Agricultural Newsletter

UW-Madison College of Ag & Life Science University of Wisconsin-Extension

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Table of Contents

- Which Bills Do I Pay First When Cash is Limited?
- 2 Goat & Sheep Exhibits at Farm Tech Days
- Tips to Use When Baling Wet Hay
- 3 Is This the Year for Late Summer Seeding?
- 4 Spooner Sheep Day Planned for August 21
- 5 2010 Pasture Walk Schedule
- 6 Increasing Importance of Written Leases
- Raising Beef Cattle on a Few Acres
- **7** This Quarter's Events

Which Bills Do I Pay First When Cash Is Limited?

Otto Wiegand – adapted from Ken Bolton, UW-Extension, Center for Dairy Profitability, and Bruce Jones, UW-Madison/UW-Extension, Extension Farm Management Specialist

Liquidity is the ability to pay bills as they come due. In tough times when selling prices are low or input costs are high, farmers may not have the liquidity – cash – necessary for paying bills. Decisions have to be made as to which bills should be paid first.

Farmers approach cash flow problems differently. Some reduce purchases of inputs such as grain and DHIA or reproduction services while others seek off-farm employment to supplement cash income or for health insurance benefits. Open accounts including credit cards or accounts payables can also be used to work through cash flow problems.

While options do exist, cutting costs in the short run generally comes at the expense of long run profitability. Thus, reducing grain and protein fed to high producing dairy cows or selling off springing heifers can potentially compound cash flow problems over time.

Selling of assets particularly underutilized or nonproductive is another option for generating cash that also carries a potential long term profit risk. In addition, asset sales can trigger significant income tax liabilities, including depreciation recapture and capital gains tax. Care must be taken to allow for the taxes that will need to be paid in the future on assets sold in the near term, otherwise new cash flow problems will be encountered in the future.

Credit is another short run source of cash. Unfortunately short term borrowing results in subsequent interest and principal payments, so borrowing money does not eliminate cash flow problems; it only delays them.

The following is a list of suggested spending priorities that operators might want to consider when making decisions about how cash should be spent in the short run. This list starts with payments that have to be made and then moves to those expenditures that can be made or delayed depending on the severity of cash flow problems: (1) Accounts payable, (feed mill, veterinarian, A.I. technician or fertilizer dealer) which are charging interest at rates in excess of those charged by commercial lenders; (2) Operating loans; (3) Taxes due; (4) Interest due; (5) Principal payments on credit cards and open accounts, operating loans, intermediate loans and long term loans; and (6) Invest in short term and intermediate term assets that offer the potential to increase profit such as cattle or livestock equipment and facilities.

Agricultural NEWSLETTER

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Care should be taken not to select short term solutions which may severely limit long-term success. While profit may be a limited prospect, careful cash management can limit the negative effects tough times have on business solvency and can maximize available liquidity until overall business financial performance improves.

Contact your County Agent or access the Center for Dairy Profitability website at http://cdp.wisc.edu/Welcome.htm for more information on a variety of farm management topics including decision making tools, papers and the AgFA dairy farm financial performance database of over 500 farm businesses.

Goat and Sheep Educational Exhibits Debut at Farm Tech Days in July

Otto Wiegand - adapted from: Jeanne Meier, Extension Goat Specialist

In an exciting first for Farm Technology Days, an educational exhibit sharing information on dairy and meat goats and sheep will be featured for the first time in the Alternative Agriculture Tent, July 20-22. Farm Tech Days is the largest agriculture exposition in Wisconsin and prides itself on showcasing the latest improvements in production agriculture. Traditionally held on a different cow dairy farm every year, 2010 will mark the first time a goat and sheep exhibit is included. This year, the three-day event is hosted in Pierce County by the Roger & Beverly Peterson Farm near River Falls.

Wisconsin is the national leader in both dairy goat and dairy sheep and is the largest producer of fluid goat milk in the country. Home to 200 milking herds and 40,000 goats, Wisconsin's dairy goats produced 35 million pounds of milk last year. Meanwhile, Wisconsin also leads the nation in the number of dairy sheep farms and the production of sheep milk products. With 13 licensed dairy sheep flocks, Wisconsin produced 829,000 pounds of milk in 2009. "Wisconsin is certainly respected not only as the leader in the numbers of agricultural goat and sheep, but also in our ability to help drive these industries forward," said Jeanne Meier, who heads up the Dairy Goat Initiative at the Dairy Business Innovation Center, which is sponsoring the exhibit. "Demonstrating the vitality of these industries at Farm Tech Days – the largest agriculture show in the state – is certainly a testament to the growth and success of our goat and sheep producers and processors." The Goat & Sheep Exhibit at Farm Tech Days will include:

- Pens featuring live animals
- Presentations on care and feeding
- Getting started in sheep
- Getting started in goats

- Sheep dairying
- Goat dairying
- Wool spinning demonstration

The exhibit is led by Meier and Claire Mikolayunas, DBIC sheep specialist, and will be staffed by the UW-Extension Small Ruminant sub-committee, area producers, and 4-H volunteers. For more information about the DBIC Dairy Goat and Dairy Sheep Initiatives, contact Jeanne Meier at 608-219-4081, jeannemariemeier@gmail.com, or Otto Wiegand, UW-Extension at Spooner, 715-635-3506.

Tips to Use When Baling Wet Hay

Kevin Schoessow Area Agricultural Agent Burnett, Sawyer and Washburn Counties

The recent "deluge" of rain has brought back a phenomenon most farmers in NW WI have not had to deal with in recent years: baling wet hay. If you anticipate having to bale wet hay, here are some reminders about the options and impacts of wet hay.

When baling hay, moisture content can influence yield, quality and storability. If the hay is too wet, it can get moldy or overheat and catch fire. Of course, if it's too dry, leaves will fall off. Both situations can reduce yield and quality.

If a preservative like propionic acid is applied as it's baled, hay can be a bit wetter. To get good results from preservatives, it helps to understand how they work. Baled hay naturally contains millions of bacteria and mold fungi. As they consume nutrients from hay, these microbes produce heat. Usually, hay gets dry enough that the microbes die or go dormant, but when there's too much moisture, it will mold and heat. This heat forces moisture out of the bale, sometimes called "going through a sweat." The duration and intensity of this heat will determine the amount of damage caused to the hay. Many of the microbes are killed by adding preservatives, meaning less heat is produced, and giving hay time to dry naturally without the "sweat."

Preservatives can help make good hay at higher moisture levels, but correct management is needed to keep that hay in good condition. As the hay dries, the preservatives vaporize and disappear. Stacking bales tightly into storage soon after baling or in other ways failing to permit natural drying may eventually allow microbes to again become active. Also remember that since the protection from preservatives only lasts a short time, microbial activity can redevelop at a latter date if rain, high humidity, or other sources re-wet the hay.

As an interesting side note, heat damage causes hay, and especially the protein in hay, to be less digestible. However, heat-damaged hay often turns a brownish color and has a sweet caramel odor. Cattle readily eat this hay, but due to the heat damage, its nutritional value may be lower.

Is This the Year for Late Summer Seeding?

Kevin Schoessow Area Agricultural Agent Burnett, Sawyer and Washburn Counties

Late summer can be an excellent time to establish forage crops, provided there is sufficient moisture for germination and good seedling growth. Dry conditions in recent years have made the success of late-summer seeding very challenging. However this might be the year to take advantage of this proven technique.

Late summer seeding works well for alfalfa, clovers, and cool-season grasses. It would not be recommended for warm-season grasses, such as switchgrass and bluestem. If establishing alfalfa, follow the same practices as spring seeding, except a cover crop should not be used. Before attempting to establish any forage, consider the potential for herbicide residue. Was herbicide

applied to the field this year or last year that might prevent adequate establishment?

Late summer seeding can be done with no-till, reduced tillage, or conventional seeding methods. Which ever method is used, make sure the seed is firmly covered with soil. This increases germination success and helps maintain soil moisture. To allow for adequate root growth and crown development, forage should be planted at least 6-8 weeks prior to a fall frost. In Northern Wisconsin the recommended seeding date is early August. Follow the same seeding rate, soil pH and fertility recommendations as you would for spring seeding forages.

A major concern with late summer seeding is weed control. Weeds can thin the stand during the first 60 days after establishment, resulting in low yields. Many late summer seedings will not require weed control if the seed was planted into a weed-free field. However, winter annuals such as shepherd's purse and field pennycress or volunteer small grain must be controlled. If more than one or two plants (weeds) per square foot germinate and compete with the forage, an appropriate herbicide may need to be applied.

Late summer is also an excellent time to seed cool-season grasses (tall fescue, orchardgrass, timothy, smooth bromegrass and others). They can be seeded alone or with alfalfa or clovers. Studies have shown that the earlier grasses are seeded in the late-summer seeding window, the more they will yield the next year. Do not delay seeding grasses after the recommended last date if the field is available.

With a little help from mother nature and by following these general recommendations this just might be the year to re establish some of those worn out hayfields or pastures.

This article was based on material provided by Dan Undersander, University of Wisconsin Extension Forage Agronomist.

Spooner Sheep Day Planned for August 21

Phil Holman Superintendent Spooner Ag Research Station

On Saturday, August 21, 2010, the Spooner Ag Research Station will host its Annual Spooner Sheep Day.

The morning session starts with registration at 8:30 a.m. in the Station auditorium. After registration and a short introduction, different specialists will present the results of new research in the sheep industry and topics relevant to the everyday operation of a sheep farm.

Whole lamb on the spit is offered as the main course for lunch.

Afternoon seminars held at the sheep barn are more hands-on related. Advanced sheep farmers and beginners alike will receive useful information to bring back home.

The public is welcome to attend. Even if you are not in the sheep business, please feel free to come and learn about the raising of sheep and tour our facilities at the Spooner Ag Research Station. Registration is free; however, there is a charge for the lamb barbecue luncheon.

Farm Service Agency Updates

Nomination Period June 15 - August 2, 2010

The County Committee Election nomination period will begin June 15. The FSA County Offices across the state will host an "open house" on July 13, 2010 from 1-3 pm in the service centers.

Candidate nominations for the FSA county committee election will be accepted June 15 through August 2, 2010. Producers who are residents in the LAA holding the election and who participate or cooperate in an FSA program and are of legal voting age may be nominated to serve on the county committee. Individuals may nominate themselves or others as candidates. Also, organizations representing socially disadvantaged minorities and women farmers or ranchers may also nominate candidates.

Report Crop Acreage by July 15th

The Wisconsin Farm Service Agency (FSA) reminds producers to submit their annual acreage report to their local FSA county office by <u>July 15, 2010</u>, to meet FSA program eligibility requirements. Producers must reports accurately and timely for all crops and land uses, including prevented and failed acreage, to ensure they receive the maximum FSA program benefits

Farm Storage Facility Loan

Wisconsin producers interested in utilizing the Farm Service Agency's Farm Storage Facility Loan (FSFL) Program for commodity crops, including hay, biomass crops, and fruits and vegetables, need to contact their local county office at this time. Ample time is needed for application review and approval, as producers cannot began the construction process until approval for the loan is received. FSFL provides 7 to 12 year loans at a low interest rate with a maximum loan amount of \$500,000 per structure. Producers interested in building possible storage this year or learning more about the qualifications and requirements need to contact their local county office as soon as possible.

Report 2009 ACRE Crop Production by July 15, 2010

Producers that participated in the 2009 Average Crop Revenue Election (ACRE) program are required to report 2009 actual production and establish a benchmark farm yield by July 15, 2010.

UPCOMING DEADLINES

July 13 - COC Election Open House 1-3 pm at local FSA County Offices

July 15 - Deadline for NAP (Noninsured Assistance Program) producers to certify 2009 crop production; to report 2009 crop acreages on spring seeded crops, forages, small grains, winter wheat & some perennial crops; to report production evidence for ACRE 2009 crop acreage

August 2 - Deadline for submitting COC nominations

Continuous - Conservation Reserve Program (CRP) continuous sign-up; Farm Storage Facility Loans; MILC sign-up

2010 Pasture Walk Schedule - NW Wisconsin Graziers Network

Otto Wiegand Area Agricultural Agent Burnett, Sawyer and Washburn Counties

July 17, Sat, 10 AM-Noon, Burnett Co - Sheep Pasture Walk

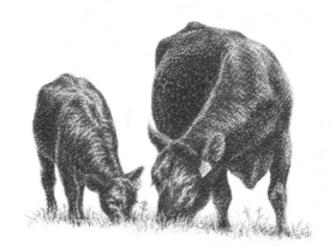
- Brenda & Keith Mogel, 10887 Hegge Road, Grantsburg rotationally grazing 200 ewes with 10 Scottish Highlander beef cattle on 110 acres, swampy area, heavy clay soils, owned farm just 8 years, never seeded anything, but used sheep and cattle to renovate pastures, now have birdsfoot trefoil, clovers, timothy and bromegrass.
- July 31, Sat, 10 AM-Noon, NE Washburn Co Horse Pasture

 Walk Hay Lake Ranch, N10102 Hay Lake Road,

 Springbrook rotationally grazing 20 trail-riding horses on
 120 acres, breeds are Quarter Horses, Thoroughbreds and

 Foxtrotters, plants winter rye to combat drought and control

 knapweed and other weeds, establishes rye using disking, broadcast and drag.



- **Aug. 14, Sat, 10 AM-Noon, W Barron Co Beef Pasture Walk** Pat & Carol Jones, 966 4th St, Clayton Rotationally grazing about 40 Scottish Highlanders and a dozen Galloway and other crosses on 50 acres, planted Kura clover in spring. From Hwy 8, take Cty P south from Almena to 10 1/2th Ave. (Stella Cheese plant), turn west or right, and then south or left on 4th St.
- **Aug. 26, Thurs, 1-3 PM, Rusk Co** <u>Dairy Pasture Walk</u> Paul & Janet Hetke, N4416 Cloverland Road, Ladysmith rotationally grazes 47 mostly-registered Ayrshires, 80-120 acres, started grazing 20 years ago, heavy soils, no seeding for past 10 years, pastures include birdsfoot trefoil, white clover, timothy, orchard and canary grass, building new swing parlor and loafing barn, follows Voisin methods, co-hosting with NC Graziers. Take Hwy 8 to Tony, go south on Cty I for 2.5 miles, go right or west on Cty P for 1.5 miles, turn left or south on Cloverland Road.
- **Sept. 18, Sat, 10:00 AM-Noon, NW Sawyer Co** <u>Sheep Pasture Walk</u> Steve & Pam Miles, 12782 N Pfeiffer Road, Hayward rotationally grazes Hampshire and Textile cross sheep, 50 ewes and 80 lambs, very knowledgeable of sheep breeds and management, working with very droughty soils, but grows excellent hay, works with 4-H and other youth groups, about 2 miles SW of Seeley, hosted with ABDI Graziers.
- **Sept. 23, Thurs, 1-3 PM, Rusk Co** <u>Dairy Pasture Walk</u> Dale, Jane & Matthew Daggett, W9452 Daggett Road, Ladysmith rotationally grazes 13 Normandie cows on 43 acres, uses cows to renovate pastures, moves cows 2x each day, gravelly silt-loam soils, mainly bluegrass and white clover, grazing for over 20 years, step-up milking parlor, no grain fed, follows Voisin methods, co-hosting with NC Graziers. From Ladysmith, take Hwy 27 south for 3 miles, then go right or west on Cty P for 2.25 miles around a south bend, turn right or west on Daggett Road.
- Oct. 16, Sat, 10 AM-Noon, SE Barron Co Organic Dairy Pasture Walk Cheyenne & Katy Christianson, 1732 9th Ave. Chetek organic producer, rotationally grazes 70 Holsteins on 260 acres, grazing for 16 years, plants annuals for early or late season grazing such as purple turnips, oats, Japanese millet, triticale and winter rye, no grain has been fed for 10 years, co-hosting with River Country RC&D. From Barron on Hwy 8, take Cty O south 4 miles, turn right or west on 9th Ave.

For more information, contact Randy Gilbertson 715-520-2112 or Lynn Johnson 715-268-8778 at NW Graziers, or UWEX Ag Agents Otto Wiegand or Kevin Schoessow at Spooner 715-635-3506, Tim Jergenson at Barron 715-537-6250, Ryan Sterry at Balsam Lake 715-485-8600, or Rich Toebe at Ladysmith 715-532-215.

5

Increasing Importance of Written Leases

Kevin Schoessow Area Agricultural Agent Burnett, Sawyer and Washburn Counties

In agriculture today, more and more farmers are renting land owned by others as a way of securing sufficient land to operate efficiently. It has long been a custom for farmers to operate with verbal agreements. The old adage that a person's word was as good as his name may not be the best way to operate in our world today. A large portion of land today may be owned by absentee landowners or by people who have no agricultural background.

This lack of understanding or appreciation for today's farming practices often results in frustration to both the landowner and the renting farmer. People own land for a wide range of reasons and their values may not always line up with those of the renting farmer. What the farmers sees as normal farming practices may run counter to the landowners perception of farming or what "their landscape or property" should look like.

Case in point: We recently received a call from a landowner who was upset because their hayfield or meadow was plowed up and planted to corn. For years they had enjoyed the scenic beauty of the hay field from their perspective, and now it was gone because the hay was rotated to corn. This example was a simple misunderstanding of the intended use of the land.

While this misunderstanding was worked out, it could have been

avoided had a written agreement been drawn up spelling out the intended use. Written leases can also provide legal evidence if there is a dispute.

In Wisconsin, oral leases for a year or less are enforceable. Wisconsin law states that a lease for more than a year is not enforceable unless it is in writing and meets certain requirements. A written agreement will clearly define the specifics. For producers who invest funds in upgrading land through the application of lime or fertilizer or who may make an investment in irrigation, a lease can spell out an amount to be paid by the landowner in the event of a situation where the lease is terminated. Advantages of a written agreement include: a detailed statement which ensures better understanding by both parties, a reminder of the terms originally agreed upon, and a valuable guide for heirs if either the tenant or the landowner dies.

Without a written agreement to refer to, a court may have to decide what the agreement between parties is or was. Because of the numerous areas of potential disagreement, a rental arrangement should be approached with the same degree of seriousness that a land purchase would entail. A written agreement defining the responsibilities of the parties will force the parties to consider what is fair and serve to avoid disputes at a later date. If you have any questions about a lease you are asked to sign, it is best to consult an attorney before signing.

Most lease arrangements are rather straight forward and can be written up without hiring an attorney. If you are looking for example leases contact your local extension office, or by doing an Internet search.

Raising Beef Cattle on a Few Acres

Keith Vander Velde Agricultural Agent Marquette County

If you are living on a few acres, you may have the resources to raise a few beef cattle. There are four different enterprises to consider:

- 1. *Cow-calf enterprise*: keeping a few mother cows and raising calves from them. The calves normally would be weaned at about 6 months of age and weigh approximately 500 pounds.
- 2. *Dairy beef enterprise*: purchasing newborn dairy calves and raising them until they weigh 300-500 pounds.
- Stocker enterprise: purchasing calves that weigh from 650-700 pounds and raising from spring to fall.
- 4. *Market beef enterprise*: purchasing 700-900 pound calves and feeding them to market weight (1100-1300 pounds).

The resources available will determine which of these enterprises is appropriate for your situation. It may be possible to use a combination of two or three of these enterprises. This article will discuss implementing a stocker enterprise. It requires no winter feed supply since the calves are fed grass (with an option for some limited grain feeding) for five months and then sold in late fall.

What resources are available?

Some acreages are already in grass and suitable for pasture production. All you need to start is

some fencing. Others may need to be seeded to a grass/legume mix before the cattle can be purchased.

There are several factors that affect forage production in a pasture: season, rainfall, soil conditions, soil fertility, plant varieties, and grazing management. In Wisconsin, pastures are normally grazed from the first part of May through the end of September. Note that this is only a five month period.

Nevertheless, during some years grazing will be available in April and October. The greatest forage production and quality on grass pastures usually occurs from May 15 until July 15. Cattle performance and carrying capacity are affected by forage production and quality. In Central Wisconsin one can normally graze one 700-pound steer per acre and expect a gain of 1.5-1.75 lbs per day. For 150 days, that means 225-263 lbs of gain per acre.

You and your family may gain a lot of satisfaction from raising a few cattle. Children can benefit from the added responsibility and families can be strengthened as they work together. However, the project will require a commitment of time. Even when cattle are on pasture they need to be observed daily to make sure that they have adequate feed and water and to assure that they are healthy. In the production of cattle on small acreages, it is not necessary to provide more than the basic facilities. Some necessary facilities would be a means of constraint, trough or feeder for supplemental feeds, and proper fencing. There must also be available a clean and continual source of water to the animal.

Good fences are important to ensure safety and good relationships with neighbors. Electric fences are useful for pasture management, and perimeter fences should be sufficiently strong, high and tight to contain the animals.

Buying them right and reselling

If you are purchasing cattle to put on pasture, avoid cattle with excess fat as they gain poorly for the first month. Cattle should be healthy and free of external parasites. In most situations, frame and conformation are more important than breed in relation to cattle performance. Since you are buying small numbers, it is best to buy animals from one source to reduce disease risks.

If you have a feeder or stocker enterprise your product is a 900-pound stocker ready to go to the feedlot. You may choose to keep the animals and feed them as a market cattle enterprise. If you do not have the desire or resources to do so, you will need to market them. If you only have a few cattle of this type your marketing options are limited. To ensure cattle are marketed optimally, discuss your options with those experienced in the business and listen for market reports via newspaper or radio. You can sell them at a local auction or sell them by private treaty, by advertising them in the paper, by word of mouth or in an ad on bulletin boards at the local feed store or wherever cattlemen gather.

Summary

Those interested in growing and raising beef cattle can find this a very rewarding and good use of the land. Be informed, however, so that you do not become nvolved in an enterprise that you have little knowledge of or that is not economical. Consult with UW-Extension staff, local veterinarians or beef producers. Raising animals can improve quality of life and provide great satisfaction and responsibility for families. Explore your options and then decide.

This Quarter's Events

Contacts: Ag Agents Otto Wiegand or Kevin Schoessow, UW-Extension, Spooner Station, 715-635-3506, or Jason Fischbach, UW-Extension, Ashland & Bayfield Co., 715-682-8393 for more information, brochures or how to register.

July 8-10, Weds-Sat – Central Burnett County Fair – Webster

July 17, Sat, 10 - Noon – NW Graziers Sheep Pasture Walk – Brenda & Keith Mogel, Grantsburg (see article)

July 20-22, Tues-Thurs – Farm Technology Days – Roger Peterson Farm, 2 miles SW of River Falls, Pierce Co. (see goat exhibit article)

July 22-25, Thurs-Sun – Washburn County Fair – Spooner

July 31, Sat, 10-Noon – NW Graziers Horse Pasture Walk – Hay Lake Ranch, Springbrook (see article)

Aug 19-22, Thurs-Sun – Sawyer County Fair – Hayward

Aug 21, Sat – Spooner Sheep Day – Spooner Ag Research Station (see article)

Aug 24, Tues – Twilight Garden Tour - Spooner Ag Research Station

Aug. 26-29, Thurs-Sun – Burnett Agricultural Society Fair – Grantsburg

Sept 18, Sat, 10-Noon – NW Graziers Sheep Pasture Walk – Steve & Pam Miles, Hayward (see article)

Sept 28-Oct 2, Tues-Sat – World Dairy Expo – Madison

Nov 2009 – Mar 2010 – Beginning Farmer Course – Spooner Ag Research Station

-7



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Learn what bills to pay first when cash is limited

View the many exhibits at Farm Technology Days

Attend a pasture walk this summer

Is this the year for late summer seeding?

Kevin Schoessow

UWEX Area Agricultural Agent