

# BARNYARDS & BACKYARDS



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## New, beginning producers can access risk management resources

Crop insurance programs have become an invaluable part of most Wyoming producers' risk management plans.

The scope of policies and their availability have increased over the past 20 years to the point producers of most crops and livestock have at least one insurance policy that could be of benefit to their operations. These programs can be even more critical for new and beginning farmers and ranchers, whose ability to withstand revenue declines is often much lower than more-established operations. In total, Wyoming producers insured 2,470,837 acres in 2017.

### Crop Insurance Basics

Most crop insurance policies for program crops use a farm's Actual Production History (APH). The APH yield helps determine the amount of coverage available to a producer and is the basis for

determining whether an indemnity will be paid for the current production year.

Producers new to crop insurance must use a transitional yield (t-yield) in place of an APH. Producers may insure in different units (optional, basic, or enterprise), based on farm size, location, and crop. For a detailed description of how these crop insurance policies can work with several examples, view the Agricultural Marketing Policy Paper No. 54, May 2018. "For more information" describes how to access the document.

### Crop Policies Available

Crop insurance policies fall into three main categories in Wyoming: yield protection (YP), revenue protection (RP), and other APH-based policies. YP and RP policies cover program crops (like corn and wheat) with established futures markets that help set prices used in determining crop coverage.

YP policies protect against losses due to yield declines and can select coverages of up to 80 percent

(depending on the crop) of their APH yield with prices set when the policy is purchased.

RP policies protect against declines in yield and price by considering prices at harvest; producers can alternatively select a harvest price exclusion (HPE), setting a price when the policy is purchased.

APH policies use a producer's APH yield for a given crop to establish coverage similar to YP policies for crops without a futures market, such as sugar beets. Producers can choose catastrophic coverage (CAT) for most insurance policies, a bare minimum coverage of 50 percent of the APH yield at 55 percent of the coverage price.

### Pasture, Rangeland, Forage Insurance - Rainfall Index (RI-PRF)

RI-PRF is one of the most utilized crop insurance programs in Wyoming. This policy offers protection on pasture and hay land in an individual grid area (17 by 17 miles) against losses due to declines in precipitation using NOAA rainfall index data. This rainfall data is used over the selected grid area and

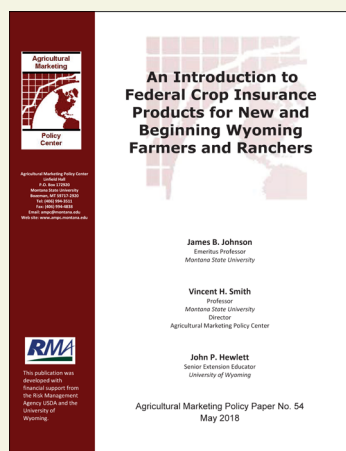
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### FOR MORE INFORMATION

Numerous risk management education resources are available for new and beginning producers to learn more about how crop insurance might be a fit in their businesses.

For a detailed explanation of insurance options available and how they work, view an Introduction to Federal Crop Insurance Products for New and Beginning Wyoming Farmers and Ranchers (Policy Paper Number 54, May 2018), a collaboration of academic professionals, available at the Western Risk Management Library and the Agricultural Marketing Policy center. Go to <http://www.uwagec.org/riskmgt> and click on Production to see the title and access the document.

For multiple online tools, courses, and other crop insurance resources, visit [RightRisk.org](http://RightRisk.org) or contact a local crop insurance agent for questions or to purchase a policy.



### RI-PRF Resources

Visit RMA's PRF Support Tool at <https://prodwebnlb.rma.usda.gov/apps/prf>

- Use the grid locator to determine their grid(s) areas for your location.
- Then use the Decision Support Tool to decide coverage levels, view historical indices and actuarial information, and determine the coverage that fits your operation.

Year	Jan-Feb	Feb-Mar	Mar-Apr	Apr-May	May-Jun	Jun-Jul	Jul-Aug	Aug-Sep	Sep-Oct	Oct-Nov	Nov-Dec
2015	42.3	66.3	91.8	164.9	167.7	94.0	76.3	73.2	77.4	64.4	64.8
2014	105.5	123.0	112.0	98.4	80.6	44.3	193.9	237.9	104.3	73.9	92.3
2013	81.1	87.2	112.4	105.6	40.8	34.1	64.1	137.8	173.7	125.1	87.9
2012	127.8	120.0	59.7	44.3	20.2	15.1	20.5	34.0	39.8	41.7	72.9
2011	177.3	231.6	272.4	250.6	154.1	170.0	166.5	84.3	92.6	140.1	122.5
2010	109.6	137.8	186.5	210.4	188.8	143.0	136.0	107.0	117.0	177.8	216.2
2009	176.1	145.8	177.7	157.8	209.8	232.8	102.5	86.5	107.4	114.0	110.4
2008	179.7	165.9	120.6	112.4	144.6	120.5	92.6	132.6	87.4	87.4	145.4
2007	97.9	113.4	83.9	76.9	94.0	134.0	141.9	154.4	141.2	69.8	149.7
2006	102.8	110.7	119.3	89.6	68.3	103.0	154.9	169.6	176.0	130.7	85.3
2005	141.0	111.9	100.9	122.9	181.0	132.0	48.4	107.2	143.7	160.9	156.8
2004	102.0	100.6	85.3	96.3	112.7	107.3	97.9	145.5	184.3	158.5	105.3
2003	118.9	135.5	120.9	101.4	102.5	76.4	61.3	79.5	58.4	114.8	150.9
2002	94.2	130.9	97.3	48.4	44.3	68.9	89.0	100.0	128.0	116.7	100.4
2001	108.1	119.5	124.9	100.2	63.8	81.0	155.4	117.5	52.2	85.5	98.3
2000	152.6	153.0	116.5	114.7	103.8	86.1	94.4	136.6	123.6	134.1	147.5
1999	177.4	104.9	146.9	173.3	138.4	132.7	133.9	114.7	54.8	48.7	82.1
1998	157.3	145.5	115.8	75.9	168.5	258.1	117.2	45.3	132.9	176.1	104.3
1997	133.8	98.1	129.1	147.8	119.0	82.8	106.6	209.5	175.6	99.7	71.4

## Evaluate windbreaks for declining trees, create replacement plan

There is a common thread that runs through all rural homesteads or ranch headquarter sites across the state. They are surrounded by mature tree windbreaks planted about the time the homes were built.

Many of our oldest ranches have very mature trees in these windbreaks. Most are native cottonwoods or Chinese and Siberian elm trees due to their availability 70 to 100 years ago. These tree species are soft-wooded and tend to rot if any decay gets started.

Because of their proximity to homes and yards, there is a high likelihood they will fail and fall on family members in a yard or play area near a home. This is a really good reason to have these trees evaluated by an arborist and a plan created to replace them before they fail. This minimizes owner liability and potential for injury or death of a family member or guest.

### Tree Canopy Aids Seedling Growth

These large trees act as a protector for new trees planted within their canopy. This allows new seedling trees to be planted at low cost and become established a few years before the declining mature trees are removed. This leaves space for the new seedlings to take over the area and begin providing protection for the home site again.

This replanting process could be done in stages so there are always mature trees in place. Putting a plan in place and sharing that plan with family members or generations of the ranch management team is important so it's not forgotten.

New tree plantings require three to five years for root establishment. This time is spent increasing the root mass and anchoring root growth. Once the younger trees have developed a basic root mass, they should be well-established in the site and begin a stage that increases aboveground growth.

Remove the old trees when the new trees' trunks and branches begin to grow at a more rapid pace. The sooner the large trees are removed, the more sunlight that will be able to reach the young trees. The access to sunlight allows for more leaf growth and greater photosynthesis. This will in turn increase the amount of growth each growing season.

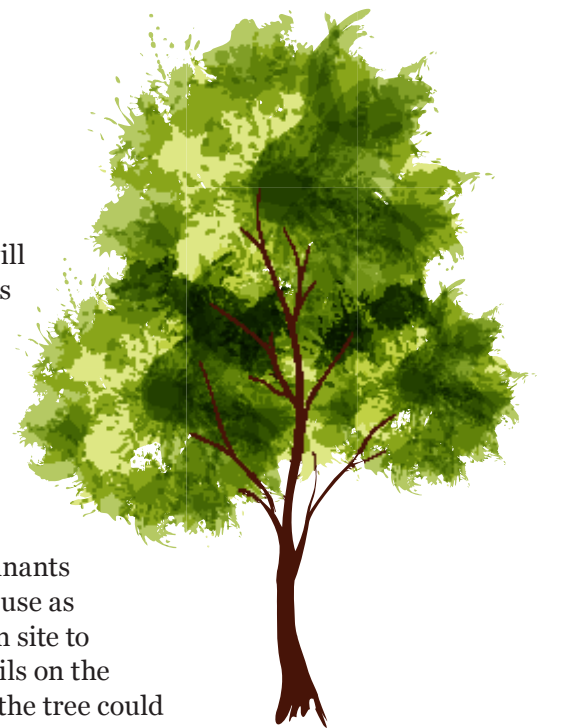
The young trees need to be established and growing in their new site before removing the older trees. The removal process must be strategic so no damage occurs to the replacement trees.

### Consider an Arborist or Forester

This would be a great time to employ a certified arborist or a forester so the removal process is covered by the insurance of a professional and the cuts can be made to ensure where the tree will fall. There are national standards that must be met about who can be in the work zone and who must be specific distances away from the work zone to ensure no one gets hurt when the large trees fall.

The next step is to cut up and decide how to dispose of the remnants of the old tree. It could be left to use as firewood, it could be shredded on site to leave as mulch to improve the soils on the site for the entire windbreak, or the tree could be removed from the site and disposed elsewhere.

All this investment into an established and declining windbreak will greatly improve tree health, rejuvenate the windbreak for use by future generations, and increase safety around the homesite and surrounding yard or play areas. The effort will be well worth the planning, time, and money.



**"A man has made, at least, a start at understanding the meaning of life when he plants a shade tree knowing good and well he may never sit under it."**

- Elton Trueblood

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*Risk Management Resources, continued*

divided into two-month production intervals. RI-PRF allows for a large degree of flexibility in terms of coverage level and acreage to cover, while also allowing a producer to insure the production period during which the risk of loss is of greatest concern. Indemnities are paid when the actual value per acre determined by the rainfall index drops below the insured value.

### Livestock and Other Policy Types

Wyoming livestock producers have several options for price insurance, including Livestock Risk Protection (LRP) and Livestock Gross Margin (LGM) coverage. While these policies are not widely used in Wyoming, they are a viable option for new and beginning producers to manage price risk.

LRP allows producers to insure against price declines with coverage determined by Chicago Mercantile Exchange (CME)-based indexes. Indemnities are paid if the actual price at the end of the contract is lower than the projected price.

LGM policies take this concept a step further by insuring against increases in feed prices and declines in livestock prices. Visit the Western Risk Management Library for articles that provide a detailed explanation of these policies.

Whole Farm Revenue Protection (WFRP) offers farms and ranches protection against declines in gross income rather than insuring a specific crop. The program is intended to provide coverage for farm and livestock businesses (such as specialty crops and livestock) that might not be well-served by using the usual crop insurance programs. Indemnities are paid when actual gross revenue falls below the guarantee level.

### Crop Insurance Planning Tools from RightRisk.org

- The Risk Scenario Planner Tool (RSP) is a spreadsheet designed to help producers take in a wide range of values when considering a change or decision, such as comparing potential crop insurance coverage options.
- The Multi-Temporal Risk Analyzer (MTRA) Tool examines one or more management decisions over time (up to 20 years)
- Logon to RightRisk.org
- Under the Resources Tab, select Risk Management Tools.

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