



## Southeast Wyoming farm owners ponder risk management strategy alternatives

By James Sedman and John Hewlett

The size, scope, and number of crop insurance policies under the Federal Crop Insurance Corporation program have grown considerably the last 10 years.

Crop and livestock producers have a vast array of policy options to choose from that may fit their risk management needs. Seeing how these can be applied in real life can be beneficial. This article focuses on the risk management strategy of Big Country Farms, a southeast Wyoming wheat farm.

### Producer Profile

Big Country Farms, operated by John and Jen Colpher, is predominantly a dryland wheat farm with some irrigated wheat and dryland sunflowers. The Colphers purchased the farm from John's father in 1960. The wheat is managed as a wheat-fallow rotation on 2,500 dryland acres (5,000 acres total) and 240 acres of sprinkler-irrigated wheat. The Colphers averaged 27 bushels per acre on the dryland wheat and 85 bushels per acre on their irrigated wheat over the past 10 years.

### Risk Management Concerns

Weather is the main risk management concern for the Colphers – mostly hail and drought. Their area has experienced severe drought

on and off for eight years, and it is beginning to affect groundwater available for irrigation.

The Colphers also have concerns about volatile commodity markets. Input price risk is a growing worry that has reduced their overall returns. The risks associated with large swings in wheat prices have made them anxious they may not have adequate protection with their current risk management strategy.

### Risk Management Options

The Colpher's past strategy has been to purchase multiple peril crop insurance (MPCI) policies to insure a certain yield level on all their crops. John believes this strategy leaves them carrying more risk than they are comfortable with, given increasing price risks.

They are considering several options to protect a minimum revenue level for the farm:

1. They could continue their present strategy of insuring with MPCI Yield Protection.
2. Utilize a new option for MPCI with Revenue Protection. Jen has heard neighbors discuss revenue insurance as an effective tool to guard against steep declines in either yield or price (or both). It also provides a basis for participation in the supplemental



revenue assistance payments program (SURE), a new USDA disaster assistance program. For more information on SURE, contact your local Farm Service Agency office.

3. Rent the irrigated farmland to a neighbor for \$90 per acre to supply additional cash flow to Big Country Farms.
4. Consider a more diverse crop mix. Options include peas, sunflowers, or possibly millet. Drawbacks to this include increased equipment outlays and fewer insurance options for the new crops.

### Strategy and Events

The Colphers settled on a strategy that includes MPCI Revenue

Protection. Their price guarantee was \$6.95 per bushel for wheat along with a yield guarantee of 85 percent of their actual production history yield for irrigated wheat (72.3 bushels per acre) and dryland wheat (22.9 bushels per acre). This strategy allows them to cover their production and price risks without renting land, changing their crop mix, or forcing them to make further equipment investments.

The next crop year brought two major events for Big Country Farms. The continued drought lowered wheat yields to 15 bushels per acre on dryland and 45 bushels per acre on the irrigated ground. In addition, the predicted collapse of the Black Sea wheat crop did not

materialize resulting in wheat prices falling from \$7 per bushel to \$4.50 in a matter of weeks during harvest. Their county also qualified for a drought declaration.

In our next article, we will examine how the Colpher's revised risk management strategy compares to their previous strategy.

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### To find out more

For information on individual crop insurance policies, visit the Western Risk Management Library online at [agecon.uwyo.edu/riskmgt](http://agecon.uwyo.edu/riskmgt) or contact a local crop insurance agent.

## Basin producer offers confection sunflower harvest tips

By Sandra Frost

Many farmers growing hybrid confectionery sunflowers in the Big Horn Basin say they've learned valuable growing and harvesting lessons.

More than 2,000 acres are contracted this year in the Basin.

"We have as good or better crop this year as I have seen," says Lyle Evelo, a Powell sunflower grower.

The harvest goal for confection sunflowers is 10-percent moisture content and large, high-quality seeds free of foreign matter. Sunflower heads are mature about 30 days after they have dropped their petals but are not ready for harvest until they have dried down.

Evelo has tips for late-season management of sunflowers.

- Sunflowers require less water after heads are full. On heavy soils, eight-hour sets for irrigation may be enough to finish the crop without causing lodging of the heavy heads.
- Light frost will not damage sunflowers; in fact, the crop needs a 19- to 25-degree frost to kill the stalk and force the plant to dry down.



- Clean combines well before harvesting sunflowers to avoid contamination. The most common injury to those who eat sunflowers is broken teeth.
- The fire hazard while combining confection sunflowers is lower than while combining oil sunflowers, but the gray dust on the seeds is still flammable. Have a fire extinguisher on the combine.
- Clean the engine compartment once a day if air temperatures are hot or once every two days if cool.
- Properly adjust the combine to reduce the amount of foreign material that will be trucked.
- Although the field may look as though all sunflowers are of a uniform height, many plants will be hanging low due to the weight

of the heads. Adjust the combine to capture these lower heads.

- Think ahead about delivery of the crop. Store enough harvested seed to fill a semi-truck. Inspect the truck bed for contamination before loading the crop.
- Seed may be stored in trucks or bins if already at 10-percent moisture content. If the moisture content is 15 percent, the seed can be dried further in a bin with a natural air circulating fan.

"Plan ahead for safety and efficient delivery of your crop," says Evelo.

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