

January 2019



# From Field to Barn

## UW-Extension Fond du Lac County

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### Fond du Lac County Educators:

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Dairy & Livestock Agent

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4-H Program Coordinator

**Amanda Miller**

FoodWise Coordinator & Family Living Educator

**Pamela Nelson**

FoodWise Nutrition Educator

**Vacant**

Area Crops & Soils Agent

**Vacant**

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**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.

## Watch out for each other...

As a dairy community, we have watched out for each other, but today with the burden of long term financial stress across all segments of agriculture, it is even more important to check up on each other.

UW-Extension Ag Health & Safety Specialist John Shutske shares stress can be a double edge-sword. A little stress can serve as a constructive motivator, calling us to action. Too much, or prolonged, stress on the other hand can damage our health. It diminishes our capacity to make sound decisions. It can also manifest into a vicious cycle that can paralyze a farm family.

Take care of each other during these challenging times. Enclosed please find confidential resources you can reach out to for yourself or your neighbor. And please know, UW-Extension is available for many farm and financial stress resources. 

**Tina Kohlman**


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## Farmer to Farmer-Forage & Corn List

The **Farmer to Farmer Hay, Forage and Corn List** puts Wisconsin farmers in touch with one another for the purpose of buying and/or selling corn silage, high moisture corn, haylage, straw and other forages. Search just one county or several counties at the same time. UW Extension assumes no responsibility in the transaction of buying or selling the items listed on the website. All transactions and negotiations are handled directly between buyers and sellers.



- Add a listing
- Search listings
- Browse listings
- Remove my listing

Listings remain active for 60 days or until a request to remove is made. 

<http://farmertofarmer.uwex.edu>

## Market Reality, Stress & Grief



**Market Reality** is an understanding of past market cycles, current market forces and future market opportunities based on a complex set of economic, political, cultural and other situations that affect farm incomes at any given point in time. **Market Stress** is an extended time where low product prices or high input costs cause negative margins and/or negative cash flow.

**Market Grief** is a reaction to the loss of something (profit or way of life) that is loved and cherished because finances or cash flow do not work out for extended periods of time. It may be an exasperation of a “*Holy Cow*” to a situation beyond control. Alternatives seem limited or are difficult to adjust to or realize in the new market norm.

At times, farmers get ravaged by the economy. Dairy prices plummet from time to time, which can last for years. Crop and other livestock prices often do not fare any better, minimizing alternatives. In 2014 for example, dairymen were getting over \$20 per hundredweight for their milk. In late 2018, that number sat below \$14 cwt. The 2018 average was the lowest average of that four year timeframe—a timeframe already previously stressful!

To put this in perspective, the 2018 break-even price for many milk producers was well over \$17.00 cwt. With the 2018 cow and heifer prices going below \$40 per cwt., selling heifers meant losing more than half the cost of growing them. In a depressed cow market, selling cows may mean forfeiting lots of the value of milk cows on the balance sheet. **So, how does one spell stress and grief?**

***Farm market stress and grief gave cause feelings of being overwhelmed, depressed, immobilized, lack of energy, loss of hope, etc. This can lead to exhibits of anxiety, anger and loss of good decision-making ability. SEEK HELP! PLEASE!***

Dairy producers have heard time and again they need to use records to fine-tune their management to find every penny of margin. Getting back to the basics- knowing their cost of production; feeding and breeding efficiency; producing the most pounds of solids per hundredweight of milk; improve the milking system to increase labor efficiency; breeding superior females for needed herd replacements and breeding the lower quality females to beef bulls that generate added revenue. **Many have done all that and more and the numbers still may not work out.**

**Dairying Might Get Even Tougher in Reality** as markets

change. Exports might not clear additional milk and processing capacity sees constraints. Markets are not always humane-- providing a price to balance supply and demand, even if low. Benefits of a free market do not come without cost. **A sad reality is the probability of an extended dairy recession even worse than the past few years.** Somebody or something needs to clear the market, meaning producers continue to leave.

**Making the Tough Choices and Seeking Marketing Options—** while many producers do not use a risk management tool, they are available and can be useful. For example, the 2018 Farm Bill gives dairy producers new market protection options, which, in reality, may actually protect the over-supply of milk. It renames Margin Protection Program for Dairy (MMP-Dairy) to Dairy Margin Coverage Program (DMC) and permits participation in both DMC and Livestock Gross Margin for Dairy (LGM) on the same production. DMC and the Dairy Revenue Protection program may also be used together. The DMC program is vastly improved from the old MPP and when combined with LGM coverage, should be considered by every dairyman, no matter how many cows they milk.

**Every farm needs an operating plan, and as important, an exit strategy**-setting a point where one is no-longer willing to accept equity loss and will exit the industry or reallocate resources to another enterprise. The easiest route, is to do nothing and hope things resolve themselves. Unfortunately, that hardly ever works. Remember, there is life after the cows leave the barn or even after people leave the farm. It is a tough reality, filled with stress and maybe even grief, but is often a necessary outcome in times of trouble.

Farmers need to be resourceful when considering how else resources can be used. Farm alternatives or off-farm jobs might not be a great choice, but a possibility needing consideration. Often, a conversation with someone who has gone through an “exit” can be helpful. Bringing others, i.e. Extension specialists, into the discussion might help to bring out ideas that otherwise might not be considered.

**Hopefully, all the market reality, stress and grief can be worked through:** making tough choices; reaching out to others, exploring options and giving life a new reality.

**Hopefully, a new acceptance is attained that gives hope** to meaningful life—a life maybe just different than before. 🐮

*Source: Larry Tranel, Psy.D. ISU Extension Dairy Field Specialist  
Fred Hall, ISU Extension and Outreach Dairy Specialist  
January 2019 ISU Dairy News & Views*

# High Points of the New Farm Bill for Dairy Farmers

The new 2018 Farm Bill is very attractive for dairy producers. There are five main highlights to know:

- 1) Margin Protection Program for Dairy is discontinued
- 2) Dairy Margin Coverage is introduced
- 3) Low premiums and expanded coverage levels from \$4 to \$9.50 with discounts for consistent use
- 4) Partial rebates of net MPP premiums paid for 2015-2018 period
- 5) No restrictions on combining crop insurance and title I programs (LGM and DMC or DRP)

On the first five million pounds of production (Tier 1) the \$9.50 level premium is \$0.15 with 25 percent reduction if you sign up for all five years (\$0.11). There is only the annual fee for Tier II production.

Producers are asking—what is my milk price floor with Dairy Margin coverage, even though the program does not actually create a milk price floor. But consider, the best estimated forecasted DMC feed ration cost in 2019 averages \$8.55, the range is \$8.45 to \$8.68. If a dairy producer chooses \$9.50/cwt coverage, that translates to  $\$8.55 + \$9.50 = \$18.05$ /cwt national average all-milk price.

Since producers look most closely at the Class III milk price and since 2015 the U.S. all-milk price was \$1.40/cwt higher than Class III milk price; therefore, approximate Class III price floor with DMC at \$9.50/cwt would be  $\$16.65$ /cwt ( $\$18.05 - \$1.40 = \$16.65$ ). If your estimated basis is \$1.50 over Class III, then with DMC your floor is  $\$18.15$ /cwt ( $\$16.65 + \$1.50 = \$18.15$ ). You then have to deduct the premium paid for the insurance and you have a protected price of  $\$18.00$ /cwt ( $\$18.15 - .15 = \$18.00$ ). This results in some payments when your milk price falls below \$18.15/cwt.

Will this make you good if your cost of production is \$18.50? No, but if you complement DMC or DRP with LGM, the combined payouts will suffice to cover your cost of production. This farm bill allows you to use DMC plus DRP or LGM on the same pounds. The focus is not profit, but it focuses generally on cost of production. This makes knowing your cost of production even more important.

How will these new options impact milk markets? If farms use these options and stay producing, then who will clear the market of the production? Maybe producers in other countries, then other U.S. dairies? Maybe fragile dairies or dairies with higher costs of production because of past management decisions and high labor costs?

Certainly, this could sadly extend a dairy recession, helping individual producers but reducing risk leading to a possible increase in supply—barring positive changes in domestic consumption and exports.

This emphasizes the need to put in risk management for 2019-2020. Producers will receive the highest benefits with Tier I at \$9.50 and Tier II at the \$4.00 level, especially if signed up for all five years. Another provision allows producers who paid premiums in MPP and did not receive indemnities equal to their payments, to apply up to 75 percent toward the premiums of the DPR. 🐄

*Source: Fred Hall, ISU Extension and Outreach Dairy Specialist  
January 2019 ISU Dairy News & Views*

UW-EXTENSION FOND DU LAC, OZAUKEE & WASHINGTON COUNTIES

# Market Brief

THURSDAY, FEBRUARY 7, 2019 | 1 PM TO 3:30 PM  
BLUE DOOR COFFEE CO | 116 E MAIN STREET | CAMPBELLSPORT



Area dairy farmers and agri-business professionals are encouraged to attend this information meeting. UW-Extension Center for Dairy Profitability Director & Dairy Policy Specialist Mark Stephenson will be joining us to discuss:


- Overview of Dairy Margin Coverage
- Overview of Dairy-MPP & LGM-Dairy
- FSA Implementation
- Expected returns, decision making tools, and calculations

# Pesticide Applicator Training

Pesticide applicator training will be administered through UW-Extension Fond du Lac County.

- ⇒ Certification for private applicators is required by law for crop producers to handle, mix, or apply “restricted use” pesticides. Private applicator certification is valid for five years and participants must be 16 years of age or older.
- ⇒ Pre-registration for the pesticide session is required. Individuals are charged \$30 for the training materials and state certification. Lunch is not included and is on your own.
- ⇒ Study materials may be picked up one week prior to the training session at UW-Fond du Lac County.

Materials will not be mailed. Please have your social security number available when registering.

- ⇒ A minimum exam score of 50% is required if individuals complete the training session. A minimum exam score of 70% is required if individuals chose self-study option.
- ⇒ For more information or to register, please contact UW-Extension Fond du Lac County at 920.929.3171. 



**Date: Monday, March 11, 2019**  
**UW-Fond du Lac, room UC-113/114**  
**Time: 9:00 am to 3:30 pm Registration begins at 8:30 am**

## 5 Steps to Financial Troubleshooting the Dairy Business




As the new year begins, it is a good time to assess the financial situation on the dairy farm. It has been a challenging year with low milk and commodity prices, persisting for several years. The 5 step approach will identify strengths and weaknesses during any market condition.

- 1) **Update Financial Statements**, including income statements and balance sheets for the beginning and end of 2018.
- 2) **Calculate “Farm Financial Standards” Measures.** Whenever possible the farmer should examine multiple year trends in the “Sweet 16 Ratios” to show the farm has performed over time. A difficult year like 2018 will find many farms challenged on these financial measures. If that’s been true historically, it points to a serious challenge. If the farm has historically performed well, a challenging year is discouraging, but not an irrecoverable issue.
- 3) **Prioritize Financial Issues and Performance:** liquidity (the ability to pay bills on time), solvency

(the debt-to-asset ratio and net worth of business), efficiency (how hard your investment is working for you to generate sales), and profitability (return on assets ratio). Low profitability in the business over time will ultimately cause a problem in all other financial aspects of the farm. Getting to the root cause is essential.

- 4) **Identify Production Problems Linked to Finances:** No financial progress ever occurs on a farm without solving production problems first.
- 5) **Make Changes!** After identifying the problems and opportunities, “change/adjust the production system.”

Monitoring and regular checkups throughout the year are needed to assess how the plan is working. 


Source: Timothy Beck, Extension Educator, Penn State University





## January 28 | 10 am to 3 pm | The Osthoff Resort

Dairy farmers, consultants, and service providers interested in learning more about automatic milking systems technology are encouraged to attend the Building Our Dairy Future: Robotic Milking Systems Performance and Efficiency Seminar scheduled for Monday, January 28, 2019.

Details at <https://fyi.uwex.edu/dairy/events/building-our-dairy-future/>. 

# Mark Your Calendars for Upcoming Agricultural Events

## January 2019

**28 M Building Our Dairy Future: Robot Design & Efficiency | 10 am to 3 pm | Osthoff Resort, Elkhart Lake**

## February 2019

- 5 Tu Annual CAFO Update Meeting | 12 noon to 3:30 pm | Fond du Lac Co. Fairgrounds | Recreation Center**
- 7 Th Market Brief: DRPP & The Farm Bill | 1 pm to 3:30 pm | Blue Door Coffee Shop | Campbellsport**
- 11 M Winter Grazing Meeting: Learn , Grow, Graze | 9 am to 3:15 pm | Portage, WI**
- 18 M Dairy Night of Learning | 7 pm | UW-Extension Fond du Lac County**
- 21 Th InSight Dairy Series: Dairy Nutrition | 1 pm to 3 pm | UW-Extension Fond du Lac County**
- 22 F Better Heifers, Better Cows Management Meeting | 10 am to 3 pm | Liberty Hall, Kimberly**
- 25 M Beginner Youth for the Quality Care of Animals Training | 7 pm | UW-Extension Fond du Lac County**
- 26 Tu Raising Quality Dairy Steers | 6 pm to 9 pm | Chissy's Pub & Grill | Waldo**
- 27 W Midwest Manure Summit | 9 am to 4 pm | Lambeau Field, Green Bay**

## March 2019

- 1 F Century & Sesquicentennial Farm Program Applications Due | Wisconsin State Fair Park**
- 2 Sa Agri-Business Council's Annual Ag Showcase | 8:30 am to 2:30 pm | Fond du Lac County Fairgrounds**
- 6 W Fond du Lac County Healthy Soils Event | 10 am to 3 pm | UW-Extension Fond du Lac County**
- 9 Sa Youth Tractor Safety Certification | 9 am to 3 pm | Campbellsport High School, Campbellsport**
- 11 M Pesticide Applicators Training | 9 am to 4 pm | UW-Extension Fond du Lac County**
- 13-14 PDPW Annual Meeting & Conference | Alliant Energy Center, Madison**
- 16 Sa Youth Tractor Safety Certification | 9 am to 3 pm | Campbellsport High School, Campbellsport**
- 18 Th InSight Dairy Series: Genetics & A2 Milk | 1 pm to 3 pm | UW-Extension Fond du Lac County**
- 23 Sa Youth Tractor Safety Certification | 9 am to 3 pm | Addison Town Hall, Allenton**
- 26-28 WPS Farm Show | EAA Grounds, Oshkosh**
- 30 Sa Youth Tractor Safety Certification | Addison Town Hall, Allenton**



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

# Winter Grazing Meeting

Monday, February 11, 2019

9:00 am to 3:15 PM

Health and Human Services Building, Rooms 2 & 3

111 East Mullett St.

Portage, WI 53901

If you are considering grazing, please join this group of grazers and educators who've been networking for many years sharing their ideas, touring each other's grazing farms, and gaining insight on how to streamline their production, remain sustainable, and market their products more effectively. There will be many opportunities for questions, networking with existing grazers, and good conversation, so mark the date and be sure to attend.

Topics to include:

- Economics of Grazing
- Seeding & Stocking Rates
- Grazing Cover Crops
- Enhanced Pasture Renovation
- Grazing Nutrition
- UW CIAS & DNR
- Grazing Opportunities

Registration and Lunch Fee is \$20.00/person by February 4. after February 4th, the fee is \$30.00.

Farmers please send your name, address, phone and email with a check made payable to *Columbia County* to:

UW-Extension Columbia County  
Attn: Winter Grazing Meeting  
112 E Edgewater St Room 212  
Portage WI 53901

Or contact UW-Extension Columbia County at [jennifer.evans@ces.uwex.edu](mailto:jennifer.evans@ces.uwex.edu) (608-742-9687). 