AUGUST 2020 Shawano County Ag Newsletter

University of Madison Division of Extension





Extension UNIVERSITY OF WISCONSIN-MADISON SHAWANO COUNTY

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Hello All!

I was hoping that by the next newsletter I would be able to promote some late summer-early fall field days. Unfortunately, in person programming is still on hold as the pandemic continues Extension is keeping the health and safety of everyone in mind. In this newsletter you will find how we are trying to reach our clientele virtually as well as some resources to get you through the end of the summer.

In this newsletter you will find information on the Coronavirus Food Assistance Program. I have received several questions about this program relating to feed inventory. I am more than happy to help you determine your feed inventory but I have also included some resources on how to calculate it.

Although we are unable to see you in person, Extension has been hard at work coming up with new ways to reach producers and industry professionals. Two such programs are the Badger Crop Connect, a biweekly webinar bringing timely crop updates, and The Cutting Edge, a podcast covering alternative crops for Wisconsin. You can find more information on both programs in this newsletter.

While I have been working from home the past few months, I have not stayed at home the whole time. I have been working on an alfalfa field trial in partnership with the Shawano County Forage Council and Scott Reuss, Marinette County Ag Educator. We are looking at different levels of potassium, boron, and sulfur. Hopefully, we will be able to share the results of this trial this winter.

Stay Healthy!



Kimberly Schmidt Agriculture Educator 608-265-1144 email: kimberly.schmidt@wisc.edu



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CFAP Direct Payments to Commodity Crop Farmers: A Wisconsin Perspective

Paul Mitchell, Professor of Agricultural and Applied Economics, Extension State Specialist, and Director of the Renk Agribusiness Institute, University of Wisconsin-Madison June 2, 2020

The USDA has published details on the Coronavirus Food Assistance Program (CFAP) direct payments to farmers impacted by market disruptions due to COVID-19. For commodity crops, payments focus on crops with price declines exceeding 5% from mid-January to mid-April. The three major non-specialty crops in Wisconsin that farmers will be eligible for payments are corn, soybeans and oats, though a few Wisconsin may plant other eligible crops. Specialty crops are also potentially eligible (<u>https://www.farmers.gov/cfap/specialty</u>). In this post, I briefly explain payment calculation and encourage farmers to contact their county USDA Farm Service Agency (FSA) office to enroll.

CFAP Payments Rates

As a confusing factor, two sources of funding were authorized by Congress and each has different payment rates (<u>https://www.farmers.gov/cfap/non-specialty</u>). From a farmer's perspective, CFAP uses the average of these two payment rates. The table below lists the final effective prices per bushel for major Wisconsin crops, plus some crops that may have a few acres in Wisconsin. <u>These prices incorporate the averaging between the two different payment rates</u>.

Сгор	Effective CFAP Payment Rate			
Corn	33.5 cents per bushel			
Soybeans	47.5 cents per bushel			
Oats	16 cents per bushel			
Sorghum	31 cents per bushel			
Wheat, Durum	19.5 cents per bushel			
Wheat, Hard Red Spring	19 cents per bushel			
Barley (malting only)	35.5 cents per bushel			
Canola	1 cent per pound			
Sunflowers	2 cents per pound			

Several crops are excluded from eligibility, including soft red winter wheat, hard red winter wheat, white wheat, rye, feed barley, and hemp. Most types of forage are excluded, including alfalfa, hay, haylage and other forage crops. Wheatlage and barlage are excluded. <u>Corn, oats, soybeans and sorghum made into silage are eligible for payments after conversion to grain equivalents.</u> Conversion factors are set for each crop. For corn silage, the grain equivalent is 7.94 bushels per ton at 65% moisture. For oats, the grain equivalent is 4.08 bushels per ton of oatlage at 65% moisture. For soybeans, it is 5.00 bushels per ton of soybean silage. For sorghum, it is 5.56 bushels per ton for sorghum silage. Note, it must be grain sorghum taken for silage, not sorghum planted for silage or a sorghum sudangrass hybrid.

Calculating Payments

Farmers will be asked to certify their 2019 total production for eligible crops, as well as their unpriced inventories for each crop on January 15, 2020. The production to use for calculating CFAP payments for each eligible crop is the <u>lesser</u> of a) 50% of 2019 production and b) unpriced inventory on January 15, 2020. The first CFAP payment will then be 80% of this production multiplied by the price from the table. Later, if funding is still available, a second CFAP payment for the remaining 20% will be made.

As an example, suppose a farm harvested 50,000 bushels of corn in 2019 and on January 15, 2020 still had 30,000 bushels in storage (they had already sold or fed 20,000 bushels). The farm also sold in November 2019 a forward contract to deliver had 10,000 bushels of corn on March 15, 2020. This corn was part of their inventory on January 15, 2020. For this farm, half of their 2019 production is $50\% \times 50,000$ bushels = 25,000 bushels and their unpriced inventory on January 15 was 30,000 bushels – 10,000 bushels forward contracted = 20,000 bushels. The lesser of these is the 20,000 bushels of unsold inventory, so the farm uses 20,000 bushels to calculate the CFAP payment. For this example, the first corn CFAP payment would then be $80\% \times 20,000$ bus $\times $0.335/bu = $5,360$.

The USDA FSA has a CFAP payment calculator available: <u>http://fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/cfap/cfap-payment-calculator-public-facing-version-1-final.xlsm</u>. This spreadsheet also completes and prints the necessary forms based on the information entered.

Signup Details

FSA begins taking CFAP applications on May 26, 2020 until August 28, 2020. Farmers should call their county FSA office to schedule an appointment. To prepare, farmers will need to be able to certify their 2019 production and inventory remaining on January 15 for each eligible crop. Other information needed will be tax identification number, farm operating structure, adjusted gross income compliance certification and direct deposit information. Applications will be submitted electronically (not in person), by scanning, emailing or faxing. Please call your FSA office to set an appointment to begin your electronic application process before sending personal information.

Payment Limits

Payment limits are \$250,000 per person and legal entity, applied to the total CFAP payments made for all eligible commodities, including dairy, livestock and specialty crops. Unlike other FSA programs, payment limitation rules are more stringent for corporations, LLCs and partnerships. These entities may receive up to \$250,000 for each shareholder who contributes substantial labor or management (at least 400 hours of active management or labor), up to three shareholders.

Farms must also satisfy conservation compliance provisions, not have a controlled substance violation, and, if a foreign person, provide land, capital and a substantial amount of active personal labor to the farming operation.





UW Resources and Helpful Tools to Accurately Complete CFAP Payment Applications

Kevin Jarek, UW-Madison, Division of Extension, Crops and Soils Agent, Outagamie County June 5, 2020

The Coronavirus Food Assistance Program (CFAP) authorizes direct payments to farmers in response to market disruptions from the coronavirus pandemic. Crop production in 2019 and unpriced crop inventories for corn, soybeans, oats, and sorghum on January 15, 2020 are eligible. Corn, soybean, and oat crops harvested as silage are also eligible for payments after they have been converted to grain crop equivalents. Sorghum is also eligible but must have been sorghum intended for grain that was harvested as forage. Forage sorghum or sorghum sudangrass hybrids planted for forage production are not eligible. Alfalfa, mixed hay, haylage, and other forages are excluded, including wheatlage and barlage.

Farmers can follow these steps to document the necessary estimates for their CFAP applications

- 1) Determine which crops you grew in 2019 that are eligible for payments.
- 2) Calculate 2019 production and eligible inventories on January 15, 2020.
- 3) Convert each eligible grain/forage crop to its dry grain equivalent.
- 4) Report dry grain equivalents to your local Farm Service Agency (FSA) office by August 28, 2020.

Converting Silage Crops to Dry Grain Equivalents for CFAP Payments

Corn silage, oatlage, soybean silage, and grain sorghum harvested as forage stored in upright silos, drive over piles, bunker silos, and silo bags (or other storage) must be converted to dry grain equivalents. UW-Madison, Division of Extension spreadsheets, calculators, and videos to assist farmers with CFAP calculations and conversions are at: <u>https://aae.wisc.edu/pdmitchell/extension/cfap-resources-for-wi/</u>

Corn silage is converted to 7.94 bushels of dry grain per ton of silage at 65% moisture

Oatlage is converted to **4.08 bushels of dry grain** per ton of silage at 65% moisture.

Soybean silage is converted to 5.00 bushels of dry grain per ton of silage at 65% moisture

Grain Sorghum harvested as silage converts to 5.56 bushels of dry grain per ton of silage at 65% moisture

Silos: https://aae.wisc.edu/pdmitchell/2020/06/02/determining-the-tons-of-silage-in-upright-silos-for-cfap/

Drive Over Piles: <u>https://aae.wisc.edu/pdmitchell/2020/06/02/determining-the-tons-of-silage-in-piles-for-cfap/</u>

Bunkers: https://aae.wisc.edu/pdmitchell/2020/06/02/determining-the-tons-of-silage-in-bunker-silos-for-cfap/

Silo Bags: <u>https://aae.wisc.edu/pdmitchell/2020/06/02/determining-the-tons-of-silage-in-silo-bags-for-cfap/</u>

Converting High Moisture Grain Crops to Dry Grain Equivalents for CFAP Payments

High moisture shell corn, high moisture ear corn, snaplage/earlage can be converted to dry grain equivalents using spreadsheets at: <u>https://aae.wisc.edu/pdmitchell/extension/cfap-resources-for-wi/</u>

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Dairy Situation and Outlook, July 22, 2020

Written by:

Bob Cropp, Professor Emeritus University of Wisconsin Cooperative ExtensionUniversity of Wisconsin-Madison

Dairy product prices and milk prices continue to do the unexpected. January forecasts called for 2020 to be a recovery year with the best milk prices in 5 years. But, Covid-19 virus outbreak came along resulting in a loss on milk and dairy product sales due to schools and universities closing, restaurants being shut down, cancellation of conferences and sporting events. On the CME dairy product prices per pound for the month of January averaged as follows: butter \$1.8813, barrel cheese \$1.5721, 40-pound cheddar blocks \$1.9142, nonfat dry milk \$1.2688 and dry whey \$0.3520. By April monthly averages had fallen with butter \$1.1999, barrels \$1.0690, 40-pound cheddar blocks \$1.0119 and nonfat dry milk \$0.8485. The exception was dry whey where the average was \$0.3644. These dairy product prices brought down the Class III price from \$17.05 in January to \$12.14 in May and the Class IV price from \$16.45 in January to \$10.67 in May.



By June the demand for milk and dairy products improved with restaurants

partially reopening, and their need to restock cheese and butter, people now eating at home and significantly increasing store purchases of milk and dairy products, the government purchasing a lot of dairy products, mainly cheese from May 15 to June 30 under the Farm to Family Food Box program, and with dairy product prices below world prices dairy exports increased. In May dairy export volume was the most in more than two years. Nonfat dry milk/skim milk powder exports were the most ever, and up 24% from a year ago. After running below year ago levels cheese exports in May exports were 8% higher than a year ago, the second-best month ever. May whey exports were 16% higher than a year ago. On the supply side dairy cooperatives had implemented base excess plans to their dairy producers that reduced milk production. May milk production fell 0.5% below a year ago. With dairy product prices and milk prices being rather sensitive to small changes in demand and/or supply dairy product prices improved beginning in May and in June, with cheese setting a record high in June.

Average dairy product prices per pound for the month of June were butter\$1.7291, barrel cheese \$2.3376, 40-pound cheddar blocks \$2.81 and nonfat dry milk \$1.0092. The price of dry whey was the exception averaging lower than April at \$0.3151. The June Class III price was \$21.04, a record monthly increase of \$8.90 from \$12.14 in May. The Class IV price was \$12.90, an increase of \$2.23 from \$10.67 in May.

Cheese prices continued to increase in July. Barrel cheese ranged from \$2.37 to \$2.45 per pound. The 40-pound cheddar blocks started July at \$2.64 per pound and continued to increase setting a new record high on July 13 at \$3.00. However, as of July 22 the block price has fallen \$0.3775 per pound to \$2.6225. Barrels are \$2.45 per pound. Butter prices moved up and down in July starting the month at \$1.75 per pound and is now \$1.6675. Nonfat dry milk got as high as \$1.0325 per pound but has fallen to \$0.9975. Dry whey started the month at \$0.33 per pound, got as low as \$0.2875 and is back to \$0.34.

With these changes in July dairy product prices Class III will be about \$24.30 but below the record \$24.60 set in September 2014. The July Class IV price will be near 13.80, well below the record \$23.89 set in August 2014. But the big question is where are prices headed for the remainder of the year?

Important to keeping milk prices falling to low levels will be milk production. Milk production needs to stay well below a 1% increase over a year ago. After running well over 1% above a year ago milk production fell 0.5% in May and was up just 0.5% in June. Since March milk cow numbers have fallen each month being down 35,000 head as of June. But June cow numbers were still 23,000 head higher than a year ago, or +0.3%. Milk per cow has been running well below trend with June up just 0.2% from a year ago.

The sales of milk and dairy products stay below a year ago as restaurants and food service remain only partially reopened. It looks like many schools, colleges, and universities with use virtual learning this fall rather than in person classroom. High school, college and professional sports will be cancelled or operate without fans in the stands. The government will continue the Farm to Family Food Box program from July 1 to August 31. With the exception of butter, the price of cheese, nonfat dry milk and dry whey have been below world prices and price competitive. Dairy exports through May have been above year ago levels. But the price of cheese and nonfat dry milk moved above world prices in June and July which likely slowed exports. The positive for dairy exports is milk production for major exporters is lower than a year ago or only showing small increases leaving an opportunity for U.S. exports.

Dairy Situation and Outlook, July 22, 2020 cont.

Written by:

Bob Cropp, Professor Emeritus University of Wisconsin Cooperative ExtensionUniversity of Wisconsin-Madison

So not knowing when we will see some positive signs the COVID-19 virus is coming more under control allowing more opening of the restaurants, schools and colleges and other activities, and how dairy exports will do for the remainder of the year and the level of milk production milk prices are uncertain. We should still see a seasonal increase in butter and cheese sales during the holidays which will help hold prices. Also positive is the stocks of butter and cheese while still above year ago levels have declined from May 31st to June 30th. As of June 30th and compared to a year ago butter stocks were still 10.8% higher than a year ago, American cheese stocks just 1.1% higher and total cheese stocks 2.6% higher. As of now it looks like the Class III price will trend lower in the months ahead but not fall to low levels. Class III dairy futures remain quite optimistic with Class III above \$20 for August and September, in the \$19's in October, the \$18's in November before falling below \$17 in December. Class IV futures show only small strength staying in the \$14's and only reaching the \$15's in December.

Hay Market Report July 13, 2020

Data Compiled by: **Richard Halopka**, Clark County Extension Crops & Soils Agent Publushied on: <u>https://fyi.extension.wisc.edu/forage/h-m-r/</u>

Demand and Sales Comments

Top quality alfalfa hay prices remain steady with a decline in price as quality decreases. It appears that hay inventory, while supply is tight, most sites report an increase of hay inventory on the farm. If you need forage or have forage to sell, connect to the Farmer-to-Farmer webpage at <u>https://farmertofarmer.extension.wisc.edu/</u>. You may contact your local county agriculture educator if you need help placing an ad. There is no charge for the service.

Upper Midwest Hay Price Summary by Quality Grade

Hay Grade	Bale type	Price (\$/ton)		
		Average	Minimum	Maximum
Prime (> 151 RFV/RFQ)	Small Square	\$256.00	\$224.00	\$300.00
	Large Square	\$200.00	\$140.00	\$290.00
	Large Round	\$154.00	\$140.00	\$160.00
Grade 1 (125 to 150 RFV/RFQ)	Small Square	\$199.00	\$160.00	\$224.00
	Large Square	\$154.00	\$110.00	\$220.00
	Large Round	\$114.00	\$75.00	\$165.00
Grade 2 (103 to 124 RFV/RFQ)	Small Square	No Sales Reported		
	Large Square	\$118.00	\$85.00	\$185.00
	Large Round	\$98.00	\$70.00	\$145.00
Grade 3 (87 to 102 RFV/RFQ)	Small Square	No Reported Sales		
	Large Square	\$89.00	\$45.00	\$115.00
	Large Round	\$86.00	\$45.00	\$160.00

Straw prices are for oat, barley, or wheat straw. Straw was limited as many auctions reported no straw was available this week. Small square bales averaged \$4.45 a bale (range of \$3.00 to \$6.00). Large square bale straw averaged \$53.00 per bale (a range of \$15.00 to \$90.00). Large round bale straw averaged \$41.00 per bale (a range of \$32.00 - \$65.00).



Wisconsin Agricultural Land Prices Report indicate Wisconsin land values remain strong

Written by:

Simon Jette-Nantel, Extension Farm Management Specialist Arlin Brannstrom, UW Center for Dairy Profitability Published on June 24, 2020 <u>https://fyi.extension.wisc.edu/news/2020/06/24/wi-agricultural-land-prices/</u>

Over the last 5 years, Wisconsin land values remained strong despite difficult economic conditions and substantial losses in the number of dairy farms. <u>The Wisconsin</u> <u>Agricultural Land Prices Report</u>, by the University of Wisconsin-Madison Division of Extension provides a statewide overview of agricultural land values/prices across Wisconsin based on astatistical analysis of more than 8,000 actual sales from 2009-2019, including township level data, land values versus rental rates, influencing factors, and implications for agriculture.

Farmland is the most valuable asset on most farmer's balance sheet. However, estimating land values is always



difficult. Each individual parcel of land is unique. Besides location and land productivity/fertility, a number of other factors influence land values. Farmers represent the majority of farmland owners and buyers, therefore farm income and farmers' access to capital has a large influence on land values.

Land Values

Between 2014 and 2019, the average annual growth in Wisconsin agricultural land value was 1.8%. Adding those capital gains to a rental income of about 3.25% would give landowners an average annual return on investment of 5.05%. Given that farmland is a low-risk investment, this return compares advantageously to other investments such as low-risk corporate bonds which averaged 3.75% over that period. During the time period of this study, the vast majority of landowners, even those forced to exit dairy, were not necessarily forced to sell their land. Most could continue cropping or rent the land, thus limiting the supply of land on the market and help supporting market values.

Signs of a weakening demand have appeared in 2019, and things may not improve in 2020 given the high level of uncertainty surrounding commodity price projections. The lower interest rates and various financial help packages offered by the government provide hope for land values to remain steady in 2020. As of June 1, 2020, the data for the first quarter of 2020 indicated stable land prices and did not show any negative impact from the COVID-19 crisis.

The Wisconsin Land Values report offers an interactive map that shows estimated 2019 agricultural land values at the township level based on the analysis of almost 9,000 real estate transactions between 2009 and 2019. The model used to generate those estimates for cropland values takes into account the location, year, and the mixture of land uses of each transaction.

Influence of Rental Rate and other factors on land values

In recent years rent has been relatively high compared to value, leading to a higher return to land ownership relative to land rental. The 2019 NASS Wisconsin average rental rate for non-irrigated cropland was \$137/acre which is about 3.2% of the state-wide average sale price. Ten years ago, land rents were low relative to land prices, leading to intense competition for land rental and ultimately to a rapid increase in rental rates (8.4% increase per year between 2010 and 2014). Given the strategic importance of land control in farming, current high rental rates are unlikely to go down significantly despite the economic hardship of the agricultural sector.

Wisconsin Land Prices cont.

Written by:

Simon Jette-Nantel, Extension Farm Management Specialist Arlin Brannstrom, UW Center for Dairy Profitability

The pressure created by growing environmental concerns and the concentration of livestock in some areas has heightened the value of land for nutrient management purposes. In those areas, that use may be a dominant factor in driving demand, even more so than crop and feed productivity. Hence, livestock concentration has also become a key factor affecting local land values in Wisconsin.

Another factor that can help stave off a downturn in land values is the ability of landowners to hold on to their property. The secret to successful real estate investment is the ability to hold on to the asset for long periods. As long as most landowners in a given area will be able to hold onto their parcels until the markets bounce back, the supply of land on the market will remain low and that can go a long way in supporting land prices.

The full Wisconsin Agricultural Land Prices report is available online at: <u>https://farms.extension.wisc.edu/articles/wisconsin-agricultural-land-prices/</u>

Shawano County Forage Council: Corn Silage Dry Down Dates



Dates: Aug. 27, Sept. 3, 10, and 17

Drop off samples by 2:30 pm at: United Co-op 1212 Bay Lakes Road Shawano, WI

Questions?? Please contact Kimberly Schmidt, Extension Agriculture Educator at: (715) 526-6136 or kimberly.schmidt@wisc.edu

How to submit a corn silage dry down sample:

- 1. From the center of the field, select a minimum of 5 representative stalks following a W-shaped sampling pattern through the field.
- 2. Cut the stalks 6 inches above the ground (or at chopper height).
- 3. Place the stalks in a plastic bag, ideally with wet papers, and bring them to the dry down site right away.
- 4. You need to submit:

Name, address, phone number or email Hybrid Day length Planting date

What happens to the sample:

Your sample will be ground and sent to the lab to be analyzed for moisture. Results will be sent to you by email, fax or telephone as soon as they are available.



Badger Crop Connect is a new crop production webinar series developed by the University of Wisconsin-Madison Extension Crops and Soils Program for the 2020 growing season. Badger Crop Connect's goal is to bring agronomists, crops consultants and farmers timely crop updates for Wisconsin. This bi-weekly webinar is planned to continue through September. Webinars will have CCA CEUs available as assigned. Below are upcoming webinars and registration information:

August 12th Agenda:

Harvesting High Quality Corn Silage and Tips on Pricing Corn Silage Joe Lauer – UW Madison Extension Corn Specialist

SilageSnap App: Evaluating the Effectiveness of Kernel processing Brian Luck – UW Madison Biological Systems Engineering Department

Register for August 12: <u>https://go.wisc.edu/bkn026</u>

August 29th Agenda:

Cover Crops after Corn Silage for Spring Forage: Economics and the Environment Kevin Shelley, UW Madison NPM

Cover Crop Considerations after Corn and Soybean Grain Crops Dan Smith, UW Madision NPM

Register for August 29: <u>https://go.wisc.edu/kexpu1</u>

Resources from presenters as well as information on upcoming webinars will be posted to the Badger Crop Connect web page: <u>https://fyi.extension.wisc.edu/grain/badger-crop-connection/</u>

The Cutting Edge: A Podcast in Search of New Crops for Wisconsin

Join UW-Madison Division of Extension as they search for new crops for Wisconsin growers, processors, and consumers. The strength of Wisconsin's agricultural economy is its diversity... something that doesn't just happen by chance. It is a product of the relentless drive of researchers and farmers to innovate, explore, and experiment. Join us for a glimpse into the exciting new research and development bringing new crops and diversity to Wisconsin.



Episodes:

Episode #1: Industrial Hemp

Hosts Jerry Clark and Carl Duley discuss industrial hemp with guest Dr. Heather Darby, Extension Agronomy Specialist with the University of Vermont.

Episode #2: Hazelnuts

Hosts Jerry Clark and Ashley Olson discuss hazelnuts in the Upper Midwest with guests Jason Fischbach, UW-Extension Agriculture Agent, and Lois Braun, Research Scientist with University of Minnesota. Lois and Jason have coordinated the Upper Midwest Hazelnut Development Initiative since 2007.

Episode #3: Hops

Hosts Carl Duley and George Koepp interview Peggy and Randy Urness of Fine Bine Farms. Peggy and Randy discuss how they grow, harvest, process, and sell hops in Wisconsin.

Episode #4: Kernza

Hosts Carl Duley and Jason Fischbach interview guests Colin Cureton, Supply Chain Development Specialist with the University of Minnesota Forever Green Initiative and Valentin Picasso, UW-Madison Assistant Professor of Forage and Grazing. The interview covers efforts to develop intermediate wheatgrass into a crop for the Upper Midwest.

Subscribe here

More info: <u>https://fyi.extension.wisc.edu/grain/cutting-edge/</u>