

Agriculture News

Cotton News

RMA Announces Updated 2013 Cotton T-Yields, Premium Calculation Procedures

By Shawn Wade
 Heading into the 2013 growing season cotton producers can expect to see some differences when it comes to their 2013 Federal Crop Insurance coverage. The most noticeable change is the release of updated T-yield figures for cotton that have, aside from couple of isolated instances, increased in counties throughout the Texas High Plains.

T-yields are calculated as a 5-year yield per planted acre and are primarily used to establish coverage levels for growers who have no individual production history within a county or on a farm. The other notable use for T-yields is as a substitute yield for an extremely low actual yield in a producers Actual Production History calculation.

When used as a substitute yield, or "yield plug", 60 percent of the county T-yield is used in lieu of the producer's actual yield to slow down the degradation of the grower's insurance coverage as a result of one or more disaster years being included in their 10-year APH history. Improved yield plugs are good news for growers who are limping through a second straight drought year.

Within the 41-county Plains Cotton Growers service area, it appears that only four counties saw decreases in the dryland (non-irrigated) T-yield, six counties saw no change and 24 counties saw increases ranging from six to 56 pounds per acre. The only discrepancy that has been identified in the published dryland T-yields is in Lubbock County. This situation is apparently under review by USDA-RMA staff, but it is unclear whether or not they will be able to address it in 2013.

All 36 of the 41 PCG counties that have an established T-yield for irrigated cotton saw the county T-yield increased as a result of the USDA Risk Management Agency's changes. Irrigated T-yield increases ranged from 58 to 162 pounds per acre.

A complete table showing the individual county irrigated and dryland T-yields is available on the PCG website at <http://www.plainscotton.org/mj/2013TYieldUpdate.pdf>.

The other big news on the crop insurance front over the past few weeks was the announcement that USDA-RMA would institute revised premium calculation procedures for cotton and other crops in 2013. The 2013 premium rates will be calculated using the same procedures that were implemented for corn and soybean growers in 2012.

At this time it is unclear exactly how much the revised process will impact rates for Texas, and especially High Plains, growers. Information generated by USDA-RMA indicates an average increase of around 5 percent in Texas.

A majority of the changes that might be observed will be due to the combination of a slightly different time period that will be used to calculate the base premium rate and other adjustments designed to maintain a recognition of significant loss years and keep recent loss events in the proper perspective compared to historical weather patterns.

Another factor that will impact the final premium rate is the updating of county reference yields, which are compared against a grower's personal performance relative to the county experience. In large part these yields are increasing, which will reduce the amount of benefit a grower receives from having an individual production history above the county reference yield.

Groups Struggle with Truth in Effort to Kill Farm Bill

By Larry Combest
 NOTE: This column is reprinted with permission from Jim Wiesemeyer, Informa Economics.

Libertarian and environmental groups are urging the House of Representatives to oppose a five-year farm bill this fall, oppose inclusion of Direct Payments in an extension of current law, and advocate for a transparent farm bill process next year.

These groups are entitled to express their views, but they also owe Congress the truth. Regrettably, they are not telling the truth in claiming the farm

bill costs \$1 trillion. This figure is arrived at by adding in the cost of every law the farm bill amends even when the purpose of the amendment is to reform and cut, not reauthorize, and then by using a 10-year number to double the inflated cost. Only about 6 percent of the \$1 trillion number depends on a farm bill rewrite, a majority of which is to continue conservation initiatives.

What really matters in the debate over numbers is this: the Congressional Budget Office says the House farm bill would save taxpayers more than \$35 billion and the Senate bill would save north of \$23 billion.

The groups are also not shooting straight when claiming they support an extension of current law but only without Direct Payments so the farm bill can be written next year. They know if Direct Payments are eliminated so is the money to write a new farm bill, meaning there would be no farm bill next year or any other year.

Finally, the groups are not telling the truth when they say their aim is a transparent process next year. The farm bill has been transparent, having been debated for three years, through 46 hearings, two markups, and a Senate floor debate. The farm bill might also have been debated on the House floor but for these groups strongly urging the House not to take it up, undoubtedly concerned it might pass. Pushing for a transparent process next year when the groups rejected such a process this year is hypocrisy.

Although these groups do not care to tell Congress the truth, they have little difficulty trying to push lawmakers around. Some have threatened to negatively "score" a vote cast for a farm bill or even an extension unless the latter is gutted to make it impossible to write a bill next year. Thus, legislators are forced once again to choose between their constituents and these groups for this is hardly the first such ultimatum. Earlier this year, many of the same outfits opposed a transportation bill, stating it was a state rather than federal issue, although at least one also offers the view that the federal transportation system is bad for the environment.

When I represented West Texas in the House of Representatives, I earned a 100 percent voting record from the Americans for Tax Reform. I earned this rating because there is zero inconsistency between the principles of small government and low taxes and US farm policy. There is nothing conservative or patriotic about permitting other nations to use high and rising subsidies and tariffs to unfairly compete against an important sector of the American economy. Instead, I advocated a fiscally responsible farm policy that has allowed our producers to compete in distorted global markets and survive natural disasters. US farm policy has promoted a decade of growth, reduced trade deficits, created jobs, and seen the economy through two recessions at a federal commitment consistently below budget and standing today at a record low, equal to less than one-quarter of 1 percent of the federal budget.

So it strikes me odd that libertarian groups (for they are hardly conservative) have aimed their guns on a small corner of the federal budget (with an economically and fiscally successful record) in the context of a far larger debate involving \$4 trillion in tax and spending decisions affecting the economic course of the country. Failure to tackle these issues would result in tax increases, indiscriminate budget cuts, two million more jobless, recession, another downgrade in US credit-rating, and one more jolt to the confidence Americans and the world have in Washington. Yet, groups with monikers touting concern for taxpayers, prosperity, and growth are opposing a farm bill that would generate \$35 billion in budget savings in service to all three.

These groups' priorities are out of whack. Is it not common sense that taxpayer groups would want to focus on, well, taxes? Why are libertarian groups teamed up with extreme environmental groups in championing higher taxes, such as a carbon tax, and more government regulations? And why are these environmental groups, in turn, teaming up with corporate interests whose policies they claim to oppose? The cozy relationship between many who process food and those who make a living protesting how food is processed certainly raises credibility issues.

Have these groups gone berserk, are they beholden, or both? Either condition might explain the strange behavior, but neither would excuse the conduct. Truth can be inconvenient but it is seldom elusive. While making peace with truth, these groups should go another step and offer a little transparency of their own by disclosing when their donors have a financial stake in the outcome of legislation they seek to affect. For example, many of these groups are listed by a company with an interest in dismantling sugar and dairy policy as sharing in part of \$6.1 million in donations in 2011 alone. This is just a quick gaze at the company's giving list for that year. Perhaps a more extensive inquiry would turn up more. In any event, if financial interest rather than philosophy of government is what really lies behind all this, Congress and the public should know it.

Congress should pass the farm bill.
 Former Rep. Larry Combest, a Republican, represented much of West Texas in the US House of Representatives for nearly 20 years, including as Chairman of the Select Committee on Intelligence and the Committee on Agriculture. Combest is now a principal in Combest Sell & Associates, a government affairs office proudly advocating strong US farm policy for American farmers, ranchers, and rural concerns.

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