating in the Kansas Farm Management Association (KFMA) program.

Annual KFMA summary data for non-irrigated crop farms from 2005 to 2010 were used in this study. An average of 1,115 KFMA farms was classified as non-irrigated crop farms over the 2005 to 2010 time period. At least two-thirds of the labor for these farms was used to produce non-irrigated crops. Many of these farms also had a livestock enterprise and/or produced crops on irrigated land.

All costs and expenses are reported on an accrual basis. Crop machinery cost includes the crops' share of repairs, gas, fuel, oil, machine hire, economic depreciation, an opportunity charge on machinery and equipment investment, and an adjustment for machine work income. Crop production cost includes the crops' share of hired labor, machinery cost, seed, fertilizer and lime, herbicide and insecticide, storage and marketing, insurance, supplies, utilities, and dues and fees.

Production cost is impacted by price changes, technology, and crop mix. Adopting technology (e.g., switching to a reduced tillage system) and changes in a farm's crop mix often change the optimal mix of inputs. It was not possible to disentangle the impacts of price changes, technology adoption, and crop mix changes in the analysis summarized below.

Tables 1-4 contain summary information on crop related expenses for non-irrigated farms. On a per acre basis, crop production cost increased $3.82 from 2005 to 2006, $19.52 from 2006 to 2007, $35.99 from 2007 to 2008, $1.43 from 2008 to 2009, and $7.99 from 2009 to 2010. These per acre crop production cost increases represented a 2.82% increase from 2005 to 2006, a 14.04% increase from 2006 to 2007, a 22.69% increase from 2007 to 2008, a 0.73% increase from 2008 to 2009, and a 4.08% increase from 2009 to 2010. Table 2 compares a five year average (2005-2009) to 2010. Crop production cost increased 23.86% on a per acre basis from 2005-2009 to 2010.

Increases in energy related expenses (fertilizer and lime; gas, fuel, and oil) were a major contributor to the increase in crop production cost, particularly from 2006 to 2008 and from 2009 to 2010. On a per acre basis, approximately 19% of the increase in crop production cost from 2005-2009 to 2010 was attributable to increases in energy related

expenses. Table 3 presents the increases in energy related expenses from 2005 to 2010. Energy related expenses increased 20.36% from 2006 to 2007, 34.33% from 2007 to 2008, and 9.19% from 2009 to 2010. From 2007 to 2008, the year with largest percentage change, fertilizer expense increased by 36.19% and gas, fuel, and oil expense increased by 30.62%. Table 4 compares a five-year average (2005-2009) to 2010. Fertilizer expense per crop acre increased 18.73% and gas, fuel, and oil increased 6.59% from 2005-2009 to 2010.

The remaining increase in crop production cost per acre from 2005-2009 to 2010 was due to increases in seed, herbicide and insecticide, hired labor, repairs, machine hire and lease, storage and marketing, insurance, supplies, utilities, dues and fees, economic depreciation, and opportunity charges on machinery and equipment investment. From Tables 1-2 it is evident that seed expense per crop acre increased substantially from 2005 to 2010. In 2005, average seed expense per crop acre was $16.01. In contrast, in 2010, seed expense per crop acre was $30.20 per crop acre. This represents an 89% increase in seed expense per crop acre. The increase in seed expense per crop acre is due to changes in crop mix and increases in seed prices. Using USDA input price indices, seed prices increased 71% from 2005 to 2010. Thus, the vast majority of the increase in seed expense per crop acre was likely due to increases in seed prices.

The discussion above focused on seed; fertilizer; and gas, fuel, and oil costs. Figure 1 illustrates gross crop value and crop machinery investment per crop acre over the 2005 to 2010 period. Gross crop value was substantially higher in 2007, 2008, 2009, and 2010 than it was in 2005 and 2006. Also, note the increase in crop machinery investment per crop acre. Crop machinery investment per crop acre increased from $122.96 to $192.65 per crop acre from 2005 to 2010. This large increase contributed to the increase in crop machinery cost illustrated in Tables 1-2.

In summary, increases in energy related expenses represented approximately 19% of the increase in crop production cost per acre from 2005-2009 to 2010. Increases in energy related expenses increased per acre cost by $18.18 from 2005 to 2010. Annual percentage changes in energy related expenses since 2005 have ranged from a 21.59% decrease from 2008 to 2009 to a 34.33% increase from 2007 to 2008.

Michael Langemeier, Professor
Department of Agricultural Economics
Kansas State University

Table 1. Major Crop Related Expenses for Non-Irrigated KFMA Crop Farms from 2005-2010.

Expense Category	2005	2006	2007	2008	2009	2010
Expense per Crop Acre						
Seed	$16.01	$16.77	$19.85	$21.74	$26.69	$30.20
Fertilizer and Lime	$24.99	$25.37	$33.23	$45.26	$38.29	$39.69
Herbicide and Insecticide	$12.93	$13.81	$15.62	$20.84	$22.06	$19.92
Gas, Fuel, and Oil	$14.31	$16.16	$16.75	$21.89	$14.36	$17.79
Machinery Cost	$53.42	$54.32	$58.96	$68.51	$69.34	$75.68
Crop Production Cost	$135.27	$139.09	$158.61	$194.60	$196.03	$204.02
Annual Percentage Change in per Crop Acre Expense						
Seed		4.71%	18.37%	9.54%	22.75%	13.17%
Fertilizer and Lime		1.50%	31.00%	36.19%	-15.40%	3.66%
Herbicide and Insecticide		6.86%	13.08%	33.44%	5.81%	-9.70%
Gas, Fuel, and Oil		12.96%	3.67%	30.62%	-34.39%	23.92%
Crop Machinery Cost		1.70%	8.53%	16.20%	1.22%	9.13%
Crop Production Cost		2.82%	14.04%	22.69%	0.73%	4.08%

Source: Kansas Farm Mangement Association 2010 Databank.

Table 2. Major Crop Related Expenses for Non-Irrigated KFMA Crop Farms, 5-Year Average and 2010.

Expense Category	2005-2009	2010	% Change
Expense per Acre			
Seed	$20.21	$30.20	49.43%
Fertilizer and Lime	$33.43	$39.69	18.73%
Herbicide and Insecticide	$17.05	$19.92	16.79%
Gas, Fuel, and Oil	$16.69	$17.79	6.59%
Machinery Cost	$60.91	$75.68	24.25%
Crop Production Cost	$164.72	$204.02	23.86%

Source: Kansas Farm Mangement Association 2010 Databank.

Table 3. Energy Intensive Expenses for Non-Irrigated KFMA Crop Farms from 2005-2010.

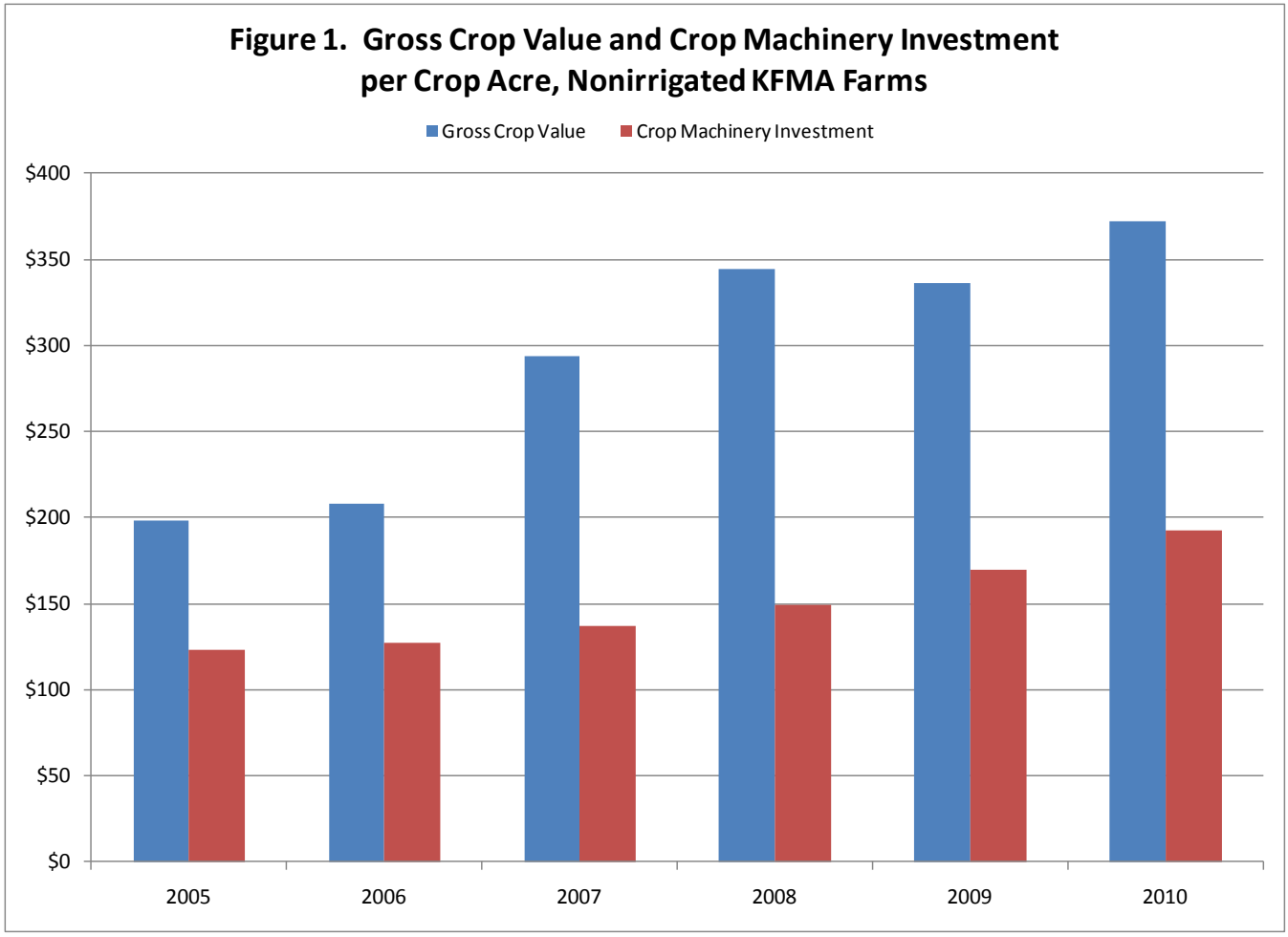
Expense Category	2005	2006	2007	2008	2009	2010
Fertilizer and Lime						
Crop Expense	$36,315	$37,951	$49,748	$71,827	$62,447	$66,122
Expense per Crop Acre	$24.99	$25.37	$33.23	$45.26	$38.29	$39.69
Annual Percentage Change in per Acre Expense		1.50%	31.00%	36.19%	-15.40%	3.66%
Gas, Fuel, and Oil						
Crop Expense	$20,789	$24,179	$25,082	$34,732	$23,420	$29,645
Expense per Crop Acre	$14.31	$16.16	$16.75	$21.89	$14.36	$17.79
Annual Percentage Change in per Acre Expense		12.96%	3.67%	30.62%	-34.39%	23.92%
Total Energy Related Expense						
Crop Expense	$57,104	$62,130	$74,830	$106,559	$85,867	$95,767
Expense per Crop Acre	$39.30	$41.53	$49.99	$67.14	$52.65	$57.48
Annual Percentage Change in per Acre Expense		5.67%	20.36%	34.33%	-21.59%	9.19%

Source: Kansas Farm Mangement Association 2010 Databank.

Table 4. Energy Intensive Expenses for Non-Irrigated KFMA Crop Farms, 5-Year Average and 2010.

Expense Category	2005-2009	2010	% Change
Fertilizer and Lime			
Crop Expense	$51,658	$66,122	28.00%
Expense per Crop Acre	$33.43	$39.69	18.73%
Gas, Fuel, and Oil			
Crop Expense	$25,640	$29,645	15.62%
Expense per Crop Acre	$16.69	$17.79	6.59%
Total Energy Related Expense			
Crop Expense	$77,298	$95,767	23.89%
Expense per Crop Acre	$50.12	$57.48	14.69%

Source: Kansas Farm Mangement Association 2010 Databank.



IMPACT OF ENERGY PRICE INCREASES ON IRRIGATED CROP FARMS IN KANSAS

This article documents increases in seed expense; fertilizer and lime expense; herbicide and insecticide expense; gas, fuel, and oil expense; crop machinery cost; and crop production cost from 2005 to 2010 using data from irrigated crop farms participating in the Kansas Farm Management Association (KFMA) program.

Annual KFMA summary data for irrigated crop farms from 2005 to 2010 were used in this study. An average of 64 KFMA farms was classified as irrigated crop farms over the 2005 to 2010 time period. At least two-thirds of the labor for these farms was used to produce irrigated crops. Many of these farms also had a livestock enterprise and/or produced crops on non-irrigated land.

All costs and expenses are reported on an accrual basis. Crop machinery cost includes the crops' share of repairs, gas, fuel, oil, machine hire, economic depreciation, an opportunity charge on machinery and equipment investment, and an adjustment for machine work income. Crop production cost includes the crops' share of hired labor, machinery cost, seed, fertilizer and lime, herbicide and insecticide, storage and marketing, insurance, supplies, utilities, and dues and fees.

Production cost is impacted by price changes, technology, and crop mix. Adopting technology (e.g., switching to a reduced tillage system) and changes in a farm's crop mix often change the optimal mix of inputs. It was not possible to disentangle the impacts of price changes, technology adoption, and crop mix changes in the analysis summarized below.

Tables 1-4 contain summary information on crop related expenses for irrigated farms. On a per acre basis, crop production cost changed $5.65 from 2005 to 2006, $34.93 from 2006 to 2007, $25.19 from 2007 to 2008, -$8.22 from 2008 to 2009, and $11.85 from 2009 to 2010. These per acre crop production cost increases represented a 2.57% increase from 2005 to 2006, a 15.45% increase from 2006 to 2007, a 9.65% increase from 2007 to 2008, a 2.87% decrease from 2008 to 2009, and a 4.26% increase from 2009 to 2010. Table 2 compares a five year average (2005-2009) to 2010. Crop production cost increased 13.95% on a per acre basis from 2005-2009 to 2010.

Increases in energy related expenses (fertilizer and lime; gas, fuel, and oil) were a minor contributor to the increase in crop production cost from 2005-2009 to 2010. On a per acre basis, approximately 4% of the increase in crop production cost from 2005-2009 to 2010 was attributable to increases in energy related expenses. Table 3 presents the increases in energy related expenses from 2005 to 2010. Changes in energy related expenses ranged from a decrease of 24.26% from 2008 to 2009 to an increase of 17.48% from 2009 to 2010. The largest change in fertilizer expenses occurred from 2006 to 2007 (43.06% increase) while the largest change for gas, fuel, and oil occurred from 2009 to 2010 (29.41% increase).

The remaining increase in crop production cost per acre from 2005-2009 to 2010 was due to increases in seed, herbicide and insecticide, hired labor, repairs, machine hire and lease, storage and marketing, insurance, supplies, utilities, dues and fees, economic depreciation, and opportunity charges on machinery and equipment investment. From Tables 1-2 it is evident that seed expense per crop acre increased substantially from 2005 to 2010. In 2005, average seed expense per crop acre was $25.13. In contrast, in 2010, seed expense per crop acre was $39.37 per crop acre. This represents a 57% increase in seed expense per crop acre. Crop machinery cost also increased substantially from 2005 to 2010 (i.e., 25%).

The discussion above focused on seed; fertilizer; gas, fuel, and oil; and crop machinery costs. Figure 1 illustrates gross crop value and crop machinery investment per crop acre over the 2005 to 2010 period. Gross crop value was substantially higher in 2007 and 2010 than it was in the other years illustrated. Also, note the increase in crop machinery investment per crop acre. Crop machinery investment per crop acre increased from $167.30 to $223.05 per crop acre (a 33% increase) from 2005 to 2010. This large increase contributed to the increase in crop machinery cost discussed above and illustrated in Tables 1-2.

In summary, increases in energy related expenses represented approximately 4% of the increase in crop production cost per acre from 2005-2009 to 2010. Increases in energy related expenses increased per acre cost by $20.46 from 2005 to 2010. Annual percentage changes in energy related expenses since 2005 ranged from a 24.26% decrease from 2008 to 2009 to a 17.48% increase from 2009 to 2010.

Michael Langemeier, Professor
Department of Agricultural Economics
Kansas State University

Table 1. Major Crop Related Expenses for Irrigated KFMA Crop Farms from 2005-2010.

Expense Category	2005	2006	2007	2008	2009	2010
Expense per Crop Acre						
Seed	$25.13	$25.09	$30.27	$31.39	$36.15	$39.37
Fertilizer and Lime	$32.71	$35.28	$50.47	$53.42	$52.40	$51.67
Herbicide and Insecticide	$21.53	$22.13	$26.24	$28.21	$28.90	$28.70
Gas, Fuel, and Oil	$45.01	$49.36	$45.81	$56.94	$31.18	$40.35
Machinery Cost	$75.08	$76.62	$81.89	$87.26	$88.57	$93.53
Crop Production Cost	$220.44	$226.09	$261.02	$286.21	$277.99	$289.84
Annual Percentage Change in per Acre Expense						
Seed		-0.15%	20.64%	3.68%	15.18%	8.91%
Fertilizer and Lime		7.88%	43.06%	5.83%	-1.90%	-1.40%
Herbicide and Insecticide		2.76%	18.57%	7.53%	2.46%	-0.72%
Gas, Fuel, and Oil		9.67%	-7.19%	24.28%	-45.24%	29.41%
Crop Machinery Cost		2.04%	6.89%	6.56%	1.49%	5.61%
Crop Production Cost		2.57%	15.45%	9.65%	-2.87%	4.26%

Source: Kansas Farm Mangement Association 2010 Databank.

Table 2. Major Crop Related Expenses for Irrigated KFMA Crop Farms, 5-Year Average and 2010.

Expense Category	2005-2009	2010	% Change
Expense per Crop Acre			
Seed	$29.61	$39.37	32.98%
Fertilizer and Lime	$44.86	$51.67	15.19%
Herbicide and Insecticide	$25.40	$28.70	12.97%
Gas, Fuel, and Oil	$45.66	$40.35	-11.64%
Machinery Cost	$81.88	$93.53	14.23%
Crop Production Cost	$254.35	$289.84	13.95%

Source: Kansas Farm Mangement Association 2010 Databank.

Table 3. Energy Intensive Expenses for Irrigated KFMA Crop Farms from 2005-2010.

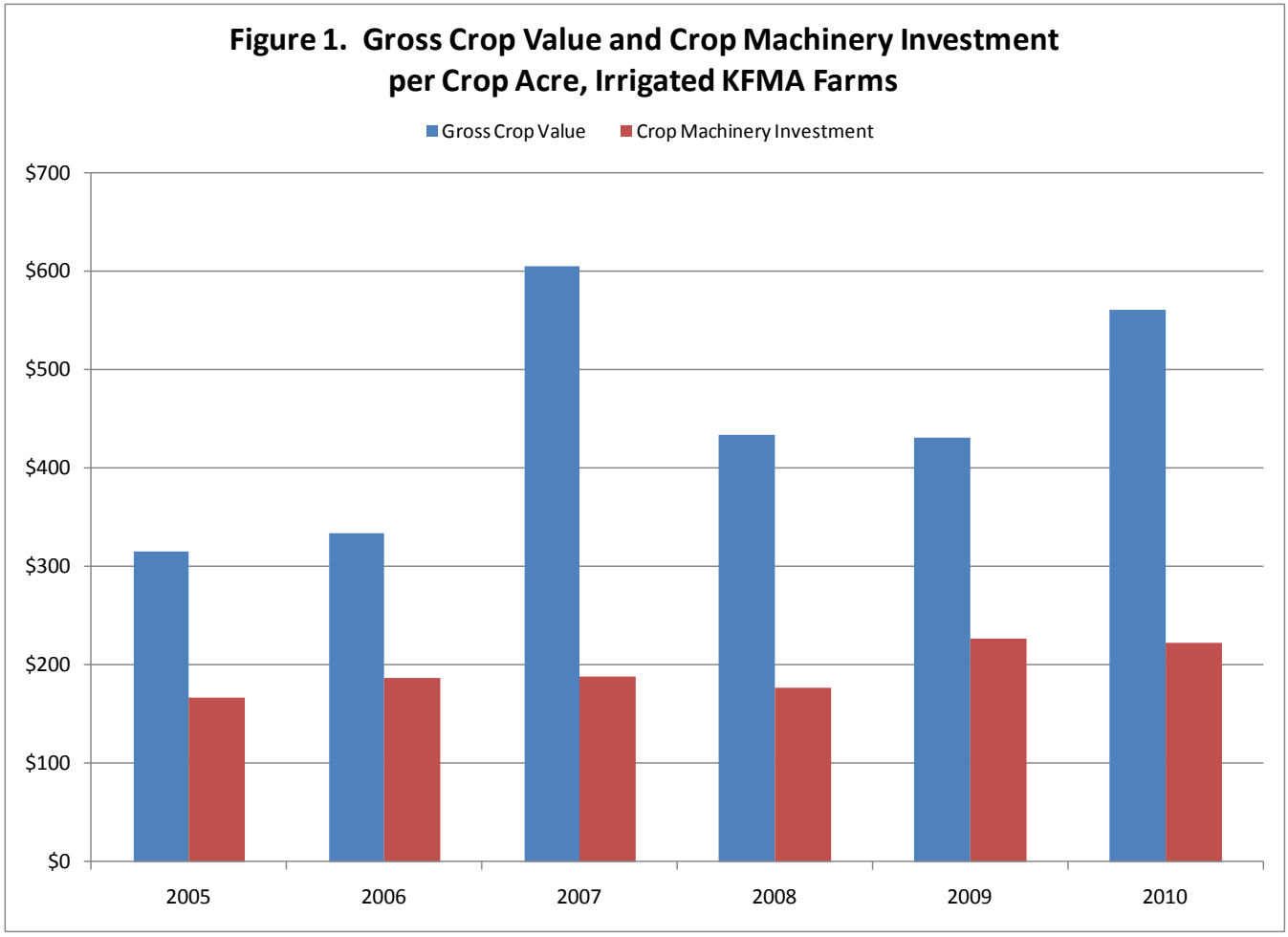
Expense Category	2005	2006	2007	2008	2009	2010
Fertilizer and Lime						
Crop Expense	$54,030	$62,167	$103,724	$100,369	$110,985	$116,772
Expense per Crop Acre	$32.71	$35.28	$50.47	$53.42	$52.40	$51.67
Annual % Change in per Acre Expense		7.88%	43.06%	5.83%	-1.90%	-1.40%
Gas, Fuel, and Oil						
Crop Expense	$74,361	$86,978	$94,149	$106,983	$66,033	$91,180
Expense per Crop Acre	$45.01	$49.36	$45.81	$56.94	$31.18	$40.35
Annual % Change in per Acre Expense		9.67%	-7.19%	24.28%	-45.24%	29.41%
Total Energy Related Expense						
Crop Expense	$128,391	$149,145	$197,873	$207,352	$177,018	$207,952
Expense per Crop Acre	$77.72	$84.65	$96.29	$110.35	$83.58	$98.18
Annual % Change in per Acre Expense		8.91%	13.76%	14.61%	-24.26%	17.48%

Source: Kansas Farm Mangement Association 2010 Databank.

Table 4. Energy Intensive Expenses for Irrigated KFMA Crop Farms, 5-Year Average and 2010.

Expense Category	2005-2009	2010	% Change
Fertilizer and Lime			
Crop Expense	$86,255	$116,772	35.38%
Expense per Crop Acre	$44.86	$51.67	15.19%
Gas, Fuel, and Oil			
Crop Expense	$85,701	$91,180	6.39%
Expense per Crop Acre	$45.66	$40.35	-11.64%
Total Energy Related Expense			
Crop Expense	$171,956	$207,952	20.93%
Expense per Crop Acre	$90.52	$92.01	1.65%

Source: Kansas Farm Mangement Association 2010 Databank.



VOLATILITY OF ENERGY PRICES

The previous two articles documented changes in energy and other crop related production costs from 2005 to 2010. This article, using USDA input price index data, compares the volatility of fertilizer and fuel prices to the volatility of aggregate input prices from 2000 to 2011. The 2011 data is through July of this year.

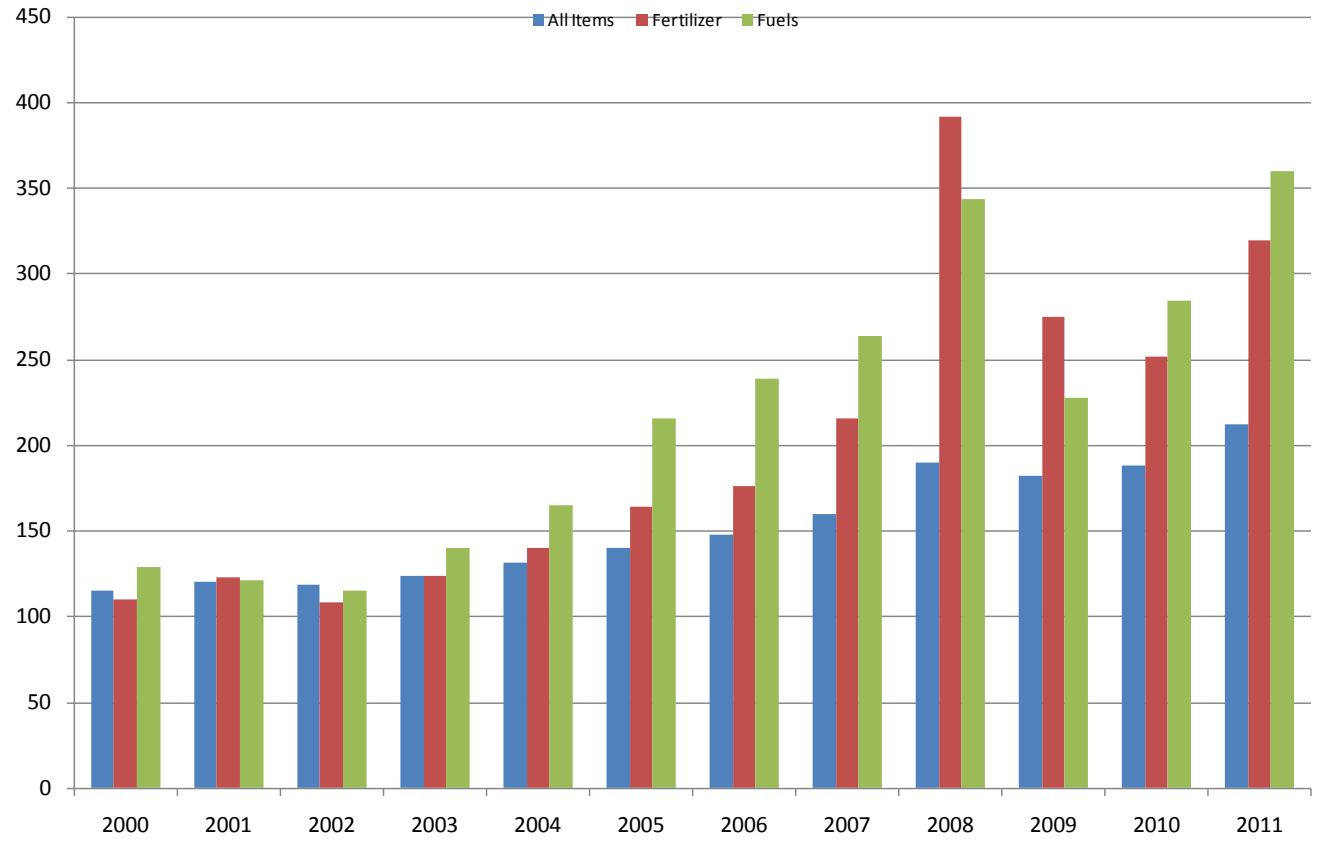
Figure 1 illustrates the USDA input price indices for all production items (referred to as "All Items"), fertilizer, and fuels. The indices are equal to 100 for the base years (i.e., 1990-1992). The all production items index increased from 115 in 2000 to 212 in 2011. Notice that the index declined from 2008 to 2009. The fertilizer index reached a peak of 392 in 2008 then declined in 2009 and 2010 before increasing to an index value of 320 this year. The fuels index reached a low of 115 in 2002, increased to 344 in 2008, declined to 228 in 2009, and then increased in both 2010 and 2011. The 2011 value of 360 represents the peak for the period represented in the figure.

It is evident from Figure 1, that fertilizer and fuel prices have been more volatile than the input price index for all production items. Relative variability can be measured using the coefficient of variation which is computed by dividing the average value for a variable by the standard deviation for that variable. The

coefficient of variation for all production items, fertilizer, and fuels since 2000 was 0.218, 0.461, and 0.392, respectively. The high relative variability of fertilizer and fuel prices emphasizes the importance of input use and pricing decisions related to these two inputs.

Michael Langemeier, Professor
Department of Agricultural Economics
Kansas State University

Figure 1. Volatility of Energy Prices, USDA Price Indices (1990-1992 = 100).



RECOMMENDATIONS FOR FURTHER READING

The purpose of this section of the newsletter is to briefly discuss articles and web sites that may be of interest to readers. In general, the articles discussed will not report on original research. Rather, the articles will contain citations to web sites and articles that discuss topics of general interest.

In issue 125 of the *Animal Science Monitor*, Dan Simmons discusses team burn out. He notes that the employees that are most subject to burn out tend to be your best workers. He briefly describes the following five steps that can be used to assess team burn out: assess the situation, acknowledge the situation, incorporate variety, offer flexibility, and have more fun. Incorporating variety may involve more cross-training, which is not a bad idea in a small

business anyway. Flexibility is important so that employees attain a healthy work-life balance. Additional information pertaining to a healthy work-life balance will be discussed in the next month's newsletter.

Darrell Peel provides a good discussion of the current cattle cycle in a recent *Cow-Calf Corner* newsletter article entitled "Rebuilding the Cow Herd Requires a Cycle of Producers as Well as Cows." As the author notes, cattle cycles are driven by expectations of profitability. Cattle prices are historically high. However, several factors mitigate the impact of these higher prices. First, feed costs are relatively high and volatile. Second, the drought in south and southwest are limiting expansion in these areas. Third, land use factors are playing an increasingly important role. More acres are being diverted away from pasture and hay production. Fourth, due to high and volatile input prices, especially for feed and breeding stock, capital requirements are relatively high. Fifth, many cow-calf producers are not at a life stage in which they are willing to take on more labor or debt to expand their herds. Sixth, regulatory and environmental challenges have increased in many regions. Despite all of these mitigating factors, at some point, the cow herd will expand. It is just going to take longer that most analysts anticipated.

Ronald Trostle, Daniel Marti, Stacey Rosen, and Paul Westcott recently described increases in food commodity prices in a USDA-ERS publication entitled "Why Have Food Commodity Prices Risen Again?" Using information from the International Monetary Fund, food prices have increased 59 percent since January of 2009. As the authors note, most of the long-term trends in agricultural production and consumption that contributed to the price spikes in 2002-2006 and 2007-2008, also contributed to the recent surge in prices. These factors include global growth in population and per capita incomes, increasing world per capita consumption of animal products, rising energy prices and growing global biofuel production, depreciation of the U.S. dollar, and weather events. The article contains considerable detail on all of the factors above. Rather than describing all of these factors, I am going to comment on increasing world per capita consumption of animal products. The increase in per capita consumption differs significantly among the three primary meats: beef, pork, and poultry. In fact, in contrast to the trends in world per capita consumption of pork and poultry, the trend in global beef consumption is actually negative (i.e., 0.6 percent) since 1990. Using the percentage composition of world meat production, beef consumption has declined from 34.6 percentage share in 1990 to a 23.9 percentage share in 2010. More information is contained in the article which is posted to my contributor site on Ag Manager.

In a recent report entitled "The Impact of U.S. Biofuel Policies on Agricultural Price Levels and Volatility", Bruce Babcock from the Center for Agricultural and Rural Development at Iowa State University discusses the impact of U.S. biofuel policies on agricultural commodity and food prices. As noted by the author, it indisputable that biofuels contribute to higher agricultural commodity prices due to the fact that the biofuel industry represents a large and growing share of demand for maize (corn), vegetable oil, and sugar cane. However, the author notes that biofuel production levels are not solely driven by government subsidies and policies. The author indicates that his report makes three contributions to understanding the extent to which U.S. biofuel policies contribute to higher agricultural commodity and food prices. First, the author estimates the impact of U.S. ethanol policies on crop and food prices for the 2005 to 2009 U.S. crop marketing years. The largest impact on maize prices was in 2007. In this marketing year, prices were $0.30 per bushel higher due to ethanol subsidies. However, it is important to note that prices increased more than $2.00 per bushel during this marketing year. Thus, though important, the impact of ethanol subsidies did not represent the

primary reason for the surge in maize prices during the 2007 marketing year. Second, the author provides estimates of the impact on agricultural commodity prices and food prices from the market-driven expansion of ethanol production. The price impacts of market-driven expansion are much larger than the price impacts resulting from ethanol subsidies. However, even under a scenario in which the ethanol industry would have not expanded from the 2004 levels, maize prices would have been 40 percent higher in 2009, wheat prices would have been 45 percent higher, and soybean prices would have been 57 percent higher. Third, the author provides insight into how current U.S. biofuel policies are expected to affect crop prices in the near future. Maize prices were estimated to be 17 percent lower in 2011 under a scenario in which the ethanol subsidies were eliminated at the beginning of 2011. More information can be found in the article which is posted to my contributor site on Ag Manager.

Michael Langemeier, Professor
Department of Agricultural Economics
Kansas State University

The Kansas Farm Management Association (KFMA) Newsletter is distributed monthly to provide farm management information to farm decision makers. Further farm management information can be found on the KFMA program website: www.agmanager.info/kfma; and, on the Extension Agricultural Economics website: www.agmanager.info. The Newsletter is edited by Michael Langemeier, Professor, Department of Agricultural Economics, Kansas State University.