


Waupaca County UW-Extension  
Courthouse  
811 Harding Street  
Waupaca, WI 54981

Non-Profit Organization  
U.S. Postal Paid  
Waupaca, WI 54981  
Permit No. 3

RETURN SERVICE REQUESTED

  
*Upcoming Events:*  
**Dec 16**  
Waupaca/Wausara County  
Holstein Breeders  
12 Noon Cedar Springs, Manawa  
**Jan 5**  
UWEX Agronomy Update  
7:30 AM Kimberly  
**Jan 10, 17, 24**  
Cow College 1:00 PM Clintonville  
(see p3 for details)  
**Feb 9**  
Forage Council Annual Mtg  
10 AM Bear Lake, Manawa  
**Feb 21**  
UWEX Cattle Feeder Seminar  
11:30 AM Equity Livestock, Marion  
**March 1**  
Pesticide Applicator Training  
8:30 AM Courthouse, Waupaca

UW-Extension  
Master Gardener Training...  
A Great Holiday Gift Idea!!




Need a unique gift idea for the gardener in your family? Then consider a gift like the upcoming Master Gardener training program! The training program runs twelve consecutive Tuesday evenings beginning February 7<sup>th</sup>, 2017 at the courthouse in Waupaca from 6:00 to 8:00 PM.

This UW-Extension program covers a broad range of horticulture topics from fruits, flowers, vegetables, lawn care and landscaping to annuals and perennials, insect, weed and disease management, and even backyard wild life.

For those interested in becoming a certified UW-Extension Master Gardener volunteer, participants complete the training program (including the training class, as well as on-line lessons from home) and then volunteer at least twenty-four hours of volunteer service each year in support of the groups various community projects. Master Gardener volunteers also complete at least ten hours of continuing education each year, often included with monthly local meetings held the second Thursday of each month.

Registration for the training program is \$75 / person, and includes a training manual. Class size is limited, so registration will be accepted first-come, first-serve. As incentive, the Waupaca Master Gardener Association has also offered to help cover a substantial portion of the registration fee (depending on total number of participants). The program brochure and registration form are available at the Waupaca County UW-Extension Office at the courthouse in Waupaca, or on-line at <http://waupaca.uwex.edu>. Registrations due, January 9.

Waupaca County




Winter 2016-17

AGRICULTURE RESOURCE NEWSLETTER

Greg Blonde, UW-Extension Agriculture Agent...715-258-6230 (ext 2) or [greg.blonde@ces.uwex.edu](mailto:greg.blonde@ces.uwex.edu)

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Happy Holidays from  
Waupaca County UW-  
Extension staff!

Best wishes to you and  
your family in 2017 !!

Mark Your Calendar for These Upcoming Events...  
(see details inside, or call 715-258-6231 for more information)

December 16

Waupaca / Wausara Holstein Breeders Annual Mtg.  
12 Noon, Cedar Springs, Manawa  
Call (920-858-9367) or email [willisgunst@gmail.com](mailto:willisgunst@gmail.com)

January 5

UWEX Agronomy Update Mtg.  
8 AM—Noon, Liberty Hall, Kimberly

January 10, 17 & 24

Cow College  
(agenda & registration enclosed)  
1-3 PM FVTC Clintonville (Jan 10 & 17)  
10-2 Tour 3 Robotic Dairy Farms (Jan 24)

January 26

UWEX Estate Planning Webinar  
1-3 PM, Courthouse, Waupaca

January 31

Annual CAFO Update  
12-4 PM Crystal Falls, New London

February 9


Forage Council Annual Winter Mtg.  
10 AM—3PM Bear Lake Resort, Manawa

February 21

UWEX Cattle Feeder Update  
Noon—3 PM, Equity Livestock, Marion

March 1

Private Pesticide Applicator Training  
8:30 AM—3 PM, Courthouse, Waupaca

 University of Wisconsin, U.S. Department of Agriculture and Wisconsin counties cooperating. UW-Extension provides equal opportunities in employment and programming including Title IX and ADA. This document can be made available in alternative formats by calling (715) 258-6230 or TTY 800-947-3529. To ensure equal access, please make requests for reasonable accommodations as soon as possible prior to the scheduled program, service or activity.

Agronomy Updates & 2017 Options...

UW Agronomy Update Meetings

Jan 4 - 1:00 PM UW-Fond du Lac

Jan 5 - 8:00 AM Liberty Hall, Kimberly

Forages

- Forage quality in 2016
- Flood damage to fields
- Quality losses during harvesting

Corn

- Why was 2016 so productive for corn?
- Corn seed treatment performance
- Best maturities for your farm?

Soybeans / Small Grains

- Soybean Yield Gap in WI and the US
- Soybean Yield Response to ILeVO
- Reduced Seeding Rates

CEU credits are available for this program. Contact Loretta Ortiz-Ribbing for the Fond du Lac site (920-929-3170 or Loretta.ortizribbing@ces.uwex.edu) and Kevin Jarek for the Kimberly location (920-832-5119 or kevin.jarek@ces.uwex.edu). Pre-register required to avoid late fees (\$21 for materials, \$45 with meal).

Private Pesticide Certification Training

March 1 (Wed) 8:30 AM Courthouse, Waupaca

Those who need to re-certify or want to become certified private pesticide applicators for field or vegetable crops can register for the training program scheduled in Waupaca County this winter. The training fee is \$30 per person (certification good 5 yrs). Register by purchasing the training manual at the UWEX office in Waupaca (\$35 by mail). Call (715-258-6230) or Email (greg.blonde@ces.uwex.edu) for more information.

What's Your Cropping Strategy for 2017:

- Better marketing? (\$0.10/bu @ 150 bu/a = \$15/a)
- Negotiate lower rental rates? (Co AVG = \$80-90/a)
- Fine tune inputs? (seed, fertilizer, chemicals)
- Lower input crops? (soybeans, small grains)

Check-out the UWEX Crop Budget analyzer to help evaluate your options and strategies:

http://waushara.uwex.edu/agriculture/crop-budget-analyzer-feb-16\_2016/

Market Update / Outlook

By Dr. Bob Cropp, Extension Dairy Market Specialist

Volatile cheese prices have meant volatile Class III milk prices this year. The good news is that while November cheese prices have had some rather big price increases as well as decreases overall cheese prices have shown surprising strength in November to the point that the November Class III could be near \$16.75. After Christmas, cheese prices are likely to weaken resulting in a Class III in the low \$16's for December. The Class III price will average near \$14.75 for this year (\$15.80 in 2015 and \$22.24 in 2014). Despite adequate cheese stocks, price has increased. Continued good cheese sales have tightened availability. Cheese prices were not helped by exports. September cheese exports were just 0.6% lower than a year ago, but 20.5% lower than strong exports in 2014.

Looking ahead to 2017 milk prices will depend a lot on the level of milk production. Milk cow numbers have been declining, but, more milk per cow is driving the increase in milk production (2.3% higher than last year). USDA is forecasting 2017 milk production to increase another 2.1%. That is a lot of milk. But, we can expect high milk prices from continued good butter and cheese sales as wells improved exports as we move through next year. The growth in world milk production has slowed as major exporters—EU, New Zealand, Australia and Argentina—all are experiencing lower milk production with either a decline or relatively small increases for 2017. U.S. is the only major exporter experiencing higher milk production. World demand has picked up with China and other major importers being more active. This tightening of world supply and demand will reduce the buildup of world surplus increasing world dairy product prices making U.S. dairy products more competitive on the world market.

At this time (Thanksgiving) it looks like Class III price maybe in the high \$15's at the start of 2017, in the low \$16's by the end of first quarter, in the mid-\$16's by second quarter, higher \$16's third quarter and with the \$17's as a possibility fourth quarter. The average for the year could be near \$16.50, a good improvement over the expected \$14.75 this year. This is more optimistic than USDA and some other forecasters are forecasting. USDA has the Class III averaging from \$15.30 to \$16.20. But, final milk prices will be subject to any rather small changes in milk production, sales, or exports.

Agricultural Safety Connection Educational Seminar  
Schedule of Events

12:45 pm - 1:30 pm

What does Human Trafficking Look Like?

Presented by Mariana Rodriguez - UMOS Latina Resource Center

Labor trafficking is a form of modern-day slavery in which individuals perform labor or services through the use of force, fraud, or coercion. This session will define and discuss what human trafficking is and how prevalent it is in our area. Means to identify or screen potential victims will be highlighted along with the methods to address possible trafficking situations.

1:30 pm - 1:40 pm

Break

1:40 pm - 3:00 pm

Breakout Session C

Option 1: My Farm Needs a Safety Program – Now What?

Presented by Cory Arendt, CSP - EHS Management, LLC

This presentation will help guide an agricultural business in their effort to create and implement a safety program and risk management strategy. "Take aways" will be sample safety program and forms.

Option 2: Tractor Safety 101

Presented by Will Petska - Tractor Central

OSHA requires tractor operators to have initial and annual training on how to operate safely. This course will cover operational tractor safety including but not limited to ROPS, seat belts usage, controls, proper maneuvering and operation, and other hazards. This course will also cover general maintenance guidelines for safe operation.

Option 3: "Confined Spaces- Live Another Day"

Presented by Ryan Martin - Grassland Dairy Products, Inc.

We will discuss how to identify Confined Spaces throughout your operations as well as how to recognize the risks and possibly deadly circumstances that may be uncovered as an owner, operator, or worker on farms and in agricultural operations. This session will communicate the challenges and hazards of entering into confined spaces and some alternative methods to eliminate the need to enter to live another day.

3:00 pm

Final Closing Remarks and Thank You

Presented by Mary Bauer - Eau Claire OSHA

Government Agencies and Supporting Associations:





# Agricultural Safety Connection Educational Seminar

## Schedule of Events

10:10 am - 11:00 am

### Breakout Session A

#### Option 1: Literacy Development Opportunities

Presented by Anna Bierer - Wisconsin Literacy, Inc.

In this session we will highlight innovative programs across the state that help employees in agriculture improve literacy and English language skills. Literacy is a broad field that covers areas such as English as a second language, health/wellness, financial/math, and job skills/employment decisions. We will provide contact information for our member agencies and help to facilitate partnerships between agricultural employers and literacy programs.

#### Option 2: Taking Your HazCom Program Beyond Collecting SDS

Presented by Cheryl Skjolaas - UW Extension

As a custom operator, Bill discusses how to incorporate safety in everyday planning, equipment inspection and maintenance and movement of equipment from site to site. He also discusses the other factors that lead to accidents such as weather, fatigue and communication.

#### Option 3: Ergonomic Awareness/ Lifting Techniques

Presented by Bob Haese - Bay Environmental Strategies Inc

This session will review the basic elements of ergonomics and enhance one's understanding of Musculoskeletal Disorders and associated risk factors. In addition, proper lifting techniques and stretching will be discussed.

11:10 am - 12:00 pm

### Breakout Session B

#### Option 1: Creating a Safety and Health Culture

Presented by Michelle Brown Mogensen - Across Borders Consulting Services LLC  
Jeny Nieuwenhuis Hardel - REI Engineering, Inc.

Creating a Safety and Health Culture and Learning Environment by involving Management in the Planning and Developmental Stages and by Mentoring and Training Local Employees to take S&H Ownership in the Workplace. In our presentation, we will also highlight the importance of having a Safety and Health Lead, the Value Employees have/feel after receiving Safety and Health Training, and how to facilitate a proper S&H Incentive Program with Employee Safety Champions. This is based on recent experiences of a local Mink Farm.

#### Option 2: Got Crops, Pesticides and Farm Workers? Got WPS

Presented by Jane Larson, DATCP - Wisconsin Dept. of Agriculture, Trade and Consumer Protection

The Environmental Protection Agency (EPA) has revised the 1992 Agricultural Worker Protection Standard (WPS) regulation to increase protection from pesticide exposure for the nation's two million agricultural workers and their families who perform hand-labor tasks in pesticide-treated crops, such as harvesting, thinning, pruning) and pesticide handlers' (those who mix, load and apply pesticides) use and contact with pesticides on farms, forests, nurseries and greenhouses. This session will cover those changes such as training, age limits, respiratory protection/PPE, signage and recordkeeping.

#### Option 3: Manure Handling Hazards and Solutions

Presented by Clifton Nesseth - NTH, Inc.

This presentation will address the hazards of handling manure from within the barn to the challenges of field work safety. More specifically, safety issues in barn cleaning equipment, storage practices, agitation, and delivery to the field via drag hose or tanking systems. I'd like to go through a number of case studies, issues with improperly installed equipment or systems, efforts and features that should be made to design a system that eliminates as many risks as possible up front, and discuss some systems for gas detection, etc. Also, what to look for in purchasing a product that is designed with safety in mind, including PTO, electric, and hydraulic pumps, as well as tanks that require confined space entry protocols, and plumbing methods that keep wear components out of the pit. Also, agitation boats, which seem to be a whole new hazard if not set-up properly. How to look at redesigning hazardous system lay-outs, and ways to safe guard existing machinery and pits.

12:00 pm - 12:45 pm

**Lunch**  
Provided by our Gold Sponsors



Fox Valley Technical College Regional Center  
Hwy 22/45 Clintonville, Wisconsin

# 2017 Cow College

## January 10 | 1:00-3:00 pm

### Economics of Dry Cow Therapy & Achieving High Pregnancy Rates in High Producing Cows

**Dr. Pam Ruegg DVM**  
Extension Udder Health & Milk Quality Specialist, UW-Madison  
**Dr. Paul Fricke**  
Extension Dairy Reproduction Specialist, UW-Madison

Find out if your dry cow treatment program is saving or costing you money, then learn the latest ideas for increasing your dairy farm profitability by increasing pregnancy rates in high producing cows.

## January 17 | 1:00-3:00 pm

### Effectively Managing Digital Dermatitis & Other Hoof Health Issues in the Dairy Herd

**Dr. Dorte Dopfer DVM / PhD**  
UW-Madison School of Veterinary Medicine

Dr. Dopfer is a leading authority on dairy cattle hoof health, especially the diagnosis and treatment of "hairy heel warts" (digital dermatitis). Learn how your herd can be more profitable through better hoof health. On-farm survey results from local farms will also be shared, as well as a new Extension fact sheets with footbath, housing design and management considerations.

## January 24 Farm Tour Robotic Milking Systems

- 10:00 am** **Wichman Farms LLC | N4735 Cty EE, Appleton**  
4 Lely robots, 240 cow sand freestall
- 11:00 am** **Steffens Farm LLC | N5220 Mullen Rd, Seymour**  
2 Lely robots, 100 cow expandable sand freestall
- 12:15 pm** **Lunch at Center Town Hall | N3990 HWY 47, six miles north of Appleton**  
Larry Tranel, Iowa State Extension Dairy Specialist, will discuss use of robotic milking systems in northeast Iowa, including financial challenges and opportunities.
- 2:00 PM** **Stoney Springs Farm LLC | W5678 Cty JJ, Appleton**  
2 Boumatic double-arm robots, 220 cow mattress freestall



**Register for the sessions you plan to attend** ☐ January 10 ☐ January 17 ☐ January 24  
*Cost is \$5.00 per session/per person or \$10.00 total for all three sessions per person.*

Name(s)		
Email		
Address		
City	State	Zip
Phone	Amount Enclosed \$	

**Deadline to Register: Friday, January 6, 2017**  
**To register call or return this form with check payable to UW-Extension to any office.**

Waupaca County UWEX	Shawano County UWEX	Outagamie County UWEX
Greg Blonde	Jamie Patton	Zen Miller
Courthouse 811 Harding St	Courthouse, Rm 101	3365 W Brewster St
Waupaca, WI 54981	Shawano, WI 54166	Appleton, WI 54914
715-258-6230	715-526-6136	920-832-5119

**Thank You Program Sponsors**  
Abts Lely Center, Clintonville Regional Center, Fox Valley Technical College, Greenstone FCS, LDS Dairy Equipment Premier Community Bank, UW-Extension

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Greg Blonde, UW-Extension Agriculture Agent...715-258-6230 (ext 2) or greg.blonde@ces.uwex.edu



Waupaca County  
Forage Council  
2017 Annual Meeting

Thursday, February 9<sup>th</sup>  
Bear Lake Resort, Manawa  
N4715 State Hwy 22-110, Manawa, WI 54949

- 10:00 Registration
- 10:30 Update on Local Ag Plastic Recycling  
by Greg Blonde, Waupaca County UW-Extension Agent & Price Murphy, Revolution Plastics, WI Operations Manager
- 11:15 Forage Facts & Follies: Issues and Opportunities Facing Forage Producers in 2017 by Mike Rankin, Managing Editor of Hay & Forage Grower Magazine, W.D Hoards & Son Inc
- 12:00 Lunch (members free; non-members \$20)
- 12:45 Potential for using Forage Sorghum in WI by Matt Akins, Extension Dairy Nutritionist, UW-Madison / Marshfield Ag Research Station
- 1:30 Local Forage Update / Outlook local Forage Council Members
- 2:00 Waupaca Co. Forage Council Annual Business Meeting
- 2:30 Forage Council Member Auction...donated items with a retail value of \$50 or more will be sold to the highest member bid. Auction proceeds are used to support local forage council demonstration projects and educational activities. Only members are eligible to participate in the auction.

Call or Send Your Registration by Monday, February 6th

Name \_\_\_\_\_ Address \_\_\_\_\_  
City \_\_\_\_\_ Zip \_\_\_\_\_ Telephone \_\_\_\_\_  
E-mail \_\_\_\_\_

\$45 annual membership (includes meal) ☐ enclosed ☐ pay at door  
\$20 (lunch & meeting, no membership) ☐ enclosed ☐ pay at door

Send to or Call :  
Waupaca Co. UWEX  
Attn: Greg Blonde  
811 Harding St.  
Waupaca, WI 54981  
715-258-6230

Make Checks Payable to:  
Waupaca Co. Forage Council

Agricultural Safety Connection Presents A  
Complimentary Education Seminar

Date: January 4, 2017

Registration and Continental Breakfast: 8:30 am - 9:00 am  
Presentations: 9:00 am - 3:00 pm

Location: Stevens Point Holiday Inn  
1001 Amber Avenue, Stevens Point, WI 54482

- Overview: This seminar will provide attendees with valuable information, current OSHA regulations and networking opportunities to facilitate a safe working environment.
- Mission: Agricultural Safety Connection is a coalition of government agencies, businesses, associations, and producers that have direct or indirect ties to the farming community. The interest of the group is to promote a safe and healthful workplace for all farm workers and owners. ASC members form a network of resources which include risk management, developing safety and health programs, hazard recognition, worker compensation management, laws governing the workplace and best safety and health practices.
- Who Should Attend: Agricultural Industry Players.
- Farmers
  - On Farm Service Providers
  - Government Employees
  - Education and Outreach Sources
  - Safety Managers
  - EH&S Managers
  - Risk Managers
  - Employers
- Topics Covered:
- OSHA's Impact in Agriculture
  - Manure Handling and Storage Hazards
  - Confined Space Hazards and Prevention
  - Literacy Education
  - Tractor Safety
  - Vulnerable Workers-Human Trafficking
  - Ergonomic and Material Handling
  - Hazard Communication
  - Creating a S&H Culture
  - Pesticide Safety-Worker Protection Standard
- Registration: [CLICK HERE TO REGISTER](#) by December 28, 2016. Seminar is at NO COST to you. Complimentary lunch is included. For questions, please contact Wendy at wklasinski@encoreunlimited.com.

- 8:30 am - 9:00 am Registration and Continental Breakfast  
Event Moderator Wendy Klasinski - Encore Unlimited, LLC
- 9:00 am - 9:15 am Welcome  
Presented by Ann Grevenkamp - Madison Area Office's Area Director
- 9:15 am - 10:00 am OSHA's Role in Agriculture  
Presented by Mary Bauer - Eau Claire OSHA  
Nationally, OSHA has focused inspection and outreach activities in the agricultural industry as whole. In Wisconsin, OSHA has been involved in Dairy inspections for over 6 years. This joint session will discuss some of the policies and procedures that affect compliance inspections in the agricultural industry. The top hazards and the "dairy dozen" will be highlighted.
- 10:00 am - 10:10 am Break
- 10:10 am - 11:00 am Breakout Session A



## Dairy Farm, Financial & Credit Management Options...(cont.)

By Tom Cosgrove & Robert Smith, Farm Credit East

**Preserve Your Remaining Debt Capacity.** Credit availability is a critical resource to help you through this cycle. Resist the temptation to use available lines of credit for anything other than essential replacement purchases and meeting current operating expenses. Be cautious about “deferred financing” or leasing of “nice to have” pieces of equipment.

**De-lever your balance sheet.** Most farms that currently have in excess of \$3,500 debt per cow need to actively reduce their debt – not only to get through the current correction phase, but also for sustained success over the long term. The right amount of debt and leverage on the balance sheet is specific to each farm.

**Defer “Nice to Have” Capital Spending.** Avoid replacing a key piece of equipment “just because” you like to replace it every three years. Think carefully about purchasing the 100-acre piece that you have rented for the last 20 years if you can continue to rent with an option to purchase, or building the next heifer barn because it will position you for the next round of expansion.

**Sell Unproductive Assets.** Consider selling assets that are not essential to your farm operation:

- Heifers in excess of what you need to keep existing facilities in full production.
- Distant cropland you know is costly to operate.
- Merchantable timber.
- Houses or buildings on second farms that that could be sold without unduly impacting the operation.

**Repayment: Time is not a “silver bullet.”** One way to reduce breakeven milk price would be to lengthen the debt term or to term-out operating losses over an extended period. An operation places itself in an increasingly uncompetitive position if it is still making payments on fully depreciated assets when that cash flow is needed for future business opportunities. Needing to term out a current operating loss over an extended time (5 or more years) shows the business’s lack of resilience and likely inability to weather future downturns.

**Equity Investment.** Today’s farm entity structures may better facilitate outside equity than in the past, especially for more profitable farms that have a present need to reduce leverage. Equity might be invested by nonfarm relatives, friends or others who might be interested in a “patient capital” opportunity.

**Keep an Open Mind and “Open Doors”.** It’s important to have a Plan B if bold actions do not result in

sustainable profits. Being strategic and proactive about selling assets is important, especially if a prolonged downturn impairs asset values or the purchasing power of likely buyers. Options might include selling a satellite farm or the sale/leaseback of cropland, especially if it is less critical to permitting/nutrient management.

**Is This the Right Time to Exit?** Over many decades, thousands of farm families have determined that their best strategy was to make a planned exit from active farming in a manner that preserved their accumulated wealth. Often this was, in effect, a retirement decision. Almost universally, these folks say later they are glad they made the decision to move on and that life after active dairy farming can be very productive and enjoyable as well. Key to this decision is to not wait until equity is mostly gone and to sell assets in a manner that manages income tax liability.

**Talk Often with your Loan Officer.** On-going, honest communication about plans, financial needs and outcomes is more critical than ever to provide good service to you.

### Farm Labor / Wage Report

According to a recent National Ag Statistics Service farm labor/wage survey, in the Great Lake Region, which includes Michigan, Minnesota, and Wisconsin, there were 58,000 workers hired directly by farms this summer in mid-July.

Farm operators paid their hired workers an average wage of \$13.24 per hour, up \$0.68 from July 2015. The number of hours worked averaged 38.5 for hired workers during the reference week, compared with 38.3 hours in July 2015.

During the second week of October, there were 59,000 workers hired in the region with an average wage rate of \$14.67 per hour, up \$1.39 from October 2015. The number of hours worked averaged 42.1 for hired workers, up from 41.5 hours in October 2015.



## Cattle Feeders Update 2017

**Tuesday, February 21**  
Equity Livestock Sale Barn  
Hwy 45 Marion, WI

**No cost to attend, but advance registration is required.**  
Call either Waupaca County UW-Extension (715-258-6231) or the Equity Sale Barn in Marion (715-754-5227) to reserve your seat.

### WHO SHOULD ATTEND:

- Beef Cattle Feeders
- Dairy Steer Feeders
- Beef Industry Professionals

**Free Lunch** sponsored by Equity Livestock (12 noon)

**1:00 PM What Are Cattle Buyers Looking For?**  
Local Order Buyer for Processing Plants

**1:30 PM Feeding & Nutrition Weaning to Finish**  
Dr. Dan Schaefer, Department of Animal Science, UW-Madison

**2:15 PM Market Outlook / Price Discovery Factors**  
Dr. Brenda Boetel, Extension Livestock Marketing Specialist

*The annual UW-Extension Cattle Feeder Update program is an educational outreach effort to all beef and dairy beef producers, beef industry professionals and agriculture educators. Reference to a product, trademark, or place of business does not constitute an endorsement by UW-Extension nor implies approval to the exclusion of similar products or businesses. UW-Extension provides equal opportunities in employment and programming, including Title IX and ADA. To ensure equal access, please make requests for reasonable accommodations as soon as possible prior to the event.*



## WISCONSIN FARM SUCCESSION AND ESTATE PLANNING STATE-WIDE WEBINAR SERIES



Waupaca County UW-Extension is offering a series of webinars on farm succession and estate planning. Registration is \$5/person per session. Each program runs from 1-3 PM in Room 1037 at the Courthouse in Waupaca (limited seats available). **Pre-registration required.** To register call 715-258-6231 or email [dana.nelson@ces.uwex.edu](mailto:dana.nelson@ces.uwex.edu).

**January 26 - Estate planning** – Bridget Finke, Attorney, Bakke Norman Law Offices

**February 23 – Long Term Care: Planning for the Future** – Steve Shapiro, Medigap Insurance Specialist, State of Wisconsin Board on Aging and Long Term Care and the Wisconsin Office of the Commissioner of Insurance

**March 23 – Medicaid Eligibility** – Anthony Schmoldt, Attorney, Schmoldt Law Office

### Grain Market Update / Outlook

By Bob Utterbak, Commodity Broker, Former Purdue Extension Marketing Specialist & Farm Journal Columnist  
Ag Web Farm Journal Blog Post, December 2

We are entering an adjustment period where supply needs to be adjusted downward. When combined with the annual concern about weather, we can safely say prices will rally again. However, if we don't see a yield reduction event next summer, prices could drop to levels that force domestic and international production to the sidelines. 2017 is the year to batten down the hatches. That means different things for different operations. I don't know how long the transition will take, but producers can reduce the negative impact by following these strategies:

- In regard to the grain markets, use a strategy that has the lowest cash-flow outlay possible. Forward sell at the elevator, but defend with calls rather than futures or options.
- If possible, plant corn. I think soybean acres will be up significantly while corn acres will be down.
- If you haven't already, lock up long-term interest rates. If you're thinking of borrowing for short-term needs and your land is free and clear, I prefer a long-term mortgage rather than a variable-rate annual loan.
- Those who rent need to be honest with their landlords. Share with them how much you're spending and bringing in on their farm. You have to get land cost more in line with realistic revenue expectations.
- Consider ways to diversify your revenue stream outside of agriculture. Producers who have other financial and business interests outside production agriculture oftentimes are better overall managers. Diversified enterprises also help you see other ways to approach problems.

In summary, we're entering a speed bump in time when grain producers must adjust. If you act responsibly, you'll come out stronger and better able to take on the challenges ahead.

## Dairy Farm, Financial and Credit Management Options

By Tom Cosgrove & Robert Smith, Farm Credit East

**Understand and Manage your NCOP (Net Cost of Production).** Current state of the art of dairy farming confirms that \$18/cwt. NCOP is achievable. Milk markets are inexorably driving producers to that level. Having the accurate financial records to calculate cost of production is paramount. Then benchmarking your NCOP against industry standards indicates area for improvement.

**Question “We’ve always done it that way.”** This is a good time to rethink “sacred cows” within your business strategy. This may include evaluating the financial impact of raising every heifer calf to freshening, cropping distant fields just because they are available to rent, or feeding for maximum production rather than for optimal cost of production per cwt.

**Make the Most of Underperforming Resources.** Businesses often accumulate underperforming resources during periods of good profitability – it's just human nature. It makes sense to either enhance the performance of these resources or let them go in tougher times even though it may be emotionally difficult to do so. This may be rented crop land that made sense to operate when corn was \$6 per bushel. It may be an employee or two that are nice to have during peak times, but increase labor cost per cwt. above the norm. It may be an employee who has struggled to meet established standards of productivity in your business or milking cows that are not pulling their weight within the herd.

**Re-balance your dairy operation.** Many dairy operations have undertaken substantial expansion during the past few years. Often, key resources can get out of balance due to the stepwise nature of expansion such that one or two resources may be in excess while others may be very limiting – cropland for both production and manure management, parlor capacity, milk cow barns, heifer barns, feed storage, heifers, etc. It is important to understand and manage any imbalance within your operation, even though the current climate precludes further expansion spending for some time. For example, maxing out current capacity to house, feed and milk cows within existing facilities is key to diluting fixed costs and enhancing cash flow.

**Take Full Advantage of Outside Professional Advice.** There are many outside resources that are eager to assist you in taking bold action and achieving a more competitive cost of production – your nutrition-

ist and/or feed supplier, your vet, your agronomy supplier, accountant/tax preparer, milk marketing broker and loan officer. Take full advantage of these professionals because they bring not only expertise, but perspective from working with similar farming businesses.

**Essential vs. Nice to Have Capital Spending.** Healthy profits and strong appetite for income tax management have spiked capital spending for replacement machinery and equipment in recent past years. Many younger family members may not remember a time when the business needed to go on a disciplined capital spending diet and rely to a greater extent on “baling wire and twine” to get by. While everyone recognizes that with today's level of mechanization and technology, there is almost always some essential capital spending required in dairy businesses. It is strongly recommended setting a multi-year capital budget based on expected obsolescence and priorities, and then using it to maintain strong discipline when those *great* opportunities pop up.

**Family Living Withdrawals from the Business.** Rightfully so, good times allow some farm owners to enhance their standard of living with larger personal draws. Those who did may now need to reduce family living draws until prices and profitability re-balance.

**Accurate, Real-Time Financial Records.** This is very important and ongoing recommendation. With the speed and success of dairy businesses taking bold action, a common factor is good real-time financial information on a monthly and annual basis for monitoring, benchmarking, partial budgeting and motivation. Not knowing cost of production and year-to-date results on a continuous basis is dangerous in these challenging times. This is a critical survival skill that requires a professional practitioner or someone within the management team who is focused on and responsible for good accounting.

**Is Tax Management Still Driving the Bus?** Heightened dairy farm profitability created the opportunity to use capital spending as a means for deferring income tax liability into the future. This only enabled more frequent replacement of machinery and equipment, but has likely encouraged expansion based on tax advantages. In the current dairy climate, producers and their tax advisors will be challenged to adjust their financial management to preserve cash flow, repayment capacity and debt capacity.

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