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Flexible cash farm leases

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comes such as food insecurity. Assessing the causal impacts of SNAP, however, is hampered by two key identification problems: endogenous selection into participation and extensive systematic underreporting of participation status. Using data from the National Health and Nutrition Examination Survey (NHANES), we extend partial identification bounding methods to account for these two identification problems in a single unifying framework. Specifically, we derive informative bounds on the average treatment effect of SNAP on child food insecurity, general poor health, obesity and anemia across a range of different assumptions used to address the selection and classification error problems. In particular, to address the selection problem we apply relatively weak nonparametric assumptions on the latent outcomes, selected treatments and observed covariates. To address the classification error problem, we formalize a new approach that uses auxiliary administrative data on the size of the SNAP caseload to restrict the magnitudes and patterns of SNAP reporting errors. Layering successively stronger assumptions, an objective of our analysis is to make transparent how the strength of the conclusions varies with the strength of the identifying assumptions. Under the weakest restrictions, there is substantial ambiguity: we cannot rule out the possibility that SNAP increases or decreases poor health. Under stronger but plausible assumptions used to address the selection and classification error problems, we find that commonly cited relationships between SNAP and poor health outcomes provide a misleading picture about the true impacts of the program. Our tightest bounds identify favorable impacts of SNAP on child health.

Published Version - http://www2.econ.iastate.edu/faculty/kreider/webpage/papers/downloads/JASA_KPGJ_online.pdf

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A decline in crop prices compared to recent years is expected this fall. Despite lower prices, many tenant operators could pay higher fixed cash rental rates in 2014 and beyond. Most landowners recognize the need to create a reasonable cash rental rate as tenant operators assume most production and crop risks.

Since 2010, Iowa cash rental rates have increased by nearly 47 percent. The statewide average cash rent in 2013 is estimated at $270 per acre, with even higher amounts for more productive farmland. However, much of the increase in cash rental rates was fueled by cash crop prices that averaged $5 to $7 per bushel for corn and $11 to $14 per bushel for soybeans over the past three years. The USDA midpoint cash price for the 2013 crop is currently forecast at $4.80 per bushel for corn and $10.75 per bushel for soybeans.

A 2010 survey of Iowa farmland owners indicated that 16 percent of cash rented farms use a flexible arrangement. Landowners who adopt a flexible cash farm lease typically receive a guaranteed base cash rent amount, in addition to a potential flex payment triggered by higher gross revenue (yield times price). The use of a flexible cash farm lease is likely fairer to both the landowner and tenant. However, the challenge is coming up with a base rent amount, maximum cash rent, and a way to determine a flexible payment that both parties understand and deem fair.

Determining yield and prices

Establishing a farm's actual yield (dry weight for corn adjusted to 15 percent) might require that lease arrangements reflect grain bin measurements, scale tickets, settlement sheets, yield monitor data, grain car scales, or other verifiable methods. To simplify, the yield information required should be

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the same as the Actual Production History (APH) provided annually for crop insurance purposes. A copy of a farm's actual proven yield for APH purposes should be provided to the landlord by Dec. 1 to calculate the farm's flexible cash rent.

Averaging a series of harvest delivery bids at a local co-op or elevator is worth consideration for establishing the crop price on a flex lease. Such a price overcomes the potential low harvest price bias, and can be designated for select months during the year. This is a price that tenants could receive should they decide to forward contract a portion of their crop for fall delivery. The average price for a flex lease payment could be the harvest delivery price at the local elevator, perhaps four times during the year: mid-January, mid-April, mid-July or mid-October. Specific days of the month, such as July 15, should be established. The lease should note that if the designated day falls on a weekend, the trading day closest to that date will be used.

If a larger number of pricing periods is desired, choose one day monthly to collect the harvest bids. If both parties prefer to reflect a longer period of monthly averages, consider January through October. To avoid having to record this price every month, have the local grain merchandiser print out this average price at the conclusion of harvest. Also request that the merchandiser sign and date the information so that both the tenant and landowner are comfortable with the data source.

Establishing flexible lease payments

The flexible lease triggers for both corn and soybeans needs to be in your rental agreement. If you're using the gross crop revenue from the farm, consider subtracting from this amount annually for each crop an estimate of total crop production costs including the base rent. These costs, once established in the lease, can adjust automatically each year. If the crop production costs appear to be too high or too low annually, then changes could be made to base rent, maximum rent, or how the base crop cost estimates are determined. For 2014, consider not triggering the flex payment until the gross crop revenue exceeds the base crop cost estimate for each crop. The following websites can provide additional information on flexible leases:

www.extension.iastate.edu/agdm/wholefarm/html/c2-21.html

www.extension.iastate.edu/polk/news/flexible-cash-farm-leases

Updates, continued from page 1

Internet Updates

The following information files and decision tool have been updated on www.extension.iastate.edu/agdm.

Getting Started in Farming: Part-time or Small Farms – C4-09 (5 pages)

Understanding Progressive Tax Rates – C5-212 (2 pages)

Cash Flow and Profitability are Not the Same – C5-213 (2 pages)

Current Profitability

The following tools have been updated on www.extension.iastate.edu/agdm/info/outlook.html.

Corn Profitability – A1-85

Soybean Profitability – A1-86

Iowa Cash Corn and Soybean Prices – A2-11

Season Average Price Calculator – A2-15

Ethanol Profitability – D1-10

Biodiesel Profitability – D1-15

Returns for Farrow-to-Finish – B1-30

Returns for Weaned Pigs – B1-33

Returns for Steer Calves – B1-35

Returns for Yearling Steers – B1-35

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