



Farm Business Association

Larry McAlexander, head of the non-profit Southwest Iowa Farm Business Association, spoke at the Treynor Optimist Club on August 31. He said that farm business associations started in the 1930s as part of the Extension Service. Shortly after that they had to get their own funding. The Southwest Iowa association started in 1964.

Originally these business associations helped farmers with everything. Now farming is so specialized that they need to focus more. In 2004 the Southwest Iowa association focused to the financial side of farming. They have developed a computer program to help with tracking finances. It uses single book entries and has over 10,000 users. It also is used to provide Iowa State University with raw data (without farmer names and private information) for their farming analysis and

reporting.

Larry said that marketing is not important in a farmer's success. The main indicators of success are:

- Yield
- Dollars generated for each dollar spent
- Interest paid
- Family living expenses and out of pocket costs

For example, a farmer that spends a lot of money for his private living expenses is less likely to be successful.

Farming has been very profitable the last few years, but farm costs have also increased. In 2008 it cost an average of \$505 to plant and harvest an acre of corn. In 2012 it cost \$705. Including equipment costs, the cost was \$636 in 2008 and \$910 in 2012. Seed costs alone were \$68 in 2008 and \$106 in 2012.

The highest costs in farming are rent, fertilizer, and seed. Fertilizer and seed costs go up or down as profits go up or down. Rent prices rarely go down. In Pottawattamie County, cash rents for 70-80% of farms is \$250-\$325. They range from \$175 to \$450. With those prices, land is too expensive to make money from. Therefore, most land now is bought by other farmers who pay 50% to 75% cash for the purchase.

Farming has been lucrative from 2008 to 2012. The average income now is \$1.65 for every \$1.00 spent. Most years it is \$1.08 for every \$1.00 spent. In the 1980s farming was a losing business, with \$0.96 taken in for every \$1.00 spent, a loss of 4 cents.