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Crop insurance can help hay and forage producers

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Hay producers can lower their production risks with crop insurance.



Crop insurance can be an effective tool for managing production risks. There are many types of policies and coverage for common cash crops like corn and wheat. There are also lesser-known options for hay and forage.

Recent droughts and other weather events have demonstrated the importance of forage production to individual producers. Livestock operations that depend on raised forages as feed inputs can be drastically affected when forage yields decline. Likewise, there are many operations that depend on hay and forages as cash crops that can be negatively affected. Forage insurance can be beneficial for both types of operations in eliminating some level of production risk.

Multi-peril crop insurance with catastrophic coverage is the most common policy available to forage producers. Policies vary by county, so farmers and ranchers should check for the availability of different types of protection.

For insurance purposes, forage is defined as planted perennial alfalfa, perennial red clover, perennial grasses, or a mixture thereof. In some counties, corn for silage may be insurable. Operators should check for coverage availability for crops that fall under the definition of "other hay." Usually, spring-planted forages are coverable. Forages seeded after June 30th are considered fall-seeded in determining the year of establishment. If cover-

age is not available, producers may want to seek other disaster aid, such as non-insured crop-disaster assistance.

Alfalfa hay is the most common forage crop insured. Typically, alfalfa stands are insured as one of three types based on alfalfa plant counts: alfalfa, alfalfa-grass mixture, or grass-alfalfa mixture. The type of forage will determine the dollar value, with alfalfa stands being insured at the highest value and grass-alfalfa mixtures the lowest. Alfalfa stands usually cannot be insured for more than three years for dry land stands and five years for irrigated stands. They must then be classified as either alfalfa-grass or grass-alfalfa mixes.

The number of insurable years varies for these crops by area, so producers should check for availability. Thus, the main limiting factor on the amount of insurance coverage available for alfalfa hay is its stand age and plant count.

A typical multi-peril crop policy for an alfalfa stand is much like that for any crop. A producer should establish an actual production history yield either through

sales records, bale weight records, feeding records, or some other approved method. A transitional yield will be used when a yield can not be established by another method. A producer must also select a coverage level, usually 50 to 75 percent. The Risk Management Agency determines and publishes the price elections by type on a yearly basis.

The main advantage for utilizing hay and forage insurance is the fact that it helps mitigate production risk. Producers can insure a level of production either as an input for livestock feeding or as a cash crop. In this way, the insurance provides at least some protection for farm revenue. Producers should carefully examine their past production histories and financial records to determine if forage insurance would be beneficial. In drought years, for example, forage insurance could mean the difference between maintaining income or large financial burdens from reduced production.

The main disadvantage of forage insurance is that it may not completely cover substantial losses. For example, a livestock operator may purchase a forage multi-peril

policy insuring 500 ton of alfalfa hay at \$65 dollars per ton (\$32,500). A substantial drought could occur, and the producer's hay crop could be a total loss. A problem arises when the price of hay goes up due to drought (say to \$90 per ton), and the producer is only able to replace approximately 361 tons. This must be taken into account when planning for insurance needs because it may be necessary to plan for additional coverage or aid options. The cost of a policy may be too great if anything less than a substantial yield loss occurs. Yields must fall below the level of coverage chosen to qualify for an indemnity payment. Another disadvantage is that only yield losses are covered. Price risk is not.

Producers should plan carefully for their forage insurance needs and should check with local insurance agents for the availability of policies that may fit their operation. A crop insurance representative can give more information on hay and forage insurance. For more information on this and other risk-management topics, go to www.agecon.uwyo.edu/riskmgt.

Myths about hay quality cause producers to make poor economic choices

By Frank Henderson, University of Wyoming, Converse County Cooperative Extension Service

Winter feed represents more than 60 percent of total livestock production costs in Wyoming. Forty percent of winter costs are from harvested and stored forage.

Commonly held beliefs lead producers to think that a third cutting of alfalfa is better than a second cutting and that a second cutting is better than a first. Producers also perceive that a first cutting of alfalfa is better than grass. This affects how much producers are willing to pay for hay and the amount of hay they will feed to their livestock. In reality, forage nutrition levels can only be substantiated by lab analysis, not by the kind of visual examination many producers use when making their purchases.

A five-year research project starting in 1999 and conducted with 250-300 participants at the Wyoming State Fair hay show provided insight into how much influence commonly held beliefs about hay quality affect producer decisions relating to hay purchases. There appear to be at least four myths in play when producers make pricing decisions, harvest hay, determine which type or cutting of hay to feed, and plan how much hay to give different classes of livestock.

Myth #1: A third cutting of alfalfa is of higher quality than a second cutting, and second and third cuttings are of higher quality than first cuttings.

Myth #2: All hay from the same cutting is of equal quality. For example, all second cuttings of alfalfa are about the same quality.

Myth #3: Alfalfa hay is of higher quality than grass hay.

Myth #4: When feeding beef cattle, the relative feed value is a good measure on which to base decisions.

These four commonly held myths caused 85 percent of the individuals in the project who were making a visual evaluation of different hay samples to choose the wrong sample. This error resulted in paying too much for hay and mis-matching feed quality by under or over feeding livestock. The important message is to test hay rather than making guesses about it. People cannot visually assess hay quality. Their commonly held beliefs about hay quality frequently cause livestock producers to make poor economic choices.

Help in sampling hay, interpreting test results, and calculating feed rations can be obtained by contacting a county Cooperative Extension Service office.

A research project has shown that myths exist about hay quality.



Steve Paisley, beef cattle specialist with the University of Wyoming Cooperative Extension Service.



Winter cow-calf management important to producers

By Steve Paisley, University of Wyoming, Cooperative Extension Service

Producers should take the time to inventory winter feed supplies including forages. Balanced rations based on actual feed analyses and the strategic use of medium and high-quality forages will often reduce the need for additional supplements, thus lowering winter feed costs.

Keeping cows in good condition will decrease calving problems, improve rebreeding rates, and help reduce feed costs. Research indicates that thin cows require about 6 percent more energy just to maintain their weight during cold weather. That translates to roughly 1 pound of additional hay each day.

When feeding in late fall and early winter, consider a herd's nutrient requirements. Those requirements increase as spring-calving cows enter the last trimester of gestation and early lactation. Both of these stages of production increase nutritional needs when compared to those of a cow in mid-gestation.

For example, once a beef cow calves and lactation commences, her nutritional require-

ments increase about 25 percent. Nutrient needs and, therefore, the amount and quality of the feed offered should be based on the specific stage of production and the female's body condition.

If possible, separate thin cows from the herd and feed them separately. These thin animals are often 2 and 3 year olds. Providing additional nutrition for these thin animals helps reduce the postpartum interval to first estrus. Consider feeding higher-quality forages to replacement females as well as to younger cows that may lack body condition and be more nutritionally stressed.

A cow's liver has the ability to store vitamin A for 100-120 days after the consumption of green grass. If cows are now consuming low-quality forages, a producer might want to consider providing vitamin A in the winter mineral or feed supplement. Remember that alfalfa can also be a good source of vitamin A.

Consult a veterinarian in regard to pre and postpartum vaccination schedules. Subcutaneous (sub-Q) vaccine administration is preferred if its label is approved. If an intramuscular (IM) injection is required, administer it in the neck muscle.