PD PW

Volume 10: Issue 4 June 2008







PROFESSIONAL DAIRY PRODUCERS OF WISCONSIN 1-800-WIS-PDPW

# Dairy's Bottom Line

# Economist: Lock In Milk Price, Input Costs in Case Dairy Demand Slips

Milk prices are surging. So are feed costs and the prices of other inputs, like fuel and fertilizer.

But what happens if milk prices fall, or undergo an "adjustment?" In case that happens, dairy producers should follow the Boy Scout motto and "be prepared" as best they can.

Bill Curley, chief economist for Blimling and Associates, a price forecasting and risk management company based in Cottage Grove, has some advice for becoming prepared.

First, Curley suggests, lock in the price your farm pays for purchased feed. That's because energy prices could continue to climb, and by doing so, eat away at demand for milk and other dairy products. If demand drops very much, watch out: Milk prices could drop, too.

"Dairymen who have chosen not to lock in feed costs and intend to protect themselves against higher feed costs by riding the wave in the milk market run the risk of seeing energy demand push their feed costs higher and cause their milk prices to plummet due to eroding demand," Curley says. "The high energy prices that are driving demand for biofuels and pushing grain prices ever higher could potentially cripple domestic demand to a point where milk prices fall precipitously."

After locking in feed prices by using the futures market, Curley suggests using the

same strategy on diesel fuel and propane. But to lock in the correct price, a dairy business must first know as precisely as

possible how



Bill Curley

much it costs it to produce 100 pounds of milk.

After a farm's cost per hundredweight has been calculated, stay on top of it. As input costs change – and they most certainly will - so does your cost of production. Don't rely on last month's or last week's numbers to decide how much you can now pay for feed, fuel and fertilizer.

Here's what Curley suggests:

"Given the current level of futures prices and the potential for further escalation in costs that cannot be fixed, the preferred strategy may be to buy Class III milk 'puts' at strike prices at or above current production costs. That will protect profitability while leaving open the potential to participate in further price gains."

Just what's behind the higher costs of the many things it takes to produce milk, anyway? Obviously, steeper feed costs are one factor, along with higher prices for energy and fuel. Pushing energy costs is stronger worldwide demand for oil.

"Feed cost increases are being driven by the U.S. and European biofuels mandates and rapid economic development fueling exploding food demand worldwide," the economist explains. "Neither are likely to be reversed any time soon. Rising fuel and fertilizer prices are the result of surging worldwide demand for petroleum and unrest in the regions of the world that produce that petroleum - conditions that are not likely to change in the short term, either.'

Some of those same factors are fueling the upward march of milk prices, too.

"In many cases, the drivers of higher U.S. milk prices are the same as the drivers of higher commodities in general," Curley points out. "Growing international demand is a major catalyst

SEE ECONOMIST, ON PAGE 10

### Inside this issue...

Determining when it is the right time to refinance. Page 2

Wisconsin dairy producers share how they manage market volatility. Page 3 Foot care and feed bunks require more attention during the summer months. Page 6

> Footbath management is not cut and dry. Page 18

Sexed semen offers opportunity, challenges also noted. Page 14

Producers weigh-in on sexed semen results on their dairies. Page 16

Sharing ideas, solutions, resources and experiences that help dairy producers succeed.

# To Refinance or Not to Refinance; That Is the Question

With apologies to William Shakespeare for parodying the famous line from the play Hamlet, the question of whether or not it makes sense to refinance your loan(s) is a question farmers often ask. This question is becoming more acute as fixed rates (as opposed to variable rates) have started to rise in the last few months and we may have passed the low in this interest rate cycle. This article looks at some of the factors to consider before you make a decision.

It's important to take emotion out of the equation. The first thing to remember is that interest rates remain near historic lows. Similar to knowing when to sell farm commodities, no one can predict with certainty when a market has reached its high or low. Just because we may have passed the low in this interest rate cycle, does not mean there are still not good opportunities today to save money.

There are a number of variables to consider. The place to start is what features you want, or don't want in the loan design? Focusing strictly in interest rates might lead you into the wrong product for what you want to accomplish. Loan terms often end up being more important than the interest rate itself. Before you look at the economics of refinancing, ask yourself these questions:

What payment amount or payment amount range fits within my cash flow?

# gerland

# Cultivating rural life.<sup>™</sup>

• How critical is it to lock in my payment amount (fixing the rate for the life of the loan)? Or am I willing to accept a certain amount of interest rate risk in exchange for a lower rate and payment today? Be sure to understand the difference between the loan amortization period and the length of the loan. For example, a fixed rate

loan of 5 years based on a 20 year loan amortization is different than a 20 year fixed rate fully amortized loan. Another example, many farmers finance equipment using manufacturer interest waiver programs. What happens to your loan rate and terms at the end of the waiver

SEE REFINANCE, ON PAGE 4

### **PDPW Advisors**

Debbie Crave Crave Brothers Farmstead Cheese Waterloo 920-478-4887 debbie@cravecheese.com

Jeff Riechers M&I Marshall & Ilsley Bank Darlington 608-588-2526 jeffrey.riechers@micorp.com

Shelly Mayer

800-947-7379

Floyd Sutton Zinpro Performance Materials Freeport, III. 815-235-9169 fsutton@zinpro.com

> Doug Wilson CRI & Genex Shawano 715-526-7510 rdwilson@crinet.com

> > Julie Gabris

### PDPW Staff

**Executive Director** Member Resource Manager smayer@pdpw.org

800-947-7379 mail@pdpw.org Susan Orth

**Communications Specialist** 800-947-7379 sorth@pdpw.org

### **PDPW**

### **Board of Directors**

President Dean Strauss

Sheboygan Falls 920-980-3686 lesdes@att.net

Vice President Doug Knoepke Durand

715-672-4348 knoepke@nelson-tel.net

> Secretary Marion Barlass Janesville 608-754-1171

bbarlass@ticon.net Treasurer Eric Hillan

Ladysmith 715-532-6516 ejhill@centurytel.net

Mark Diederichs Malone 920-795-4266 mark@lakebreezedairy.com

> Patty Endres Lodi 608-592-7856 endres@mail.merr.com

Kevin Griswold Ixonia 262-853-3907 taglane@wildblue.net

Gary Ruegsegger Stratford 715-687-4054 garyrueg@hotmail.com

> Russel Strutz Two Rivers 920-755-4040 sfi@tm.net

### **Contact PDPW at:**

N5776 US Hwy 151, Suite 1 Fond du Lac, WI 54937 800-WIS-PDPW mail@pdpw.org www.pdpw.org

> Editorial Karen Lee 608-250-4320 klee@madison.com

**Advertising** Brenda Murphy 608-250-4157 bmurphy@madison.com

Dairy's Bottom Line is published six times a year by PDPW with cooperation from Agri-View.

### **Wisconsin Producers Manage Market Volatility**

As farm input prices climb to new highs, dairy producers across Wisconsin are finding ways to keep them manageable and their dairies profitable. Dairy's Bottom Line reveals what Jay Binversie, Kevin Krentz and David Sleik are doing on their operations.

### Q: Provide a brief description of your dairy.

**Binversie:** Pam and Jay Binversie are owners of a 780 milking cow dairy near Kiel. They grow crops on 1,500 acres and raise 500 steers. All bull calves and heifer wet calves (about 400) are raised on the dairy up to 5 months of age. They are then sent to The Heifer Authority in Colorado. The Binversies are partners of this 4,500 custom heifer raising operation.

**Krentz:** K & D Dairy, Berlin, is a 550-cow farm operated by Kevin, his partner David Doolittle and 14 employees. They also operate 1,200 acres of land on which they grow alfalfa and corn for feed. All of the harvesting is done by custom harvesters so they can get the most consistent, high quality feed possible.

**Sleik:** Cross Farms LLC is a 1,100-cow dairy in Winneconne owned by three family partners. They farm 2,500 acres of corn, alfalfa, beans and wheat and do their own harvesting. Wet calves are raised on the farm until 6 months of age.

### Q: What have you done to manage your dairy's inputs?

Binversie: We installed

a McLanahan sand recovery system last year. This was a big savings. Previously, we had sawdust. It cost \$1,500 per load at three loads a week equaling \$216,000. Plus, we still had to get rid of the material in hauling - 144 loads of material. The sand recovery cost runs \$40,000 a year, including the investment. Plus, we dropped the cull rate, increased milk, lowered SCC and lowered mastitis.

We also installed a pasteurizer this month which will result in \$8,000 of savings per month.

We watch for deals in the commodities and buy short-term right now. We purchase heavy when prices are at 10-year lows and buy on pull backs on the market short-term.

Krentz: First, we continue to make high quality feed to reduce protein concentrate needed. Second, we monitor our stored feed. When feed will run short, this allows us to purchase feed in smaller amounts. It also gives us the option to make purchases when we're not desperate for it (the best way to shop). Third, we shop around. Up to a few years ago we stayed loyal to one or two feed mills. Now we bid out our feed to various mills and brokers. We then contract or hedge accordingly. Lastly, we built storage. We are now able to take semi loads of protein, corn and mineral mixes. This reduces transportation costs.

**Sleik:** I have forward contracts for our commodity protein sources and just purchased soybeans for 2009 a couple weeks ago. Before I sell milk, I



Jay Binversie



Kevin Krentz

David Sleik's picture was unavailable at press time.

look at what I can tie soy meal, cottonseed and distillers in at.

### Q: Do you try to control what price you receive for milk?

**Binversie:** I only sell milk if I can buy my corn and protein needs at the same time and know I can make a profit. In doing so, you have to continue to do this...you can't decide to be in the markets and get out the next year. Then you are better off sitting on the side and let the markets happen and just buy at 15 year lows or on pull backs by a percentage of your needs. We try to keep SCC

down, and fat and protein up. If a feed change drops fat and gives more milk with a new commodity, we make sure that cost offsets the drop in fat dollars from milk being paid for milk at \$1.37 lb./fat.

**Krentz:** Yes, in the past we contracted milk with the coop. With dramatically increasing milk prices in 2004 and 2007, we left a lot of money on the table. In the fall of 2007 we started working with a broker to look at other options. We

### <u>Refinance</u>

**CONTINUED FROM PAGE 2** period? Equipment refinance of interest waiver machinery contracts is often an easy way to save money.

 Do I want the ability to make changes in the future in either the loan design or the collateral I am pledging as security for the loan? For example, would I like to be able to ask for a partial release on my mortgage of a couple of acres in a few years so my daughter and son-in-law can build a new home? Some sources of mortgage loans have very competitive initial interest rates but can be very expensive if you need to have the loan modified in the future.

• How important is it to be able to pay ahead or pay off the loan entirely without any prepayment fees?



• How important is it that I am able to talk with someone locally if I need service regarding my loan, have questions or want to make changes?

• How important is speed and convenience?

Once you have answered these questions then you can more effectively look at the economics of refinancing. The economics regarding refinance, not including the costs of any future needs to modify or pay ahead on the loan, center around these variables:

• Interest rate and loan payment schedule,

• Fee's or points that are not directly related to the costs of closing the loan, and

• Closing costs (things like appraisal, filing fees, mortgage registration taxes, title insurance and title company, etc.) – all the other costs not listed under interest rate and fee's.

For a simple refinance of an equipment contract, normally the main variables are interest rates and terms. For a mortgage loan it is a little more complicated.

You can calculate the economics of doing a refinance using a financial calculator. Or there are many online calculator tools you can use. One online tool is located at www.badgerlandfinancial.com - under the "Tools/Resources" section and then look under "Home Financing" and click on "Should I Refinance?" Although this tool was designed for home lending, it can be easily adopted for use in farm loan situations as well and accurately calculates the economics of refinancing and whether there is a positive benefit or not.

An example: \$100,000 loan that was made exactly 3 years ago at an interest rate of 7.5 percent, with a monthly payment of \$805.59 per month over 20 years.

The farmer can refinance this loan today at a 7 percent interest rate over 20 years with total closing costs of \$1,000. Should they refinance?

By refinancing the calculator shows it would take 41 months to recover the \$1,000 of closing costs. And the calculator says that the total savings of refinancing over the life of the loan on a present value basis is \$2,776. So in this example there is a modest savings in refinancing this loan. As a generalization, most farmers need to see a savings of 1/2 of 1 percent on their interest rate to motivate them to do a refinance.

### SUMMARY

Refinancing can be a great way to save money and improve your bottom line. Before you look at the economics, make sure you are clear in your mind what features you want or don't want in your loan product design. Then focus on the economics of going ahead with a refinance after you know what is available in the marketplace. If your existing financial institution and account officer proactively brings to your attention refinance opportunities that will save you money that suggests you have a financial partner who is looking out for your best interests.

Badgerland Financial, formally Badgerland Farm Credit Services, is committed to supporting the state's dairy industry and is a proud PDPW Mission Sponsor.

### to help bring some of the biggest, newest products and new information to the industry."

"PDPW continues

~Jeremy Brandt, Wiese Brothers Partnership, Greenleaf, Wis.

### **Volatility**

**CONTINUED FROM PAGE 3** currently purchase puts to lock in floors for our milk. This gives us upside price potential.

Sleik: I sell forward contracts and/or options on one-half to two-thirds of our milk at least 12 months in advance. Knowing what our accrual costs of production are and taking a best guess of what the industry costs are, I will sell one-quarter of our milk up to 30 months in advance if the price is right.

### Q: What markets do you monitor on a regular basis?

**Binversie:** We monitor cattle, corn, cottonseed, milk, soybeans, wheat, oil and U.S. dollar.

**Krentz:** We used to have DTN to monitor markets. We have switched to high speed Internet because of the versatility. We monitor milk, SBM, corn and fuel on a daily basis. We also watch for monthly crop reports and the movement of the dollar.

**Sleik:** I watch the Chicago Board of Trade for beans, corn and soybean meal; the Chicago Mercantile Exchange for milk; and a couple websites for local cash prices.

# Q: What returns or repercussions have you experienced?

**Binversie:** Most of our profits have been through internal growth of our dairy. We are growing our dairy at 16 percent per year and will continue do this for the next seven to 10 years.

We are really glad we

have had 1,500 acres of land these past two years, versus buying corn silage or corn grains. With good profits in the grains right now, this could swing again.

Krentz: As I stated before we have left a lot of money on the table at the milk coop in the past vears because of flat contracts. We now purchase puts and with rising milk prices, it has paid off. We have also purchased puts on SBM after we contracted to give us some downside opportunity. With strong soybean prices I don't see us taking advantage of these hedges but they are cheap insurance.

Sleik: I can put a budget together a year in advance and be very accurate. It helps in knowing where we're going to be for profitability. I've been lucky to have a darn good bank on board. One thing I did learn is you have to have a large enough margin account. As long as you've done your homework it should turn out okay. If you lose on one end, you should see it in the milk price.

### Q: Is there any advice you have to share?

**Binversie:** If you have done no marketing the past two years you probably are extremely profitable. If you do market, make sure you do both sides and use puts right now to protect the upside.

I don't like to do much when markets are extremely high.

Make sure if you are feeding steers to use refusal feeds, corn syrup or distillers to cheapen the ration - corn is too expensive and not cost effective.

Pick up rental land if you can. This reduces costs on the feed side with your manure you can raise crops cheaper than the grain farmer. Your manure is gold right now!

Enjoy your family and friends. Take time with them.

**Krentz:** I believe hedging has really helped us the past six to eight months. I also believe a person should not skimp on anything that may hurt milk production (feed quality, BST, heat abatement, etc.) in times of tight margins. The last five pounds of milk production are much more profitable than the first five pounds produced. **Sleik:** Take some classes on it. In fact, I still take some classes and I've been doing it for 10 years. It's an educational process. Find yourself some one you are comfortable with who knows what they are doing. Have your banker involved so they know what to expect. Lastly, you need to be able to sleep at night with your decision.

Editor's note: These three individuals are dairy producers and do not claim to be experts in commodity markets. They have shared what works for them and realize it is not something that will work for everyone. If you are interested in using market opportunities, it may be in your best interest to find professional assistance.

By Karen Lee



### Easy to use feed management program at the PC & Indicator!

- Control Your Feed Costs
- Accurately Build Rations
- Precisely Deliver to Pens
- Complete 24/7 Technical Support
- Convenient Software Training via the Internet
- Digi-Star is the only fully integrated provider, we design & manufacture load cells, indicators and software for the mobile Ag scale market
- Best Value & Return on Investment

800-225-7695 sales@digi-star.com www.digi-star.com



### Foot Care, Feed Bunk Require Closer Management in Summer Months

Summer is a risky time in terms of cow foot health. Cows face heat stress. Producers can get preoccupied with forage harvests, catching up on outdoor projects and possibly even new construction. Jan Shearer, University of Florida veterinarian and one of the foremost authorities in the country on lameness in dairy cattle, offers reminders for maintaining foot integrity, particularly during summer months.

Cow comfort is always important, but on sweltering summer days when cows stand more and tend to lay down less, good stall management is crucial. Make sure stalls are well-bedded and well-maintained, and avoid overcrowding cattle in freestall barns, says Shearer. While the "ideal" is one cow per stall, he recognizes many producers overstock 110, even 120 percent. Beyond that range, foot health and performance will be compromised, he warns, suggesting producers give their cows more room during those critical summer months if at all possible.

Shearer also suggests larger dairies appoint one person to be in charge of foot health year round. Noting that this "performance, profit and (animal) welfare" issue has been getting the attention it deserves from top-notch producers, and thus foot care has been going in the right direction overall in the industry, on individual farms, he believes it's important enough that a designated foot health specialist be appointed from either the management team or herd staff.

"Cows are expensive

and it (lameness) can be a career-ending problem for cows," says Shearer, encouraging producers to "make the commitment" to get a trimmer to the farm more frequently for maintenance and get the necessary training for the foot health specialist, whose responsibility it'll be to monitor cows' gaits and feet. If the herd is big enough to justify it, that point person can also be trained to trim feet. Shearer notes there are training programs around the country that'll bring the necessary level of foot-care professional to the farm.

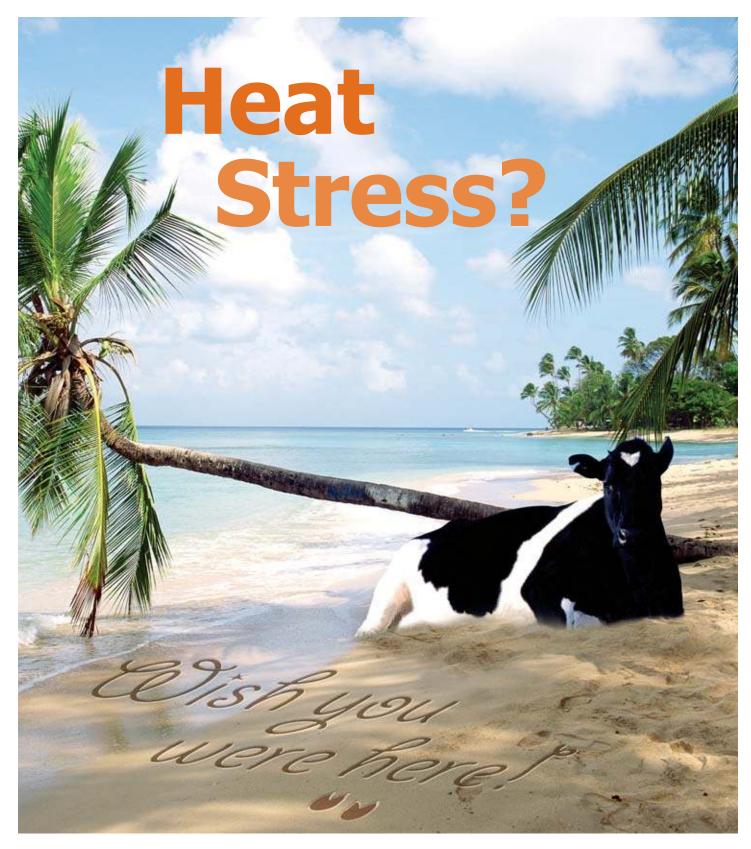
Get your local veterinarian involved in the establishment of a good foot-care program. Suspect cows should be "looked at and looked at quickly," stresses Shearer, noting that producers should "learn about the problems they're dealing with so they can establish specific underlying causes" and take corrective actions.

Shearer firmly believes that proper foot care and claw trimming requires a good understanding of the anatomy of the foot and dynamics of claw horn growth. Although trimming has an important role to play in the management of lameness conditions, he says experience has shown that claw trimming can be a cause for lameness, too. Avoid over-trimming.

"It is important to remember that the primary purpose of the claw horn capsule is to protect the corium. When excess claw horn has been removed and the sole is no longer able to properly support

SEE FOOT, ON PAGE 8

# WE ARE A FAMILY-OWNED BUSINESS: Bunker Silos Manure Pits Free Stall Barns Excavating WW w. pipping concrete.com





Consistently more milk, consistently higher profits...all year round.

For more information on Yea-Sacc<sup>1026</sup>, e-mail dairysolutions@alltech.com, log on to www.yea-sacc1026.com or contact Alltech Wisconsin at (920) 386-9651.



### Foot

**CONTINUED FROM PAGE 6** the cow's body weight, the underlying corium becomes subject to damage from bruising. In herds with abrasive flooring surfaces (such as sand and concrete), cows may develop thin soles from excessive wear. Thin soles in dairy cattle represent one of the most difficult of foot problems to manage," he says. They're also way too common.

"Give foot care duties to one person," he reiterates, noting that "when everybody is responsible, then nobody is responsible."

According to Shearer, toe abscesses originating from white line disease are sometimes incorrectly diagnosed as toe ulcers/ abscesses. Although the distinction may seem trivial, ulcers have a different manner in which they develop. A high incidence of toe ulcers may imply a serious problem with laminitis, which would obviously be misleading information if the true underlying cause is thin soles and white line disease. Therefore, he contends that "an accurate diagnosis" is important in troubleshooting these conditions. Know what you're dealing with. Get some training in basic hoof physiology.

There's also more risk of acidosis during summer's heat. Despite the heavier summer workload, "manage the feed bunk carefully," Shearer directs. Feeding behavior changes as the thermometer rises. Cows back off on feed or eat larger but fewer meals, which set them up for subclinical rumen acidosis and laminitis and related claw disorders.

"Rumen pH is a balance

between the acid produced by carbohydrate fermentation and rumen buffering from saliva. Heat stress contributes to rumen acidosis by altering feeding behavior – encouraging slug feeding – and reducing salivary buffering," he reminds.

He says the effect of air temperature on rumen pH has been evaluated in lactating Holsteins fed either a high roughage or high concentrate diet in both cool weather (65 degrees with 50 percent relative humidity) and hot weather (85 degrees with 85 percent relative humidity). Rumen pH was lower in cows exposed to hotter weather and those fed the higher concentrate diets. Increasing the energy density of rations to compensate for reduced dry matter intake during periods of hot weather "is not without significant risk,"

notes Shearer.

The primary ways uncomfortable cows get rid of excess heat are sweating and panting. The result is respiratory alkalosis as a result of increased loss of carbon dioxide (from open-mouth breathing and a lower respiratory rate). The cow compensates by increasing her urinary output of bicarbonate. Simultaneously, her salivary bicarbonate pool for rumen buffering is decreased by loss of saliva from drooling. The end result is rumen acidosis because of reduced rumen buffering and an overall reduction in total buffering capacity.

"Some degree of acidosis seems unavoidable since what ends up in the cow's rumen is not totally determined by the ration

SEE RATION, ON PAGE 9

# The point of adding technology is to make more money.



# No-hassle SOLUTIONS for your agricultural lending needs

Our ag lenders have 100-plus years of combined agricultural experience, which means we understand your unique needs and can

design lending solutions that work for you. We offer:

- Loans and Lines of Credit
- ◆ FSA Loans
- ◆ SBA Loans
- WHEDA Loans
- Crop Insurance

See for yourself why we are known statewide in the agricultural industry!

PHONE: 1-888-686-9998 Online: www.investorscommunitybank.com Email: aglending@investorscommunitybank.com



### <u>Ration</u>

**CONTINUED FROM PAGE 8** formulation, mixing or delivery to the feed bunk, but to some extent by the cow and what she elects to consume," he notes.

Laminitis results from disrupted blood flow in the corium that leads to damage of the dermal-epidermal junction and the underlying connective tissue of the corium. Inflammation breaks down the strong collagen fiber bundles of the supporting structure of the claw, predisposing the cow to ulcers of the toe, sole and heel. Shearer mentions, though, there are alternate theories that suggest that hormonal changes associated with calving may also be major contributors to weakening of the "suspensory apparatus" within the foot. Although this may be a natural occurrence, housing cattle on soft surfaces during the transition period may be sufficient to reduce or alleviate the potential for permanent damage to these tissues.

Feeding high levels of protein and its potential to cause laminitis or lameness is less well understood, notes Shearer, who notes that at this time, "one must conclude that there is simply insufficient information to know what effects, if any, protein may have on foot health." Vitamins and minerals have important roles to play, however.

B vitamins are synthesized by rumen microbes, and until recently, were rarely fed to dairy cattle - the one exception being biotin. Shearer sees benefit in biotin, especially for cattle fed high grain diets, as they're subject to potential biotin deficiency since rumen microbes responsible for biotin synthesis are sensitive to low rumen pH. Research has shown that biotin supplemented at a rate of 20 milligrams per

day benefits claw health, including faster healing of sole ulcers, fewer vertical wall cracks, improved white line health and fewer sole hemorrhages.

Shearer says it's crucial to keep cows cool however you can. Heat-stressed cows and metabolic acidosis contribute to weakened claws (i.e. a breakdown in the supportive connective tissue and poorer-quality horn). This coupled with more time spent standing, and a wet environment (from perhaps a cow cooling system) and softened claws and excessive wear add up to trouble.

Although cows definitely need to be cooled in the summer, moisture isn't a friend to their hooves. Florida research revealed that claws with thin soles have higher moisture content, with thin rear soles having the highest moisture content. That research supports the theory that the outside claw of the hind foot is the one that suffers the most lameness in dairy cows. It's also the most likely to have thin moist sole. Rear claws may also be higher moisture when cows lack stall comfort. They spend more time perching – front feet dry in the stall, hind feet in the alleyway exposed to manure and urine. With excessive perching, cows have moist thin soles on their rear claws and increase the load and pressure on their rear feet. Finding ways to keep feet drier may be the order of the day, or closer attention needs to be paid to hoof care when cows are being cooled.

For information on Shearer's Master Hoofcare Technician Program, go to http://vetmed.ufl.edu/lacs/ masterhoofcourse.htm.



### It's Summer Time and the Breeding's Not Easy...

Don't let the lazy, hazy days of summer rob your herd's reproductive efficiency. Prepare for heat stress by adding Select BIOCYCLE™ to your ration. Select BIOCYCLE has been shown effective in improving estrus expression, milk production, milk solids levels and lowering somatic cell counts. For around 10 cents per head per day, Select BIOCYCLE can be fed to every cow, every day to battle stress, especially through the humid summer months.

Serving Northern Wisconsin NorthStar Cooperative 1.800.631.3510

Serving Southern Wisconsin East Central/Select Sires 1.800.288.7473



SELECT

SIRES

<sup>117</sup>Select BIOCYCLE is a trademark of Agrarian Marketing Corporation, Middlebury, Ind. Agrarian is a registered trademark of Agraria BIOCYCLE is merely distributed by Select Stres Inc. and manufactured or processed by Agrarian Marketing Corporation. All daims, represents or involved are made only to Agrarian Marketing Comparison and Indems Contensis, is a surpressed or involved are made only to Agrarian Marketing Comparison and no the Valer Circus, Select Recorduring Collitions, is a surpressed or involved are made only to Agrarian Marketing Comparison and no the Valer Circus, Select Recorduring Collitions, is a surpressed or involved are made only to Agrarian Marketing Comparison and no the Valer Circus, Select Recorduring Collitions, is a surpressed or involved are made and only to Agrarian Marketing Comparison and no surpressed by Agrarian Marketing Comparison. All daims, repressed by Agrarian Marketing Comparison and Neuropean and the Select Circus and Select Agrarian and Select Agrarian and Select Agrarian and Agrarian a "PDPW

provides access to

new ideas

and technologies

directly from

the farm, not

a salesman."

~Karl Crave,

Clear Horizons, LLC,

Milwaukee, Wis.

### Economist

**CONTINUED FROM PAGE 1** for higher dairy prices."

This international demand is being spurred by many factors, the economist notes. Among them are surging economic growth in Asia, Russia and South America, the continuing drought in Australia, reform of the European Union's common agricultural policy, and a weak U.S. dollar. All these factors, Curley says, can "claim some of the credit" for high milk prices in the U.S.

But that's not all that's nudging milk prices merrily along.

Curley says, "Like most other commodities, there is also a speculative component to the current price levels that may be heavily influenced by psychology and emotion. It's not uncommon to hear traders suggest that 'lf prices are this high during the spring flush, imagine how high they could go in the fall.'"

Along with that speculation, dairy is "caught up in the bullish tidal wave that has swept across all agricultural commodities," Curley says. There might be a good reason for that, he adds.

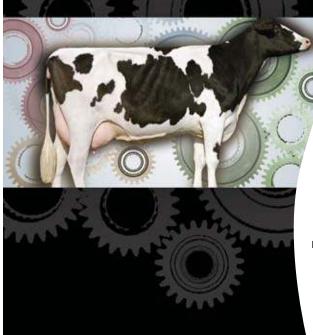
"As corn and soybean prices continue to rise, it's logical to assume that if milk prices don't experience a commensurate increase, there will be a margin squeeze at the farm level that will result in a precipitous loss in milk, driving prices dramatically higher later on," the economist explains. "Furthermore, in many cases dairy fats and proteins compete with plantbased products in the marketplace. Rising grain costs pave the way for competing dairy products to command a higher price, as well."

Then there are the roles of the anemic U.S. dollar, an economy teetering on the brink of recession, and concerns about inflation, Curley notes. He says it's "no surprise" that international demand has been the source of strength for dairy prices.

"Demand for dairy products in the U.S. has been anything but strong over the past several months," the economist says. "USDA data suggest that fluid milk sales were

SEE DEMAND, ON PAGE 11

### KEEP THEM IN SYNC



### WITH ENERGY BOOSTER 100<sup>®</sup>

Ovsynch,<sup>™</sup> Co-Synch,<sup>™</sup> Pre-Synch,<sup>™</sup> Re-Synch.<sup>™</sup> Synchronization programs can improve herd reproduction, but good body condition also plays a big part in this delicate balance. Feeding Energy Booster 100 gives your cows the most palatable, energy dense supplement available in a bypass fat. This extra boost helps them reach positive energy balance sooner while improving body condition more quickly after calving.

Energy Booster 100 already is recognized for increasing production of milk, protein and butterfat. Combine those benefits with improved body condition, which helps cows breed back faster, to keep every part of productivity running smoothly. Feed Energy Booster 100 for improved production, body condition— and reproduction. More energy, more results.

Learn how Energy Booster 100 can help keep the effectiveness of your reproduction and synch programs in sync. Call MSC Specialty Nutrition at 1-800-323-5424 or visit www.msccompany.com/sn.



### **Demand**

**CONTINUED FROM PAGE 10** down 1.5 percent through February, and retail sales data suggest that things have gotten worse since then. Retail cheese sales are also below year-ago levels."

Not everyone agrees that an economic slowdown will hurt the consumption of dairy products in the U.S. Some analysts even figure that dairy product consumption could rise in a poorer economy.

These theories revolve around the notion that more people will choose to dine out at quick-serve establishments and pizza places than at casual-dining restaurants. If they do make that switch, sales of cheese will be aided, or so the theory goes.

Another part of that theory is that fluid milk sales could rise if the economic engine continues to sputter. That could happen, it's thought, if more people stay home to eat, and if they drink milk while they are home.

Curley doesn't necessarily agree.

He says, "There may be some theoretical validity to those claims, but the data does not necessarily bear them out. All things considered, dairy products are among the most expensive food and beverage choices, and a failing economy will have a negative impact on demand."

Yet he adds this disclaimer: "Certainly, there will be places where dairy shines. I am confident, for example, that sales of cheeseburgers on various fast-food 'dollar' menus have been robust. But those stories are the exception rather than the rule."

Still, Curley acknowledges that "On balance, things look pretty good right now from a dairyman's point of view. But the situation is tenuous. While production costs have escalated rapidly, milk prices have risen enough to offset or even exceed the cost increases.

"The longer-term trend," he continues, "is one of higher pricing. That is not to say that there won't be corrections along the way. The fact that production costs have moved up so significantly means that even short-term corrections in milk price have the potential to be devastating."

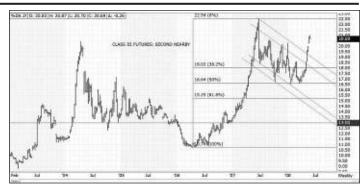
He agrees that it's tempting to look at the dairy markets as moving in lockstep with the feedgrain markets. Taking that view means assuming that as long as feedgrain prices stay high, milk prices will stay high, too.

"History and common sense would likely suggest that expensive feed has in the past meant expensive milk," the economist says. "As long as both grains and milk are responding to the same market forces, that will likely continue to be true."

But something different is happening now. Historically, he explains, milk prices and grain prices have been determined by the fundamentals of supply and demand for food.

Now, however, grain prices are largely being

SEE GRAIN, ON PAGE 12



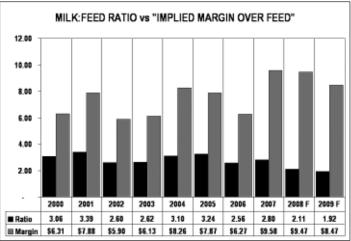
Milk Breakout











Milk:Feed Ratio vs. "Implied Margin Over Feed"

### <u>Grain</u>

**CONTINUED FROM PAGE 11** driven by fundamental factors that are influencing energy markets. Or, they are being driven by government mandates, such as those that nations will generate more of their energy from biofuels.

Curley calls this energy influence "a new and dangerous dynamic."

A slip in dairy product demand in the U.S. is not the only threat to milk prices. Curley observes that higher milk prices generally have stimulated production both in the U.S. and in other countries.

Milk production is rising in Europe, for example. The European Union (EU) recently announced a 2 percent increase in milk production quotas. And, there have been several news accounts of farmland in New Zealand being converted for dairying. This has been done to try to cash in on the higher prices that milk is commanding.

What's more, the drought in Australia is moderating. Estimates are for Australian milk production in the 2008-09 season to be higher than this year.

Then there's dairy stronghold New Zealand. Curley observes that the drought there has turned out to be brief.

The short version of all this is that there are many reasons to expect a "price correction" – drop – in milk prices. No one knows when that might happen, but Curley says eroding demand for dairy products, along with higher output by the U.S., the EU and New Zealand, could make it take place "sooner rather than later."

"However," the economist says, "in all likelihood, any significant drop in U.S. milk prices will not be seen unless or until a new milk production season begins in Oceania and milk production improvements are seen in Australia and New Zealand, allowing those countries to reclaim some of their lost markets for dairy products in Asia."

There is a silver lining inside the milk price storm clouds.

"Current futures prices afford dairy producers the opportunity to lock in favorable margins for the foreseeable future, even at current feed price levels," says Curley. "Class III milk futures for the remainder of 2008, at \$20-plus levels, look tempting, even at current feed and energy prices."

To be sure, he says, there's nothing definite during these uncertain economic times. But Curley concludes with these thoughts:

"Current futures prices offer reasonable profitability to dairy producers, and a far better case can be made for falling milk prices than can be made for falling feed prices. That should be an incentive to producers to manage proactively from here."

By Ron Johnson



MPB Builders Inc. are your total dairy system contractors, We will assist with your design and building needs.

## GIVE US A CALL TODAY! MPB BUILDERS INC.

Contact: Visit our Website @ http://www.mpbbuilders.com 654 E. Oshkosh St. Ripon, WI 54971 1-800-782-9632



# Face of the Future

# Herschleb: Positive and Passionate For Agriculture

If dairy producers ever wonder what the future holds for Wisconsin agriculture, they need only look at the faces of the future – the industry's leadersin-training – like Rachael Herschleb, PDPW's student intern.

A junior at UW-Madison on track to graduate in December 2009 with a major in animal science and life sciences communication (both with a business emphasis), Herschleb grew up on a DeForest farm, operated by her father, Rick, and her uncle, Ken. The brothers feed out steers and cash crop. Herschleb's grandfather, Rich, was formerly superintendent of the UW's Arlington Ag Research Station.

Herschleb's enthusiasm for agriculture sparked early, during her many years in 4-H in Columbia County, when she exhibited beef out of the family's feedlot. She showed at her county fair and state fair.

A 2005 graduate from DeForest High School, Herschleb was on student council all four years and very active in forensics. She also helped on the farm for chores like vaccinating, for which multiple pairs of hands are needed.

As for extracurricular involvement on campus, Herschleb confesses, "People wonder if I sleep at night." She's very active with the Association of Women in Agriculture and helped redesign the AWA's website. She also served as publicity committee chairman for the AWA's Breakfast on the Farm.

This college student is an officer in the Saddle

and Sirloin club and serves as co-chair of the Badger Kick-Off Classic Prospect Steer and Heifer Show. It's a two-year position, so she utilized her exceptional organizational skills for the show held this past December at State Fair Park in West Allis. It drew 600 head, and 11 states were represented. She'll also spearhead the 2008 show in December, overseeing advertising, lining up judges and coordinating workers.

It truly is legitimate to wonder when this 20year-old go-getter sleeps, as she's also an ambassador for the College of Agricultural and Life Sciences, promoting the college to prospective students.

Herschleb also belongs to Sigma Alpha, a professional sorority. Sigma Alpha members participate in Ag in the Classroom. She's personally made presentations on Wisconsin agriculture a couple times in elementary schools in the Madison area.

Despite obvious aboveand-beyond involvement at UW-Madison, she also finds time to give back to her former high school. Herschleb is a certified Wisconsin high school forensics judge. This is the third year she's been helping students at her alma mater hone their public address skills.

As for career goals, she says she wishes she knew "exactly" but doesn't. What's she's sure of, however, is her "passion for agriculture" and intent to remain in the ag industry. "The part I really love is communications/marketing/public relations," she notes. In particular, Herschleb thinks it's crucial people within the industry "communicate with people outside of agriculture." She feels she can be a bridge.

Herschleb started as an intern for PDPW in February last year, filling in for the remainder of the academic year. Her current internship began last September and ran through May. As PDPW's "communications assistant" this college student divided her time between the organization's headquarters in Fond du Lac and her home office in Madison.

One of the main projects with which she's been involved is the PDPW Mentor Program. She coordinated that initiative, in which 14 post-high school students last fall connected with producers for one-day job shadowing. Herschleb promoted the mentor program to four-year universities, technical colleges and UW Short Course, got producers to volunteer and matched them with students.

This year's Annual Business Conference included a session for students involved in the Mentor Program as well as the Enhanced Internship Program. Industry members and producers talked to students about what to expect after college and "got them thinking about the next steps they'll be taking in the next few years," Herschleb describes of a session she developed start-to-finish.

She says she admires "the way PDPW takes a proactive role on key dairy issues," such as the



**Rachael Herschleb** 

National Dairy Animal Well-Being Initiative, "and then teaches producers how they can, too," via the Dairy Connect training.

Last summer, in between her two stints as PDPW intern, Herschleb also interned with Agri-View. She was the farm newspaper's online intern, a new position to enhance the Agri-View website (www.agriview.com) and create awareness among both readers and advertisers. Day to day, she also made sure information on the site was current and briefed both the paper's sales reps and existing advertisers about opportunities to advertise on the website.

Whatever career Herschleb chooses, it'll be important for her to know that she's "making a difference" and, she says, "positively influencing others beyond my organization through work I do with that organization." Hers is a face of the future for Wisconsin agriculture – a face that's positive and passionate for the industry.

### Sexed Semen Offers Expansion, Culling Opportunities, But Carries Some Negatives

"PDPW brings the dairying community together to share ideas, lessons, and stories. By doing this everyone benefits, not just myself."

> ~Curtis Gerrits, Keller, Inc.

constantly making decisions on new management tools. While dairies are as diverse as dairy owners themselves, the process for evaluating products and changing technologies is the same. Sexed semen has been commercially available for some time, in this issue of Dairy's Bottom Line you will hear from both an industry researcher and a panel of producers about their views of sexed semen.

Researchers are seeing a fairly widespread use of sexed semen in heifers, says Kent Weigel, geneticist and associate professor with the UW-Madison dairy science department. Which is to be expected,



### \$5 OFF New! Fly Sentry Bait

**Station** with a **\$200** purchase of any fly control products. Offer valid now thru 7/31/08.

### **New! Fly Sentry Bait Station**

- Rugged, refillable fly bait station.
- Protects the bait from the elements.
- Use with fly baits QuickBayt, Golden Malrin and Elector Bait for house flies.

### **Fly Control Solutions**

Baits • Bombs • Cattle Applicators Ear Tags • Livestock Sprays • Sticky Tapes • Premise Sprays • Pour-Ons

### Save your Herd from Flies.



Dairy producers are as that is the way it is recnstantly making deci- ommended to be used.

> Using sexed semen on heifers is the most economical use, Weigel says, as sexed semen has a lower conception rate than conventional semen.

> "Typically conception rates drop 15 to 20 percent from where you are," he notes. If it drops more than that it is hard to make using sexed semen economically feasible. But, if conception rates drop less than 15 to 20 percent, you will be that much farther ahead, he adds.

> Weigel and other researchers at UW-Madison recommend using sexed semen on heifers – and only on the first service or the first and second service. Then they should be bred with conventional semen, he suggests. Switching back to conventional semen on the third and following services is to prevent heifers from calving at a much older age than 24 months.

> Weigel notes that dairy producers could also sort their heifers genetically to breed the most superior animals to sexed semen and virtually guarantee a heifer calf from those highend genetics.

> Some dairymen who focus on genetics have brought forth the issue of the quality of the bulls being offered as sexed semen. Al companies are not sexing their extreme high-end bulls as the procedure to sex wastes so much semen, Weigel explains.

While sexed semen may not be for the dairyman who is looking to breed the top genetic animal in the country, it is a benefit to get a heifer calf for most operations. "I think the chance to get the extra heifers is worth it," Weigel adds.

Most herds that are using sexed semen are using it to expand the herd or to have the ability to sell extra animals, not to make great genetic strides.

This is not to say that the bulls offered as sexed semen are poor bulls. They are still great genetics that will help make genetic progress in the U.S. dairy herd.

Lowered conception rates have led researchers to turn dairy producers away from using sexed semen on high-producing, lactating cows. Some people are happy doing that, Weigel notes, but most probably aren't. "The biggest challenge is the conception rates," he says.

Herds with an excellent reproductive program will experience the most success with sexed semen. On the other hand, herds that are scrapping for replacements because of a poor reproductive program will have even worse results using sexed semen due to the lower conception rates. "It's not a BAND-AID for not having enough heifers," stresses Weigel.

The dairy industry as a whole has been concerned about what sexed semen will do to milk prices and heifer prices. However, Weigel isn't so concerned.

 $\bar{H}e$  believes the heifer price will drop a little, but that it can be seen as a



To YOU, all yeasts may seem the same.



To HER, one is very different.

### **MAKE SURE SHE GETS** LEVUCELL<sup>®</sup> SC "RUMEN SPECIFIC" YEAST



All yeasts are not created equal and your cows know

it. Levucell<sup>®</sup> SC "Rumen Specific" Yeast was specifically researched and selected to enhance the rumen environment, stabilize rumen pH, stimulate microbial populations and increase fiber digestibility. All to allow dairy cows to optimize rumen health and maximize milk production. A live yeast, Levucell SC is a specific strain (SC-1077) of

Saccharomyces cerevisiae and every lot is guaranteed to be "rumen specific" through DNA fingerprinting. Contact your nutritionist or feed supplier to learn more about Levucell<sup>®</sup> SC Rumen Specific Yeast. Or call Lallemand Animal Nutrition at 414-464-6440.

©2006. Levucell is a registered trademark of Lallemand.



### Dairy Producers Weigh-in on Sexed Semen Results

Sexed semen is relatively new on the market and has generally received a good reception among dairy producers. Researchers see it as a way for dairymen to expand their herds or to have the opportunity to market more animals from the farm. But there is the obvious caution of lowered conception rates.

Dairy's Bottom Line had the chance to visit with four dairymen in the area who have been using sexed semen in their dairy operations. Results are generally positive, but these producers are well aware of what it takes to make it work.

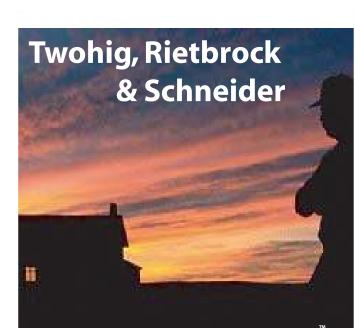
### WALNUT GROVE FARMS

Johnathan Heinsohn runs Walnut Grove Farms with his father and two brothers near Kirkland, Ill. The 350-cow herd is mostly Holsteins and the family also runs 1,600 acres of cropland with help from 10 employees.

The Heinsohns have been using sexed semen for about four years. It was very early, according to Heinsohn, when sexed semen was only offered by Heifer Quest. They are currently milking about 150 cows that resulted from a sexed semen pregnancy.

Walnut Grove Farms is rare in that it uses sexed semen or enhanced semen on all breedings. Bovatel from Accelerated Genetics is the closest thing to conventional semen that is used on the farm.

And they are finding much success. They have



### "Attorneys for Agriculture"

Proud to be a part of PDPW and Wisconsin's agricultural community.

102 North Madison Street, Chilton, WI 53014 (920) 849-4999

been able to increase genetics by increasing voluntary culls. "I don't know if you'll find someone that loves it more than us," says Heinsohn.

All pregnancies are ultrasounded and sexed and Heinsohn says that they are averaging 80 percent heifers on all conceptions.

Since the Walnut Grove Farms herd isn't a strong genetic herd, according to Heinsohn, they are able to make additional money from more heifer calves. They are also just beginning to make sexed semen embryos with their higher-end animals and are hoping to work into the embryo market in the future.

The Heinsohns don't see many disadvantages with sexed semen on their farm. But, Heinsohn recognizes that not every farm can be successful with sexed semen. If conception rates on the farm are already poor, it will only make it worse. He recommends "cherry picking" 5 or 10 percent of the herd to begin using sexed semen on.

### Semen

### CONTINUED FROM PAGE 14

good thing. It takes a little pressure off of the system, he says. Therefore, there isn't as much pressure on the cow reproductive programs and not so much risk involved in raising heifers.

It also allows dairies to expand more easily and to expand internally. For those not looking to expand, it offers more replacements to give the opportunity for more voluntary culling. Walnut Grove Farms has found that using sexed semen has been a good investment. They simply have more animals around, which allows them to market more animals.

Heinsohn cites a \$400 difference between the value of male and female wet calves that they could potentially take advantage of. And they have the option to sell bred heifers and go out and purchase genetically better heifers. He also says that the farm receives a premium for a sexed pregnancy of about \$100 to \$125.

But he reminds fellow producers that you have to have a good reproductive program before trying sexed semen. It won't work if something is already wrong, he cautions.

### **BARLASS JERSEY FARMS**

Barlass Jersey Farms began using sexed semen three years ago through a trial with Accelerated Genetics, says Brian Barlass. He farms with his parents and six full-time employees near Janesville.

SEE RESULTS, ON PAGE 20

Weigel also notes that not every heifer (or cow) in the U.S. dairy herd will be bred with sexed semen. It is more costly than conventional semen and, due to lower conception rates, isn't going to be used for every service and every pregnancy. "The changes won't be too dramatic," he concludes.

*Editor's note:* See related story for producer comments on sexed semen.

# HEALTH PARTNERS...

PRODUCTS TO ENHANCE THE HEALTH OF YOUR HERD.





Since we started giving all our fresh cows Synimax and Provide our Ketosis problems have virtually disappeared. They come in with a lot more energy. The stresses of calving don't seem to bother them as much as it used to. When they come in they start eating and don't stop. DA's have virtually disappeared. Thank you for two wonderful products in our fresh cow protocol.



Michelle Schullo Vally-Vu Dairy



### **HEALTH PARTNERS**

DOUG MITCHELL P.O. BOX 278 LONE ROCK, WI 53556 866-690-COWS DANMITCHELL1616@MAC.COM

# Footbath Management Not Cut and Dry

Many dairies rely on walk-through footbaths to control and prevent infectious claw lesions, like digital dermatitis, foot rot, interdigital dermatitis and heel erosion. Footbaths may also help harden claw horn, making it more resistant to horn lesions.

However, producers need to get a handle on the incidence and types of claw lesions they're dealing with, and institute some records, to determine whether a walkthrough footbath for the entire herd is warranted, says University of Florida Veterinarian Jan Shearer, one of this country's most authoritative experts on cow hoof care.

If incidence of infectious lesions is low (less than 5 percent), producers should consider individual spraying or stand-in footbaths, which will save money and reduce the environmental concern of having to dispose of large amounts of spent footbath solution. If the primary lesions on the dairy aren't infectious, use of a walkthrough foot bath may not be warranted, or it may not need to be used as frequently. However, Shearer stresses that decision can't be made unless accurate records are kept on the incidence and types of claw lesions in the herd.

Copper sulfate, an antibacterial agent that also hardens claw horn, has been used in footbaths

SEE FOOTBATH, ON PAGE 19

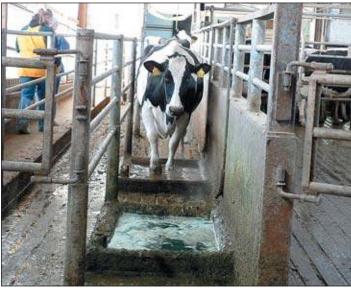


Photo by Crystal McNett

A good place to put a footbath is in the return alley from the parlor, generally because there's a high level of contamination in the holding area, which cows will encounter first. Dr. Jan Shearer recommends a footbath be at least eight feet long, three feet wide and six inches deep.

# **Cool Cows are Cash Cows**

If you're thinking about installing energy-efficient equipment – like ventilation fans that help keep your cows cool – now's the time to contact We Energies. We offer rebates to make your operation more efficient and help lower your energy costs.

*Call 866-727-1097 to learn how our energy efficiency incentives can work for you.* 

we energies



### Footbath

**CONTINUED FROM PAGE 18** for years. Not only has its price tag been climbing, disposal has become a concern (i.e. copper loading of farmland from manure containing spent footbath solution). To be effective, the copper sulfate solution has to be 5 to 10 percent. The problem is copper sulfate is rapidly neutralized by organic matter. Another concern with copper sulfate is increased permeability of claw horn.

Five percent copper sulfate equals eight pounds of copper sulfate to 20 gallons of water. A 10 percent solution is 16 pounds in 20 gallons of water.

Shearer says formalin can be effective and it's neutralized fairly slowly compared to other footbath ingredients. Horn permeability isn't affected. Using a 3 to 5 percent formalin footbath kills bacteria, hardens claw horn. It may retain its antibacterial activity for up to 330 cow passes. Five percent formalin is a gallon of 36 percent formaldehyde in 19 gallons of water.

The down side is human health concerns. It's a suspected carcinogen that can be dangerous to handle. You don't want to breathe the fumes, and whoever mixes the footbath solution best wear eye protection. Shearer says it may not be effective below 50 degrees and may slow healing of open claw lesions. There's also concern about formalin contacting the cow's udder and teats. Shearer says you definitely don't want the concentration greater than 5 percent, or run the risk of skin irritation.

Zinc sulfate (5 to 20 percent) is relatively inexpensive and does have antibacterial properties and may also act as a hardening agent, according to Shearer. For a 20 percent zinc sulfate footbath, 34 pounds of agricultural grade zinc sulfate monohydrate (36 percent) is needed per 20 gallons of water.

Commercial products (including a liquid zinc chloride) that are more soluble have come on the market. While a part of a corn fertility program, and thus beneficial, zinc also carries cumulative loading limits on land. In other words, it's possible to have too much a good thing, with spent footbaths.

Oxytetracycline and lincomycin have also been used in footbaths, but neutralization is a problem. It's costly, especially considering a product may need to use distilled water (if water quality is an issue). There's potential for bacteria to develop resistance, and increasingly, there's environmental community focus on antibiotics getting into surface and groundwater.

One way to save money and maintain the integrity of the footbath longer is having the cows walk through a pre-bath prior to the treatment bath of either water or soapy water (a quarter of dishwashing soap plus 24 and threequarters gallons of water). Added soap is a good idea if hooves carry manure. According to Shearer, the prebath should be at least 6 to 8 feet ahead of the treatment footbath, so cows are less apt to drop manure in the solution. The prebath should be changed as often - if not more so - than the treatment footbath.

Shearer admits there's "limited information" about the value of prebaths.

Shearer recommends footbaths be changed

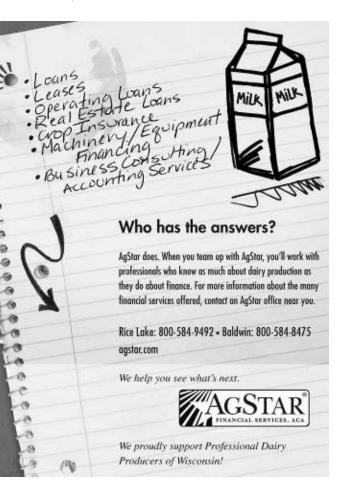
every 150 to 200 cows. If the herd is smaller than that, switch things up as to when you change solution so each group of cows gets a chance to walk through fresh solution. That's just an "observation" and not a firm recommendation, he cautions, encouraging producers to make their own call.

A good place to put a footbath is in the return alley from the parlor, generally because there's a high level of contamination in the holding area, which cows will encounter first. Shearer recommends a footbath be at least eight feet long, three feet wide and six inches deep to make sure the interdigital space gets covered by solution.

SEE SOLUTION, ON PAGE 30

"PDPW provides the education our dairy needs to keep our business and employees on a high level of information so they can complete their job and take pride in a job well done."

> ~Troy Ripp, Ripp's Dairy Valley, LLC, Dane, Wis.



### Results

**CONTINUED FROM PAGE 16** His sister, Kristin, has a full-time job off the farm, but helps when she's around and handles all of the genetic work.

The herd consists of 375 Jerseys and the family also runs 700 acres. One hundred sixty of those acres are for canning crops like sweet corn, peas and lima beans.

The Barlasses are using sexed semen on select heifers only, and they're only using sexed semen for the first two services. Recognizing one of the major disadvantages of sexed semen as being lowered conception rates is why it is only used on heifers.

Cost is also somewhat of a disadvantage when using sexed semen, Barlass mentions. He says that they are typically paying 2.5 times as much for a straw of sexed semen over a straw of conventional semen.

Barlass says that the sexed semen pays off with the value of a heifer calf over a bull calf. "A heifer calf is worth \$500 to \$600 when it hits the ground," he says.

The Barlasses are primarily using sexed semen to grow internally in the future. They don't have to worry about calving issues with Jerseys, which is one reason why some Holstein breeders are taking advantage of sexed semen, Barlass says.

### **RIPPS DAIRY VALLEY**

While skeptical at first, Chuck Ripp began using sexed semen last year. He and his two brothers own Ripps Dairy Valley near Dane, where they milk 730 cows and run about 1,000 acres of cropland. The Holstein herd has a 29,000pound herd average on three-times-a-day milking.

The herd had a good reproduction program and plenty of replacements before using sexed semen. They were also averaging a 48 percent female to bull ratio and they weren't worried about getting more heifers, Ripp says.

Nonetheless, the Ripps have ventured into the sexed semen experiment. However, they are not using it very heavily. Sexed semen is only used on the first natural good standing heat on heifers; and only if the bull that the heifer is mated to happens to have sexed semen available. They have only used about 80 units so far.

The conception rate on heifers that are bred via conventional semen is running at about 51 percent, Ripp explains. Sexed semen conception rates are just 33 to 45 percent. And you're only 90 percent sure it will be a heifer, he adds.

Genetics are a component of mating decisions at Ripps Dairy Valley and Ripp expresses some concern about the genetic advantage and progress that sexed semen offers.

Heifer calves are of much higher value than bull calves, and therefore pose an opportunity to market animals from the farm, notes Ripp. But he cautions, "You've really gotta watch your conception rates."

With the minimal use of sexed semen on the farm, the Ripps are anticipating more heifers per year. But, Ripp thinks that in the long run it may not be worth it if it takes longer to get the animals bred. The focus should be on getting animals pregnant at the right time, he says.

And sexed semen demands a higher price than conventional semen. Ripps Dairy Valley typically spends \$25 for a straw of conventional semen plus a \$5 service fee. The sexed semen drives the price of the straw up to \$45 to \$60.

If fellow dairy producers can afford to spend the extra money to use sexed semen, they should do it, Ripp says. But they need to focus on getting the animals pregnant before just trying to get heifer calves.

Another aspect to look at, Ripp notes, is the calving facilities and the calf rearing program. Dairymen need to keep the calves alive – especially if you're spending more on the semen, he emphasizes.

### MERRY WATER FARM

Keith York owns a 1,000-cow, 1,000-acre farm near Lake Geneva with his brother, cousin and parents. Merry Water Farm is home to a herd of Holsteins that are averaging 29,000 pounds of milk.

This family farm has been using sexed semen for two and a half years and is experiencing good results. York says that they have been able to do more voluntary culling so far and are looking at sexed semen as a tool to allow expansion in the future.

All heifers on the farm are bred with sexed semen up to three services. Then they are bred using a clean-up bull, York explains. These heifers are averaging 1.7 services per conception. With conventional semen the heifers were averaging 1.3 services per conception. Therefore, the reduced conception rate due to sexed semen is just 10 percent.

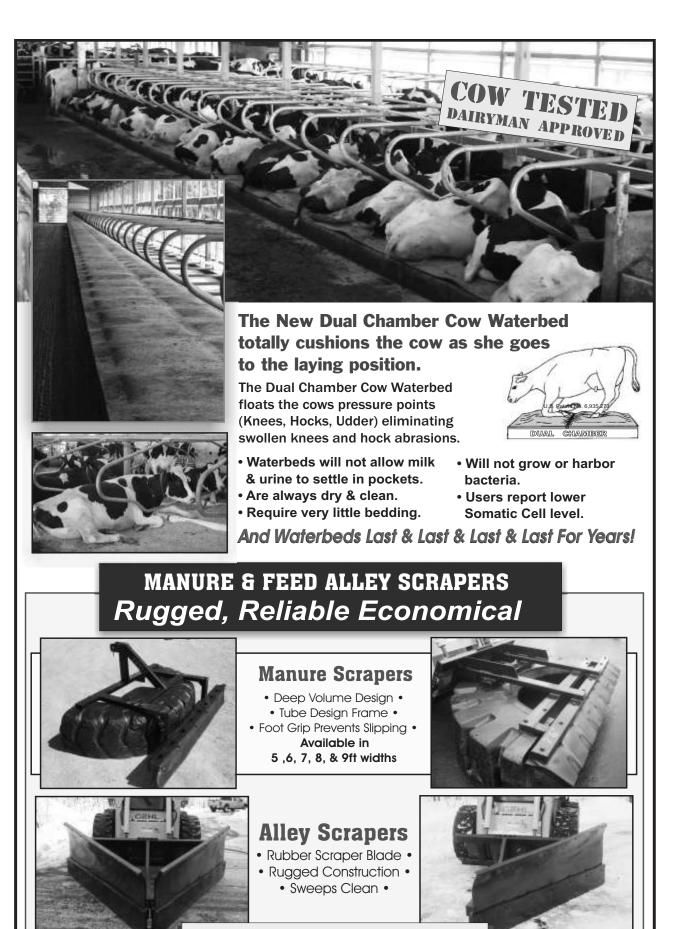
Calving ease was one reason that drove the decision to use sexed semen, York says. With female calves it reduces the calving ease issue, he notes. And it helps grow heifer numbers.

While the best bulls of the breed are not offered through sexed semen, it is not an issue for Merry Water Farm. York says that they typically don't use expensive bulls anyway. And he notes that the next generation of bulls are genetically superior to the previous, so genetic progress is being made.

York recognizes that conception rates are reduced with sexed semen. And that the semen costs more than its conventional counterpart. But, he says, with the current prices of heifers, sexed semen is an advantage. "I think it pays for itself now," he says, but if bull prices rise or heifer prices drop it may become a tighter margin.

As herd numbers begin to rise, Merry Water Farm will be able to sell more animals for dairy, possibly bred heifers. York says that this year they will be calving in 100 more heifers than normal; and next year the number will be 250 more than normal.

"We're real happy with what's going on and it's a nice way to grow into expansion," he concludes.



For A Local Dealer Contact Advanced Comfort Technology, Inc. Toll Free: 866-524-6575

### **Professional Dairy Producers of Wisconsin**

### **Membership Form**

PDPW's Mission: "To share ideas, solutions, resources and experiences that help dairy producers succeed."

Name		— Membership Options (check one):
Business/Dairy Name		PRODUCER MEMBER – \$75 Voting member - One member per dairy entity covers
Address		all managers, operators, spouses and employees. While each dairy has one vote in making member decisions,
City	State Zip	every person within the dairy (operator, spouse and employees) enjoys the benefits and member rate at PDPW events.
Phone	Cell	
Fax		Associate Individual Member – \$100 Non-voting member - Membership is open to any individ- ual interested in the dairy industry who does not qualify
Email		as an individual or a corporate membership.
# Cows	Breed	<ul> <li>CORPORATE MEMBER – \$250</li> <li>Non-voting member - Open to any group, company or</li> </ul>
RHA	County	<ul> <li>organization interested in the dairy industry. With one</li> <li>corporate membership, every person within the com- pany/organization enjoys the benefits and member rate</li> </ul>
Amount Fuclosed	Date	at PDPW events

**Send this form to:** Professional Dairy Producers of Wisconsin, N5776 US Hwy 151, Suite 1, Fond du Lac, WI 54937 Or become a member online at www.pdpw.org, or call us at 800-947-7379, or contact us via e-mail at mail@pdpw.org.

### **Professional Dairy Producers of Wisconsin** An Organization for Dairy Producers Like You

### WHAT IS PDPW?

Professional Dairy Producers of Wisconsin (PDPW) is the largest producer-led dairy organization in the nation. PDPW has grown from our humble beginnings in 1992 when a small group of dairy producers saw a need for education and information that would help Wisconsin producers improve profitability. Today we are a network with thousands of dairy businesses from throughout the nation who have the same passion for the future of the dairy industry. That passion helps us lead the success of the dairy industry through education.

### WHO IS PDPW?

PDPW membership represents the gamut of dairy producers. Every type of dairy producer and every size operation is represented and welcomed in our membership. This breadth of our members is represented by the attendees at the PDPW Annual Business Conference, dairy's premier event. PDPW began as a Wisconsin-only organization. Today we have grown to a network of thousands of producers and industry leaders covering the country. In fact, we have producer members from fifteen states, representing dairies from coast-to-coast. These producers from across the nation seek business programming and resources only found at PDPW. We offer a wide variety of educational programming designed to meet your specific needs and present new, innovative information that is useful to you. One idea, solution and approach doesn't work for everyone – each is unique. We are dairy producers – just like you.

Different operations, unique businesses, one vision: to lead the success of the dairy industry. No matter the type of your dairy or the size of your herd, PDPW embraces the entire industry and lives its mission "to share ideas, solutions, resources and experiences that help dairy producers succeed."

PDPW is all about connections. Connecting you with:

- Resources to improve and grow your business
- Advice and answers

• Other dairy producers who share the same experiences you do

- Industry leaders and experts
- World class scientists and researchers

• The next generation of dairy producers who are excited about their role in the industry

• Industry's preferred suppliers

### PDPW EDUCATIONAL CALENDAR

• Youth Leadership Derby, Nov. 8-9 at Brillion High School in Brillion

- Managers Academy, Jan. 20-22
- PDPW Annual Business Conference, March 17-18

You want quality equipment cooling and storing your source of income. Mueller<sup>®</sup> milk coolers set the world quality standard. They're known for their dependability and durability, so you can count on years of trouble-free

IEI

performance. They also provide low operating costs, precise temperature control, and a wide range of standard features. Mueller milk coolers protect your milk and your peace of mind.

- Highly polished Type 304 stainless steel construction provides durability and cleanability in an attractive package.
- Double-wall construction and an inner liner with our exclusive, patented Temp-Plate<sup>®</sup> heat transfer surface for maximum cooling capacity and lower energy costs.
- Standard heavy-duty agitators.

Sentry<sup>®</sup> III "OHF" Cooler.

- Available in 14 sizes from 500 to 8,000 gallons.
- Wall-mount or front tank-mount automatic washing system provides precise, controlled cycles and chemical dispensing.

For more information, contact your nearest dealer listed below or call 1-800-MUELLER:

LANCASTER Fuller's Milker Center 800-887-4634

### **LUXEMBURG**

*Kudick's Kooling* 920-845-5725

### MARATHON/LOYAL

*Dairy Services, Inc.* 715-443-3132 or 800-221-3947

### PLAIN

*Ederer Dairy Equipment* 608-546-3713

### **SPARTA**

Preston Dairy Equip 608-269-3830

STEVENS POINT Brilowski's Dairy Supply Co. 715-342-0205

### UNION CENTER

**Preston Sales & Service** 608-462-8279

### DORCHESTER

*Bob's Dairy Supply* 715-654-5252

### JANESVILLE

*Tri-County Dairy Supply* 1-800-822-7662 or 1-800-501-9784

### JUNEAU

*Central Ag. Supply, Inc.* 920-386-2611

"I love the exposure to different ideas or ways of thinking at PDPW education events. Progress can be made through diversity."

> ~Gary Princl, Princl Acres, Mishicot, Wis.

man Charlie Stenholm once heard that "if you haven't been on a farm in the last five years, you don't understand agriculture." With as fast-pace as the world is moving today, he says he believes that statement.

Stenholm is now a senior policy advisor at Olsson Frank. Born in Stamford, Texas, he went on to serve the 32county, 17th District of Texas in the U.S. House of Representatives. Stenholm was a member of the House Committee on Agriculture throughout his 26-year House career, serving as the Committee's ranking Democrat for

SOYPLUS **Trust the experts** Visit www.soyplus.com and www.soychlor.com or call us at 1-800-843-4769 for more information on how you can make the most out of your return on investment You can rest easy when the Gold Standard Team is on duty.



### Former Congressman Urges **Communication of Agriculture Today**

Former U.S. Congress- his last eight years until 2004. A keynote speaker at PDPW's National Dairy Issues Forum in November. Stenholm shared his thoughts on leading the animal welfare debate.

After World War II, agriculture in the United States made a decision to go for efficiency. That efficiency resulted in farms getting bigger, except for the niche producers.

"There are many very good niches, but we can't feed the world with them," Stenholm said.

There are 2.1 million farmers in this country. but only 150,000 producers grow 75 percent of the food consumed. "That's a very small minority," Stenholm said later in an interview with Dairy's Bottom Line, and animal well being from this viewpoint is a minority opinion.

With an overwhelming majority of today's population not from agriculture, the non-governmental organizations (NGOs) have been able to make this an issue. "I believe they are very sincere in what they are trying to do," he said. "Their perspective is different from mine."

Having grown up on a cotton, wheat and beef farm, Stenholm said, "There's nothing more important to producers of animals than animal wellbeing...If you don't treat animals well, profitability goes down."

Those that have a different opinion are also a minority, however they have discovered a microphone and moved their position with some political significance.

Today NGOs, like People for the Ethical Treatment of Animals (PETA) and the Humane Society of the United States (HSUS), are sprouting up. "That's where we in ag have been a little slow," he said.

The political nature of our country shows that unless we take the time to educate congressmen and our state legislators the outcome of some of these actions could be bad.

All animal agriculture received a wake-up call with the harsh slaughter ban on horses for human consumption. Now there are 100,000 unwanted horses wandering on country roads. Some horse owners are receiving harsh abuse charges for not feeding their animals.

"Those in animal agriculture believe we knew what was going to happen and now we're seeing it," he said. As NGOs start passing laws they have the potential to shut down an industry.

Looking to the future of the dairy industry, who's going to produce if you can't? Stenholm questioned. Agriculture needs to lead the issue of animal well-being. "As an industry we played the fence for longer than we can afford to," he said; "very few athletic contests are won without scoring a point."

"We have not done as good of job as we could or should. That's changing now as we realize the opposition is winning.'

The National Dairy Animal Well-Being Initiative

# Priority is Changing How Dairy Cows are Fed

### **Priority is Transforming Rumen Function**

Microbiology, as well as new genomic and molecular techniques, pioneered a new generation of digestive technology. Proprietary A4000h and A2020 transform rumen function.

### P-One Program\* Prevents VMS

VMS indicates poor digestive function, pH instability and reduced carbohydrate utilization. When cows eat the same diet, their manure should be the same.

### Safe and Cost-Effective Solutions

Rumen health research shows pH stability on high carbohydrate diets. The P-One Program safely utilizes carbohydrates—thus maximizing microbial protein, rumen health and feed efficiency.

**Discover** what your **Neighbors** are **Talking** about



PRIORIT For Healthy Cows®

To Start Feeding: 888-444-2030 www.PriorityIAC.com • info@PriorityIAC.com

\*Two U.S. Patents; Additional Patents Pending.

# Reduce Costly Days Open With

Semex scientists have gathered Estimated Relative Conception Rates (ERCR), Agri-Tech Analysis (ATA) from US herds and Canada's Non-Return (NRR) data to develop the world's first international fertility evaluation. Known as Repromax sires, these sires are Semex's highest-ranked fertility sires. These bulls improve the fertility performance of cows, increasing your profitability and represent the best of the best. Contact your Semex representative today for your Repromax sire!

### **Holstein Repromax Sires**

STOUDER MORTY 0200HO00044 VIEUXSAULE MALICIEUX 0200HO05217
VIEUXSAULE MALICIEUX 0200HO05217



### Get Your Engines Ready For the Youth Leadership Derby

ST



"Tell me and I forget. Teach me and I remember. Involve me and I learn." ~Benjamin Franklin

At the Youth Leadership Derby, students learn because they are involved! This year's Youth Leadership Derby will be Nov. 8-9 at the Brillion High School. Students will enjoy hands-on labs, interactive workshops, unique tours and an experience they can't find anywhere else!

Along with these valuable training sessions and learning labs, the Youth Leadership Derby is packed with networking opportunities and fun, fast-moving activities. All students ages 15-18 are welcome. Dairy experience is not necessary. A flyer with complete details and registration is available online at www.pdpw.org. Or call 800-947-7379 for more information.

### Dairy Connect Gives You the Tools To Connect with Your Community

Tired of misinformation? Feel uncomfortable when asked a tough question about your dairy business? Wish others understood agriculture and the food system?

Learn to effectively tell the story of agriculture, communicate the correct information and tackle the tough questions about the dairy industry with Dairy Connect, a communications training developed and coordinated by Professional Dairy Producers of Wisconsin (PDPW).

Register now for the next Dairy Connect training on Sept. 16 in Madison from 8:30 a.m. to 5 p.m. This interactive training is limited to 15 participants to ensure a personalized

SEE CONNECT, ON PAGE 27



Last Chance: Share your feedback on the proposed National Dairy Animal Well-Being Initiative principles and guidelines before July 1. Visit www.dairywellbeing.org for complete information.

### Initiative

CONTINUED FROM PAGE 24

is a positive and proactive effort of the dairy industry.

"It's one of the things that needs to be done," Stenholm said. "I commend the folks that came up with the dairy initiative."

The next step is to do a better job of educating congress, he said. There is a significant lack of agriculture knowledge in the political world because the overwhelming majority doesn't study production agriculture.

Every new congress has fewer people elected with an agricultural background. Stenholm recommended an introductory agriculture 101 program be developed for every new class of politicians to educate them on the needs of agriculture and why we do things the way we do.

In order to do that, the industry needs to come together with one voice. Today, it seems as if some small versus large farmers have positioned themselves against each other. He cautions, "it's their industry, it's their future that's going to be affected by their results." "You cannot convince the overwhelming majority on how milk should be produced if lots of folks have different ideas. That will have a negative impact," Stenholm said.

The best thing to do is decide the image you want to portray and do a good job of communicating.

"You can't deal with animal welfare in a vacuum," he said.

"We have to get our message to 95 percent of Americans," he continued. That message is that those in the agriculture industry provide a reliable food supply at a reasonable cost while treating animals humanely.

Good communication also involves listening. If you are going to produce food, he recommended paying attention to what other people are doing.

"If we don't figure out ways to handle this in the United States, the rest of the world is going to lose," he said. "I would much rather have the dairy industry educate than PETA or HSUS."

By Karen Lee

### Connect

**CONTINUED FROM PAGE 26** learning environment.

Here is some feedback from several Dairy Connect graduates: "Fantastic trainer," "Very relevant topics." "It's great to be able to have take-home messages to use" and "Valuable training that I'll use daily."

The Dairy Connect training program will arm you with key messages on vital industry issues and prepare you to speak up on behalf of dairy producers in any situation. Led by a nationally known, professional media and communications trainer, this one-day training will challenge even the most seasoned spokesperson and prepare you to speak on current issues and trends, while setting the record straight and educating others about dairy.

To register or to learn more, visit www.pdpw.org or call 800-947-7379.

# Save up to 50% on farm wiring

I f you can't remember the last time your electrical system was updated, now is the time to take advantage of the Farm Wiring program from Wisconsin Power and Light Company (WPL), an Alliant Energy company. Outdated farm wiring is inefficient and can pose a safety hazard to you and your property.

WPL will pay **ALL** of the first \$1,000 of your approved wiring project, plus fifty percent of the

Let's d	lo the math:
\$10,000	Total project cost
-1,000	Paid by WPL
\$9,000 x 50%	Balance
\$4,500	Paid by WPL
\$4,500	Your total out-of-pocket expense

remaining cost up to \$10,000.

Still doesn't fit your budget? Give WPL a call to see if you qualify for three percent interest financing on your remaining balance.

Safe and reliable farm wiring is an investment you will benefit from for

years to come. Contact your agri-business representative today at 1-800-ALLIANT, or start online at *alliantenergy.com/* 

farmwiring.



# Business Directory















### Want good agronomy and dairy nutrition advice without the sales job?

Go to www.kowconsulting.com or call:

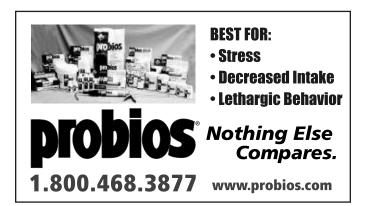
### Weaver Feeding & Management, LLC

Tom Weaver, CCA, Dairy Nutritionist and Director of KOW Consulting Association 25800 Valley View Rd, Cuba City, WI 53807 Ph: 608-762-6948, fx 6949, mbl 608-574-0101 Email: tweaver@mhtc.net











**ALTON D. BLOCK, CAC** President

3215 Harbor Village Road, Suite 2 Middleton, WI 53562-1914

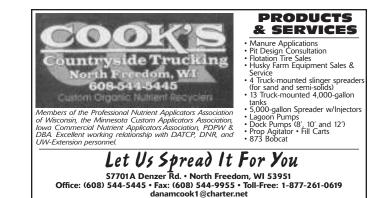
### AGRI-MANAGEMENT GROUP, Ltd. **Consultants to Agriculture**

### **New Services:**

<ul> <li>Help in Reducing Turnovers</li> <li>Starting a New Employee</li> </ul>	<ul> <li>Personality Profiling</li> <li>Exit Interviews</li> </ul>	
1	Ph: 608-221-32	

e-mail: agriman@charter.net http://www.agri-man.com

213 800-551-9230 Fax: 608-221-3263



### Solution

CONTINUED FROM PAGE 19

"It is great to be around positive people who want to learn at PDPW events, and then I take that attitude back to my business."

> ~Jim Loefer, CP Feeds

How often cows go through the footbath depends on how clean or dirty they are. Nigel Cook at UW-Madison has a cow hygiene scoring system that can be used to determine how frequently footbathing might be done. A No. 1 cow has little to no manure on her legs. A score of 2 is a light manure splash. Score 3 is moderately dirty with plaques of manure on her feet. Score 4 cows are dirty with manure caked on their feet and lower limbs. If more than three-quarters of the cows are 3s or 4s, a footbath is recommended seven days a week. If 50 to 75 percent of the cows are 3s and 4s. footbath five times weekly. When a quarter to a half of the herd scores 3 or 4. footbath twice a week. Less than a quarter of the herd scoring 3 or 4 only warrants footbathing to control infectious lesions – not as prevention, too.

Shearer says if producers have a high incidence of foot warts in the herd, a footbath should be used 4 to 7 times a week. If only a couple cows out of 100 to 250 have them, 2 or 3 times a week would be adequate.

As noted, Shearer thinks some producers can get away with individually spraying feet (one 102.4 grams packet of Terramycin 343 in a gallon of distilled water or one 16-gram packet of Lincomix Soluble Powder in two quarts distilled water). Apply 10 to 22 ccs of the medicated spray per foot. Initially all feet should be treated once a day for a week. After that, treat cows with visible lesions daily. Consistent daily treatment for two weeks has been

shown to be effective. This is an extra label use, by the way. Spraying feet carries milk-contamination concern with it, as it's often done in the parlor and overspray can get on the udder. There are now non-antibiotic sprays on the market, which appear to be as effective.

Since the lesions of interdigital dermatitis and footrot commonly occur in the interdigital space, footbaths have long been the recommended treatment for those conditions, says Shearer. Most digital dermatitis lesions occur "on the plantar aspect of the rear feet, on the heels or adjacent to the interdigital cleft," he describes. Thus, some are treatable by topical spray or by topical treatment under a bandage.

By Jane Fyksen



# Wisconsin is Ahead in Balancing Amino Acids.

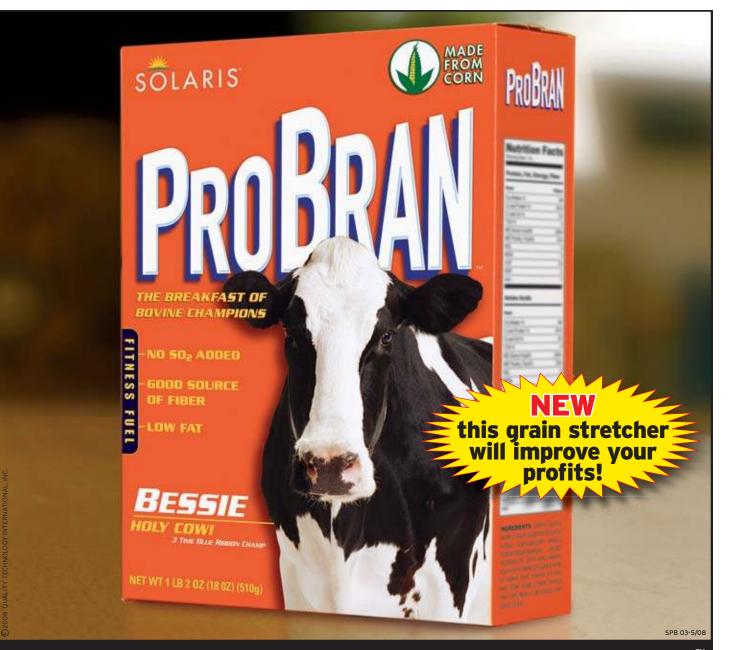


# Make milk. Not manure.

Wisconsin dairy producers lead the industry in many ways. And each year more discover the nutritional, environmental and financial benefits of amino acid balancing with Mepron<sup>®</sup>. As a rumen-protected methionine source, Mepron can enhance milk production, reduce nitrogen waste and help lower feed costs. Find out how amino acid balancing with Mepron can benefit your herd. Talk to your nutritionist about scheduling a **FREE Ration Evaluation** with an expert consultant at MakeMilkNotManure.com.



MakeMilkNotManure.com



### Replace expensive fiber sources with ProBran!

Fiber and corn prices continue to rise, eating into your profits. How can you save money without sacrificing quality? It's time to make ProBran<sup>™</sup> a staple in your herd's diet.

ProBran is the new value-added, low-fat fiber option that can also replace premium-priced products like citrus or beet pulp. With yeast proteins and B vitamins that aid in rumen health, its high digestibility allows your herd to extract more energy and produce more milk.

Call today to find out how you can have ProBran delivered to your dairy operation!

- MORE PROFITS cost savings help profitability
- NUTRIENTS proteins and B vitamins
- LOW FAT use more ProBran in your cow's diet
- HIGHLY DIGESTIBLE NDF more energy per pound





You can find Solaris brand products at Badger State Ethanol, Monroe, WI