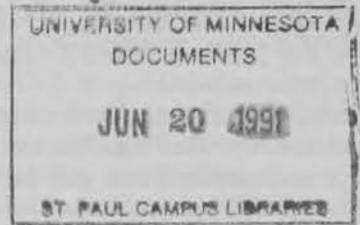


# 3:5 Agricultural News

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## Dairy farmers advised to calculate costs



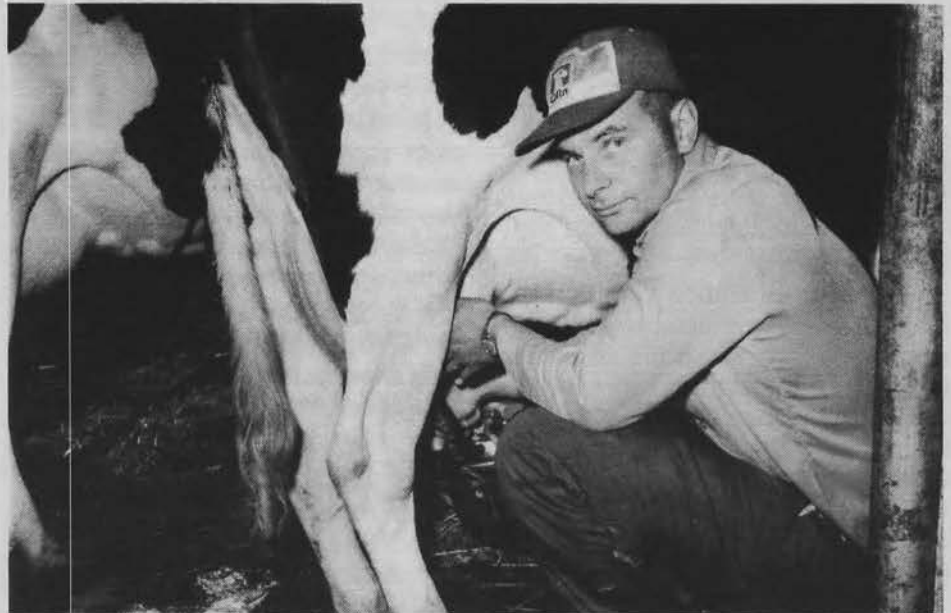
Low milk prices have generated many proposals in legislative and industrial circles. But most proposals require additional government staff or funding to make them operational.

Dairy producers need to question the likelihood of these proposals being adopted, says Earl Fuller, farm management economist with the University of Minnesota's Extension Service.

"The fiscal deficit is still an overwhelming national problem," he says. "Lately, legislatures are having trouble finding funds for education or social services. Just because dairy proposals are brought before the Congress or even passed by one house doesn't mean they've gone very far under these circumstances," Fuller says.

He encourages dairy farmers to use a "sharp pencil" to calculate benefits and costs of different moves. You need a sound understanding of the farm cost structure. For example:

- ✓ What costs are directly associated with the number of animals you have? Which costs are overhead, and there as long as you are in business?
- ✓ Is the ration economically sound? The feed should be tested and the



With low milk prices, a cow in the stall is usually "better than no cow at all." photo by Don Breneman

ration mix matched against the nutritional needs of the herd. "Sometimes people buy feed just to be safe or to make life simpler, but you may not be able to afford this at \$10.50 milk," he says.

"In most cases, a cow in the stall is better than no cow at all, even at \$10.50 milk. It's a poor producer that doesn't contribute something to help pay the overhead costs on the dairy farm.

"Before you let a stall stand empty by culling a 'tail ender,' estimate the sale value of the feed she would not eat if she weren't there. Then add \$100 to \$150 of annual cash expenses you wouldn't have if you didn't keep her, plus 10 percent of her value for interest on the investment you have in her. Compare that with the value of the milk she would produce.

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This archival publication may not reflect current scientific knowledge or recommendations.  
Current information available from University of Minnesota Extension: <http://www.extension.umn.edu>.

## Agent Profile

Harold Stanislawski says the Extension Service "must get the word out, or programs and positions will die."

Harold, agriculture agent in West Otter Tail County, works hard at getting the word out. He developed EXTEND-Ottertail, an electronic delivery system which disseminates University of Minnesota and North Dakota State University information to farmers, consumers and businesses.

On a pilot basis, three cooperatives, some city businesses and 12 farmers have been subscribing to EXTEND-Ottertail. A full scale marketing/expansion is now starting. The fee is \$50 per year for individuals and \$100 for businesses. Two area banks are in the process of joining the system.

Feedback from clients has been very favorable, Stanislawski says. "The cost is right and we offer clients more than news. Decision aids programs such as the government farm program evaluator have been popular. One local elevator worked with over 100 farmers at their site to help them make decisions on the farm program," he says.

A loan amortization program can also be used to help prospective homeowners develop financing plans. For example, the program can translate points on the loan into monthly payments. Also available on EXTEND-Ottertail are yard and garden information, a local hay exchange and fertilizer programs. In the planning stage: a program for local greenhouses.

Harold developed the program—with lots of help from many people. "We were extremely fortunate to find a local farmer who's a computer wiz-



ard. He came in, learned the system, and has been great at troubleshooting.

"People in the Telecommunications Development Center (TDC) were very helpful, as was John Schafer from EDS," he says. A local business systems firm in Fergus Falls also provides support.

At the end of the first year of the pilot program, Stanislawski reflects on the "headaches and pains" involved in making the system work. "Telephone lines always seem to do funny things to software programs. Many professionals helped make things work," he says.

"I'm also a big fan of radio," Harold says. He's been co-hosting farm shows the last two years on two Fergus Falls stations. "Not a week goes by but what we're in the news," he says. He

also works closely with area newspapers.

"We can't get enough news releases on agriculture and other pertinent issues. Specialists must do more than maintain the 'status quo' if they're going to stay in business," he adds.

He encourages department heads to work with specialists and county/area staff to "push hard" to get pertinent, timely information out to clients.

Although extension is in the technology transfer business, "what we're really doing is developing leadership at the local level," Stanislawski says. "People need to understand issues, rather than just trying to 'fix' issues. There are no easy fixes on complicated issues such as dairy pricing policy," he says.

He recently organized a dairy policy session, with the help of extension economists from the St. Paul Campus. "We calculated that farmers in our nine-county area are losing millions of dollars a year due to lower milk prices," he says.

Originally from Greenbush, MN, Harold received B.S. and M.S. degrees from North Dakota State University. He's been at Fergus Falls a little over two years. He was the agriculture agent in Roseau for five years, and also worked for a farm management cooperative in Thief River Falls.

—Jack Sperbeck

*Agricultural News* is a publication of the Agriculture Program Area, produced by Educational Development System, Minnesota Extension Service. Ideas for stories and letters to the editor are encouraged. Contact Jack Sperbeck, 447 Coffey Hall, University of Minnesota, St. Paul, MN 55108. Tel. 612-625-1794.

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The late planting season prompted safety specialist John Shutske and agents to caution farm families to minimize stress—and chances of farm accidents. photo by Don Breneman

## Spring precipitation at record levels

Most areas of the state were at normal to above normal soil moisture levels coming into the spring of 1991, the exception being primarily northwestern Minnesota counties. March, April, and May precipitation levels have been well above normal in most areas of the state, particularly in the southern third.

Several counties have reported near-record or record April and May precipitation. Many areas received over 10 inches during these two months. The number of days with measurable precipitation in May ranged from 18 to 22 across southern Minnesota. Normally only 10 to 13 rainy days occur in May.

Field working conditions have been difficult in many counties, with row crops being planted late or not yet planted, scarce hay cutting opportunities for an abundant alfalfa crop, and early season weed control problems for even the best crop producers. Soil moisture conditions are some of the highest seen for this time of the year across southern Minnesota.

The recent 30-day outlook for June calls for above normal temperatures (a trend very evident during May) for virtually the entire state. Near normal precipitation is expected over southern Minnesota, while below normal precipitation is seen in northern portions of the state.

Normal precipitation in June ranges from 4 to 5 inches across southern Minnesota, and 2.5 to 3.5 inches in the central and northern counties. The mean number of days with measurable precipitation during June ranges from 11 to 14 across the state.

With the saturated soil conditions in southern Minnesota, planting opportunities are still rare because even small amounts of precipitation make the fields too wet for tractor and planter. Those crops that are planted will likely germinate and develop very rapidly because of the relatively high soil temperatures and expectation that June will be warmer than normal.

For corn growers, the question is whether the growing degree days that

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## Marketing Programs

### **Applying Marketing Concepts in Program Planning**

In addition to applying marketing concepts, other factors in designing extension educational programs include working with program participants to develop outcome-focused learning objectives and identifying appropriate instructional strategies or techniques.

Extension educators tend to automatically "lapse" into the instructional strategy we became most familiar with in school—the lecture. Designing effective Extension education requires becoming familiar with the major "domains" of learning and selecting instructional methods that "fit" adult learners' objectives. Adult learning theorists tell us that there are five areas of learning/types of objectives—(1) knowledge, (2) understanding, (3) skills, (4) attitudes, and (5) values. In addition, there are multiple subcategories within each learning "domain."

For example, knowledge (defined as generalizations about experience; internalization of information) is subdivided into six major, hierarchical subdomains—(a) knowledge, (b) comprehension, (c) application, (d) analysis, (e) synthesis, and (f) evaluation (the highest level of cognition or knowing).

Each subdomain is in turn divided into more specific areas of learning. The knowledge subdomain, for example, is divided into knowledge of specifics, knowledge of ways and means of dealing with specifics, and knowledge of the universals and abstractions in a field.

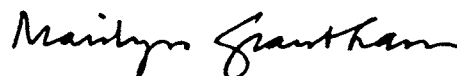
In designing a program to enhance participants' subject matter knowledge, you need to determine the level or subdomain of knowledge desired before you can write specific learning objectives and select an appropriate instructional method. The most appropriate methods for increasing participants' knowledge (in addition to the lecture method) include debate, dialogue, interview, group interview, panel, symposium, colloquy, slides, films, television, audio recording, book-based discussion, reading, and programmed instruction (such as home study or telecourses).

In the domain of comprehension or understanding (application of information and generalizations) the subdomains are translation, interpretation, and extrapolation. Recommended instructional methods include audience participation, demonstration, dramatization, Socratic discussion, problem-solving project, case method, critical incident process, and simulation game.

Learning or improving skills involves incorporating new ways of performing through practice. Instructional methods include practice exercises, role-playing, in-basket exercises, participative cases, simulation games, human relations training, and coaching.

**Sources:** Benjamin Bloom (Ed.), *Taxonomy of Educational Objectives, Handbook I: Cognitive Domain*; Malcolm Knowles, *Self-Directed Learning: A Guide for Learners and Teachers*.

*(More on types of learning, instructional methods, motivation, and program planning in future issues.)*



Marilyn Grantham  
Program Leader, Agriculture



Minnesota is a great place to be in the beef production business, says **Pete Anderson**, who specializes in beef cattle nutrition and management.

"Beef cow numbers are up in Minnesota and the cow-calf industry is healthy and profitable. Minnesota producers have done an excellent job of cutting costs and getting good performance out of their cattle," he says.

Anderson says parts of Minnesota and other north central states with low cost land can be very competitive. "Southeastern and parts of central and northern Minnesota are good cow-calf areas due to the type of land available. And, we have access to feedlots in Minnesota and Iowa," he says.

Pete, marketing economist John Lawrence and others have been doing an informal "market analysis" of Minnesota beef producers. They have met with many of the state's professional beef producers and had them complete a questionnaire listing their information/educational needs.

The list has been compiled, and direct mailings and electronic mail will be used to reach this audience.

"Most of the state's cattle feeders have between 200 and 1,000 cattle on feed. Their feedlots are not large enough to justify paid consultants, so they rely on the Extension Service more than feeders in other states," he says.

In addition to professional, full-time beef producers, Minnesota's "casual" or "hobby" beef producers are important to the state's economy. "To reach this audience we're developing educational materials that agents can use with producers," he says.

Anderson and co-workers are working hard to keep more of the



state's 400,000 Holstein bull calves on feedlots in Minnesota instead of in other states. "Only about half of our dairy bull calves have been fed out in Minnesota. By keeping more of them in Minnesota we're adding profit potential for many producers," he says.

Industries allied with beef cattle production, such as feed and equipment, slaughtering and processing also help the state's economy.

Anderson started with the Minnesota Extension Service in November, 1989. He grew up on a farm near Owatonna, Minn. and received his B.S. degree from Kansas State University. Both of his advanced degrees are from Michigan State University.

—Jack Sperbeck

## Precipitation/Cont.

accumulated before the crop was planted can be made up for by above normal temperatures during the rest of the growing season. As of June 3, the seasonal outlook for June through August by the National Weather Service favors above normal temperatures in the Upper Midwest, including Minnesota.

—Mark Seeley, Agricultural Climatologist

## Dairy/Cont.

"If these costs exceed the benefits you receive from the milk, consider keeping the stall empty. Otherwise, keeping the barn full is a better strategy."

Fuller says it's not just Upper Midwest dairy farmers who are facing financial problems at \$10.50 milk. "Farmers in Florida and Michigan are having similar problems. So are producers in the northeast and southwest."

Anyone considering liquidating the dairy herd should check capital gains taxes carefully, Fuller emphasizes. "Capital gains will likely run 36 percent of the net sale value on a raised herd of dairy cattle. If the herd is small and there were some offsetting losses, it could be less.

"But for many people, over one-third of the net sale value is likely to go for taxes. The liquidation option with \$10.50 milk needs to be treated very carefully."

Fuller advises anyone considering a liquidation to get some tax and accounting advice from professionals who deal with these questions regularly. "This advice usually pays far more than it costs," he says.

Booklets such as "Income Tax Management for Farmers" and "When You Buy or Sell a Farm," are available from county offices of the Minnesota Extension Service.

You can also get a complete budgeting perspective by using the FINPACK system. It's also available from Minnesota Extension Service offices, plus many vocational agricultural teachers and creditors.

Fuller is a member of extension's Dairy Task Force, appointed out of concern for the sustainability of dairy farming under present milk prices.

—Jack Sperbeck