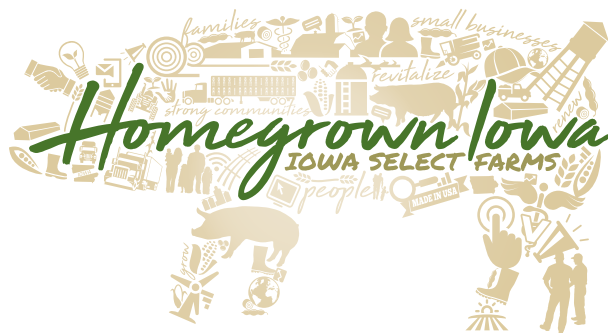


Behind Every Hog Barn is an Iowa Farmer



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"I've known Jeff (Hansen) for over 30 years, he's always been good to me and has helped me build barns and diversify my farming operation," said Kevin. "Farming is tough. Grain prices are not good for farmers, but Iowa Select Farms takes on the risk of the hogs which allows me, and now Chase, to keep farming."

— KEVIN ELLINGSON, CONTRACT GROWER, IOWA SELECT FARMS

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According to the most recent agricultural census, Iowa is home to 88,637 farms, 97.5 percent of which are family owned.

Unfortunately, many Iowa grain farmers are experiencing consecutive years of unprofitability and taking on more debt. The outlook remains grim, but, diversification to livestock farming provides a glimmer of hope for traditional row crop farmers.

"There could be a wave of financial issues still coming in the farm sector as we continue to see low prices and the erosion of the farm financial sheet," said Dave Stender, ISU Extension Swine Field Specialist.

Previous issues of *Homegrown Iowa* have discussed how livestock growth strengthens rural communities and adds value to corn and soybeans. We've also talked about the ways livestock manure restores soil health by adding organic matter, which results in reduced nutrient loss and soil erosion.

This time, let's focus on the *farmers*—the people and families behind the farms, and why, how and where they carefully choose to grow their livestock farms.



Trent Hatlen,
Rembrandt, Iowa

SUSTAINING FARM FAMILIES

Adding a hog barn can strengthen the profitability of a farming business, provide an opportunity for row crop farmers to diversify and allow farm families the chance to welcome a son or daughter into the farm. Handing the reins of the farm off to the next generation is deeply rooted in the fabric of rural Iowa, but if the balance sheet isn't positive, bankers are less willing to keep financing the operation, and the family farm could be in trouble.

"One of the toughest things Iowa farmers have to manage is how they grow and become profitable enough to support the next generation," said Stender. "They have to figure out if the total farm income can support their children, and then their spouses and families. Land availability and the price of land, especially in Iowa, can really dampen their dreams."

According to Stender, the early considerations that drive decisions around any agricultural investment—whether it be more land, a new combine or the addition or growth of livestock—is the age of the family members, the risk, and the current and future debt load.

"Farmers have many decisions they have to heavily weigh," said Stender.



KEVIN ELLINGSON HAS BEEN A CONTRACT GROWER FOR IOWA SELECT FARMS FOR 17 YEARS. Now he and his son, Chase, oversee both the hogs and a row crop operation on their farm located outside of Iowa Falls. "It keeps getting tougher and tougher for young people to get into farming, so I am glad Chase is starting to take over what I have built over the years and is making a go of it," said Kevin.

Kevin and Chase have, quite literally, built a remarkable operation. Their neighbors, truck drivers and members of the community notice how well kept Kevin and Chase's farm is. They also appreciate the American flag flying proudly at the entrance of the site. "Kevin and Chase can be found working all hours of the day and night, helping load crews move chutes in the middle of the night and up early to clear snow for the feed trucks," said Shannon Loyd, a finishing supervisor for Iowa Select Farms. "They go above and beyond to help others out and have a lot of pride in their farm."

Chase, 25, is Kevin's right hand man. "He learns quickly and is naturally good at most everything he does," said Kevin. "He runs the trucking and has the grain operations down—planting, combining and hauling corn, and is getting more involved in the hogs to where I can step away and know everything will be taken care of."

"I've known Jeff (Hansen) for over 30 years, he's always been good to me and has helped me build barns and diversify my farming operation," said Kevin. "Farming is tough. Grain prices are not good for farmers, but Iowa Select Farms takes on the risk of the hogs which allows me, and now Chase, to keep farming."

The most recent ISU Land Value Survey indicated the average statewide value of an acre of farmland is \$7,326. This represents an increase of two percent, or \$143 per acre, from the 2016 estimate.

As farmers look at ways to bring stability to their business and increase income, livestock—specifically finishing hogs—provide a good opportunity, especially for the benefit swine manure has on their row crop operation. Switching from commercial fertilizer to organic livestock fertilizer costs less for the farmers and provides higher yields because it has micronutrients that improve the health of the soil.

Trent Hatlen, a crop farmer from Rembrandt, Iowa, made the decision to build a hog barn last year. This wasn't his first introduction to livestock, though. Trent's parents started a farrow-to-finish farm in the 1970s. In 1997, he bought their sow herd and sold them weaned pigs. "Then came 2006," said Hatlen, "the markets weren't good and my buildings needed major repair. We closed down the operation." He continued custom feeding hogs until 2014, then transitioned back to just row crops. "It was tough making ends meet during those years without livestock," said Hatlen.

While at a farm show, Trent struck up a conversation with an ag lender, who asked if he had ever looked into a contract grower arrangement. "Since that initial discussion, things have just fallen into place," he said. "It's a huge investment, but this is giving me a chance to diversify and is a great opportunity. I couldn't be more excited to get back into livestock farming."

Hatlen said the contract grower arrangement will give him a steady income while he pays off the 12-year note. An added bonus is that the ground he farms will get better with the manure. "Livestock is a lifesaver for me and my family."

Trent is a single parent to his daughter, Adrian, who is a sophomore in high school. His future barn—Adrian Finisher—is named after her. "Adrian wants to be a teacher, but she also loves to farm," said Trent. "I want her to go to college, but I also want to make sure she has a future in farming if she wants it."

FARMERS WORKING TOGETHER

According to Darrell Hunt, when farmers look to grow, one size does not fit all. Hunt works for both Iowa Select Farms and a livestock building company, and is typically one of the first people a farmer calls when he or she is looking to diversify.

"I work with farmers who are building barns independently, looking for contract grower opportunities or opting to benefit only from the fertility by entering into a manure easement with another farmer," said Hunt. "What most people don't realize is how much more Iowa farmers are working together."

Hunt is referring to the different roles and responsibilities that make up today's livestock farming. "Oftentimes there are 8-10 farmers involved in just one farm," said Hunt, referring to the landowner, the neighboring crop farmer, the barn owner, the barn's manager, the production company's supervisor and the manure applicator, just to name a few.



TRENT HATLEN, A FARMER FROM REMBRANDT, IOWA, is adding a 4,800 head finisher to his row crop operation. Trent will soon be a contract grower for Iowa Select Farms and own the barn, take care of the hogs and utilize the manure on his cropland.



THE MCKEE FAMILY—BRIDGET, DYLAN AND JOE—provide the daily care and management at several finishing farms in Mitchell county. The family has been with Iowa Select Farms for 24 years, and the income they earn as contracted farm managers supports their three families.



CLINT DOHLMAN IS A CONTRACTED SITE MANAGER FOR IOWA SELECT FARMS. This provides the primary income for his family, and the flexibility allows him to coach wrestling, football and track at Aplington-Parkersburg high school.

FARMERS HAVE OPTIONS

Farming, in general, is oftentimes faced with market volatility, especially livestock farmers. Production contracts remove the risk in the marketplace, while also giving farmers, like Hatlen, a steady income to sustain their family. Hunt also says a farmer may be willing to foot the investment of the barn, but may not have the labor or land, so he may hire a neighbor to do the daily chores and contract with another neighbor on the manure.

Some grain farmers don't want the day-to-day responsibilities of livestock, but want to restore soil health and fertilize with manure. This brings on even more farming partnerships and opportunities for young people to be involved in agriculture.

On the flipside, Hunt says there are also grain farmers who benefit from the manure and contract manage the hog barn for the steady income. This option leaves the ownership of the barn to another farmer who invests in and owns the building.

"It depends on hundreds of factors," explained Hunt. "Available capital, land availability, labor, and how involved they want to be with animal care, feed logistics, marketing, building maintenance, manure application, trucking, loading/unloading and recordkeeping."

The takeaway is that many farmers are involved and working hard to provide for their families and make a living in rural Iowa.



CAREFUL PLANNING AND CONSIDERATIONS FOR GROWTH

According to Hunt, four out of ten farmers hoping for a barn won't be able to move forward because of a significant roadblock that comes up in the planning phase. Hunt notes that Iowa farmers take the regulatory requirements and neighbor relations very seriously when looking at options or future growth plans for their farm.

"Iowa's stair-step approach to increasing separation distances and regulatory requirements as farms get larger can restrict original desires or plans," said Hunt. Many plans are scrapped altogether because of the inability to meet the requirements.

"Those are tough conversations to have, because it's someone's dream," said Hunt. "Not having the opportunity to grow livestock can oftentimes determine the fate of a family's farm."

Nevertheless, the farmers who are able to move forward have put a tremendous amount of time in the decision to grow, and then the planning.



**4 OUT OF 10
FARMERS
HOPING FOR
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ABLE TO MOVE
FORWARD**

MAJOR FACTORS INFLUENCING BARN LOCATION

1.

AVAILABLE CROPLAND

Farmers begin by determining what sections of cropland are available to build the barn and apply the manure. The rough math is if the farmer wants to build a 2,400 head finisher, he or she needs 160 available acres for the manure easement if planning a corn/corn rotation, and 320 available acres for the manure easement if planning a corn/soybean rotation.

2.

FAVORABLE SOIL TYPE

Soil type is a big factor, and having the farm in or near a floodplain, on karst or alluvial soil can be problematic. According to the Iowa Department of Natural Resources, 63 percent of Iowa's soil is in row crop production and the majority of that soil is well suited to receive organic fertilizer. "But there are agricultural areas of Iowa that don't have a favorable soil type, and that means they have to look at other avenues to help their farm grow," said Stender.

3.

FIELD-SPECIFIC NUTRIENT MANAGEMENT PLAN

The most important question of the whole equation is—*can the farmer match the nutrient needs of the land with the nutrients produced on the farm?* Farmers conduct soil tests to determine which fields will most effectively utilize phosphorus (P) and potassium (K). Soils with low testing P and K respond very favorably with higher yields as a result of manure application.

4.

SEPARATION DISTANCES

Separation distances are also a significant factor when it comes to barn location, according to Kent Mowrer, senior field coordinator with the Coalition to Support Iowa's Farmers (CSIF), a non-profit group that helps farmers navigate the maze of state and federal regulations.

State regulations require the barn to be a specific number of feet from water sources, wells, drainage well intakes, wetlands, neighbors, businesses, public use areas and cemeteries. At this point, farmers typically turn to a nutrient management planning firm to take on the manure management planning and completion of the matrix.

"Larger livestock farms are more regulated than smaller livestock farms, but all livestock farmers must adhere to regulations, including set-back distances and water-protection rules," said Mowrer. "A lot of times when the mapping is plotted out and measured there isn't enough space to get the barn(s) far enough away from the neighbors, waterways or public use areas, so the farmer has to find other options."

5.

NEIGHBOR RELATIONS

Going hand in hand with separation distances is the consideration of the neighbors. Many farmers exceed the separation distances to be extra mindful of rural residents, and oftentimes include additional odor mitigation strategies such as tree planting, windbreaks and other barriers.

BEHIND EVERY BARN IS AN ECONOMIC BENEFIT

According to Dr. Dermot Hayes, Iowa State University Economist, one 4,800 head finishing farm generates \$403,200 in total economic impact.

Hayes says when rural counties experience an increase in livestock production, they typically see an overall increase in county income. In fact, an ISU study (Monchuk, et al 2007, 2011), showed that rural counties that do not experience growth in livestock receipts typically suffer a loss of \$17 million in county income.

6. MANURE MANAGEMENT PLANNING, RECORDKEEPING AND CERTIFICATION

"Hog farmers have to follow stringent rules when it comes to siting a barn, and have additional regulations to abide by when it comes to nutrient planning, recordkeeping, certification and documentation," said Hunt.

Most fields utilizing pig manure for fertilizer are required by law to have a field-specific manure management plan. Manure management plans request farmers to precisely identify when manure will be applied, where it will be applied and at what rate. This regulation on Iowa's pig farmers ensures the crop farmers who utilize the nutrients have a field-specific plan based on the data provided in both manure samples and soil samples.

7. WATER, ELECTRICITY AND HEAT

Ventilation, fresh water, heat, daily feed and alarm systems are essential for livestock care, and all need power to run. Farmers must work with rural water associations or foot the cost of private wells to access water, while also collaborating with local electric cooperatives, natural gas and propane dealers to determine energy options.

8. ROADS AND TRAFFIC PATTERNS

Farmers also take an assessment of roads, traffic patterns and how they will access the barn. They consider the distance from the barn to the fields that will be receiving the manure. "It takes truck traffic for deliveries of feed and movements of pigs to and from the farm, and farmers need to be sure semi-trucks can make large turns and be safe pulling in and out of the farm," said Hunt.

FARMERS SUCH AS TRENT CREATE FIELD-SPECIFIC NUTRIENT MANAGEMENT PLANS, MATCHING THE NUTRIENT NEEDS OF THEIR SOIL WITH THE NUTRIENTS IN THE MANURE.





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Huxley, Iowa*



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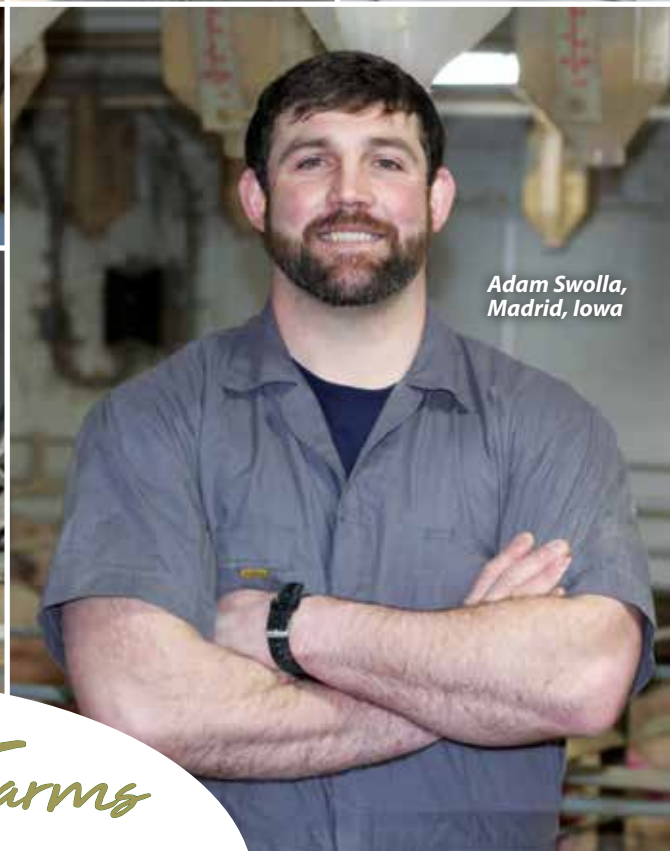
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