

Cutting Crop Input Costs: What Strategies Work?

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Financing the planting and harvesting of crops in the spring of 2010 is going to be an especially challenging proposition for many farms. It is not uncommon for some farms to be way behind or even just starting to pay off last year's crop input expenses. Some farms are going to have trouble getting crop loans from their banks or may not be able to obtain financing at all. To say the least, purchasing power is going to be short on many, many farms this spring.

If you are a farm that has limited capital for putting up crops this spring, where do you begin to cut back? There are some inputs that have a very high return on the investment and others that do not. The following are some common strategies for reducing input costs and their potential impact.

Strategy #1

Cut back on lime: Lime is usually one of the first things to go in a cropping program. This strategy can be good or bad. If you have been maintaining your pH at reasonable levels, you can probably get away with reducing lime purchases for a year or two. The key is to target the lime where it will give the most bang for the buck. If you are going to seed down fields to alfalfa and the pH is below 6.4, you shouldn't pass on the lime; either put it on or don't seed it. If the pH is between 6.4 and 6.7, it is a reasonable bet to go ahead and seed and then top-dress the lime in the fall or next year. If a potential corn field is below 5.9 pH, you probably shouldn't pass on the lime. Topdress at least one ton per acre after plowing and before you do your secondary tillage to raise the pH in the upper rooting zone. Enough of the limestone will react with the soil in the short term to pay back the cost the first year. When pH's are 5.8 or below and you can't afford lime, you should be questioning whether you should be farming that land at all. Your adviser can help you prioritize your lime applications to get the biggest bang for your buck.

Strategy #2

Cut back on fertilizer: Fertilizer prices have come down from last year, but there are a number of areas you can cut back on fertilizer with minimal or no loss to this year's crop. There are other areas where cutting back or eliminating fertilizer has a serious impact on yields. The common theme to all strategies is crediting your manure, utilizing your soil samples, and proper timing.

Hay: Nitrogen on grass is one of the best paybacks. You get a tremendous increase in yield and increased protein. The best return is an application before first cutting because the yield potential and the forage quality is the highest. You can cut potash on alfalfa before first cutting. Research trials have shown virtually no yield response to potash applied before first cutting regardless of the soil test level. If fields are low in potassium, fertilize after first cutting.

Seedings: Broadcasting manure for nutrients is at least as effective for seedings as broadcasting fertilizer. You can safely go without broadcasting fertilizer on fields with adequate manure without taking a hit in yield or stand establishment. If you are banding fertilizer on legume seedings you are more likely to get a response to fertilizer. Credit the manure and adjust the fertilizer rates accordingly.

Corn: Some farms are tempted to use no starter fertilizer on high fertility fields. This is probably not the best strategy as most trials show some response to nitrogen and/or phosphorus in the band regardless of fertility. The better strategy is to put some starter on all fields and adjust the rate and/or analysis according to the soil test phosphorus and manure applied. On most dairy farms there are many fields with very high phosphorus levels. Banding additional P on these fields *does not* increase yields. Put a low rate of nitrogen only starter on these fields. Set reasonable yield goals and only put on the amount of N & K

that this year's crop will respond to; this is not the year to build soil test K or shoot for 250 bu. corn if you have poor cash flow.

Soybeans: Soybeans are a very efficient scavenger of fertilizer. Manured fields will not require additional commercial fertilizer. High fertility fields without manure are also unlikely to respond to additional fertilizer. Consult your soil tests.

Strategy #3

Don't Plant any Seedings: New seedings really don't take a lot more cash input than planting corn, assuming your pH levels have been maintained. The biggest initial cost on seedings is their lower yield compared to corn silage and the amount of time to fit fields, pick rocks, etc. Short-term cash savings on not seeding fields are obtained when no hay ground is rotated to corn. The hay ground that would have gone to corn takes the place of the new seeding. You need to take a hard look at the hay stands that won't be rotated to make sure they are viable. Just because they did OK last year, a wet year, doesn't mean they will do that well this year if it is dry. You also lose by having less first year corn and more continuous corn because sod to corn should always yield more than continuous corn. Long term it really sets a farm back because they won't have the second year seeding the following year and they will ultimately have to play catch up on their rotations.

Strategy #4

Don't spend as much money on seed: Farmers should always be looking to get the best deal they can on seed. Some farms put a lot of thought into hybrid selection, some very little. Biggest savings in seed are most often obtained by planting older hybrids that are lower priced, purchasing corn without genetic traits (i.e. Roundup Ready Corn), or by purchasing "low marketing cost corn" from national companies. I've seen some excellent corn grown from "cheap" seed, and I've seen terrible corn from "cheap" seed. The best advice is to do your research and know what you are buying.

Strategy #5

Don't plant as many acres: Many are farming surplus ground that has never grown a profitable crop. *Get rid of it.* No one likes to give up control of ground, but sometimes it is necessary. I have seen farms go out of business farming land because "they might need it in the future." If it is profitable land that you want to keep but you can't afford to crop the right way, sublet it out to someone who can. Be open with the landowner; let them know what you are doing. You are less likely to lose the land that way vs. not paying the rent.