The University of Missouri System has completed its study and overhaul of job titles, leading to salary increases for some employees and a sharp drop in the number of titles at its campuses.

All campuses had implemented the new, condensed titles as of April. The system lumped together like positions under a more generic title, though many staff members can and have continued to use their old titles in some capacities.

The University of Missouri’s Columbia campus cut its number of titles by more than half between consolidation and elimination of those titles that had been inactive, usually because they were created for a person who is no longer at the university.

The change gave administrators their first comprehensive look at salary titles since 1972, said Karen Touzeau, associate vice chancellor for human resources at MU.

Systemwide, the new program, called the Global Grading System, was implemented a few years ago. Global Grading System is a software tool that determines the relative value of jobs in an organization and provides a foundation for determining promotions and raises. For MU, it has been several years in the making because the Columbia campus has more staff than any other campus.

The second phase of the title and salary study was applying a pay grade structure on top of the new title structure. At MU, that meant consolidating 1,095 salary ranges into 19 new ranges. The new system provides consistency among people with similar positions, Touzeau said. About 440 staff members at MU received pay increases in the fall because their salaries didn’t fall within their new range, Touzeau said.

The 612 employees who were making more than their range will still be able to receive one-time lump sum awards for merit, but those awards cannot bump up their base pay.

“These are people’s jobs,” Touzeau said. “We wanted to be respectful and transparent and make sure that staff compensation was included in discussions, like we talk about improving faculty pay, as we move forward.”
Human resources staff will revisit the salary ranges every two years to make sure the university remains competitive in pay, Touzeau said.

The effect of the change on MU’s colleges varied. For the College of Veterinary Medicine, 173 staff members had their positions and salaries reviewed. The cost for bumping those salaries up to meet their new ranges totaled about $21,500, college spokeswoman Tracey Berry said. She said $8,094 of that total was given from the university, and the college was responsible for making up the difference.

Systemwide, about 5,000 titles and 1,100 pay ranges were consolidated to just more than 700 titles and 19 ranges.

Maintenance employees, some of which hold union positions, will be addressed next year, Touzeau said.

Becky Stafford, MU Staff Advisory Council chair, declined to comment on the change.

Demolition of some of the buildings at the University Village apartment complex began Wednesday morning.

Since then, four of the 11 buildings set to be demolished have been torn down by the contractor, Marschel Wrecking of Fenton, said University of Missouri spokeswoman Jesslyn Chew.

She said the contractor is continuing asbestos abatement at the other buildings. The contract requires demolition to be completed by the end of November.
The complex, which offered housing mostly for graduate students, is being torn down after Lt. Bruce Britt, a 23-year veteran of the Columbia Fire Department, died there Feb. 22 as he tried to rescue residents trapped by a walkway collapse.

His wife, Leigh Britt, filed a wrongful-death lawsuit against the UM Board of Curators in March after an investigation revealed that structural deterioration of the concrete and steel supporting the walkway led to the collapse. The case is still working its way through a Boone County court.

A 2008 university report had recommended demolishing the apartments.

Three of the buildings are not being torn down because they recently underwent a complete renovation. Those buildings will be used for storage.

Mizzou dismisses Jones from basketball team

By Dave Matter dmatter@post-dispatch.com 314-340-8508

COLUMBIA, Mo. • Missouri basketball coach Kim Anderson has dismissed forward Torren Jones from the team for violating undisclosed team rules, MU announced Friday.

Jones, 19, appeared in 30 games off the bench last season as a freshman, averaging 2.1 points and 2.3 rebounds.

“We have high standards at the University of Missouri and after consulting with (athletics director) Mike Alden, I have made the decision to dismiss Torren Jones from our program,” Anderson said in a prepared statement. “I am disappointed in Torren’s actions and want to be very clear about the culture of accountability we are building within our program. It’s a privilege to wear the University of Missouri uniform and we will represent our University and our state with great integrity.”

Reached by phone, Jones declined comment on the situation.

Jones, a native of Chandler, Ariz., was expected to be a major contributor for a Mizzou frontcourt that also returns senior Keanau Post, junior Ryan Rosburg and sophomore Johnathan Williams III.

"Torren is the X-factor," Anderson said of Jones in June. "He’s an energy guy. He plays hard. He’s just got to keep improving his skills, which I think he is already and he will if he keeps continuing to have the enthusiasm for the game that he’s showing me in the beginning part."
Jones led Mizzou in rebounds per minute last season, averaging 11.4 per 40 minutes. He grabbed a season-high 11 rebounds in a road win at Auburn and notched his season-high scoring mark with eight points against Tennessee and Mississippi State.

Jones’ dismissal is the latest roster shakeup for a program that’s been in flux for months. Senior forward Tony Criswell was kicked off the team late last season after a series of off-court incidents. In April, following the Tigers’ elimination from the National Invitation Tournament, sophomore forward Zach Price was dismissed after he was arrested twice for assaulting teammate Earnest Ross and a female. (In June, Price pleaded guilty to three reduced misdemeanor charges and was sentenced to two years probation.) Shortly after leading scorers Jabari Brown and Jordan Clarkson left school a year early to enter the NBA draft, head coach Frank Haith was the next to leave, accepting the head coaching job at Tulsa. Shane Rector, a backup point guard as a freshman last season, left the team not long after Anderson was hired.

Only four players who logged minutes for Mizzou last season will be on Anderson’s first team: Post, Rosburg, Williams and Clark. Rosburg, Clark and Williams are the only high school recruits left among the eight that Haith signed in 2012 and 2013.

Anderson has since fortified the roster with six additions, though all but one of the newcomers, 6-8 freshman forward Jakeenan Gant, play in the backcourt or on the wing.

University plans second year of 'Show Me Value Tour'
The first year of tour, which cost more than $18,000, was deemed a success.

By ASHLEY JOST
Friday, August 8, 2014 at 11:00 am

The first year of University of Missouri System President Tim Wolfe’s “Show Me Value Tour” cost just more than $18,000, mostly for chartered flights to fly Wolfe and staff around the state to promote higher education, and staff members are scheduling visits for the second year of the tour.
As part of his tour, this past school year Wolfe and staff members traveled to 13 middle schools across the state touting the importance of higher education to eighth-graders.

John Fougere, chief communications officer for the UM System, said the first year was a success and staff members are working on at least three trips for the fall semester. The plan is to expand the tour over time and even to start sending chancellors from the four campuses to deliver the same messages to even more students.

While in cities to visit schools, Wolfe also meets with local businesses to discuss what skills they expect from their future employees, and he meets with editorial boards at various newspapers to help spread his message.

So far, the university has reached about 5,000 students, 11 businesses and 13 editorial boards.

“Boosting the state’s economy is a united effort, and we believe we are part of that effort,” Fougere said. “It’s very difficult to do that from a desk in Columbia.”

The cost for the first year was $18,360. Of that, $7,654 was provided by the Office of University Relations, said Kelly Peery, senior marketing and communications coordinator. Wolfe’s office covered all of his travel costs, rounding out to $1,602.

Most of the cost, $9,104, which included the chartered flights, was paid for by organizations outside and inside the university that supported the message, including Missouri 100, which advises and assists Wolfe in “promoting the critical role of the University of Missouri System in our state’s future and its reputation around the world,” according to its website.

School administrators say it’s a worthwhile investment for the university.

Bob Case, principal at Poplar Bluff Junior High School, said his 400 eighth-graders were attentive and asked pointed questions after hearing Wolfe’s presentation. Attorney General Chris Koster also spoke to the students that day. The Poplar Bluff tour stop May 8 was the final stop of the first year of the tour.

Kevin Pitts, principal of Maryville Middle School, said his students were “very receptive” to the message. John Jasinski, president of Northwest Missouri State University, joined Wolfe on that tour stop.

“The kids all know who Dr. J is, so it’s always nice to have him, but to see the two presidents speaking together was really special,” Pitts said. “It’s not about this university or that university, but taking care of business and setting your goals high.”

The tour stops for the fall semester will be announced in a few weeks.
New Missouri Innovation Center president makes variety of business models a priority

By ALICIA STICE

Saturday, August 9, 2014 at 12:00 am

Bill Turpin likes to think of himself as a mentor.

Hired last month as the Missouri Innovation Center’s new president and CEO, he wants to help businesses grow and learn from his successes and failures as a serial tech entrepreneur. The Missouri Innovation Center manages the Life Science Business Incubator at Monsanto Place.

Turpin started in late June and said one of his primary goals is to help the center attract a wider variety of businesses.

“We currently have 20 companies in the incubator, and they’re primarily life sciences,” he said. “And so we’re going to broaden that to include software. That would include new media, ... which is more my background.”

Turpin said these types of businesses have a wide range of scope and size. It could be something as small as a group of undergraduate students with an idea for a cellphone application, or something bigger, such as a new type of online media.

The University of Missouri School of Journalism has expressed interest in creating new media sites. Turpin cited Newsy as an example of a successful new media company out of Columbia. Although it did not use the innovation center, Turpin said he would like to attract companies like Newsy as he moves forward.

As he works to bring in a more diverse group of businesses to the innovation center, Turpin sees a chance to grow its partnership with Regional Economic Development Inc., which has its own business incubator downtown. Turpin and REDI President Mike Brooks have met several times and talked about the two organization’s partnerships.

“Since he doesn’t have lab space, we do, he could refer things this way,” Turpin said. “As we have companies graduate out of here and need to get commercial space in the city or in the area, that’s one of his specialties.”
Brooks sees the innovation center as a more involved incubator than the one REDI operates. He does not see the two as having competing or overlapping missions. Instead, he views them as complementary.

“The opportunity for us is to analyze and understand what our assets are as we move forward,” Brooks said. “Bill brings a unique set of assets that will be extremely valuable in building our entrepreneurial community.”

In addition to the space innovation center businesses rent, they also receive guidance and help attracting investors for their businesses. Turpin hopes to put innovation center businesses in touch with investors he worked with during his decades as an entrepreneur in California.

Apart from these connections, Turpin thinks some of the most important things he brings to his role as a mentor for young businesses are his stories of starting his own businesses. He started his first company in 1988 and has worked on technology and Internet services.

“A lot of what you learn by doing startups is what not to do and who not to believe and all those kinds of things,” he said.

One of his biggest learning experiences came from his stint running Themestream, which featured user-generated content in personalized newsletters. He decided to pay the people writing the posts on a per-page basis, even before the company had secured the ad revenue to pay for it. The idea was to get momentum going for the service. But in 2001, the dot-com bubble burst, and he was forced to shut down the business and lay off all 50 employees.

“Telling stories is going to be one of the main ways I can communicate with my companies, my students, entrepreneurs,” he said. “There is a lesson behind these stories.”

ST. LOUIS POST-DISPATCH

Ameren still interested in nuclear, despite natural gas's ascendance

August 10, 2014 12:00 am • By Jacob Barker jbarker@post-dispatch.com 314-340-8291

Past the razor wire and security checkpoints that guard Missouri’s first and only nuclear power plant, there’s an empty gravel lot where a second reactor was to have been built.
Union Electric — the utility now known as Ameren Missouri — envisioned an $839 million, two-reactor facility when it began work in Callaway County in the 1970s. Rising costs and more conservative electricity demands prompted the utility to scale back the project. When it finally went online in 1984, the single reactor ended up costing $2.85 billion.

Even after that experience, which led to the largest electric rate increase in state history, Ameren never quite gave up on a second reactor. It spent recent years trying to pave the way for another reactor via a financing rule from the state legislature and, more recently, a grant from the U.S. Department of Energy.

But those efforts have stalled, and new energy economics have forced the utility to reevaluate its future needs. Stagnant demand growth means the utility isn’t even sure it will have to replace capacity from its Meramec coal plant in south St. Louis County, which it announced last month it would retire by 2022.

On a tour of the nuclear power plant last month, Warren Wood, Ameren vice president of external communications, indicated the utility was viewing future energy needs through the same lens as most power producers these days.

“It’s not our next immediate resource,” Wood said of nuclear generation. “Natural gas is next in the queue.”

Its most recent attempt to build a nuclear plant was a 2012 application in partnership with nuclear engineering firm Westinghouse. The partners applied for a federal grant to jumpstart the development of small nuclear plants that provide about 20 percent of the energy a conventional reactor does. That drew political support from Gov. Jay Nixon, the state’s Congressional delegation, the University of Missouri System and local governments eager for the jobs they hoped the project would bring.

Beyond new power, politicians and Ameren pushed the prospect of a new state industry in the design and manufacture of the supposedly assembly-line-ready new nuclear technology. But the DOE twice passed Ameren and Westinghouse over, and the utility said in December it was “stepping back and considering our alternatives.”

But as Ameren looks beyond the life of the coal-burning power plants that supply most of the region’s electricity, the utility still holds out the hope that a second reactor — albeit a smaller one — might one day fill some more of the 8,000 acres of land it owns in Mid-Missouri.

In the utility’s upcoming resource plan, set to be released this fall, Wood said Ameren will stay upbeat on the carbon-free fuel.

“You’re going to see nuclear faring well,” he said. “Putting all your chips in gas is a risk.”

‘IT’S A MATTER OF WHEN’
The renaissance in carbon-free nuclear energy hoped for a decade ago hasn’t materialized despite increasing concern about climate change and air pollution. Eight permit applications, including one from Ameren Missouri, submitted to the Nuclear Regulatory Commission over the last decade have been put on hold. There are, for the first time in decades, several nuclear reactors under construction, but those are in fast-growing Sunbelt states.

Now, the biggest obstacle to new nuclear plants, besides massive construction costs, is the natural gas revolution.

Even Ameren, long interested in adding nuclear energy for its predictable fuel prices and consistent power, views the fuel it mostly used to meet peak summer demand as the most likely way forward.

“Natural gas prices (a decade ago) were very high and we were expected at that time as a country to have to import liquefied natural gas,” said Phil Sharp, president of Resources for the Future, a Washington think tank, and a former member of the Department of Energy’s Blue Ribbon Commission on America’s Nuclear Future. “With the price of natural gas dropping so much, it simply is cheaper to build natural gas generating plants than it is to build a nuclear plant.”

Compared to coal, now-abundant natural gas burns much more cleanly and can go a long way to meeting proposed regulations on carbon dioxide. Plus, it’s relatively cheap to build a natural gas plant, which can be online in just a couple of years compared to the decade and billions of dollars it takes to build a full-scale nuclear reactor.

Especially in a slower-growing region such as Missouri and St. Louis, it makes little sense to build a full-scale reactor.

“In Missouri and the Midwest where the economies aren’t growing as fast or the populations aren’t growing as fast, we don’t need 1,000 megawatts,” said Joseph Smith, an engineering professor who heads the Energy Research and Development Center at Missouri University of Science and Technology in Rolla. “Maybe we need 200 megawatts or 300 megawatts.”

That was the goal of the consortium Smith helped lead to develop small nuclear plants in Missouri. Smith helped coordinate the University of Missouri System’s support after Ameren partnered with Westinghouse to pursue the grant for small modular reactors, or SMRs as they’re called.

He’s still upbeat on SMRs, even after the DOE snubbed the Missouri-Westinghouse consortium. Researchers in the University of Missouri system continue to look at SMR technology, and dialogue with industry continues, he said.

“The technical issues I think we’ve addressed, and there are different flavors of how you do it,” Smith said of commercializing the technology. “The fact of the matter is we’ve had small reactors for some time on boats floating around the oceans.”
Still, SMRs won’t be generating in the U.S. for five to 10 years in Smith’s estimation. And other companies developing the technology have run into problems.

One of the winners of the Department of Energy grant, Babcock & Wilcox, is scaling back its investment in its SMR program and risks losing federal funding for the project. Ameren’s potential partner, Westinghouse, told the Pittsburgh Post-Gazette earlier this year it had shifted some resources from SMR development back to its full-scale reactor.

However, Holtec international, also passed over for DOE funding, has said it remains committed to its SMR design. No problems have surfaced with the other DOE grant winner, NuScale Power.

Ameren, too, still sees potential in SMR technology.

“I’m convinced it’s not a matter of if SMRs become a viable technology, it’s a matter of when,” Wood said.

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‘WILD CARD’

One of the reasons Ameren and others still point to nuclear is the risk of volatility in natural gas prices. Gas-heavy utilities learned that the hard way after a bitterly cold winter strained supplies in a still-developing network of natural gas distribution, causing price spikes that drove home the fuel’s risks. Others point to the potential of increased natural gas exports that would drive up the cost to domestic consumers.

Sharp, the energy expert, says there’s something to be said for a diversity of energy sources: When making long-term predictions on energy markets, academics, government agencies and industry frequently get it wrong.

“This is why many utilities want a diverse supply of energy,” Sharp said. “That has become one of the mantras in any given utility system.”

But prospects any time soon for more nuclear on Ameren’s system seem slim. Nationwide, new nuclear is expected to make a small portion of new generation. The U.S. Energy Information Administration predicts more than 220 gigawatts of new generation from natural gas and diesel power by 2040 (more than 20 times Ameren Missouri’s total electric capacity), compared to less than 10 gigawatts from new nuclear.

The “wild card,” Smith said, is how stringent curbs on carbon dioxide become. That could curb gas use and accelerate coal plant retirements, changing the electricity generation calculus.
“If we’re serious about greatly reducing greenhouse gas emissions, natural gas has a carbon footprint, too,” Wood, at Ameren, said.

But if it does come down to a gas versus nuclear question, it won’t be anytime soon.

“We have some time until we have to make that decision,” Wood said.

Antitrust Loss for NCAA

August 11, 2014

By
Jake New

NO MU MENTION

Some National Collegiate Athletic Association rules violate federal antitrust law, a federal judge ruled Friday. Judge Claudia Wilken issued an injunction blocking those rules, which bar the sharing of revenue with athletes, including football and basketball players at the focus of the suit.

The ruling is a major blow for the NCAA, which has argued that any deviation from its interpretations of amateurism could be destructive to intercollegiate athletics. While the judge said that the NCAA presented some valid evidence of problems that could be raised by dropping all rules, Wilken said that there were legal ways the NCAA could limit payments -- and avoid the problems the association claimed could arise from a pure free market.

In this regard, the NCAA could have fared much worse. Wilken's ruling does not require revenue sharing; it just allows institutions to pay athletes above the full cost of attendance if they wish to do so. Those payments are capped at $5,000 per year, and would be held in a trust fund until the students have completed their athletic eligibility.
Wilken also rejected the idea that athletes should be allowed to make paid endorsements.

"Allowing student-athletes to endorse commercial products would undermine the efforts of both the NCAA and its member schools to protect against the 'commercial exploitation' of student-athletes," she wrote in her decision.

The judge did not stay the ruling, but said that the injunction would not take effect until the start of the next Football Bowl Subdivision and Division I basketball recruiting cycle. In a statement Friday, Donald Remy, the NCAA's chief legal officer, said that the association disagreed with the court's conclusion that the NCAA rules violate federal antitrust laws.

"We note that the court's decision sets limits on compensation, but are reviewing the full decision and will provide further comment later," Remy said. "As evidenced by yesterday's Board of Directors action, the NCAA is committed to fully supporting student-athletes."

The NCAA Division I Board of Directors voted on Thursday to restructure how the division is governed, granting a greater level of autonomy to the five wealthiest conferences, which have vowed to increase financial and other benefits for players. The restructuring also gives athletes a louder, but still limited, voice in the division's legislative bodies. Even now, only one of the 24 members of the Board of Directors will be a college athlete.

As widely expected, the NCAA announced Sunday that it will appeal Wilken's ruling. "We remain confident that the NCAA has not violated the antitrust laws and intend to appeal," Remy, the NCAA's chief legal officer, said in a statement. "We will also be seeking clarity from the District Court on some details of its ruling. It should be noted that the Court supported several of the NCAA’s positions, and we share a commitment to better support student-athletes. For more than three years, we’ve been working to improve the college experience for the more than 460,000 student-athletes across all three divisions."
The NCAA has previously said it would take the matter to the Supreme Court if necessary.

**Nearly 5 Years in Court**
The lawsuit lasted nearly five years, culminating in the 15-day trial this summer. Observers had predicted that it could be a game-changer with the potential to significantly alter how college sports are run. At the lawsuit's core: the NCAA's "bedrock principle" of amateurism.

That principle didn't sit well with Edward O'Bannon, who was on the University of California at Los Angeles men's basketball team that won the NCAA's Division I title in 1995. As a college basketball player, he, like many NCAA athletes, signed a "Student-Athlete Statement" that waived his rights to receive compensation for the use of his likeness. The NCAA contends that students are not required to sign that specific part of the agreement, but that if they do the agreement extends beyond graduation. O'Bannon's lawsuit argued that students are pressured into signing it, but that it should end when a student leaves college.

O'Bannon alleged that the NCAA operates a cartel that bars athletes from benefiting financially from the use of their names and images in television broadcasts, archival game footage, and video games.

When the lawsuit was announced in 2009, it quickly became -- and continues to be -- a cause célèbre for college athlete rights, due to both the broad scope of the class action and the star power of the plaintiff. While O'Bannon spent most of his post-college career playing on teams in Europe, he first played two seasons in the National Basketball Association with the New Jersey Nets, and his title-winning season is fondly remembered by college basketball fans.

"In the past, players who none of us knew who they were, not to undercut their legal claims, brought forth cases," Michael McCann, professor at Vermont Law School and a legal expert for *Sports Illustrated*, said in 2009. "To have Ed O'Bannon – a guy of this magnitude who is not controversial, well-liked, and will have access to the media to keep this in the public forum – is important."
While the highest-profile case of its kind, the O'Bannon lawsuit is not the only legal battle the NCAA has fought concerning athlete compensation in recent years. The same year that O'Bannon filed his class action, Ryan Hart, a former starting quarterback at Rutgers University, filed a similar complaint. In May of that year, Sam Keller, a former starting quarterback at the University of Nebraska at Lincoln, also filed a class action about the NCAA profiting off athletes' likenesses. Keller's lawsuit was limited to just a series of video games created by the company Electronic Arts.

The same day that O'Bannon's lawsuit finally went to trial, the NCAA settled its case with Keller, thus avoiding a trial that was set for March. As part of the settlement, the NCAA agreed to make $20 million available to Division I football and men's basketball players at certain colleges whose teams were in the EA video games. A week earlier, EA Sports agreed to pay $40 million in a separate settlement with O'Bannon.

In July, as both sides of the lawsuit waited on Judge Wilken to make her decision, the NCAA quietly removed the likeness release from the student-athlete statement.

'Right a Wrong'
Writing for *Sports Illustrated*, Michael McCann, founding director of the Sports and Entertainment Law Institute at the University of New Hampshire, said Wilken's language was more sweeping than the actual injunction. McCann questioned whether the capped $5,000 amount could significantly improve an athlete's quality of life.

Offering players a fixed amount of money that is only payable to them after they are no longer college athletes is not the "all-encompassing change" some of the NCAA's critics had hoped for, he said.

"The thrust of Wilken's critique would lead one to believe her injunction would compel the NCAA to accept sweeping, radical change," McCann wrote. "Instead, her actual injunction of NCAA rules and policies seemed almost tepid by comparison."

Richard Southall, director of the University of South Carolina's College Sports Research Institute, said the ruling could at least serve as an invitation for athletes to "come to the adult table." While the NCAA argues that its new governance structure already provides that invitation, critics have characterized the representation as superficial. In the moments after the ruling was announced, Southall said, a number of athletes texted him saying that Wilken's decision convinced them that they "actually can stand
up" to the NCAA.

"There's so much that's done within college sports that the players are not a part of," Southall said. "It's a very paternalistic system. To me, that's the most important part of this. The psychological message it's sending to athletes, that they can actually effect change."

Michael LeRoy, a professor of labor and employment relations at the University of Illinois at Urbana-Champaign, said the ruling could have wide-ranging implications for the NCAA but that it reads more like a piece of legislation than a court decision. He said the fact that the ruling does not go into effect for a year is "quite unusual for a judicial remedy" and leaves the decision vulnerable to a successful appeal.

"It is a ruling that major schools can live with, it's fair, and just makes sense," LeRoy said. "It's very pragmatic, but, ironically, because it is pragmatic, it may be overturned."

O'Bannon, who will not receive any damages due to a pre-trial arrangement he agreed to in order get the case in front of a judge, said he was pleased with the ruling. "I just wanted to right a wrong," O'Bannon said in a statement. "It is only fair that your own name, image and likeness belong to you, regardless of your definition of amateurism."

ST. LOUIS POST-DISPATCH

Farmers worry over forecasts of another strong corn harvest

August 09, 2014 11:00 pm  •  By Tim Barker tbarker@post-dispatch.com 314-340-8350

With what appears to be another exceptional corn harvest headed our way, you might think farmers would be shopping for new trucks and planning pricey vacations.

But for many of them — particularly those who rent their farmland — 2014 looks like it’s bringing too much of a good thing.
It’s a simple case of supply far exceeding demand, with corn prices rapidly falling to the point where growers may actually lose money, despite having fields bursting with corn.

“A lot of crop producers are nervous,” said Pat Westhoff, director of the University of Missouri Food and Agricultural Policy Research Institute. “They didn’t expect prices to fall as much as they have.”

Indeed, industry observers knew a correction was coming after several years in which rising demand and poor weather shoved prices into record territory, topping $8 a bushel in 2012. Last year, prices slipped below $5 a bushel. And now the U.S. Department of Agriculture is suggesting the price could drop as low as $3.65, with some observers worried it could go even lower.

The problem is that many farmers can’t sell corn at that price and make a profit. It varies from farm to farm, but typically a grower who rents land needs to make about $4 a bushel to pay for seeds, fertilizer, herbicides, fuel, equipment depreciation and rent.

The picture is better for those farmers who own their land. That brings production costs closer to $2 per bushel. But experts say most large operators rent half or more of the land they farm.

So those farmers are in the uncomfortable position of watching as mild weather and strong harvest forecasts push prices ever lower.

It’s a far cry from the 2010 to 2012 stretch, when rising demand and drought pushed prices upward. The drought of 2012, in particular, hammered fields, reducing the national average yield to around 120 bushels per acre — well below last year’s harvest of more than 160 bushels per acre.

“People who had a decent crop that year actually made some money,” Westhoff said.

Some farmers have insulated themselves, somewhat, from this year’s price plunge by using advance contracts — agreements to sell corn at a set price. It’s a gamble than can pay off in this situation for farmers who agreed to such deals when prices were still above $5 a bushel.

“If they haven’t already sold it, there’s not much they can do,” said Darrel Good, an agriculture economist at the University of Illinois at Urbana Champaign.

One of the few options is to store the corn instead of selling it at losing prices.

It’s an option that can work, but one that has its drawbacks, said Jim Stuever, president of the Missouri Corn Growers Association.

Stuever, who farms 1,000 acres near Dexter, Mo., plans to store some of his corn this year, even though there’s no guarantee prices won’t slip even further.
And more importantly, he said, “That doesn’t create cash flow.”

That can make it tough when it comes time to pay land owners, seed merchants and other suppliers before the next planting season starts.

“They are businesses just like we are,” Stuever said.

Farmers do have a safety net, of sorts, in the form of crop insurance and subsidies provided by the farm bill passed by Congress earlier this year.

Crop insurance kicks in when yields or revenues drop 25 percent below a farm’s average. The farm bill subsidies are triggered by corn prices falling below $3.70 a bushel over an extended period — though it’s unclear whether those prices will fall low enough to trigger that.

Regardless, farmers are left worrying over how they will cope with the coming years, if things don’t change.

“If we have prices below $4 for several years running, we’d have a very different world than they thought they were in,” Westhoff said.