

November 2018



From Field to Barn

UW-Extension Fond du Lac County

227 Admin/Extension Building
400 University Drive
Fond du Lac, WI 54935
Phone: 920.929.3171
Web: <http://fyi.uwex.edu/fdlag>

Fond du Lac County Educators:

Diana Hammer
Community Resource Development
Educator

Tina Kohlman
Dairy & Livestock Agent

Amy Mangan-Fischer
4-H Program Coordinator

Amanda Miller
FoodWise Coordinator &
Family Living Educator

Pamela Nelson
FoodWise Nutrition Educator

Vacant
Area Crops & Soils Agent

Vacant
Positive Youth Development
Educator

Patty Percy
Community Garden Coordinator

Melanie Phillips
FoodWise Nutrition Educator

Shelley Tidemann
Family Living Educator

Cindy Sarkady
Area Extension Director

Program Assistants:

Pam Bartoli **Tina Engelhardt**
Ann Kaiser **Kelly Lamb**

Requests for reasonable accommodations for disabilities or limitations should be made prior to the date of the program or activity for which it is needed. Please do so as early as possible prior to the program or activity so that proper arrangements can be made.

Thanksgiving~

A time for food, family, & meetings

I always think of Thanksgiving as a time to slow down after the fast pace harvest season, and to take time to enjoy family and friends and reflect on the past. It is also the time of year that the pace picks up in a different direction with extension programs and “meeting season”!

Meetings, meetings, and more meetings...


Enclosed, please find several flyers regarding upcoming December meeting opportunities, as well as our calendar. Since newsletters are printed almost every month, make sure to visit our web calendar at <http://fyi.uwex.edu/fdlag> for all our upcoming events.

I encourage you to take the time to “sharpen” your saw at any one of our meetings; we hope these meetings will help you and your business’ bottom line.

Crops & Soils Extension Programming...

Last month, due to UW-Extension’s restructuring, changes regarding appointment types and roles were made across the state, including what we knew as a crops and soils agent. And because of this, a state-supported crops and soils agent position ended October 31.

However you, our stakeholders, and Fond du Lac and Dodge County Boards of Supervisors valued what the position brought to both counties. As of July 1, both will be supporting a new joint county-supported crops and soils position. In the meantime, I will be pulling double duty to help support our farmers, both in dairy/livestock production and agronomic production.

As always, if you have any questions, please do not hesitate to contact me! My door is always open! 

Tina Kohlman
Dairy & Livestock Agent
UW-Extension Fond du Lac County
Email: tina.kohlman@uwex.edu



E. Coli-A Practical Summary for Controlling Mastitis

The implementation of control measure for contagious mastitis pathogens has successfully reduced the prevalence of these organisms in dairy herds. However, the control of environmental pathogens remains a daunting task. E. coli is Gram-negative bacteria, similar in structure to Klebsiella spp. E. coli mastitis is typically associated with a quick onset and often severe clinical signs.

Where are these organisms found? Commonly, these organisms are found in organic matter, including bedding and manure. E. coli is one of the most prevalent bacteria in manure; thus, exposure of the teat end occurs through dirty bedding. Poor udder cleanliness, inadequate stall management, and damaged teat ends are risk factors for infections.

How does E. coli infect the mammary gland? E. coli will infect mammary glands through environmental contact.


How can mastitis caused by E. coli be prevented and controlled? Practices for controlling E. coli include implementing proper milking procedures, maintaining a clean and dry housing environment containing appropriate bedding materials, and vaccinating animals. At milking time, all quarters should be forestripped to begin the milk let-down process. Using an efficacious and proven pre-milking teat disinfectant following forestripping is particularly important in controlling this mastitis-causing pathogen. The pre-milking teat disinfectant should remain on the teats for 30 seconds and should be removed with either a paper towel or a single-use clean and dry cloth towel. When these guidelines are followed, the time from start of manual stimulation (forestripping or wiping) until unit attachment should be in the range of 60-120 seconds, an appropriate period of time for milk let-down to occur. After the unit is detached, an efficacious and proven post-milking teat disinfectant should be applied, with coverage over at least 2/3 of the teat barrel. In herds with a particular environmental mastitis problem, the use of a barrier teat dip is recommended.

In addition, reducing teat end exposure between milkings, by scraping the back of cow stalls (where the udder rests) and applying fresh bedding frequently, is imperative. Applying bedding conditioners, such as hydrated lime, is an effective method for reducing the bacterial load in the bedding. However, the activity of these products is short lived; thus, frequent application is required. It is recommended that 2 lb per stall be applied, and the product must be applied every other day.

The use of a coliform mastitis vaccine (J5 bacterin) has been shown to reduce the severity of clinical Gram-negative

mastitis, which includes mastitis caused by E. coli. It is important to remember, however, that these vaccines do not reduce the incidence of mastitis. Researchers have investigated ideas about vaccination administration schedules and appropriate dosing. A dairy producer should talk with a veterinarian before implementing a vaccination protocol.

When are E. coli mastitis infections most likely to occur? New infections can occur at any time during lactation and may also occur during the dry period. However, cows in early lactation are at an increased risk for new infections due to the increased stress and immune suppression associated with the postpartum period. Additionally, cows are at an increased risk for mastitis immediately after drying-off. Following milk cessation, cows do not experience the daily flushing of the gland and are at an increased risk for mastitis in the early dry period. Cows with high milk production are not at greater risk than cows with low milk production.

How likely to be cured are E. coli infections? When E. coli bacteria die, a toxin is released. This toxin is the primary cause of the clinical signs observed in a local mastitis infection. Antibiotics act to kill bacteria; consequently, in the case of these infections, the use of an antibiotic results in the toxin release. Thus, intramammary antibiotic treatment is not a generally recommended practice for local infections. However, in cases in which E. coli infections become systemic, antibiotic treatment and supportive therapy are required. Although there has been discussion in recent years regarding the presence of chronic infections caused by E. coli, it is not yet known how these infections become chronic. Veterinary consultation is recommended prior to the start of any treatment protocol. Due to the nature of these bacteria, emphasis needs to be placed on prevention of these infections, rather than on treatment. 

Summary

- E. coli is an environmental organism found commonly in manure and organic bedding.
- It is imperative to keep bedding clean and dry.
- Use of washed and properly dried sand bedding helps reduce the environmental load of E. coli.
- Use of hydrated lime reduces the bacterial load in the bedding, by applying 2 lbs per stall, applied every other day.
- Proper milking procedures are critical in the prevention of these infections.
- Use of antibiotics for E. coli is not recommended.

Source: Christina S. Pettersson-Wolfe and John Currin, Virginia Tech (as printed in Kewaunee County UW-Extension Foghorn Newsletter)

Sound Advice Can Help Prevent Costly Traps When Facing Financial Distress



As tough times continue in the farm sector, more farmers are calling it quits. In particular, many operators who do not own ground and are dependent upon renting the land of others are struggling to hold on. Many are selling farm assets and securing full-time off-farm employment to make ends meet. It's a quiet exodus, but it comes with hidden danger.

Liquidating assets without a careful plan can generate tax consequences that will impair any hope for a fresh start down the road. As farmers weigh these tough decisions, it is imperative that they seek good counsel regarding their options. Although cash flow is tight, good advice is worth the investment.

Recapture Trap

It is important to remember that depreciated assets, when sold, generate ordinary income tax liability. Depreciation is intended to allow farmers to write off the cost of a business asset over its useful life. Especially in light of bonus depreciation and Section 179 expensing, these costs are often written off long before the life of the asset ends. If the owner sells the asset while it still has value, IRC § 1245 steps in to "recapture" ordinary income tax on the difference between the current basis of the asset and the sales price. The current basis is equal to the original cost, less any depreciation or expensing taken. In many cases, the basis may be zero. In other words, the sale of \$100,000 of fully depreciated machinery will result in \$100,000 of ordinary income, which is subject to income tax, but not self-employment tax.

This means that in many cases selling \$500,000 of machinery to pay \$500,000 of debt will leave a farmer with significant tax liability he or she may be unable to pay. In some cases this tax liability is unexpected. Debtors should work with an experienced professional *before* choosing to sell assets to

ensure that all options are considered. Once the tax liability is incurred, options are limited.

Tax debt is generally non-dischargeable in bankruptcy. Chapter 12, the special provision for farmers, however, does provide an exception. To use this provision, specific income and debt requirements must be met. In proper cases, even a farmer intending to leave the farming business may be eligible to use Chapter 12 to discharge tax liability from asset sales, if he or she can create a feasible plan. This plan may include using off-farm income to make payments. *In re Williams* (Bankr. W.D. Ky., 2016). Only an attorney experienced in farm financial distress and bankruptcy, however, can properly advise a client in these matters.

Health Insurance Trap

Another trap for the unwary stems from the Affordable Care Act's advance premium tax credit. Many farmers are self-employed and must buy insurance on the individual market. Unless they have a grandfathered plan, the only option for purchasing these plans as of late has been on the ACA's Marketplace Exchange. If income is below 400 percent of the federal poverty limit, the enrollee is eligible for an advance premium tax credit, which is the difference between the actual cost of the plan and a premium cap set by the ACA for taxpayers who meet income requirements. In most states, 400 percent of the [federal poverty limit](#) is \$48,560 in 2018 for a single person and \$100,400 for a family of four. If the taxpayer enrolls in a policy and elects to have the advance premium tax credit apply, that money is never seen by the taxpayer. It is automatically applied to offset the cost of the premium. Because the premium tax credit has no upper limit, but makes up the difference between the actual cost of the policy and the premium cap, the difference between the premium paid and the actual cost of the policy can be significant. For example, data from the Iowa Insurance Division last year showed that a [family of four with income just below the 400 percent federal poverty limit](#) would qualify for a premium tax credit and pay around \$9,511 a year for a policy. If they crossed the 400 percent limit, that same policy would cost \$27,000. The

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difference is the amount of the premium tax credit.


The danger is when income exceeds expectations and by year-end, the taxpayer’s income exceeds 400 percent of the federal poverty limit. In these cases, the law requires the taxpayer to pay back the entire premium tax credit. It is calculated on Form 8962, and assessed as additional tax liability.

What does this mean for financially distressed farmers?

Those who sell assets to pay debt can easily fall into this trap. And for many it’s wholly unexpected. A farmer enrolled in an ACA insurance policy, relying on advanced premium tax credits to pay an affordable monthly premium, must realize that if year-end income exceeds 400 percent of the federal poverty limit, he or she may face a hefty tax bill. If the farmer enrolled in insurance expecting taxable income of \$45,000, but ends the year with \$49,000 in income, the advanced premium tax credit that must be repaid can climb into the thousands. Many who receive the advance premium tax credit do not understand the associated risks. A recent tax court case affirmed that there is no equitable relief available, even under sympathetic circumstances. [In that case](#), the widow’s income climbed above 400 percent of the federal

poverty limit because she and her husband sold family heirlooms to pay medical expenses while her husband suffered terminal cancer. The court found that the credit had to be repaid.

Conclusion

These are just several of many traps for the unwary when navigating financial distress. The word of caution for financially distressed farmers is don’t let bad circumstances become worse. Consult with an attorney or tax advisor experienced in these matters before engaging in self-help measures, such as selling farm assets. The advice will be worth the cost. We are continuing to follow financial distress issues closely and will be providing additional resources on our website in the months ahead. 

Source: Kristine Tidgren, The Ag Docket, Iowa State University Center of Agricultural Law and Taxation



November 12, 2018 Hay Market Report

Hay Grade	Bale type	Price (\$/ton)		
		Average	Minimum	Maximum
Prime (> 151 RFV/RFQ)	Small Square	\$272.00	\$224.00	\$360.00
	Large Square	\$204.00	\$130.00	\$255.00
	Large Round	\$168.00	\$120.00	\$200.00
Grade 1 (125 to 150 RFV/RFQ)	Small Square	\$193.00	\$167.00	\$224.00
	Large Square	\$178.00	\$125.00	\$260.00
	Large Round	\$162.00	\$75.00	\$210.00
Grade 2 (103 to 124 RFV/RFQ)	Small Square	No Reported Sales		
	Large Square	\$136.00	\$88.00	\$165.00
	Large Round	\$124.00	\$80.00	\$160.00
Grade 3 (87 to 102 RFV/RFQ)	Small Square	No Reported Sales		
	Large Square	\$140.00	\$85.00	\$180.00
	Large Round	\$102.00	\$100.00	\$120.00


Reports available at <http://fyi.uwex.edu/forage/h-m-r/>

Do's & Don'ts When Facing Financial Difficulty

Do's...

1. Complete a production and financial management analysis of your business for 2018. Determine areas for improvement with an immediate response and improvement in cash flow.
2. Complete a profitability and cash flow projection with any changes made to improve the business.
3. Meet with your lender and share your financial management analysis and cash flow projections. Communicate with your lender often and provide periodic updates.
4. Continually review and update cash projections and partial budgets. Cash flow management is the key to surviving difficult economic times.
5. If you have past due balances, meet with suppliers to develop payment arrangements.
6. Effectively utilize farm produced feeds, especially forages.
7. Test all farm-grown forages and feed for nutrient availability.
8. Treat disease herd health outbreaks before they become worse.
9. Be an astute purchaser of inputs.
10. Examine family living to see if expenses can be reduced.
11. Maintain minimal inventory; cull unprofitable cows, buy feed as needed. If you have extra dairy replacements, consider selling them. When selling animals, remember to consult your tax preparer concerning associated tax liabilities.
12. Sell nonessential capital items, including machinery and equipment, that is not needed to operate the business. Remember to consult your tax preparer concerning tax liabilities of a sale.
13. Examine debt for possible benefits of restructuring or alternative financing.
14. Perform tasks in a timely fashion, yet get enough rest. Sleep deprivation can interfere with task performance and judgement.
15. Consider off-farm work by all family members.
16. Communicate current financial situation often with management team/family members. Seek and welcome their suggestions and involve them in key financial decisions.
17. Adopt new technologies only after careful study.
18. Monitor the financial health of those who purchase your farm products. They may also be under severe financial pressure in this economic period.
19. Seek management advice and analysis assistance early from extension, consultants, Farm Center, and others.
20. Seek personal counseling and advice from close friends, clergy, Farm Center, medical professionals, and others.
21. Routinely test manure for nutrient content. Employ modern soil testing technology to minimize purchased crop nutrients.
22. Evaluate risk management tools in order to minimize production and price risk.
23. Evaluate business arrangements with other farms that have potential to reduce costs.
24. Forward contract inputs such as feed, fuel, and other supplies if you can lock in a profit.
25. Obtain price quotes from multiple suppliers for inputs.

Don'ts...

1. Make decisions that will cause the problem to be worse a week, month, or year down the road.
2. Continue the same practices simply because you've always done it that way.
3. Neglect needed accounting tasks because there isn't time right now.
4. Utilize farm produced feeds rapidly, so that they are used up without a replacement plan.
5. Reduce purchased feed just to save money.
6. Purchase products that promise to be a cure-all.
7. Make capital investments to reduce tax liability or because "it is a good buy."
8. Borrow money unless the profitability of the farm is reasonably expected to increase in order to provide for repayment.
9. Neglect the details; cleaning and maintaining equipment, communicating with and managing labor, detecting heats, etc.
10. Use alcohol to excess. Alcohol and other drugs can make a tough situation even worse.
11. Assume a management strategy that worked for one farm will be effective on yours. 

Source: Wayne Knoblach, Dyson School of Applied Economics & Management, Cornell University





Fond du Lac County

227 ADMINISTRATION/EXTENSION BUILDING
400 UNIVERSITY DRIVE
FOND DU LAC WI, 54935

NON-PROFIT ORGANIZATION
US POSTAGE PAID
FOND DU LAC WI 54935
PERMIT 110

Mark Your Calendars for Up Coming Agricultural Events

December 2018

- 4 Tu **Soil, Water, & Nutrient Management Meeting** | 10 am to 3 pm | Millhome Supper Club, Kiel
- 11 Tu **Beef Quality Assurance Training** | 7 pm to 9 pm | UW-Extension Washington Co (Public Agency Center)
- 13 Th **Intro to SnapPlus Training** | 10 am to 3 pm | UW-Extension Fond du Lac County
- 13 Th **Beef Quality Assurance Training** | 1 pm to 3 pm | UW-Extension Ozaukee County (County Admin Center)
- 14 F **Advanced SnapPlus Training** | 10 am to 1 pm | UW-Extension Fond du Lac County
- 20 Th **Fond du Lac County Forage Council Dairy-Forage Day** | 11 am to 2:45 pm | UW-Extension Fond du Lac Co

January 2019

- 4-6 **WI Jr Holstein Association Annual Convention** | Blue Harbor Resort | Sheboygan
- 8 Tu **Agronomy Update** | 12 noon to 3 pm | UW-Extension Fond du Lac County
- 9 W **Supporting Farmers During Challenging Times** | 8:30 am to 12 noon | Millhome Supper Club, Kiel
- 13 Su **Fond du Lac County Holstein Association Annual Meeting** | 12 noon | Holiday Inn Rolling Meadows
- 15 Tu **Fond du Lac Co Farmer Led Soil Health Meeting** | 12 noon to 1:30 pm | Rolling Meadows Restaurant
- 17 Th **InSight Dairy Series: Markets** | 1 pm to 3 pm | UW-Extension Fond du Lac County
- 28 M **Building Our Dairy Future: AMS Design & Efficiency** | 10 am to 3 pm | Osthoff Resort, Elkhart Lake

For additional dates and information, visit <http://fyi.uwex.edu/fdlag/calendar>
