



# Wheat Producers Advantage

South Dakota Wheat, Inc.

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## South Dakota Wheat Producers Visit Five Congressional Offices

The 2014 Farm Bill completely eliminated the Direct Payments Program and replaced it with PLC and ARC Agriculture Risk Coverage (ARC programs). ARC is fashioned after the Aggregate Revenue and Risk Management (ARRM) Program I introduced in late 2011. The ARC program is designed to provide assistance only when it is needed because it uses rolling averages of process and yields to cal-

culate payments. More than 90 percent of South Dakota farms are enrolled in ARC.

gressional members with the same message. Sharing our message with our South Dakota contingency is why SD Wheat, Inc. exists but please remember there are 50 states and the other 25 do not have wheat producers to share their thoughts. So with the help of NAWG staff we were able to visit with additional state offices.

Those included Representative Ralph Abraham of Louisiana who sits on the Agricultural Committee and who is also a large animal vet. He has actually grown (soft) wheat on his farm in the past and understood the dilemma wheat producer's face. We definitely have a friend for agriculture in Rep. Abraham and thoroughly enjoyed our visit with him!

We also met with Andrew Brandt of Senator Chuck Grassley's office (R-IA). They are also concerned with the farm bill but they have different ideas for the 2018 farm bill. This is exactly the reason we need to find common ground and work together before final decisions are made by our congressional leaders.



*Representative Kristie Noem, SDWI Julian Roseth, SDWI Chet Edinger, Caren Assman, Senator John Thune, SDWI Todd Mangin.*

So when we arrived on January 28th in Washington DC to be a voice for SD Wheat, Inc. members, we had a message to share. In addition to attending National Association of Wheat Growers (NAWG) meetings, we stopped to visit with our SD Congressional members Senator Thune, Senator Rounds and Representative Noem. Our message was simple, the Farm Bill will be renegotiated in 2018 and we support the following.

1. Continue using the current programs of ARC and PLC and us RMA date (where available) to make ARC work better.

2. We support and increase in the PLC price for wheat to be more reflective of the cost of production (final price to be determined).

3. Crop Insurance remains the backbone of our safety net and no cuts to the program will be supported.

All 25 members states of NAWG also talked to their Con-



*NAWG President David Schemm testifying in front of House Ag Sub-committee on 2018 Farm Bill.*

# Wheat Farmers Participate in USDA Export Promotion Programs

Agricultural export market development programs funded through the Farm Bill have contributed an average of \$8.2 billion per year, a total of more than \$309 billion, to farm export revenue between 1977 and 2014 according to a new study conducted by noted land grant university economists.

"In other words, these programs have accounted for 15 percent of all the revenue generated by exports for U.S. agriculture over that time. To me, such a positive result is just stunning," said Dr. Gary Williams, professor of agricultural economics and co-director of the Agribusiness, Food, and Consumer Economics Research Center at Texas A & M University, who led the study.

The study examined the effectiveness of USDA's Market Access Program (MAP) and the Foreign Market Development (FMD) program. They are part of a public-private partnership that provides competitive grants for export development and promotion activities to non-profit farm and ranch organizations that contribute funds from check-off programs and industry support. U.S. Wheat Associates (USW) represents U.S. wheat farmers in overseas markets and is a participant in the MAP and FMD programs. Private funding for USW's export market development activities comes from 19 state wheat commissions and qualifies USW to compete for program funds. For every \$1 wheat farmers contribute, they earn an additional \$2 in MAP and FMD funding. A recent, separate study showed that between 2010 and 2014, every \$1 wheat farmers invested in the program generated an additional \$149 in U.S. wheat exports and returned \$45 in net revenue back to farmers from the increased export demand.

The 2016 study measuring the general effectiveness of total MAP and FMD funding showed that average annual farm cash income was \$2.1 billion higher, and annual average farm asset value was \$1.1 billion higher over 2002 through 2014. The programs increased total average annual U.S. economic output by \$39.3 billion, GDP by \$16.9 billion and labor income by \$9.8 billion over the same time. The study results also showed that the economic lift created by these programs directly created 239,000 new jobs, including 90,000 farm sector jobs.

By testing what would happen if federal MAP and FMD funding were eliminated, the study showed that average annual agricultural export revenue would be lower by \$14.7 billion, with corresponding annual average declines in farm cash income of \$2.5 billion and significant drops in GDP and jobs. "I would say these are very successful economic development programs based on their impact to the farm and general U.S. economy," Dr. Williams concluded. The non-profit agricultural organizations that participate in MAP and FMD contributed about \$470 million dollars per year to the programs in 2014. That was more than 70 percent of total funding. The federal budget

for MAP has been fixed at \$200 million per year since 2006 and FMD's \$34.5 million annual budget has not changed since 2002. The Commodity Credit Corporation programs are administered by USDA's Foreign Agricultural Service (FAS), which is required to report to Congress periodically on program effectiveness.

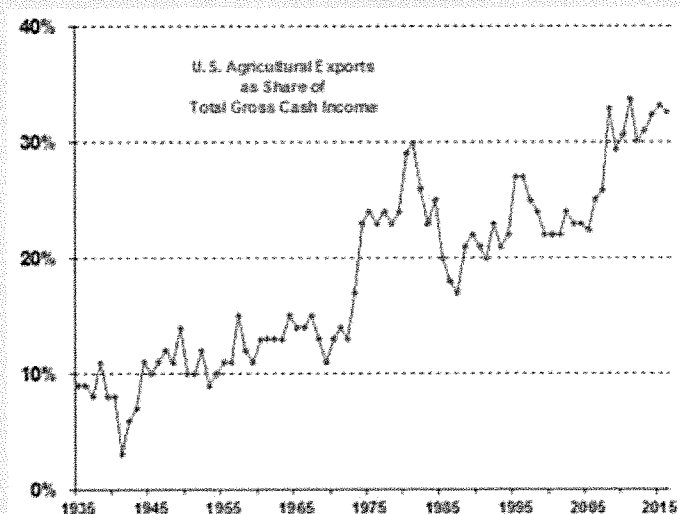
This is the third study of FAS export promotion programs since 2007 but the first to use an export demand analysis to measure their effectiveness. MAP and FMD participating organizations USW, USA Poultry & Egg Export Council and Pear Bureau Northwest sponsored the new study, which was funded by USDA FAS. Informa Economics IEG assembled data to support the study, recruited the team of five agricultural economists from Texas A & M, Oregon State University and Cornell University, interviewed dozens of MAP and FMD participants and reported on results.

The new study identified a return on investment from these programs between 1977 and 2014 of 28 to one, which Dr. Williams considers quite strong and is consistent with results from the two previous MAP and FMD cost-benefit studies.

"The average return on investment, or benefit to cost ratio, for 27 previous industry specific export promotion studies is just under 11 to one," Dr. Williams said. "So I was, frankly, quite surprised that the return was this high. The previous MAP and FMD studies showed returns of 25 to one in 2007 and 35 to one in 2010."

Informa's report concluded that no matter what type of analysis is used or what time period is considered, "the results of this study and previous studies all demonstrate the importance and effectiveness of market promotion funding on exports, the farm economy and the overall macro economy."

## U.S. Ag Exports Account for >33% of 2016 Farm Gross Income





## National Association of Wheat Growers **Update**

### NAWG Expresses Concern about President Trump's Budget Proposal

President Donald Trump issued his first budget proposal, covering Fiscal Year 2018, "America First: A Budget Blueprint to Make America Great Again." After reviewing the budget document, NAWG President David Schemm, a wheat grower from Sharon Springs, Kansas issued the following statement:

"While we're pleased that this budget outline doesn't include any cuts to crop insurance or Title 1 farm programs, we are very concerned about the impact that the deep discretionary cuts, particularly at USDA, will have on wheat farmers across the country," said Schemm. "Many of the proposals in the budget blueprint would have an outsized impact on rural America, particularly the possible cuts to agricultural research and to USDA county offices. Given the rough economic conditions and perpetual low prices, now is not the time to make such drastic cuts."

The budget blueprint, which is the President's recommendation to Congress about areas to prioritize funding, includes a reduction from the FY 2017 level of \$22.6 billion down to \$17.9 billion in discretionary spending, a 21 percent reduction, at the U.S. Department of Agriculture. NAWG is concerned about what these cuts could mean for wheat research, the functionality of farm programs resulting from cuts to NASS and USDA county offices, rural infrastructure programs, and anti-hunger programs like the McGovern-Dole International Food for Education Program. The blueprint also contains a 31 percent cut to the Environmental Protection Agency (EPA). While NAWG believes the EPA needs to be reined in, NAWG wants to ensure that the agency is funded at a level that allows for timely work on registration review of crop protection tools and evaluation of new products. Growers rely on EPA to evaluate the safety of crop protection tools and they need to do so in an efficient and effective manner.

"As the budget process gets underway, we will work with the House and Senate to ensure a common-sense approach to their proposals for FY18 Budget and Appropriations," said Schemm. "We will also work with the Trump Administration regarding support for important farm safety net programs to ensure they are not subject to mandatory spending cuts or limitations as additional budget details are released this spring. Let's also remember the \$23 billion in deficit reduction over 10 years that was generated by the 2014 Farm Bill. USDA programs generated budget savings and continue to do so, as shown by the recent Congressional Budget Office (CBO) estimate that the 2014 Farm Bill actually reduced spending by \$100 billion over ten years."

### Celebrate National Ag Week

Joining states across the country, Gov. Dennis Daugaard has proclaimed March 19-25 as National Ag Week in South Dakota. March 21 is National Ag Day. This year's theme is "Agriculture: Food for Life."

National Agriculture Day is a reminder of the impact agriculture has in South Dakota.

- Agriculture is South Dakota's No. 1 industry, with a \$25.6 billion annual economic impact
- Agriculture generates more than 30 percent of the state's economic activity
- Agriculture and its associated industries employ more than 115,000 (1 in 5) South Dakotans
- South Dakota is home to 31,000 farms with an average size of 1,397 acres
- Over 43 million acres in South Dakota are used for agricultural purposes
- 98 percent of farms and ranches in South Dakota are family owned and operated

Agriculture is a major contributor to South Dakota's economy, generating \$25.6 billion in annual economic activity and employing over 115,000 South Dakotans. The South Dakota Department of Agriculture's mission is to promote, protect and preserve this industry for today and tomorrow

*Wheat Producer Advantage*



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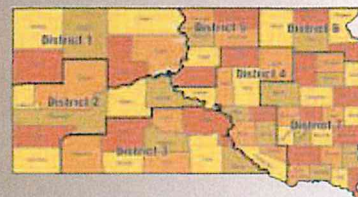
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## South Dakota Wheat & SDSU Combine Talents for 2017 Wheat Walks

SDSU Field and State Specialists will combine forces with South Dakota Wheat, Inc. in May to hold a series of 2017 Wheat Walks across South Dakota. The Wheat Walks will take place during the end of May at four locations to be determined. SDSU staff will provide information to producers and industry representatives on disease, weed and insect concerns as well as some general agronomy information. South Dakota Wheat, Inc., invites all wheat members and producers to the event and looks forward to providing snacks at each of the events. Watch for post-cards and location signs for exact dates and times.

SDSU plant breeders and specialists will be present at all tours. These tours give producers a chance to interact with SDSU's plant breeders and view current varieties, and varieties that may be released for production in the near future. The tours provide a valuable opportunity for producers to see how different varieties respond in their local climate or area.

A special thank you is extended to the producer cooperators and local crop improvement associations who make these trials and tours possible.

In late June and July, SDSU will showcase their Crop Performance Trials of winter and spring wheat, oats, field peas and biofuels at various locations in central South Dakota.

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## Crop Rotation in Farm Management

Crop rotation has long been considered an important farm practice. Benefits of good crop rotation are numerous including reduced soil erosion and improved soil water management, soil health, and fertility.

Crop rotation can also reduce pest issues and reliance on pesticides. Rotations also allow farmers to spread their workload and better utilize labor and machinery resources. The risk from weather related incidents can also be reduced with a good crop rotation.

There are a number of basic principles to consider when determining a crop rotation. One basic principle is crop water use. Crops such as sunflowers and corn are considered high water use and can draw soil water to very low levels at harvest. The success of crops planted after a high water use crop will be determined in part by weather and the amount of precipitation received, caught, and infiltrated between harvest of the high-water-use crop and seeding and/or moisture sensitive periods of the succeeding crop. In all cropping systems water use must match water availability. If the system is not sufficiently intense problems such as water logging, saline seep formation, nutrient loss, traffic ability problems, etc. are common. If the system is too intense, poor yields due to water stress or stand establishment problems are likely.

Another determining factor in crop rotation decisions are pests. Crop rotation has long been advocated as an excellent way to break the cycle of disease, insects and weeds. It is commonly accepted that yields of crops grown in rotations are 10% (or more) higher than yields of crops grown in a monoculture. This yield benefit is sometimes referred to as the rotation effect. The common thought is that this benefit is the result of a number of factors working together, among those, is a reduction in disease and other pest issues.

Crop rotations will be more successful if they include three or four crop types (cool-season grass, cool-season broadleaf, warm season grass and warm-season broadleaf). Also rotations that are not consistent in terms of either interval or sequence provide the best protection against shifts and bio-type resistance. In other words rotations such as wheat-canola or wheat-canola-wheat-pea are consistent in both interval and sequence. Wheat always occurs in alternate

years and always follows a cool-season broadleaf. Rotations such as spring wheat-winter wheat-pea-corn-millet-sunflower are not consistent in either interval or sequence. Rotations should have crop type to crop type intervals of a minimum of two years somewhere in the rotation.

There are a number of common plant diseases where recommended best control method is listed as crop rotation. In these circumstances crop rotation can lead to a healthier, more resilient crop by reducing and preventing the transmission of disease. However there are a few situations where the cycle of plant disease can be aggravated by crop rotation. The one that comes to mind is wheat after corn or sorghum. Corn or sorghum grown prior to wheat can result in an increased incidence of fusarium head blight (FHB) in wheat. FHB can be very detrimental to both yield and quality. This crop sequence can also lead to increased root and crown diseases in the wheat. Root and crown disease can be difficult to identify until late in the season. In any event there is no cure and, depending on the situation, these diseases can substantially reduce yields in wheat. Therefore it is not recommended to follow corn or sorghum with wheat in a crop rotation. Barley and oats present less of an issue but sequencing these crops behind corn or sorghum is not ideal. Large-seeded broad-leaf crops like peas, soybeans, sunflowers, etc. do well following warm-season grasses.

Planting too many low residue (low in carbon content;  
*(continued on page 6)*



protect

### PLANT VARIETY PROTECTION ACT

**S**eeds protected under the Plant Variety Protection Act (PVPA) may only be sold or advertised for seeding purposes by permission of the owner of the Certificate of Protection.

While the process for certification may differ slightly from state to state, the PVPA is a federal law and is uniform across all states.

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# NAWG President Schemm Discusses Farm Bill Issues Before House Panel

NAWG President David Schemm testified before the House Agriculture Subcommittee on General Farm Commodities and Risk Management about NAWG's Title 1 and crop insurance priorities heading into the next Farm Bill reauthorization process. The hearing is a part of a series of hearings being held by the House Agriculture Committee to hear from stakeholders about all components of the Farm Bill. Schemm was joined by representatives of several other commodity organizations.

"The recent low wheat prices have contributed to this year's winter wheat plantings decreasing to the lowest level since 1909, a time when farmers were working with a horse and plow," said Schemm, a wheat farmer from Sharon Springs, KS. "A strong safety net, risk management tools, conservation, and other important titles in the Farm Bill are needed now more than ever. As the House Agriculture Committee begins the reauthorization process, it's critically important that Congress understand the stress

that wheat farmers across the country are feeling as a result of low prices the past few years."

NAWG believes some tweaks can be made to programs to enable them to function more effectively. This could include the use of Risk Management Agency (RMA) data, where available, in determining Agriculture Risk Coverage (ARC) program yields as well as increasing the Price Loss Coverage (PLC) program reference price to a level that is more closely tied to cost of production. These changes would enable these programs to be more reactive to producer's needs. Additionally, the current structure of the crop insurance program has functioned well, to the point that it is widely viewed by our farmers as the most important risk management tool they have available to them.

"I appreciate the Subcommittee holding this hearing, and I look forward to working collaboratively with the Committee members to write a bill that meets the needs of wheat farmers across the country," said Schemm.

## Crop Rotation in Farm Management

*(continued from page 5)*

sunflowers, peas, soybeans) crops in a rotation and especially in sequence can leave fields susceptible to erosion from wind and/or water. It is important that we have corn and wheat (also consider oats and sorghum) relatively frequently in all our annual crop rotations as these provide good soil cover. These crops also leave residue that is high carbon content. Residues high in carbon are better at building soil organic matter.

Another important consideration for farmers in determining crop rotations is work load. Equipment and labor

can cover more acres with crops that are seeded, sprayed and harvested at different times throughout the growing season.

Overall crop rotation is known to be a beneficial management tool. However each farm will have to determine its own specific rotation dependent on soil, climate, equipment and human resources. For more information on crop rotation considerations for South Dakota refer to the *No-Till Guidelines for the Arid and Semi-Arid Prairies* publication from [Dakotalakes.com](http://Dakotalakes.com).

## **SOUTH DAKOTA – 2016 WHEAT VARIETY SURVEY**

**As of August 2, 2016**

### **WINTER WHEAT**

- 123,569 acres reported
- 1,070,000 acres harvested (estimate)
- 11.5% response
- 195 responses

### **SPRING WHEAT**

- 91,919 acres reported
- 950,000 acres harvested (estimate)
- 9.7% response

### **ALL WHEAT**

- 215,488 acres reported
- 2,020,000 acres harvested (estimate)
- 10.7% response

### **THE TOP REPORTED WINTER WHEAT VARIETIES PLANTED:**

- SY Wolf (AgriPro 2012) = 32.0%
- Ideal (SD 2011) = 16.1%
- Redfield (SD 2013) = 14.4%
- AP503 CL2 (AgriPro 2008) = 8.3%
- Overland (NE 2007) = 7.0%
- Lyman (SD 2008) = 6.5%

### **THE TOP REPORTED SPRING WHEAT VARIETIES PLANTED:**

- Prevail (SD 2013) = 24.9%
- Forefront (SD 2011) = 14.4%
- Advance (SD 2011) = 14.3%
- Select (SD 2009) = 8.2%
- Focus (SD 2015) = 5.7%
- Brick (SD 2008) = 5.5%



# WHAT COULD YOU DO WITH EXTRA DOLLARS PER ACRE?

2016 South Dakota Spring Wheat Variety Trial Results (SDSU Extension Data)

West River Spring Wheat Performance				
Variety	Yield	Test Wt.	Prot. %	Revenue/Acre*
<b>SY Valda</b>	<b>47.1</b>	<b>55.8</b>	<b>14.4</b>	<b>\$215.26</b>
Prevail	43.7	56.6	14.1	\$185.53
Surpass	43.3	54.7	14.2	\$191.15
Select	40.6	57.0	14.4	\$185.70
<b>SY Rustler</b>	<b>42.2</b>	<b>55.5</b>	<b>14.8</b>	<b>\$199.92</b>
Brick	40.3	57.8	14.5	\$184.22
Prosper	39.8	52.2	14.4	\$175.49
<b>SY Ingmar</b>	<b>38.4</b>	<b>56.1</b>	<b>15.8</b>	<b>\$212.69</b>
Forefront	32.7	57.3	14.7	\$154.87

East River Spring Wheat Performance				
Variety	Yield	Test Wt.	Prot. %	Revenue/Acre*
<b>SY Valda</b>	<b>66.3</b>	<b>56.8</b>	<b>14.7</b>	<b>\$313.76</b>
<b>SY Rustler</b>	<b>65.4</b>	<b>56.8</b>	<b>14.8</b>	<b>\$309.55</b>
Surpass	65.2	57.1	15.1	\$329.70
<b>SY Ingmar</b>	<b>64.8</b>	<b>57.6</b>	<b>15.1</b>	<b>\$329.70</b>
Prevail	63.9	58.1	14.5	\$292.15
Select	63.1	59.1	14.6	\$288.49
Advance	61.4	57.4	14.7	\$290.79
Focus	61.2	58.7	15.3	\$319.40
Brick	60.1	58.6	14.7	\$284.45

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\*Revenue is based on a cash price of \$4.25/bu and a 10 mill average Minnesota grain forward contract premium/schedule.

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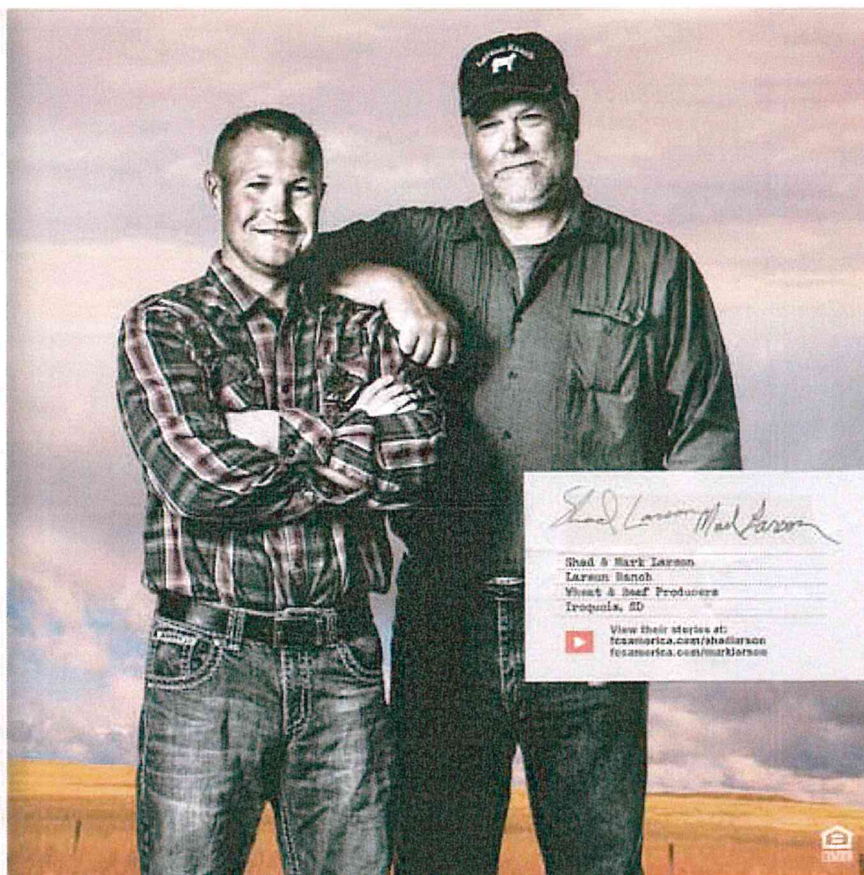
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# Final Legislative Update

## HOUSE BILLS

**HB 1038** — An Act to repeal the requirement for farm corporations to file farm annual reports with the secretary of State. This bill is a duplicate of information already being provided. HB 1038 was brought by the Sec. of State's Office for several reasons: *Signed by the Governor.*

**HB 1027** — Allow two-wheeled off-road vehicles that meet certain requirements to be registered and licensed. Adds "any off-road vehicle with two wheels and with a combustion engine having a piston or rotor displacement of one hundred twenty cubic centimeters or more" to be licensed. *Signed by the Governor.*

**HB 1124:** An Act to exempt a person with a commercial driver license from the requirement to have a hazardous materials endorsement on the license under certain conditions.

A person with a commercial driver license that has a Class A combination vehicle classification is not required to obtain a hazardous materials endorsement pursuant to this chapter if the person is: (1) Acting within the scope of the person's employment as an employee of a custom harvester operation; and (2) Operating a service vehicle that is transporting diesel fuel in quantity of one thousand gallons or less and that is clearly marked with a flammable or combustible placard. *Signed by the Governor.*

## SENATE BILLS

**SB 7** — An Act to revise the criteria for determining if property is classed as agricultural land for property tax purposes is determined as: It's principal use is devoted to the raising and harvesting of crops or timber or fruit trees, the rearing, feeding, and management of farm livestock, poultry, fish, or nursery stock, the production of bees and apiary products, or horticulture, all for intended profit. Agricultural real estate also includes woodland, wasteland, and pasture land, but only if the land is held and operated in conjunction with agricultural real estate as defined and it is under the same ownership. *Signed by the Governor.*

**SB 21** — An Act to revise certain provisions related to public grain warehouses and grain buyers. This bill changed public grain warehouse laws to no longer require licensees to provide capacity information, to exempt grain delivered on consignment that is intended for planting, and to reduce the burden on claimants who wish to file a claim against a warehouse that has had its license revoked. *Signed by the Governor.*

**SB 22** — Exempt certain unmanned aircraft systems from the requirement to be registered as aircraft. Provisions do not apply to any unmanned aircraft system that weighs less than fifty-five pounds. *Signed by the Governor.*

**SB 39** — An Act to allow owners to affix vehicle identification numbers on certain trailers. *Signed by the Governor.*

**SB 66** — An Act to specifically classify certain agricultural land as riparian buffer strips, to establish the criteria for the riparian buffer strip classification, and to provide for the taxation thereof. The riparian buffer strip shall be assessed at sixty percent of its agricultural income value. The bill lists criteria and eligible rivers, streams, or lakes. *Signed by the Governor.*

**SB 80** — Purpose: regulate the use of drones under certain conditions and to provide a penalty therefor. Any operation of a drone in the state shall comply with all applicable federal aviation administration requirements. Any drone operating under the authority of the Armed Forces of the United States, including the National Guard, is exempt from this Act. No person may operate a drone over the grounds of a prison, correctional facility, jail, juvenile detention facility, or any military facility unless expressly authorized by the administrator thereof. A violation of this section is a Class 1 misdemeanor. Any person who uses a drone to deliver contraband or controlled substances to a state prison or other correctional facility is guilty of a Class 6 felony in addition to the penalty for the principal offense. *Signed by the Governor.*

**SB 172** — An Act to authorize the South Dakota Building Authority to provide for the construction of and improvements to the State Animal Disease Research and Diagnostic Laboratory and infrastructure at South Dakota State University, to increase and establish certain agricultural fees, to transfer certain funds, to make an appropriation, and to declare an emergency.

The Legislature approved SB172, which contained the funding mechanism for the ADRDL in Brookings. The final package includes:

- Total project cost \$58.7 million
- \$8.6 million in one-time funds
- \$6 million from SDSU
- \$2.3 million from the Livestock Disease Emergency Fund
- \$0.3 million from the Animal Remedy Fund
- Bond \$50.1 million for 25 years at 4% interest
- Annual bond payments of \$3.35 million would be made by adjusting the amount of ag land property tax relief generated by the half-cent sales tax increase
- Total ag land tax relief was slated to be about \$5.5 million; the remaining \$2.2 million per year will be used for ag land property tax relief
- The school general fund levy for ag land for taxes payable in 2018 changed from \$1.568 to \$1.507 (about a four percent reduction). School tax levies for owner-occupied and commercial property decreased about nine percent.
- Annual operations funding of about \$800,000 per year will come from registration fees on pet food and animal remedies
- The "Ag Futures Fund" was eliminated



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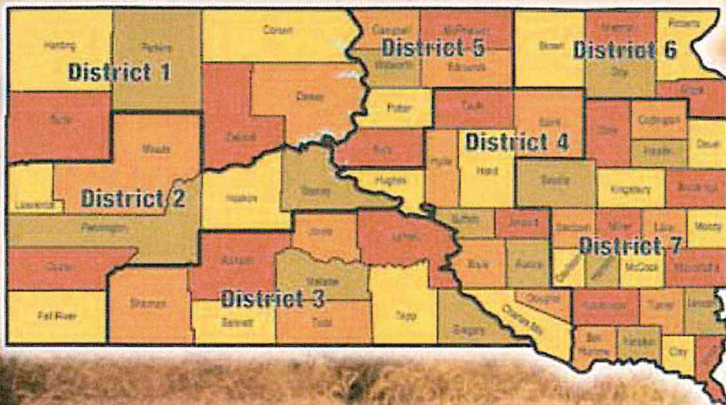
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# 2017 Wheat Yield Contest

Seven Districts will award two prizes each  
**1st – \$500 2nd – \$300**

*May 15, 2017, is the application  
deadline for spring and winter wheat.*



*Contact the SD Wheat, Inc. office  
for an application, rules page  
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1-605-224-4418 or [sdwheat.org](http://sdwheat.org)*

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