

CONTRACT DAIRY FORAGE PRODUCTION PROVIDES OPPORTUNITY FOR BEGINNING FARMER

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It didn't take long for Jon Shoutz to find out that it was going to be difficult for a beginning farmer to compete with established farmers in the cash rent market for land in his neighborhood. Jon and his wife Crisi have a farm near Litchfield, Minnesota, about 70 miles west of the Twin Cities.

After a year and a half in the John Deere Diesel Mechanics program at Wahpeton, ND, Shoutz had the chance to buy his dad's farm. He worked full time in Litchfield for a couple of years while starting his farm enterprise. He rented some additional land and farrowed 100 sows with his dad until the \$5 corn market one year ate the profits. He looked to rent more land and started doing some custom farming - tillage, planting and harvesting work for others to spread equipment costs.

He talked with his crop consultant, Jared Anez, about diversifying and finding a way to get more income from the acres he already owned/rented. Anez was also working with a fairly new dairy nearby that had capacity for 1200-1400 cows. They discussed the idea of growing 300 acres of haylage for the dairy. Shoutz didn't have haying equipment so he teamed up with a friend, Josh Barka, who had a smaller dairy herd and good forage harvesting equipment.

Shoutz seeded down 200 acres of alfalfa in 2002, and Barka provided 100 acres. They worked together to get haylage harvested for the Barka dairy and the larger dairy. Shoutz got a pull-type mower-conditioner and a windrow merger, and had trucks for hauling; Barka had a self-propelled mower-conditioner and a chopper. The larger dairy did not want to deal with haylage storage, so the crop was stored in bags at the Barka and Shoutz farms. They hauled a daily supply of haylage to the dairy, hauling a couple days worth at a time in the winter. They also provided corn silage for the dairy. Manure from the dairy was applied on the Shoutz land where it was close enough to use a custom drag-hose application.

Shoutz and Barka entered a 3-year contract with the dairy, providing haylage on a price per RFV point based on historical hay market values determined by a University of Minnesota auction market analysis. It was important to Shoutz to nail down a market for alfalfa before he seeded any acreage. A price scale was calculated from 140-175 RFV with premiums listed for protein over 20%, using a 15% moisture base. Truckloads were weighed on a scale at the dairy.

The dairy identified a target for length of cut. A powder-liquid solution bacterial inoculant is applied through the chopper. Koester testers are used to determine moisture with a target of 50-65%. Shoutz and Barka made the harvest decisions. Payments were made monthly.

Shoutz also works with Minnesota Farm Business Management instructor Colin Berg. They worked up cash flow projections before Jon entered into the first agreement and seeded any alfalfa.

Projections showed that this was a good opportunity to gain more value per acre and the year-end analysis of the farm operation documents positive results. This was important to Jon's creditor.

Since then the dairy has changed hands and Shoutz spent a fair amount of time last fall and winter negotiating a revised contract with the new owners. Now the haylage will be piled at the dairy with a target moisture of 50-65%, aiming for a fermented pile average of 60% and RFV greater than 150. A price per ton is set based on 60% moisture. The dairy will provide the packing tractor and driver and be responsible for covering the pile. They will continue to provide corn silage and make use of manure from the dairy.

Shoutz is working to expand his alfalfa growing capacity by renting land from neighbors. He offers a 4-year contract including the seeding year with an option on the fifth year if the stand is still good. He pays a bare land cash rent plus \$4 per ton of alfalfa produced. The landowner limes the soil to bring the pH up to par if needed. Some neighbors like the benefits of bringing alfalfa into their typical corn-soybean rotation without the expense of equipment and the labor for making hay. Shoutz has also done some custom farming to provide haylage for a neighbor with a 100-cow Jersey herd.



Jon Shoutz (right) and Dairyland Seed rep Scott Heilig (left) take a break from plot harvest work at the Shoutz farm. This is one of several important efforts Jon makes to learn as much as he can about making quality forage production a valuable asset in his cash crop farming operation.

Shoutz says managing alfalfa hay is very different than managing a corn-soybean rotation. There are many variables to think about like the weather, potato leafhoppers, and winter kill which took a toll in 2003.

You are also seeding a crop once with the intent of harvesting it for 4 years. This makes seeding and managing the crop correctly very important.

Shoutz seeds with a press drill where the seed is dropped in front of the press wheels with a goal to have most of the seed 1/8-1/4 inch deep with a seeding rate of 18 pounds/ac. He uses a nurse crop of oats seeded at 1 bushel per acre and sprayed with Poast and a 1/2 rate of Raptor when the oats are 6 inches tall. Oats eliminate problems with wind erosion shearing off alfalfa seedlings.

The first seeding year harvest is usually taken around July 10, and a second harvest around August 10. On established fields, the first crop is cut near the end of May based on PEAQ data and scissors-cut samples. They aim to start when scissors-cut samples are about 200 RFV to get all of the crop up above the 150 RFV feed-bunk target range. He aims to follow a 26-28 day cutting interval after that for 3 or 4 cuttings depending on summer rain and taking the last cutting

before September 10. He has pretty much decided to turn off the radio weather reports and cut by the calendar as much as possible.

With haylage and reasonable weather, the goal is to cut each day what can be chopped the next, chopping at night if necessary. If some hay gets too dry or needs to be baled for other reasons, he hires another neighborhood dairy farmer who has a large square baler. Fertilizer is applied annually based on soil tests for individual fields.

Currently Shoutz is using a fair amount of hybrid alfalfa, and conducts yield trials with Dairyland Seed Co. reps on his farm. He looks for opportunities to learn new things at workshops and field days as well as working with his crop consultant and farm business management instructor. He joined the Minnesota Forage and Grassland Council while attending a winter meeting in February 2003.

Shoutz believes that crop farmers have an opportunity to work with livestock producers in a way that can be beneficial to both. It's important to build good working relationships. He refers to it as a "give-give" effort. He recommends written agreements that represent what is important to each party up front and to keep it as simple as possible.

Even though Shoutz has seen plenty of the challenges of managing and growing quality forages, he figures producing quality forages can be an important part of the profit picture in cash crop farming. He knows he hasn't found all the answers yet, or even all the questions; and that each year will bring new challenges and new opportunities. Working with other farmers and the people who provide inputs, education, and research are important elements to shaping the future.